1. Background

A key recommendation of the January/07 IT governance consultation report was to define and establish an IT Portfolio Management Office. The following discussion begins a definition of the new function, deliverables of the Office, and initial action plans.

“The PMO was seen as a key vehicle to support awareness, communication and community building. It would provide a forum for the university to seek common solutions and to act as a guide through the IT decision-making process.”

(IT Governance Proposal – Consultation Report and Recommendations; Report to ISC. Jan/07)

The objectives of the IT PMO include:

1. Support IT decision framework effectiveness by:
   - documenting the impact and value of IT decisions
   - communicating IT decisions, tracking progress, assessing impact

2. Provide oversight information to those involved in the IT decision framework and across the enterprise, enabling and balancing both local and central autonomy.

3. Capture and track the “big picture” regarding the existing IT environment (services and infrastructure), and current projects that extend or augment that capacity.

The PMO does not decide anything. Rather it makes portfolio information visible for decision-making to take place using visible and fact-based information, and using accepted/known decision-making criteria and processes.

2. IT PMO Components and Services

The IT PMO needs to be a central ‘focal point’ for IT information; a communications ‘hub’. A good starting point is to achieve a consensus understanding of what we mean by the IT “portfolio”. An working definition includes the following components:

1. IT Services (applications and infrastructure)
2. IT Assets (infrastructure, resources, investments)
3. IT Initiatives, Projects and Priorities
Following the definition of ‘what’, we next define ‘how’ (i.e. portfolio management), which are the deliverables and services (i.e. what does the office do).

3. Proposed Deliverables (Components and Services)

1. Maintain an up-to-date web-enabled inventory (repository) of campus IT infrastructure Services and enterprise Applications. A major component of the repository will be documenting information flows (inter-relationships), especially as regards sensitive and personal data.

A major challenge will be to keep the Repository (i.e. “snapshot”) current, which will entail a shared responsibility for maintaining the Repository.

2. Repository of Major Investment Proposals (Demand) and Decisions. This reflects a critical supporting process of the IT Decision Framework. This repository should include anticipated timeline, costs/resources, and business objective/value. The repository should also include progress tracking (ie. status reports) of approved and pending projects and/or initiatives.

3. Repository of Technical Resources Available (Supply). This repository should contain both centralized and distributed resources and skill sets. It should record allocations to operational “maintenance/support” of enterprise applications and infrastructure.

4. Repository of Campus IT Policies, Principles, Strategic Architecture (i.e. Standards)

All Repositories must be web-enabled for visibility and accessibility. They will likely require multiple views/roles. An future deliverable would be a high-level role-based ‘dashboard’ displaying current demand (proposed projects/investments), services being enhanced or introduced, and current project status.

4. Action Plans

While the long-term objectives of the PMO include improved focus and efficiency, more transparent and consistent decision-making, and strategic alignment of all IT activities throughout the enterprise, the first essential step (Phase One) is to assemble and organize IT “intelligence” for the CIO and all IT stakeholders. This essentially means making visible current assets, IT supply (resources) and demand (proposed initiatives).

A project currently underway within CCS is to build a prototype Application and Services Repository (see Deliverable #1 in previous section). Managing the progress of this initiative, involving others in a collaborative effort to capture
useful information, and determining the scope and priority of information desired will be the initial PMO priorities. Prior to deploying the prototype into production or building the additional repositories, a second priority activity for the PMO will be assessing the alternative “make” versus “buy” choices based on the rapidly changing software marketplace (specifically SaaS: software-as-a-service) options.

A potential way to move the PMO forward is to get agreement on the status quo. For example, would it be useful to know the percentage of IT spending that is targeted on discretionary initiatives which create value for the organization, versus the presumed non-discretionary “keeping the lights on” asset and services maintenance spending?

A highly recommended approach to initiating portfolio management (and the PMO) is to “benchmark” the maturity level of current campus-wide practices versus accepted best practices. The 1-5 scale maturity model (originated by SEI at Carnegie Mellon University) is widely accepted for measuring process effectiveness and providing a structured route to improving and developing formal governance and systems/service management capabilities.

**Maturity Model:** The model described below (courtesy of PWC Belgium) to assess project management maturity could readily be adapted to governance and portfolio management processes. The model comprises the following levels:

- **Level 1: Informal** - Ad hoc processes, not documented; no corporate standards for project management; performance based on individual skills; limited reporting; no estimates or schedules.
- **Level 2: Structured** - Basic processes but not standard on all projects; management supports and encourages use of methodology; estimates and schedules based on expert knowledge; standardized reporting.
- **Level 3: Institutionalized** - All processes, standard for the portfolio of projects and repeatable; management has institutionalized processes; detailed reports; risk assessment; top-level trends analysis.
- **Level 4: Monitored** - Processes integrated with corporate processes; management mandates compliance; program management office is established; solid analysis of project performance; executive dashboard; projects used to execute the strategic plan.
- **Level 5: Optimized** - Processes to measure project effectiveness and efficiency; processes in place to improve project performance; management focuses on continuous improvement; real option analysis, lessons learned; knowledge transferred between projects and teams.

A key deliverable of successful portfolio management is tracking the performance of the portfolio and communicating that performance across the organization. With input from all levels of the Decision Framework, the senior IT committee (i.e. PEC-IT) needs to provide strategic direction on continuing or canceling initiatives, resolving resource issues, and evolving enterprise IT priorities.