

# Information Technology Portfolio Management

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## Coming up...

- What is IT portfolio management?
- IT Portfolio Management Maturity
- Next steps
- Conclusion and questions

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# What is portfolio management?

- Well-developed concept in financial industry
- Focus on
  - Asset allocation
  - Performance measurement
  - Market trends
  - Risk management
  - Portfolio optimization

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# IT Portfolio Management

- The use of processes, tools and governance to achieve desired goals
  - Asset allocation
  - Balancing strategic and operational needs
  - Performance assessment
  - Managing associated risk
  - Communication
- Applies to portfolios of IT projects, IT services and IT assets

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# IT Service Level Management Policy Implementation Model



*IT Service is one or more applications that enable a business process.*

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## Portfolio Management Maturity Model<sup>1</sup>

- **Stage 0 - Nonexistent**
- **Stage 1 - Initial** processes and standards
- **Stage 2 - Developing** standards processes and evaluation criteria
- **Stage 3 - Defined** enterprise-wide processes; investments reviewed against criteria
- **Stage 4 - Managed** processes to capture lessons-learned and improve portfolio management and performance
- **Stage 5 - Optimizing** portfolio management and performance

<sup>1</sup>Gartner, *Mastering IT Portfolio Management*, March 2007.

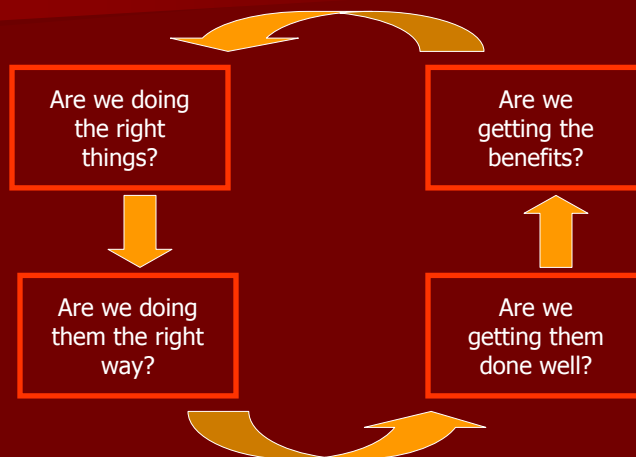
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# Challenges of Portfolio Management Maturity

- *Individual projects vs. overall portfolio*
- *Prioritization of demand*
- *Compliance vs. value*
- *Concern that visibility to costs will result in reduced IT budgets*
- *Articulated business strategy*

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## There is no such thing as IT governance!<sup>2</sup>



<sup>2</sup> "The Rule of Four of IT Governance," Erik Guldentops, *Information Systems Control Journal*, Volume 6, 2007.

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# CobiT Governance Framework

- IT Governance Focus Areas
  - Strategic alignment
  - Value delivery
  - Resource management
  - Risk management
  - Performance measurement
- IT resources are managed through a structured set of processes to provide the IT services that deliver the required enterprise information.

<sup>3</sup><http://www.isaca.org>

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## Organizational steps toward IT portfolio management

- Develop portfolios of IT services and projects that align with specific business needs and deliver value to the organization.
- Identify and quantify project benefits and ensure they are realistic and achievable.
- Secure executive management commitment, especially when undertaking projects that require business process reengineering.

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## What you can do...

- Understand the fundamentals of your environment
- Determine the number of IT initiatives that can be implemented with available resources
- Manage fiscal, operational, technical and political risk
- Establish performance metrics; measure and communicate / modify performance

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*IT projects don't end when  
the systems are delivered;  
they end when the  
**benefits are realized.***

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# Conclusion and Questions

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