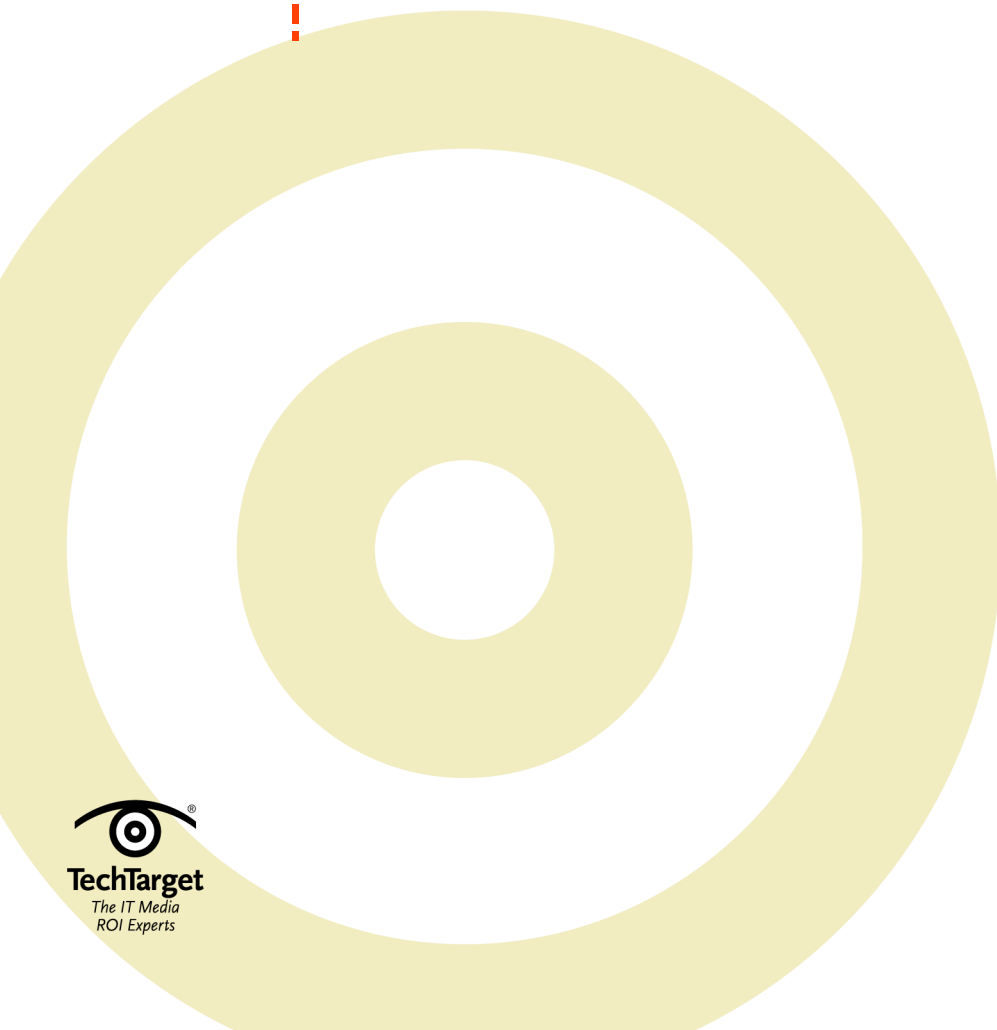


How CA Clarity PPM On Demand Delivers Value: Building the Business Case



How CA Clarity PPM On Demand Delivers Value: Building the Business Case

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This *IT Briefing* is based on a CA/TechTarget Webcast, “How CA Clarity PPM On Demand Delivers Value: Building the Business Case.”

This TechTarget IT Briefing covers the following topics:

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How CA Clarity PPM On Demand Delivers Value:

Building the Business Case

CIOs and their IT staffs are facing an increasing number of challenges when it comes to managing and delivering projects. Despite reduced budgets and staffs, they are expected to deliver high quality products that emphasize innovation. And pain points that were minor issues before cut-backs are now crucial to the success of projects. For example, users must adopt the applications that the organization has dedicated scarce resources to develop. Even the best application won't add value to the organization if nobody uses it. And there's an increasing need to collaborate beyond IT with business stakeholders, executives, etc.

Project and Portfolio Management (PPM) solutions are designed to help IT staffs and their organizations meet these challenges. Research and analyst firm IDC studied 13 organizations in 2008 to determine the degree that PPM solutions help organizations better manage IT resources and project planning. The study, *Measuring the ROI of Project and Portfolio Management*, uncovered significant benefits.

Business Benefits of PPM Solutions

Perhaps the most significant benefit of

deploying a PPM solution is the potential for cost savings. According to IDC's report, PPM solutions increase project efficiency while substantially reducing costs. The key to these benefits is the organization's improved ability to align projects with company goals. When IT staffs understand company goals and can align those with stakeholder goals and input, it enables them to reduce a lot of the costs associated with projects. The organizations that participated in IDC's research increased their alignment with company goals by 27 percent. In turn, this allowed them to increase the number of completed projects per year by 35 percent even while reducing project costs by 37 percent.

PPM solutions also help organizations reduce a lot of waste, thereby allowing them to do more with less. PPM maturity increases with the establishment of corporate governance processes to set guidelines for the selection and prioritization of projects according to the overall goal of the IT organization. PPM solutions help organizations to do that. Companywide governance and PPM solutions' asset prioritization and planning functionality enabled IT to reduce redundant projects by 78 percent. Project failures were reduced by 59 percent.

Study Demographics



The 13 companies hail from the finance, food, tourism, healthcare, local government, telecommunications, and R&D sectors and are located in North America, Europe, and Asia/Pacific.

Demographics	
Median number of IT users	5,000
Median number of IT staff	300
Percent of employees using computers	88%
Average time PPM deployed (months)	37

IDC, 2008

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Figure 1

IDC also found that the organizations participating in its study increased the quality of their IT services for the projects that were managed by the PPM solution. All the organizations experienced the benefit of delivering business applications faster, reducing their time to market by 33 percent. Five of the 13 companies were able to quantify the increase in revenue associated with faster time to market, one of which 15 percent of its total revenue was related to getting to market faster.

However, quality didn't suffer because projects went to market sooner. There were 85 percent fewer project redos, and users experienced 30 percent fewer project-related prob-

lems that required a call to the helpdesk. As a result, the organizations were able to increase their competitiveness because managers now had the ability to shift IT staff resources away from IT support to customer-facing activities, whether that customer was another department within the organization or an external customer. The organizations can do more projects than ever before because they have the resources available and the flexibility of assigning staff to different priorities.

Finally, the organizations in IDC's study found four-fifths of the benefits related to PPM solutions in hard cost savings; in other words, reductions in actual items off the budget line. Fifty-nine percent of that savings was

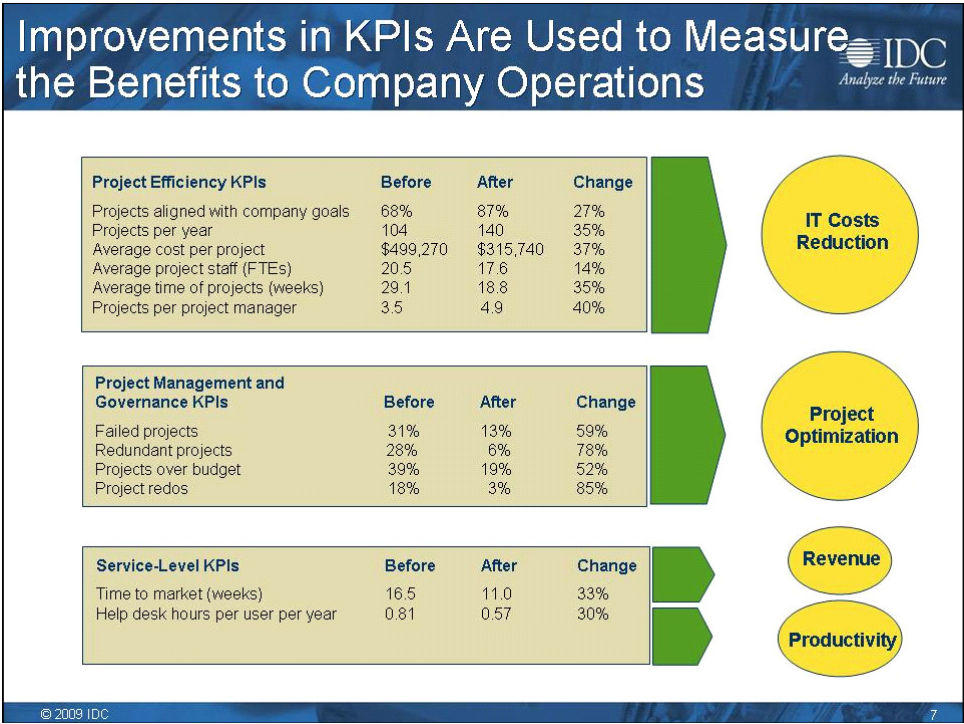


Figure 2

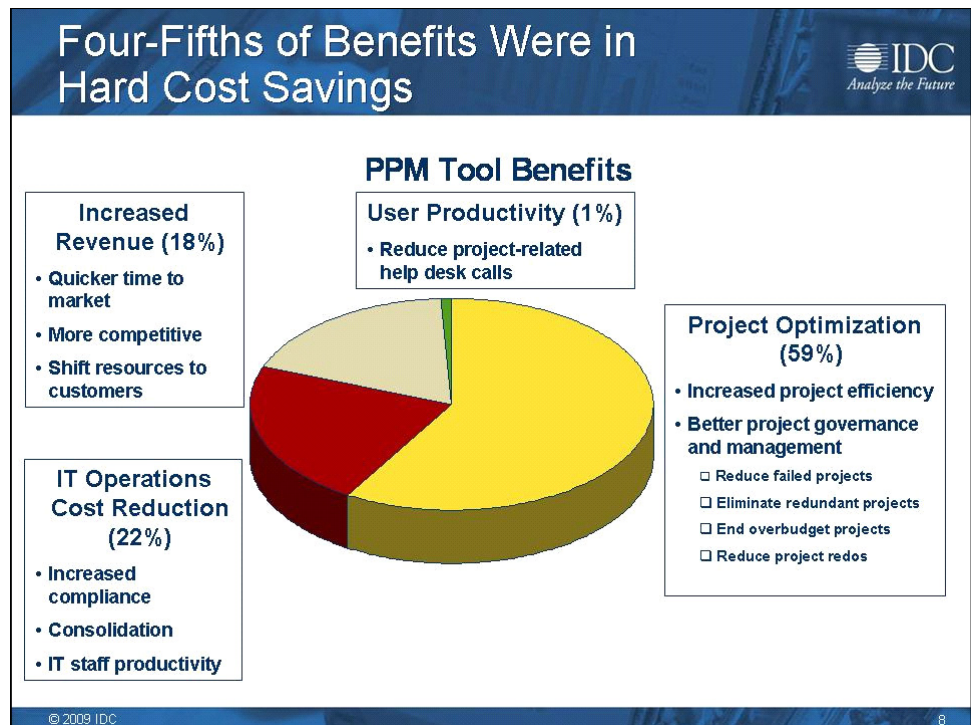


Figure 3

related to project optimization and related issues, such as eliminating waste and risk, choosing high value, low risk projects, creating informed project plans, and feeding lessons learned back into the planning process. Companies were also able to reduce hardware, software, and IT staffing costs associated with sales and redundant projects, and create a database-driven method for budgeting. One organization in the study was able to save upwards of \$10 to 20 million a year just in reducing redundant projects.

How to Optimize the Benefits of PPM Solutions

The benefits that organizations see with PPM solutions don't remain static. In its study, IDC found that benefits are optimized over time through maturity. The longer the organizations in the study used PPM solutions and the greater their extent of use, the more the organizations benefitted. This is because PPM solutions enable the standardization of management practices and policies that are the foundation for good project management. As a result, the benefits analysis looks stronger over a four-year period than it does for a two- or three-year period.

Two factors help contribute to the optimization of benefits that occurs when an organization is committed to a PPM solution long term: all IT staff use the PPM and the PPM is used to manage all projects. Organizations

in IDC's study that had their entire IT staff using PPM were able to reduce the costs associated with failed, redundant, and redo projects by 62 percent. Likewise, companies using PPM for 100 percent of their projects had a 68 percent reduction in waste, or 50 percent more savings than those only using PPM for 80 to 90 percent of their projects.

Meeting Implementation Obstacles

Ironically, the same challenges that organizations face in project management – limited IT budget and resources, tight timeframes, lack of PPM knowledge – are the same obstacles that prevent many of them from achieving the tangible benefits associated with a PPM solution. Organizations also lack the infrastructure to support a PPM solution and because all resources are constrained, there is less room for error and higher expectations for a return on investment.

Furthermore, the PPM deployment model can impact ROI. The 13 organizations that were studied for IDC's report deployed on-premise PPM solutions for an annual savings of \$83,500 per 100 users. However, on-premise hardware and software, and the associated maintenance may not be ideal for organizations that are already strapped for IT labor and infrastructure. And it's certainly not an option for organizations that need to get up and running quickly. It took the organiza-

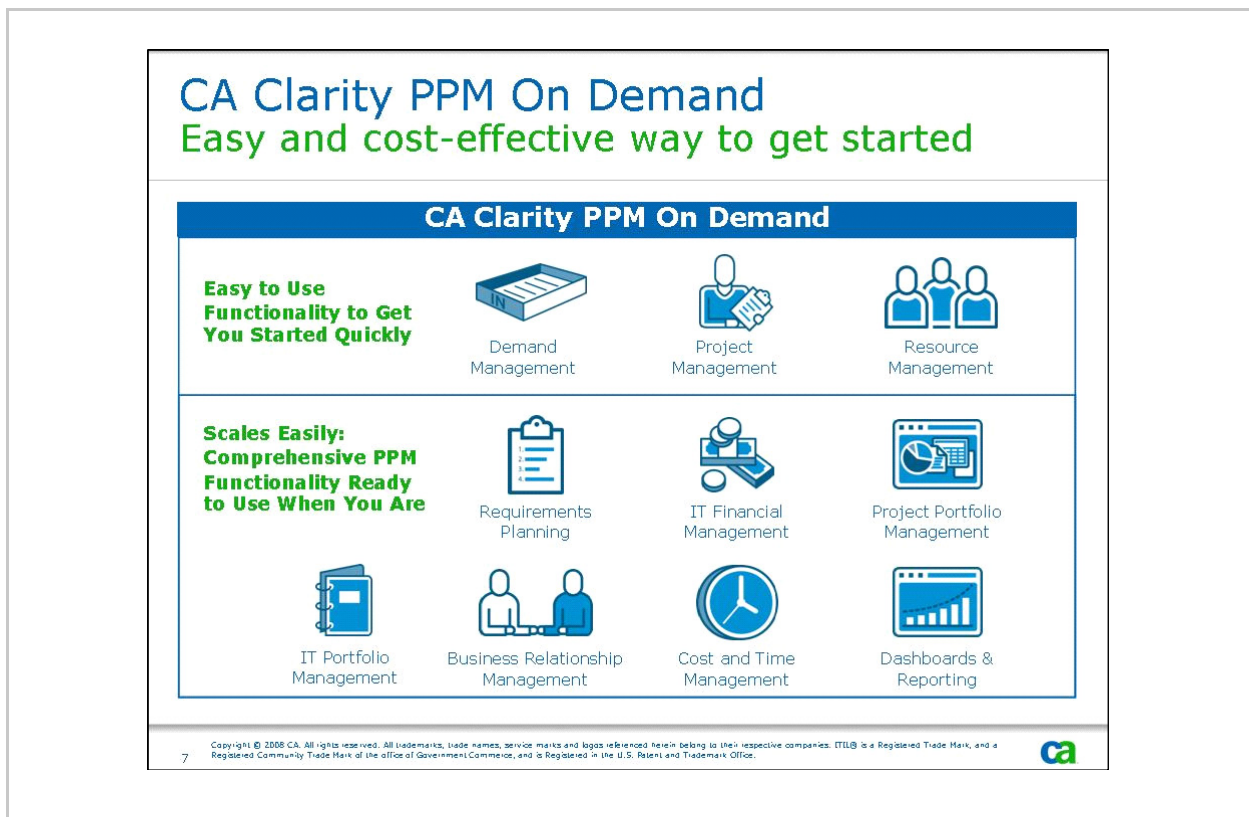


Figure 4

tions in IDC’s study about four months to completely rollout their on-premise PPM solutions, and the realization of benefits was slower.

An alternative model is Software as a Service (SAAS), as CA offers with its Clarity PPM™ On Demand. SAAS enables organizations to easily obtain basic PPM functionality so that they can get up and running quickly, and thereby demonstrate value in as little as two-to-three months. It also enables organizations to scale the solution as their PPM processes mature. In short, SAAS or on-demand solutions are an easy and cost-effective way for organizations to get started with PPM.

The Benefits of CA Clarity PPM™ On Demand

A lot of the benefits associated with CA Clarity PPM™ On Demand can be translated into building a compelling business case. And that’s CA’s objective – to help organizations build a business case with tangible metrics like those from IDC’s study that can be presented to steering committees to justify an investment in a PPM solution.

Many organizations are not looking for a full-blown PPM application deployment and can actually benefit from very basic PPM functionality to start. CA Clarity PPM™ makes it easy for these organizations to get started,

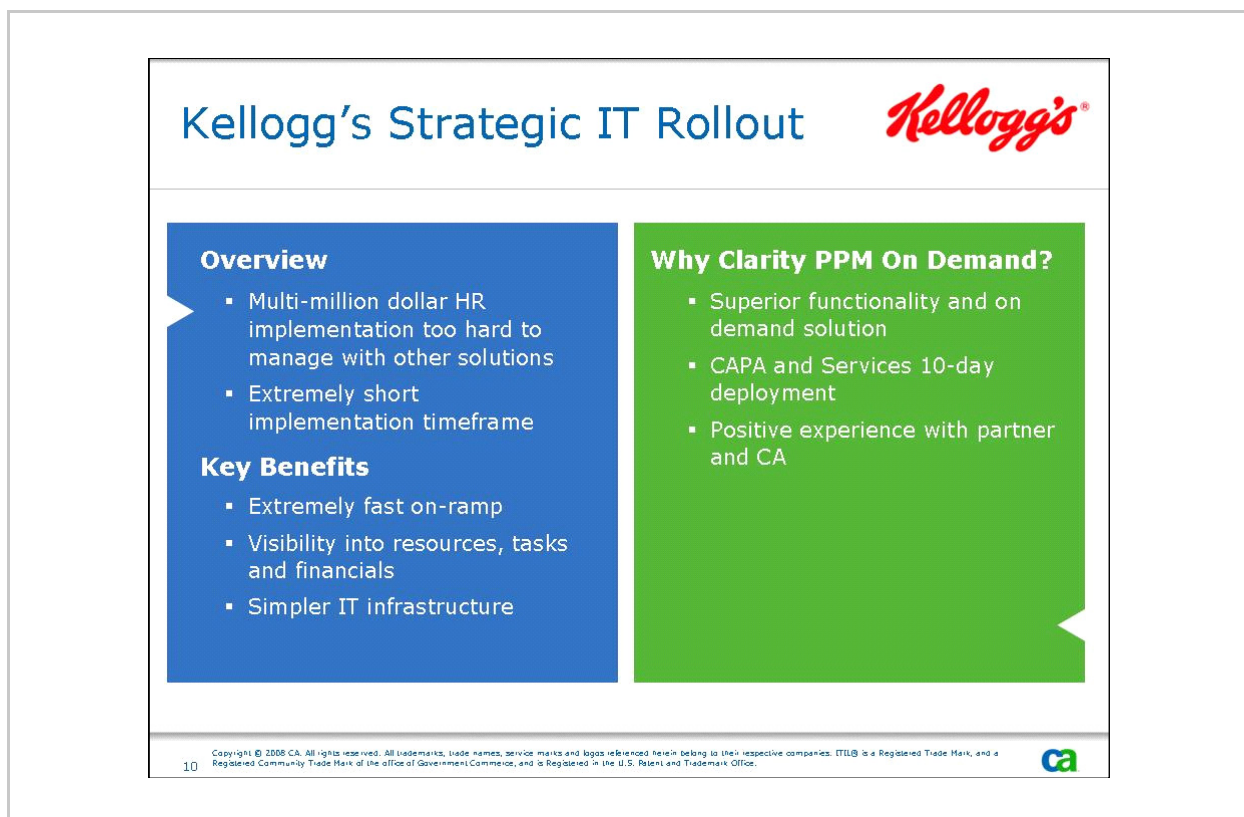


Figure 5

because it's pre-configured for rapid implementation. It's very easy to use and features a flexible model that can be readily adapted by any organization. CA Clarity PPM™ On Demand features an on-demand tutorial that enables users to try it, test it, and do the PPM processes as defined by their organization. And when the organization is ready to expand its deployment, the solution's enterprise-proven functionality easily scales.

CA Clarity PPM™ On Demand is financially compelling for organizations that lack the budget and staff to implement and manage an on-premise solution. Because no infrastructure is needed, Clarity PPM™ offers a lower total cost of ownership than on-prem-

ise solutions. It also offers a pay-as-you-go subscription pricing with flexible usage ramp-up. This can be a benefit for organizations that are seeing their capital budgets for IT investments dwindle and are looking to business units to help make those investments.

Lastly, CA Clarity PPM™ On Demand is secure, scalable, and optimized. It's always important to consider how data is going to be protected – especially if it's not stored in-house. In the case of Clarity PPM™, CA hosts its applications in world class hosting facilities that feature robust security and high availability. CA makes certain that Clarity customers' data is secure and that it's available when it's needed.

Grants at the Chicago Department of Public Health

Overview

- CDPH needed better way to manage millions of dollars in grants for multiple initiatives

Key Benefits

- Optimizes CDPH's services to citizens
- Minimal impact to limited IT resources
- Fast on-ramp
- Rollout in easy-to-manage phases

Why Clarity PPM On Demand?

- Supported Commissioner's vision
- Flexible and complete solution
- Separated Grants from conflicting PMO requirements

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Figure 6

Clarity Customer Case Studies

Two organizations – one in the private and another in the public sector – demonstrate the value of on-demand PPM.

Kellogg was in the process of rolling out a significant ERP deployment when it realized that it faced significant project management challenges that were putting the ERP deployment at risk of not being completed on time, on budget, and according to quality expectations. The company selected CA Clarity PPM™ On Demand for a few reasons. First, Kellogg was attracted to the very fast on-ramp to the application. It took less than two weeks to deploy Clarity PPM™, thereby limiting the impact to the ERP deployment time-

line. Second, Kellogg was pleased to be able to quickly get end-users up and running with the help of CA's productivity accelerator. And, finally, the company recognized the need for a PPM solution throughout the organization and the importance of buying a solution that would scale to meet its future needs.

A fast on-ramp was also important for Grants Management at the Chicago Department of Public Health, but the organization also had limited IT resources to manage the application, and it needed a very configurable solution to support its grants management process. CA Clarity PPM™ On Demand was a great fit. In addition to managing projects,

costs, and schedules, there is a workflow that supports the Department's grants distribution process. And, of course, it offers the benefit of being delivered on-demand, saving the organization the costs associated with managing a PPM solution in house.

Build a Better ROI Model to Justify a PPM Solution

CA has worked with IDC to help clients build better ROI models and justifications for a PPM solution. One of the results of this collaboration is an ITG ROI calculator. This simple tool aggregates the user's input with research conducted by IDC to gauge the organization's project management maturity levels. The ROI calculator takes about 15 minutes to work through, and provides an eight-to-nine page document tailored to the organization that, among other things, compares the maturity of the project management processes against other organizations of similar size, budget, and revenue. It also features a baseline of where to begin with project management and outlines some of the potential benefits of maturing these processes. Some organizations may find that the ITG ROI calculator provides enough information to present to decision makers to justify a PPM investment.

When building a business case for PPM, IDC found that it's crucial to get all stakeholders on board, and that means anybody in the

organization that has any kind of IT budget or requirements. These people need to be on board because the tool benefits them. Once you have this support, conduct a self assessment using the PPM maturity calculator in order to demonstrate current maturity levels and the benefits that can be achieved by increasing that level. Then establish objectives, and create key performance indicators to measure success and metrics to quantify value. There are some real tangible benefits of PPM, and it is critical when building a business case justification that organizations include these hard numbers because that's what CFOs and others look for. And, finally, conduct an ROI analysis, taking into account risk sensitivity and the possibility that deployment will take longer than expected for an on-premise solution.

Conclusion

PPM solutions enable the best practices and procedures required for effective project management. But CIOs should keep in mind that the inclusion of key stakeholders in project management should go beyond deciding which projects to do and how to do them, to sharing the business value delivered and other PPM benefits. IT should always keep its customers informed and demonstrate the benefits of everything it does, and using a PPM solution like CA Clarity PPM™ On Demand allows the IT staff to do that.

Common Questions

Question: Can the benefits of introducing processes to the 13 organizations in IDC's study be separated from the benefits of PPM tools themselves? A lot of the benefits might come simply from aligning the organizations onto defined processes.

IDC: That's true. We do a lot of optimization analysis across different areas of IT, and it's critical to have as a baseline set of standardized procedures and policies that are used throughout the company. PPM helps to enable that process by making it easier to standardize because it provides a common interaction point and it's a multiplier. It's a platform that enables the policies and procedures, but it also provides something that can be learned. To go from a consistent, standardized practice throughout the company to optimization, where over time you learn, and the company gets better at what it is doing and derives more benefits, requires the enabling technology of PPM.

Question: Would a smaller IT organization see fewer or the same benefits of ROI?

IDC: Any organization is going to benefit from deploying PPM, because it's helping in terms of not only projects, but ultimately in how you manage all of IT. Now, clearly the more complex, widespread, and distributed the organization, and the more stakeholders there are, the more valuable a PPM solution is simply because it enables you to handle all of those things. But companies of any size

can use PPM as a way to improve collaboration with all stakeholders, develop a process to manage resources, and manage their IT staff in a way that optimizes that organization.

CA: From our perspective it's fairly relative, because when you are looking at ROI you are looking at the numerator being what you recognize will be tangible benefits from the deployment, and then the denominator of the investment cost depends on how many users you have and what level of functionality you want to deploy. But at the end of the day, the ROI is independent of whether you are small or large. I think what's critical to consider is whether you necessarily have to go down the path of an ROI analysis.

I was in the northeast a couple of weeks ago and one of our clients came up to me and said that he didn't need to do an ROI analysis. His organization is using six or seven tools just to manage projects and resources. If the client goes to one tool that has everything in one system, that's ROI; that's enough justification for the investment. So sometimes you have to step away from the details and recognize whether something makes business sense just on the surface.

Question: How do I know if I should be considering an on-demand solution versus on-premise? How do I make a comparison between the two?

IDC: I suggest first recognizing the challenges that you are trying to address with PPM technology. For example, are you trying to improve business and IT alignment? Or is there an investment decision-making process that currently isn't optimized? Once you've identified the business challenges, you can look at your current processes and ask yourself where technology might help to improve those business challenges. That's how I would begin that dialogue. Once you have that, then consider what makes business sense from an investment perspective. In other words, can your organization's infrastructure support an on-premise deployment, or would it be better suited for an

on-demand offering, where there is no infrastructure or hardware cost, but it's a pay-as-you-go model.

Similar to the car leasing business, in the on-demand model, you will be paying year after year, and you'll never own the software. Maybe that's a strategy you want to take. But at the end of the three years you will need to renew those licenses for that subscription period, versus those licenses you purchase today and own outright. So, there are some trade-offs, and you should first look at the benefits from a business perspective and then consider the various models.



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