Hype Cycle for Strategic Portfolio Management, 2023

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Initiatives: Strategic Portfolio Management; Best-in-Class Portfolio Office

With heightened uncertainty and change, strategic portfolio leaders must invest in technologies and modernize practices, while navigating market hype. Use this research to separate hype from reality in prevalent and emerging strategic portfolio management practices and technologies.

Strategic Planning Assumptions

By 2025, 80% of leading-edge organizations will adopt human-centric change planning to ensure sustainable high performance.

By 2027, organizations investing in artificial intelligence (AI) will process 60% of IT and digital initiatives to the approval stage without human intervention.

By 2025, environmental, social and governance (ESG) criteria will affect initiative investments for 90% of large global organizations.

Analysis

What You Need to Know

This Hype Cycle for Strategic Portfolio Management analyzes the relative maturity and value of innovations, in both technology and technique, for strategic portfolio leaders. Using a lens that encompasses media hype surrounding these innovations, this Hype Cycle is designed to help leaders determine when to invest in these techniques and technologies. At the time of publication, the hype surrounding economic uncertainty was only eclipsed by stories highlighting the power of generative AI. To maximize their investments in these innovations, strategic portfolio leaders must be empowered to unearth the reality within the hype, paying attention to the obstacles and value propositions of the innovations.

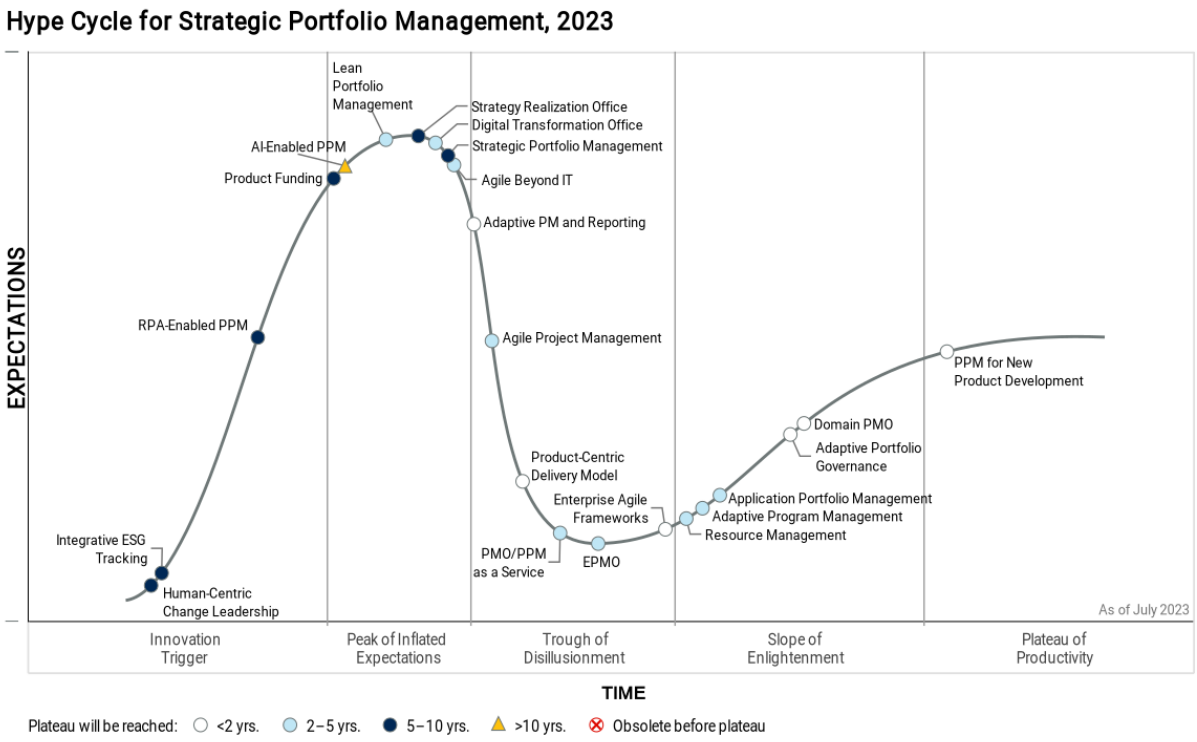
The Hype Cycle

The Hype Cycle reflects the continued evolution to digital business at scale. There is a concentration of innovation profiles at the Peak of Inflated Expectations, where the expectations are high, and adoption challenges are still unfolding. Most of these innovation profiles are driven by a need to rapidly deliver strategic objectives in a turbulent environment.

There is also a notable cluster of disciplines coming out of the Trough of Disillusionment and into the Slope of Enlightenment. Many of these disciplines have their roots in traditional ways of working. If they realign with modern speed and agility requirements, they are likely to enter the Plateau of Productivity.

This year's Hype Cycle has a few notable changes. An innovation profile was added for Integrative ESG Tracking to address an accelerating need to track and deliver ESG scores. The name of an innovation profile was changed from "Change Leadership" to "Human-Centered Change Leadership," and it moved from the Slope of Enlightenment back to the Innovation Trigger section of the Hype Cycle. This type of movement is rare; however, it was done to reflect technology-enabled changes observed in a traditional and mature discipline.

Figure 1: Hype Cycle for Strategic Portfolio Management, 2023



Gartner

The Priority Matrix

As organizations continue to support digital transformation, they are fundamentally agreeing to significant changes to their culture, practices and technology. This Hype Cycle showcases many of the innovations explicitly geared toward effectively managing significant change. The Priority Matrix shows the benefit level and the number of years to mainstream adoption for the innovations presented in this Hype Cycle. Readers should focus first on innovations that are of high value and are likely to mature in the near term. Most of the innovations fall within the Transformational and High benefit axes of the Priority Matrix, because strategic portfolio management is focused on transformation and delivering value. Careful attention should be given to the technologies maturing during the next two years, a majority of which provide greater adaptability or agility at scale.

Table 1: Priority Matrix for Strategic Portfolio Management, 2023

(Enlarged table in Appendix)

Benefit	*Years to Mainstream Adoption*			
↓	*Less Than 2 Years* ↓	*2 - 5 Years* ↓	*5 - 10 Years* ↓	*More Than 10 Years* ↓
Transformational	Adaptive Portfolio Governance	Agile Beyond IT Agile Project Management Digital Transformation Office	Human-Centric Change Leadership Integrative ESG Tracking Product Funding Strategic Portfolio Management Strategy Realization Office	AI-Enabled PPM
High	Adaptive PM and Reporting Domain PMO Enterprise Agile Frameworks PPM for New Product Development Product-Centric Delivery Model	Adaptive Program Management Application Portfolio Management EPMO Lean Portfolio Management PMO/PPM as a Service Resource Management		
Moderate			RPA-Enabled PPM	
Low				

Source: Gartner (July 2023)

Off the Hype Cycle

Change Leadership: This technology was modernized, renamed to “Human-Centered Change Leadership” and repositioned accordingly.

On the Rise

Human-Centric Change Leadership

Analysis By: Cynthia Phillips, Casey Buckley

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Emerging

Definition:

Human-centric change leadership is a variant of organizational change management that ensures adequate resourcing, provides needed support and permits the stabilization periods necessary for sustainable change.

Why This Is Important

Organizations must change to thrive. Organizational change is predicated on individual change, yet Gartner's research shows that employees' willingness to change has plummeted. Human-centric change leadership will reduce the risk of transformation failure by planning for change at the individual level.

Business Impact

Human-centric change leadership improves an organization's transformation capabilities by ensuring its people have the support and psychological safety required to explore and adopt sustainable change. Implementing human-centric leadership requires fact-based, empathetic interventions that account for the pace and impact of change and the recovery periods that ensure change success. This approach protects organizations' investments as they strive to remain relevant and become increasingly competitive.

Drivers

- Continual organizational change is required for business viability. As organizational change success depends on individual change, a human-centric approach to change must be taken.
- Technologies such as strategic portfolio management tools now provide visibility across assignments and functions, permit resource capacity modeling, improve resource forecasting, and identify overburdened resources in order to prompt workload balancing.

- Organizations must deploy human capital to achieve their goals optimally. But deploying human capital without regard to the effects of fatigue, such as decreased motivation and performance, leads to failure to execute strategy.

Obstacles

- Siloed resource management tools cannot view or model resource demand across an enterprise or account for how allocations affect that demand.
- Strategic portfolio management solutions are costly at a time when organizations may be reluctant to invest. Difficulty obtaining the funding may be an obstacle to procuring necessary systems.
- Leaders may think that a human-centric approach is unnecessary as they can easily replace staff in the current employment market.
- Leaders may use past successes with a command-and-control approach to change to justify a continuing focus on short-term organizational outcomes, rather than empathetic, inclusive and sustainable change.
- Organizational ownership of human-centered change leadership may remain unclear. This can lead to a lack of ownership when collective ownership is needed.

User Recommendations

- Create an organizational change management practice focused on human-centric organizational change management processes to instill sustainable changeability.
- Implement resource management technology to detect workplace experience, employee satisfaction, operational performance and well-being.
- Educate leaders about the need for human-centered change leadership, including the need to manage transformation timing.
- Train direct managers to detect and respond to employees' needs relating to the pace of change and recovery periods.
- Promote experimentation, psychological safety and fact-based change interventions.

Gartner Recommended Reading

Enterprise Transformation Enablement Primer for 2023

Future of Work Reinvented: Human-Centric Work Design

A Human-Centric Workplace Framework for the Future of Work

The 12 Principles Every Organizational Change Needs to Succeed

Human-Centric Work Models Proven to Drive Performance the Most

Integrative ESG Tracking

Analysis By: Cynthia Phillips

Benefit Rating: Transformational

Market Penetration: 1% to 5% of target audience

Maturity: Emerging

Definition:

Integrative environmental, social and governance (ESG) tracking is a practice of incorporating ESG considerations in strategic goals and holistic operational decision making, tracking ESG impact across all efforts, capturing impact against commitments, and reporting total ESG impacts to stakeholders.

Why This Is Important

Global regulations and stakeholder capitalism have catalyzed organizations' ESG aims. That said, many organizations report on discrete initiatives rather than capturing full impact. Organizations must embrace ESG impact assessment in value delivery, implement mechanisms to track ESG progress, measure cross-functional impact and communicate results.

Business Impact

Organizations that capture the total impact of cross-functional activities on ESG commitments will understand the extent to which they are (or are not) meeting meaningful commitments. This insight will aid them in product, service and solution development, execution planning, and outcome reporting to internal stakeholders for appropriate reporting to external stakeholder groups.

Drivers

- Mandatory ESG disclosures are increasing worldwide including the Corporate Sustainability Reporting Directive and EU taxonomy, human capital management disclosures per the U.S. Securities and Exchange Commission and gender diversity disclosure rules of the Stock Exchange of Hong Kong. Failure to adhere to regulations can result in loss of tax benefits, fines and investment losses.
- ESG impact concerns employees, governments, the investment community and the public, and organizations are prioritizing ESG efforts in response to this stakeholder capitalism.
- ESG impact is the total of an organization's activities; stakeholders want full impact reporting and will not be appeased by discrete efforts such as greenwashing.
- ESG tracking can be enabled with strategic portfolio management tool configurations to capture and report ESG impacts, financial benefits and nonfinancial benefits across the enterprise.

Obstacles

- Solutions must be configured to capture, orchestrate and report ESG impacts across the enterprise. These solutions may require significant investments and administrative skills for continued support.
- ESG evaluation and option consideration is not yet fully embedded in operational processes, such as product and service development, which would help them identify alternatives through an ESG lens.
- Organizations often lack skills and capability to articulate ESG impact across the enterprise and compare that to strategic ESG objectives.
- Measuring complete impact requires organizations to gather data from value chain partners, including suppliers, vendors and shippers, which requires transparency and reporting coordination.

User Recommendations

- Incorporate ESG objectives with strategic objectives and all related operational activities.
- Establish practices to integrate ESG considerations in everyday processes like hiring and product development.
- Configure a solution, such as a work management tool, to capture ESG impact across enterprise activities.
- Report ESG impact across functions, highlighting successes to gain momentum and opportunities to welcome solutioning.
- Require ESG impact transparency from value chain partners and share data to better collaborate on ESG improvements.

Sample Vendors

Microsoft

Gartner Recommended Reading

Top Trends for Strategic Portfolio Leaders for 2022

The Human Capital ESG Metrics Stakeholders Want to See

Creating a Virtuous Cycle Between Sustainability and Strategy

Market Guide for Enterprise Environmental, Social and Governance Software

Quick Answer: What Are the Differences Between the Terms CSR, EHS, ESG and Sustainability?

RPA-Enabled PPM

Analysis By: Daniel Stang

Benefit Rating: Moderate

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

Definition:

Robotic process automation (RPA)-enabled program and portfolio management (PPM) is a technology combination, leveraging RPA to optimize use, minimize the need for human intervention or manual data input, and support automation of strategic portfolio management (SPM) and adaptive project management and reporting (APMR) processes. It reduces the manual administration associated with sharing data and interacting with multiple tools and third-party enterprise software solutions and data sources.

Why This Is Important

RPA-enabled PPM technology reduces end-user fatigue and manual errors associated with working in various SPM and APMR tools, as well as other technologies and data sources to effectively manage portfolios and continuous execution. RPA uses “if, then, else” statements on structured data, typically using a combination of UI interactions or by connecting to APIs to drive client servers, mainframes or HTML code. When applied to SPM or APMR technology, RPA can remedy many integration inefficiencies.

Business Impact

- The use of RPA, low-code, and AI technologies addresses business demands and optimizes costs and efficiencies.
- Project management offices (PMOs) and enterprise portfolio management offices (EPMOs) using RPA reduce manual human effort and interaction with multiple systems, UIs and integration points.
- RPA-enabled PPM technology complements a foundation of generative AI and other advanced AI- and machine learning (ML)-based technologies to support strategic portfolio management and decision making.

Drivers

- The orchestrated use of RPA, low code and AI, including generative AI, is the foundation for integrating technologies used to support varied ways of working, as well as portfolio tracking and adaptive decision making.
- EPMOs and PMOs continue to adopt both strategic portfolio decision making and continuous delivery, and must achieve high levels of efficiency in the use of multiple SPM and APMR technologies to help the business achieve its goals. RPA-enabled PPM technology supports both tactical and strategic process automation, leading to more adaptive and efficient strategy to execution alignment.
- APMR technology end-user fatigue (e.g., manual data entry) must be avoided at all costs if PMOs want to successfully evolve and mature in value-based, continuous delivery. RPA-enabled PPM supports reduction in end-user fatigue.
- SPM and APMR providers are aligned with RPA providers to offer RPA-enabled capabilities in their technologies.
- Enterprises that mature their use of RPA from task-based and very tactical purposes supporting cost savings or compliance activities are able to shift to more strategic use of RPA for revenue-generating activities supporting transformation and acceleration.
- RPA-enabled PPM reduces the amount of manual operations that strategic portfolio leaders, and program and project managers are required to perform to update the multitude of systems and data sources required for effective strategic planning and execution.
- RPA-enabled PPM can address the administrative overhead associated with sharing SPM- and APMR-related information with third-party systems, such as ERP systems.

Obstacles

- Most organizations are not equipped to infuse RPA into their SPM and APMR technologies on their own.
- RPA-enabled PPM value perceptions might be currently overshadowed by the hype and attention being paid to generative AI technologies, which are now accessible to the general public.
- SPM and APMR providers have yet to present a significant and clear value proposition for the use of RPA in their solutions. In turn, customers are often not always able to see the notable value of using RPA as part of SPM and APMR technology yet.

User Recommendations

- Identify manual operations and other time-consuming activities involving the use of SPM and APRM technologies and other technologies and applications related to your processes.
- Review processes and technologies used to support SPM and APMR with the different roles that support these processes and the licensed users of the technologies. This will help you uncover opportunities to use RPA to reduce inefficiencies in the use of these technologies with other systems and applications.
- Ask your SPM and APMR providers for any effective use cases and trends in their customer base involving the effective use of RPA in their solutions.
- Ask your SPM and APMR providers how they intend to combine RPA-enabled PPM with generative AI technology to significantly evolve the use and capabilities of their technology offerings.

Sample Vendors

Automation Anywhere; UiPath; WorkFusion

Gartner Recommended Reading

Use Adaptive Program Management to Scale Hyperautomation Investments

Quick Answer: How to Choose the Right Use Cases for Robotic Process Automation

At the Peak

AI-Enabled PPM

Analysis By: Anthony Henderson

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Emerging

Definition:

Artificial intelligence (AI)-enabled program and portfolio management (PPM) is the application of AI in PPM technologies, including but not limited to conversational AI, machine learning (ML) and generative AI. AI-enabled PPM aims to help strategic portfolio leaders unlock deeper insights, enable portfolio optimization, as well improving their efficiency and effectiveness in managing, decision making and delivering enterprise outcomes.

Why This Is Important

Optimizing initiative investments in an increasingly dynamic environment requires adaptability and proactive decision making. Strategic portfolio leaders must eliminate routine, time-consuming activities and enable proactive insights to mitigate threats and seize opportunities. AI-enabled PPM will be key to automating redundant tasks, enhancing productivity and promoting proactive decision making for organizations to increase their agility and effectiveness in executing strategy.

Business Impact

AI-enabled PPM will dramatically reduce the administration and repetitive tasks for strategic portfolio leaders. This allows them to shift focus from tactical to strategic efforts to ensure initiatives deliver expected business outcomes and strategic objectives. AI-enabled PPM will leverage generative AI to complement existing knowledge and enable predictive analytics capabilities required to anticipate impediments to realizing value to make the course corrections to optimize investments.

Drivers

- Improved enterprise agility is critical for addressing the accelerated delivery pace in a disruptive and uncertain environment. Strategic portfolio leaders must shift their focus from administration to orchestration of the interactions between fast-moving and interdependent teams. Supporting increasing numbers of interconnected initiatives, these leaders will need the flexibility to handle higher levels of complexity.
- Effective portfolio management requires the ability to continually optimize, adapt and balance the selection, prioritization and value of project, program, or product investments. Strategic portfolio leaders must be able to easily collaborate across the enterprise, be increasingly proactive in anticipating the success of investment and course-correct to be more effective stewards of the portfolio.
- More disciplined decision making is vital for success in today's digitalized and continuously changing environment. Strategic portfolio leaders must be more effective at addressing the inherent uncertainty of project, program, product and portfolio investments, as these initiatives help drive growth, change and transformation. Innovations like generative AI will help augment existing organizational knowledge relative to potential delivery challenges.
- Strategic portfolio leaders will need to rely on more predictive analytics to help answer the question "What will happen?" by recognizing patterns. AI-enabled PPM technology can surface less obvious interdependencies and assess likely outcomes using statistics or ML techniques. The ability to rely on forward-looking insights will enable strategic portfolio leaders to provide business executives with reliable, data-driven information for making better investment decisions, leading to improved business outcomes.

Obstacles

- The broader PPM tools market is aggressively pursuing the inclusion of AI-enabled features and functions. The vendors' acceleration is dictated by the maturation of their target customers.
- The use of conversational AI is more prevalent in reporting project status, data input, prompting reminders and capturing action items. However, machine learning (ML) and predictive analytics are not yet as advanced.
- AI machine learning models are still "black boxes" in most organizations, lacking transparency, requiring users to understand the inherent algorithms before trusting their insights.

- AI-enabled PPM capabilities are silver bullet solutions for solving existing maturity challenges related to effective strategy-to-execution practices. Technologies like ChatGPT serve as supplements to the existing knowledge base and not the sole source.

User Recommendations

- Determine and prioritize analytics use cases for conversational AI, ML and predictive analytics capabilities. Use cases can include eliminating redundancies or addressing issues such as cost overruns, delayed completions, resource shortages and expediting the realization of projected benefits.
- Enhance your understanding of the existing availability, sources and condition of the data to be consumed by AI-enabled capabilities, and make provisions to improve the data as needed.
- Raise specific questions with PPM technology providers claiming to support AI-enabled PPM, especially about AI-enabled PPM that utilizes generative AI. Claims about supporting “AI-enabled” PPM with generative AI, ML or other AI capabilities may merely be marketing gimmicks.
- Assess internal capabilities and user comfort level with proposed AI. Users must understand the underlying algorithms to ensure the application of responsible AI practices.

Sample Vendors

Broadcom; EOS Software; Planisware; Planview; Software AG

Gartner Recommended Reading

Magic Quadrant for Strategic Portfolio Management

Critical Capabilities for Strategic Portfolio Management

Infographic: Artificial Intelligence Use Case Prism for Strategic Portfolio Management

Top 5 Priorities for Managing AI Risk Within Gartner’s MOST Framework

Product Funding

Analysis By: Shilpa Pental

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Product funding represents a shift from budgeting for discrete bodies of work over a specific timeline (projects), to an ongoing funding stream that is driven by business needs and adjusted based on the delivery of prioritized business outcomes (products). The adoption of product funding (often referred as block or envelope funding) enables improved investment decision making facilitated through iterative and adaptive practices.

Why This Is Important

To reap the full benefits of shifting from projects to products, organizations must adjust the funding and financial governance processes. Product management requires moving funding decisions closest to the point where value is delivered and giving teams autonomy to achieve near-term business outcomes. Traditional project-based funding practices that are based on stage gates and designed for predictable, slower-moving efforts, inhibit the success of stable, standing product teams that continuously deliver business value.

Business Impact

Product funding moves funding and prioritization decisions more toward where value is delivered. This drives:

- Stronger alignment with goals by focusing on outcomes, rather than process.
- Increased cost-efficiency by getting more work done with the same funding level.
- Faster time to value by compressing average time to achieve product benefits.
- More effective (re)prioritization with increased accuracy in sizing the initial fund block by granting decision-making rights to product teams.

Drivers

- As part of the shift to agile and product-based delivery models, organizations find legacy funding models unsuitable for iterative delivery and the continuous flow of value.
- An increasing number of technology decisions are being driven outside IT to enable digital business transformation. As such, it is necessary for organizations to become more agile in how they prioritize and fund work, and allocate resources.
- Projects cross many budgets and cost centers, requiring greater management overhead.
- Continuous delivery requires standing teams that own investment and prioritization decisions for their product.
- Dedicated investments and shorter planning horizons enable more flexibility to change course/reprioritize features based on changing business priorities.
- Benefits tracking with interim performance measures help make investment modifications on a dynamic basis.
- Dedicated product teams increase productivity and predictability, creating greater confidence in estimation and commitments.
- Continuous feedback loops provide insight into the tweaks and changes a product requires to deliver ongoing value to the business and the customer.

Obstacles

- Convincing the C-suite, CFO and finance organization of the benefits of product funding.
- Overhauling the financial governance processes (such as budgeting, business case creation, funding, etc.) to enable a successful product-centric model by working closely with finance partners and/or the board.
- Establishing a different-in-kind funding prioritization mechanism to support new, unfamiliar investments with uncertain ROI.
- Ensuring senior IT and business leaders have transparency into how investments and initiatives are tracking to expected benefits.
- Updating policies and standards to implement and scale block/envelope funding, so that a project construct is not the only means to release and govern money.

User Recommendations

- Create a business case for transitioning to product funding by highlighting the deficiencies of a project-funding approach, and by showing the gap between promised benefits in the business cases and the reality of actual benefits delivered in historical project examples.
- Work with your finance partners and business unit leaders to gradually evolve the funding and benefit management approaches, including updating the supporting financial policies and standards.
- Gain leadership buy-in and confidence by establishing a gradual, phased approach to shifting to product funding, and by testing and improving the practices, policies and standards through a pilot.
- Expand the product-funding approach beyond the pilot by cascading block funding incrementally to other areas to ensure transparency and secure stakeholder buy-in for the refinement of the practices, policies, and standards.
- Engage stakeholders in a continuous inspection and improvement of the product-funding processes.

Gartner Recommended Reading

Case Study: Product Management and Funding at Scale (Northwestern Mutual)

Case Study: Responsive Delivery Resourcing and Funding in Product Lines (Autodesk)

Case Study: Building Blocks for Product Funding (TD Bank)

Evolving the PMO Operating Model for Product Management

Six Steps to Get IT Product Funding Right

Lean Portfolio Management

Analysis By: Robert Handler, Sarah Davies

Benefit Rating: High

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

Definition:

Lean portfolio management combines concepts from lean with portfolio management to enable strategic portfolio management optimization, deliver maximum value and minimize consumption.

Why This Is Important

Continuous disruption and increasing complexity warrant a lean approach to portfolio management. As organizations orchestrate finite resources, they must embrace lean portfolio management to connect project activities with business strategy and, most importantly, value. Lean portfolio management provides a systematic and supportive, but not arduous, approach that balances governance with a focus on minimizing waste to maximize value.

Business Impact

Organizations must embrace lean portfolio management as they scale digital business to ensure strategy execution and minimize waste. Lean portfolio management focuses on three distinct areas: investments to drive value, portfolio operation optimization and lean governance. These three core areas are supported by a culture to foster knowledge management, built-in quality, empowerment and community.

Drivers

- Even though lean and portfolio management have been around for decades, the combination of the two is relatively new. While traditional project portfolio management is often unfairly viewed as something that unnecessarily slows delivery of business value, lean portfolio management is viewed as enabling business value delivery at scale.
- The need for investment governance increases as the size, complexity and quantity of the investments grow. Mainstream organizations are reaching the point where a laissez-faire approach to managing digital investments is no longer acceptable.
- The perfect storm of mainstream organizations moving into digital maturity, coupled with the ongoing economic challenges, continues to vault lean portfolio management into digital management prominence.

Obstacles

- While demand for lean portfolio management is strong, available market offerings, such as frameworks and tools, are limited and still evolving.
- Existing methods and tools may be overly complex and rigid to accommodate mainstream and small and medium enterprise markets.

User Recommendations

- Demonstrate the importance of lean portfolio management to leadership by showing how it identifies the value to deliver, creates an efficient operating structure and establishes a lean workflow.
- Provide thought leadership about the crucial role of executive support in adopting lean portfolio management for success. Lean portfolio management is a leadership and cultural shift more than a series of process improvements and, therefore, requires executive-level commitment.
- Enact lean portfolio management early when scaling agile practices within the organization, where multiple value streams require coordination and light governance.
- Upskill organizational talent to understand value streams, identify waste and work across contributors to remove waste and increase value. Shift from full, upfront funding of projects to incremental funding of value streams. Align talent to value streams and place greater rewards on value delivery to promote cross-functional focus on outcomes.

Sample Vendors

i-nexus; Kanbanize; Lean Methods Group; Planview; Scaled Agile

Gartner Recommended Reading

Effective Strategic Portfolio Management Drives Better Business Outcomes

3 Steps for Getting Started With SAFe® Lean Portfolio Management

Strategy Realization Office

Analysis By: Joanne Kopcho, Monika Sinha, Sarah Davies

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

Definition:

The strategy realization office (SRO) is an advanced set of enterprise capabilities that unites the vital components of enterprise planning, portfolio management, change enablement, communications and program support to mobilize enterprise strategic ambitions. This dynamic and often matrixed unit of functions ensures your enterprise achieves its most ambitious strategic initiatives, fostering a culture of excellence and adaptability in the process.

Why This Is Important

Continued failure rates of strategic initiative outcomes (between 50% to 60%) has maintained focus on the success of strategy execution. Strategy realization across business operations is about delivering the capability of creating “different and better” value incrementally. However, many leaders find it hard to identify what activities contribute to strategic results. Connecting enterprise strategic objectives to results through the SRO is a critical function for mature organizations.

Business Impact

Highly mature enterprises focused on continual strategy and execution and continual organizational change find the usage of the SRO has:

- Increased slightly within the private sector as organizations continue to optimize adaptive strategy and transformation successes. Public-sector interest is just starting.
- Demonstrated value by reducing investments spent on strategic initiatives that fail to yield strategic value and increasing focus on those that deliver strategic objectives.

Drivers

The increasing attention from executive leadership toward formalizing the SRO capabilities within the enterprise is directly tied to the need for tracking the progress of strategic objectives for transformation. Thus, its position changes to post-peak on the Hype Cycle this year:

- Organizations focused on a single overarching strategic priority (such as digital transformation) tend to establish a transformation office first. When successful, these offices often end up transitioning or refocusing efforts as an SRO.

- Organizations transforming their enterprise business and technology operations are maturing capabilities within existing enterprise and IT operating models. As operating models evolve, the SRO capabilities and functions are often continually matured within the enterprise.
- Business capabilities and operations continually change as transformation objectives are implemented across the enterprise. Shifting the organization's practices to frequently monitor, review, communicate and adjust strategic objectives and outcomes.
- Organizations with a number of changing strategic priorities or a large number of diverse business units or divisions utilize the SRO function to enable enterprise collaboration, dependency management and integration.

Obstacles

An organization's ability to successfully execute strategic objectives is impacted by common capability gaps (e.g., lack of communication, adaptivity, transparency and stakeholder resistance):

- Key execution practices must be matured first to address gaps in planning, governance, performance, change management and strategy facilitation.
- Organizations must progress the mandate of the SRO through executives and leadership to gain experience in making better investment choices. These techniques require a significant level of collaboration across the organization.
- The scope of the SRO is impacted by how existing functions, such as the enterprise portfolio and program office (EPMO/PMO), are valued and utilized. Often, the SRO is new, introduced to support and integrate existing EPMOs across disparate units to optimize strategic execution.
- Other SROs evolve from EPMOs within highly mature enterprises, where EPMOs are no longer required and responsible for program execution and delivery.

User Recommendations

- Identify the need for an SRO and create a plan to establish SRO capabilities.
- Assess execution and performance practices to identify gaps within planning, prioritization, execution, and transparency.
- Facilitate, through executive leadership support, the communication of strategic objectives and create action plans to close the cross-functional execution gaps.
- Mature enterprise portfolio analysis and governance practices and structures (e.g., EPMO, TMO) to keep the financial investments in sync with objectives and value.
- Establish cross-enterprise portfolio prioritization practices to reduce the distraction of competing priorities, balance resources aligned to strategic objectives.
- Provide transparency into investment portfolio performance through value-realization practices and communication.
- Evolve communication and organizational change enablement to ensure enterprise adaptability.
- Adopt adaptive program management to balance execution between achieving change and maintaining oversight.

Sample Vendors

Cascade; Cora; i-nexus; ProSymmetry; UMT360

Gartner Recommended Reading

Leverage a Strategy Realization Office to Execute the Strategy

Leverage Your Enterprise Operating Model to Optimize Business Operations

Fast-Track Strategic Portfolio Management to Stay on Course With Digital Transformation

Leverage Adaptability Within Your Digital Transformation Program Execution

Close the Strategy-to-Execution Gap With Collaboration Driven by Strategic Portfolio Management

Digital Transformation Office

Analysis By: Sarah Davies, Joanne Kopcho

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

A digital transformation office (DTO) exists to oversee the execution of enterprisewide transformation initiatives. These offices are similar to enterprise program offices because the breadth of their mandate typically involves a large portion of the enterprise. These offices are created temporarily for the purpose of operating outside of the strategic execution norms in order to deliver transformation.

Why This Is Important

Organizations that create a formal DTO as a dedicated function are more successful in addressing enterprisewide transformation. A DTO ensures the effort is collaborative, adaptive, value-driven, and strategically aligned. It supports both the executive leaders and committed stakeholders with a diverse set of business capabilities and technologies designed to support their specific mandates. Specifically set up for digital transformation, the DTO is often the basis for a more permanent PMO.

Business Impact

Digital transformation initiatives cross many organizational boundaries. Having a central coordinating function is a proven strategic approach for adding discipline and structure to transformation efforts. Organizations that fail to leverage a DTO are less likely to achieve the benefits and outcomes of transformation. Once the transformation is complete, a successful DTO can become the basis for a permanent function that helps to sustain the complex change required by the digital business landscape.

Drivers

- Executive leaders increasingly recognize the benefits of formalizing transformation initiatives to scale and evolve existing business operations with advanced digital or complex systems.
- The legacy practices for governance, financial and management of work are incompatible with the portfolio flexibility required to meet dynamically changing business conditions and operations.
- Emerging technology advancements are driving opportunities to automate and increase productivity, thus creating more ways to deliver value.
- Successful models require human-centric designs that foster collaboration and enable coordination across dispersed teams.
- The amount of organizational and behavior change that digital transformation brings requires change leadership practices to address transformation barriers.

Obstacles

- Existing strategy execution teams provide a level of transparency around the ongoing impacts of change and strategy execution, leading IT and executive leadership to mistakenly believe they are adequately equipped to deliver the full impacts of transformation. This results in a lack of commitment to form a separate DTO and weak transformation leadership.
- Up to 74% of executives believe that they involve employees in large transformational change initiatives, and that their communications provide clarity and a collaborative common understanding about the goals of the transformation. This results in reluctance to invest in a DTO to address concerns they do not see as relevant.
- Digital transformation is often viewed as a top-down initiative, where each stakeholder is accountable for their own deliverables. This siloed approach creates disjointed decision making, resulting in a perceived need for consultancy rather than internal management of the transformation.

User Recommendations

- Begin by developing a transformation program office structure that supports effective leadership for executing program delivery across the enterprise. Set up portfolio function(s) to plan and validate the transformation vision and success criteria.
- Establish governance facilitation that can prioritize work and mitigate impact between transformation and nontransformation portfolios.
- Create transparency as to the progress of the transformation and outcomes through reporting and extensive communication vehicles.
- Implement robust organizational change practices and build continual change capabilities using ESCAPE change leadership practices.

Gartner Recommended Reading

Key Capabilities of a Digital Transformation Program Office

Optimize Outcomes With Program Management Across Product Lines

Master 4 Management Capabilities for Digital Strategy and Execution Success

Agile Beyond IT

Analysis By: Shilpa Pental

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Agile is no longer restricted to just IT or software development. Agile beyond IT is application of agile methods and values in functional or business areas outside IT such as in marketing, finance, HR and audit. It provides functional leaders and their teams with a flexible way of rapidly delivering work or capabilities in smaller increments.

Why This Is Important

As functional leaders strive to be more efficient and responsive in today's volatile, uncertain, complex and ambiguous (VUCA) operating environment, they are turning to agile methods and values for greater customer centricity, improved investment decision making, flexible project management practices and increased team collaboration.

Business Impact

The need to improve business performance holistically has opened the door to adopting new ways of working for functional leaders in HR, audit, marketing, finance and other business areas. Strategic portfolio leaders can support agile adoption across the enterprise by sharing and scaling existing agile best practices and establishing a common terminology. When adopted and consistently applied, agile methods and mindset can enable enterprises to deliver business value better and faster.

Drivers

- Today's VUCA operating environment increases the risks associated with waterfall-type, stage-gate projects with fixed requirements and schedules. Agile allows teams to quickly deliver value to the business and/or to fail fast so those resources can be put to better use.
- The continuous adoption of agile acts as a means to balance adaptive and innovative approaches, remove wasted motion, create greater focus on achieving business outcomes, and decentralize decision making.
- Agile, steeped in long-standing lean practices, is established as a means to create efficiency and make iterative adjustments for higher-quality results.
- With more technology decisions driven outside of IT to enable digital business transformation, it is necessary for organizations to become more agile in how they approach all types of work beyond IT.
- Increasing adoption of enterprise agile frameworks (EAFs) provide organizations with potentially transferable processes and practices to expand the use of agile practices.

Obstacles

- Organizations often underestimate the mindset and culture shift needed from both leaders and their teams for successful agile adoption. Also, existing team practices and governance processes are often not suitable for operating in an agile way of working.
- Resource capacity bottlenecks, often initially occurring as limited availability of subject matter experts (SMEs), impede organizations' ability to scale agile.
- Prioritization practices do not have adequate criteria to ensure work requests are aligned to strategic imperatives, contain defined business outcomes, and articulate the right metrics (e.g., objectives and key results, key process indicators and outcome-driven metrics). Portfolio review forums, structure and supporting metrics are not aligned and reinforcing value realization in support of goals.
- Agile adoption guidance is more heavily biased toward implementation in software development, rather than broader organization applicability.

User Recommendations

- Create awareness around agile as an approach to achieving customer-centered collaborative results under conditions of uncertainty, and do not limit yourself to IT and software development. Begin by providing general overviews to help orient everyone to the principles and practices of agile.
- Identify a pilot team of dedicated resources to achieve a specific business outcome, preferably limiting interdependencies and complexity. Enable the pilot team to commit to the shortest possible deadline required to achieve a viable outcome, without burning out people or disrupting day-to-day operations.
- Publicize the progress of the pilot team and the shift in their behaviors as they implement agile practices. Create opportunities for others to learn about the pilot through demos and pilot team metrics.
- Extend the lessons learned from the pilot to additional areas, playing forward the successes and lessons learned from each subsequent group to the next.

Gartner Recommended Reading

Enabling Value Delivery in an Agile World

Applying Agile Methods Outside IT

Adopting Agile in Audit

Translating Agile Values to HR Projects

Making the Case for Agile Marketing

Strategic Portfolio Management

Analysis By: Anthony Henderson

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Emerging

Definition:

Strategic portfolio management (SPM) technologies represent an emerging segment in the PPM software market. Strategic portfolio leaders require SPM technologies to support enterprisewide strategy-to-execution alignment and adaptation. SPM technology supports well-informed portfolio decision making and the automation of planning and execution processes for portfolio alignment and adaptation.

Why This Is Important

Organizations must enhance their ability to adapt strategies and deliver business outcomes amid disruption and uncertainty. Organizations with effective SPM capabilities perform significantly better in achieving overall business outcomes, including:

- Responding to large-scale disruptions and ongoing external or internal changes
- Speed of delivery of new digital initiatives
- Realization of value digital initiatives

SPM technologies are critical to strategic portfolio management effectiveness.

Business Impact

SPM technology has a variety of benefits for enterprises maturing their strategic portfolio management capabilities. Strategy realization, strategic business planning and proactive portfolio-level decision-making are key capabilities for any enterprise focused on adapting strategies and driving speed to value, even in the midst of tumult.

Drivers

- Enterprises will continue to face the increasing headwinds of disruption and uncertainty. For enterprises to thrive in this environment, they must expect these challenges when planning and executing strategy.
- The practice of adaptive strategies will be critical in the adjustment of the approach to optimize for periods of unpredictable change. This practice treats strategic planning and budgeting as a continuous activity to adjust to change more easily.
- Potential economic headwind and talent shortages are forcing organizations to make intelligent trade-off decisions to preserve critical business priorities. Organizations must be creative in exploring all avenues to reallocate funding and resources to maximize current and future business outcomes.
- Enterprises require agility to respond proactively to changing market conditions through advanced portfolio management. They require technologies that can provide the visibility, monitoring and control to ensure that significant, and potentially risky, enterprise-level investments are managed properly.
- The SPM market is a direct response to the increasing recognition that strategic portfolio management capabilities are required to meet the dynamics of today's marketplace. These technologies enable enterprises' ability to continually optimize, adapt and balance the selection, prioritization of project, program, asset and/or product investments in alignment with the strategic objectives.

Obstacles

- The SPM market is still emerging and has not reached advanced levels of maturity. Likewise, the potential customers of SPM technology are at various levels of maturing their SPM capabilities and practices.
- SPM customers are evolving, but many are not mature enough to leverage the full power of SPM technology across the enterprise. Immaturity in SPM as a set of business capabilities will impact the ability of SPM customers and prospects to effectively influence and drive further SPM product innovations within provided target markets.
- As the SPM market is still emerging, all vendors are not the same relative to their offerings and the target set of customers best positioned for effective product adoption. It is incorrect to assume that a vendor's SPM solution suited to one use case will be equally well-suited to the others. Although all SPM providers look to support all use cases associated with the SPM market, they vary in their abilities to do so.

User Recommendations

- Assess the maturity of your SPM practices. Organizations must assess existing frameworks, processes and practices related to their ability to pivot and make actionable strategic changes.
- Determine an appropriate target state for advancing their SPM capabilities. This includes determining the speed for realizing the desired target, implementation support required and magnitude of change.
- Match their organizations' evolving SPM requirements with the appropriate SPM technology options offered in the SPM market, and procure SPM technologies that provide the best fit, relative to use cases and key capabilities.
- Use SPM technologies to enable effective capabilities associated with strategy execution management; enterprise program and portfolio management and integrated IT portfolio analysis. These capabilities will enable enterprises to be both proactive and reactive, relative to increasing disruptions.

Sample Vendors

Broadcom; EOS Software; Planview; Planisware; Shibumi; Software AG; UMT360

Gartner Recommended Reading

Magic Quadrant for Strategic Portfolio Management

Critical Capabilities for Strategic Portfolio Management

Key Findings From the 2023 Strategic Portfolio Management Frameworks, Processes and Tools Investments Roadmap

Sliding into the Trough

Adaptive PM and Reporting

Analysis By: Daniel Stang

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Mature mainstream

Definition:

Adaptive project management and reporting (APMR) technologies automate continuous delivery to help strategic portfolio leaders make data-driven decisions, while managing accelerated rates of change and continuous delivery. APMR optimizes project and resource management, promotes collaboration to unify distributed teams, adapts to changing customer needs (by delivering value using multiple methods), and supports execution grounded in value-based decision making and time-to-value perceptions.

Why This Is Important

APMR technologies enable the use of multiple delivery frameworks to homogenize methodologies, behaviors and operational technologies, in IT and non-IT APMR use cases. They also enable change management and improve operability of detailed strategic and operational execution activities. APMR technologies automate APMR processes, while working closely with existing systems, to enable portfolio reporting and facilitate workgroup-level communication and collaboration.

Business Impact

APMR technologies address the complexity of effort localization and can help resolve emergent disruptions in the midst of accelerated change and continuous delivery. APMR technologies automate continuous delivery; provide flexible work, project and project management; and promote ease of use and collaboration. By unifying teams via technology, APMR can be used in many organizations, guided by a “fit for purpose” selection aligned with organizational readiness and APMR maturity.

Drivers

- Localized pressure to respond to shifting customer demands challenges the established routines of project management. Technology advancements are driving change execution into every part of an organization.

- Traditional project and work execution methods are not compatible with the continuous delivery demands of the business, prompting enterprises to replace traditional PM tools that cater to only one method/approach to project planning with more modern and versatile APMR tools.
- Project and work execution requires modern technologies to manage a continuous stream of demand, as enterprises support new operating models and continuous delivery.

Obstacles

The successful selection, adoption and effective use of an optimal APMR tool depends on a thorough assessment of the following key trends affecting organizations of all sizes:

- Continued adoption of multiple methodologies in the organization
- Connecting geographically dispersed teams, working synchronously and asynchronously
- Implementing technologies and practices for all types of work, including project, product or hybrid work
- Boosting engagement, productivity and well-being by giving employees more autonomy over their work
- The lack of an assigned champion for the APMR product. APMR requires homogeneity — therefore, a paradigm of ownership and responsibility
- Championing one APMR technology used in many different ways is challenging and complex, and requires a governance body to support it

User Recommendations

- Define your specific requirements for an APMR technology, and include the opinions and feedback of end users who will be expected to adopt and use the proposed technology solution on a daily basis.
- Avoid redundant and unnecessary proliferation of APMR tools by evaluating tools you’re already using in your enterprise against new, specific technology requirements.

- Evaluate and account for the differences between selecting an independent, pure-play APMR technology versus extending (through the addition of modules or suites) existing investment in a technology platform to support your specific requirements (for example, pure-play versus single-source comparisons).

Sample Vendors

Asana; monday.com; Planisware; Planview; Sciforma; Wrike

Gartner Recommended Reading

Magic Quadrant for Adaptive Project Management and Reporting

Critical Capabilities for Adaptive Project Management and Reporting

Comparing Pure-Play and Platform-Based Providers When Selecting SPM or APMR Technologies

Pathways for Selecting Effective Portfolio Strategy or Execution Technologies

Agile Project Management

Analysis By: Robert Handler

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Early mainstream

Definition:

Agile project management is a style of project management designed for continuous, connected activities in environments with high degrees of uncertainty and change. Conventional project management uses on-time and on-budget delivery against an initial plan as a primary determinant of success. Agile project management focuses on constant incremental value delivery through dedicated teams, determining success, as a whole or in part, through customer feedback.

Why This Is Important

Ongoing uncertainty continues driving agile project management beyond application development, and organizations are embracing this shift. Agile project management is better equipped for environments with constant change because it enables change without the penalties in traditional project management where most changes increase scope and costs.

Business Impact

Organizations that lack flexibility to embrace shifts in customer demand will rapidly become out of touch. Adaptive strategy requires adaptive planning. Agile project management enables projects to adapt to constantly changing customer demands without the rigid constraints of detailed plans. The flexibility of agile project management enables an organization to embrace change, own outcomes and accept failure as learning.

Drivers

- COVID-19 forced most organizations to rapidly change their plans, leading many business leaders to publicly proclaim in the media that they were “agile now.”
- While a pivot in response to external changes isn’t necessarily agile, many business leaders have publicly claimed that they have begun to take action to become agile.
- Supply chain and global economic challenges appear to be cementing the need for agile project management within and outside of the IT and digital industries.
- Risk management with digital business is more complex than ever before. Smaller, less risky agile projects are seen as an acceptable alternative to large, expensive, strategic projects.

Obstacles

- Adopting agile project management is not easy. It requires a change in mindset, leadership support, significant training, organization change management and dedicated resources, often as multidisciplinary (fusion) teams.
- Once leaders engrain the commitment required to embrace agile for projects, they may retreat or stall — often because of change resistance from those committed to existing ways of doing things.
- Some types of projects simply don't lend themselves to agile, so there may be justified resistance in certain areas, or possibly false starts. Traditional project management still has, and likely will always, have a place for many types of projects.

User Recommendations

- Educate executive leadership and secure their support for new ways of working by highlighting benefits and addressing concerns.
- Identify high change business areas that would benefit from agile project management. Enable early success by providing training, coaching and ideally experienced resources. Modify internal processes to allow reprioritization of work based on shifting market needs, instead of following rigid plans, by providing appropriate principles and guidance.
- Evolve project dashboard metrics for agile project management which favor business outcomes and customer satisfaction over on-time or on-budget expectations. Leverage early successes to propagate best practices to areas that can benefit from agile project management.
- Start small and experiment often to introduce more agile ways of working into your project management playbook. Enable scaling with crosscutting functions in an effort to standardize ways of working to allow synchronization of interdependent work efforts.

Gartner Recommended Reading

Magic Quadrant for Adaptive Project Management and Reporting

Enabling Value Delivery in an Agile World

Overview of Agile Development Methodology

Product-Centric Delivery Model

Analysis By: Mike West, Sarah Davies

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Mature mainstream

Definition:

A product-centric delivery model allows you to take advantage of product management. That is to structure your organization's operating model to create small teams focused on product development and provide greater flexibility to meet the shifting demands of consumers. This allows organizations to adapt how software is consumed, and enables software leaders to shift from time-bound episodic delivery to continuous delivery.

Why This Is Important

The ability to respond to market trends, the economy and shifting consumer demands without complex organizational changes is driving organizations to adopt the product-centric delivery model. This model allows organizations to have greater control of their enterprise strategy and move away from the standard, functional skill-based organization and embrace multiskilled persistent teams that work together on a product or product line.

Business Impact

A product-centric delivery model enables an enterprise to:

- Focus on outcomes rather than functions, and incremental improvements to measured business outcomes.
- Use venture capital or investment funding models as financial methods to control investment at operational levels.
- Improve agility to respond to changing market demands and customer value prioritization.
- Reduce silos, improve collaboration across product value streams, and have flatter organization and more rapid decision making.

Drivers

- Organizations must adjust their delivery models to keep pace with market demands and increased volatility.
- Investment and financial models need to provide flexibility and support evidence-based market research and responses to corporate strategy.
- Organizations need rapid, incremental feedback that engineering teams can respond to flexibly to satisfy and delight customers.
- A shift to cloud-based architecture is driving the adoption of value-based operating models that reflect the customer journey rather than existing management frameworks.
- The continuous disbanding of project teams has left today's organizations feeling the need to address new talent retention strategies and to overcome inefficiencies caused by siloed data and solutions via continuous innovation and delivery.

Obstacles

The key factors hampering the adoption of product-centric delivery models include:

- Inertia from existing organizational culture and management frameworks reluctant to disband current budgets and authority positions. This is compounded by the difficulty finding experienced product management subject matter experts, e.g., product managers, to help overcome this reluctancy.
- Walls between business and IT due to the lack of alignment around outcomes, responsibilities, siloed budgets and success metrics, which leads to a lack of understanding of business outcome metrics such as leading key performance indicators (KPIs) and objective and key results (OKRs).
- The lack of senior management and organizational support, which leaves adoption in pockets across the organization, and outmoded governance processes incentivizing control and risk aversion rather than experimentation and innovation.

User Recommendations

- Establish clear goals and objectives for the transition, anchored on business priorities, building leadership support for the necessary culture and governance change.
- Establish a strong partnership with colleagues as you identify and train product managers, product owners, business leaders and team members on agile and product management practices.
- Transform governance to embrace business architecture practices such as value stream mapping, business capability modeling, and customer and employee journey mapping.
- Move to a product funding and work prioritization model that allows for reallocation of resources based on business demand and changing market conditions. Create an explicit network of dashboards to convey the outcomes of product initiatives. Manage recurring reviews of outcomes to assess the value of work underway.

Gartner Recommended Reading

Strengthen Five Key Pillars of Product Management to Scale for Digital Business Success

Prepare Now for the Future of Digital Product Management

Improve Product Team Speed and Agility by Minimizing Dependencies: Approaches From 3 Leading Organizations

Overcome Objections and Sell the Benefits of Moving From Projects to Products and Agile

Create a Product Operations Role to Improve the Strategic Focus of Product Managers

PMO/PPM as a Service

Analysis By: Anthony Henderson

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

PMO/PPM as a service (PMO/PPMaaS) includes PPM consulting, implementation and operational project services contracted to service providers for a fixed or variable and scalable program of work. PPM is an aggregate of all aspects of project, program, product and portfolio management, including PMOs, enterprise PMOs (EPMOs) and major IT initiatives for program operation and governance. It excludes offerings purely focused on staff augmentation or training services.

Why This Is Important

In today's highly disruptive environment, complicated by talent shortages, enterprises must be able to pause or stop work and/or reallocate resources in response to shifting priorities to deliver outcomes. Organizations must balance retaining full-time staff with supplementing additional experienced personnel to address the varying demand amid shifting business priorities. One way to address this resource adaptability is to contract for PMO/PPMaaS from specialty external managed service providers.

Business Impact

PMO/PPMaaS helps organizations:

- Access experienced project and program managers, scaling up more quickly to meet variable demands, with a scalable pool of skilled resources bringing best-practice processes.
- Create an opportunity to develop, mentor and grow internal skills and capabilities.
- Focus attention on delivering the business outcomes in a more timely fashion without being distracted by developing inexperienced contractor resources.
- Provide flexibility for addressing skills and resource shortages.

Drivers

- The acceleration of investments in environments characterized by increasing disruption and uncertainty will require enterprises to shift to adaptive and product-based practices. Organizations are seeking flexibility, cost control, skills, experience and more dynamic capacity improvements to meet these requirements. This shift is driving increased usage of on-demand, short- and long-term specialist PPM resources and services.
- Workforce planning and availability is a significant driver of enterprise success in the delivery of projects, programs and products. Many organizations are challenged by the lack of existing resource capacity and the inability to secure skilled independent contractors.
- Talent shortages have further intensified capacity constraints and the inability to execute on initiatives reliant upon the right mix of both available and capable resources. Organizations need to deploy more adaptable and creative approaches for deploying the right capacity and skills to deliver enterprise outcomes. PMO/PPMaaS presents such options, by providing the resources without long-term commitment or the need for extra permanent hires, while offering the stability associated with a single service provider.
- Organizations need to keep pace with the varying demands and business fluctuations that are the norm in today's environment. To meet variable demand requirements, PMO/PPMaaS offerings range from traditional time and materials (T&M) to project-based and prepackaged PMO-managed services using a scalable catalog of PPM-related services.
- As generative AI (GenAI) is combined with natural language processing (NLP) and machine learning (ML), more enterprises are investing in these combinations to drive accelerated value and advantage in their competitive markets. Missing resources and AI-specific skill sets will emerge as critical gaps that drive the need for PMO/PPMaaS.

Obstacles

- While leveraging PMO/PPMaaS can also drive efficiencies and reductions in costs, establishing internally or externally sourced PPM activities introduces new costs and risks. Often, externally provided PMO/PPMaaS requires assistance from sourcing, procurement and vendor management.
- Elements such as contracting a provider whose resources are culturally compatible with your internal staff and understanding the nuances of delivering project resources in your industry can be obstacles to the successful use of PMO/PPMaaS. Poor management of attrition rates of the PMO/PPMaaS provider can also reduce the efficiency of using these offerings.
- A tendency is to look at PMO/PPMaaS as merely another outsourcing option. Instead, organizations need to assess PMO/PPMaaS vendors as part of a partnership that can be incorporated in the broader enterprise ecosystem.

User Recommendations

- Define short- and long-term objectives and conduct a needs assessment to determine what levels of services and experience are required for delivery success. Compare this with the capability level and experience of your internal PMO(s) to determine the cost-effectiveness of contracting PMO/PPMaaS.
- Ensure that the PMO/PPMaaS offerings provide flexible and scalable access to talent when needed, with or without long-term commitment or extra permanent hires. Many providers offer it as an on-demand resource or as an add-on to existing implementation services.
- Determine the scope of services as part of a comprehensive statement of requirements (SOR) sought for the PMO/PPMaaS, including defining retained PPM functions and processes
- Ensure knowledge transfer provisions are included in the contract to reduce long-term dependency and promote development of the retained organization skills when services are complete.
- Evaluate additional PMO/PPMaaS needs to address skills and other resource shortages needed to get the best value out of GenAI investments.

Sample Vendors

Capgemini; Core Consulting Group (CORE); CUPE International; DXC Technology; EY; Gibbs Hybrid; Infosys; PM Solutions; Tata Consultancy Services (TCS); Tech Mahindra

Gartner Recommended Reading

Infographic: 2023 Strategic Portfolio Management Frameworks, Processes and Tools Investments Roadmap

Enterprise Transformation Enablement Primer for 2023

Market Guide for Providers of PPM as a Service

EPMO

Analysis By: Sarah Davies

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

The enterprise portfolio management office (EPMO) is a fusion team that operates at a strategic level with executives to assure alignment between business objectives and delivery frameworks. Executives task EPMOs with optimizing, accelerating and enabling strategic outcomes. EPMOs provide flexible governance processes, manage interdependencies and coordinate across functions to increase consistency and alignment.

Why This Is Important

Organizations with an EPMO realize twice the expected business value from initiatives ahead of their peers and competitors. The role of the EPMO in responding to major disruptions, whether external or internal, allows organizations to adapt and realign portfolios in order to focus on value delivery. EPMOs are a recognized key component of enterprise success. Within product-centric enterprises, the EPMO provides the necessary function of optimization across the range of products and platforms.

Business Impact

Speed of business requires organizations to improve operational efficiency and competitiveness. However, only a small fraction (16%) of them are effective at portfolio management (i.e., able to achieve all the following attributes simultaneously: portfolio alignment, value-driven decision-making and ongoing portfolio flexibility). By empowering an EPMO to focus on execution improvements, portfolio management and adaptation, organizations are twice as likely to drive positive business outcomes.

Drivers

- Democratization of technology, technical budgets and increasing composability warrant a connective tissue to unite the organization; EPMOs provide a proven mechanism.
- Due to the ongoing complexity and dynamic nature of disruptions, EPMOs play a critical role in value realization, ongoing change leadership and optimized performance.
- Primarily tasked with strategic portfolio management and program management of initiatives with cross-functional dependencies, EPMOs are required to demonstrate the ability to adapt to context more so than other PMO types.
- The burden of enterprise performance has led organizations to recognize that portfolio and program management capabilities can no longer remain siloed within business units. Organizations require an enterprisewide conduit for strategy to ensure the optimization of operations in alignment with strategic execution.
- Seventy-five percent of EPMOs report into the CEO with a secondary reporting line into another CxO. This provides them with the ability to work with and influence strategic decision makers to enable portfolio flexibility for cross-functional initiatives.

Obstacles

- EPMOs must have clear organizing principles that support the organization's strategic vision. Without a clear purpose, EPMOs have the potential to become a hindrance to operational performance, acting as an unnecessary level of management.
- Organizations that aspire to build an effective EPMO must ensure that it is not constrained to operating within one domain; that is, working under the CIO or CTO. To enable and execute strategic change, the EPMO must be clear of any leadership bias or singular political influence. Thus, the level of autonomy and governance of the posture is adapted to the context in which it operates.
- The maturity of the organization defines the operating principles of the EPMO; failure to recognize this may result in an imbalance between the corporate and enterprise strategy. All elements of its ecosystem — capabilities, governance and roles — need to work within the guardrails of the organization's maturity.

User Recommendations

- Ensure the EPMO is supported by the right mindset and management processes in order to plan the best course of action. Seventy-five percent of EPMOs report into the CEO, with a dual reporting line into another C-suite role. This provides both autonomy and legitimacy for cross domain initiative management.
- Develop key characteristics for the EPMO through clear executive support. The EPMO should be a multidisciplinary team that is focused on enterprise strategy and performance, rather than individual departmental needs. It should also provide cross-functional transparency and situational awareness.
- Review the value proposition of the EPMO regularly to reduce the risk of stagnation within the enterprise.

Gartner Recommended Reading

Tool: Playbook for Establishing an Effective EPMO

2022 Strategic Roadmap for the EPMO

How to Create EPMO Services That Drive Stakeholder Engagement

Tracking the Career Paths of IT PMO and EPMO Leaders

Elevate Your Discussion to Drive Strategy Execution

Maximize Business Agility and Simplify Portfolio Management With Composable Enterprise Architecture

Enterprise Agile Frameworks

Analysis By: Mike West

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Mature mainstream

Definition:

Enterprise agile frameworks (EAFs) address the needs of application and software engineering leaders delivering complex digital business solutions, allowing them to drive agile development across multiple teams. They are increasingly implemented by organizations that are scaling up to address complex enterprise initiatives for software or cyber-physical product releases.

Why This Is Important

EAFs provide organizations with structures, processes and practices that enable delivery of complex products or initiatives. They can be used to implement, upgrade, migrate and enhance enterprise software and cloud solutions through the coordinated work of multiple teams delivering on a common cadence. Their purpose is to make the management and coordination of incremental and complex agile releases and evolving solutions not only feasible, but also routine and sustainable.

Business Impact

EAFs provide organizations with:

- Formal approaches for managing work deliverables of multiple teams.
- Structures, processes and practices that enable delivery of complex products or initiatives.
- The ability to manage development of cyber-physical systems.

- Planning and management of business outcomes through KPIs and objectives and key results (OKR).
- Portfolio discipline for allocating resources and tracking benefits in alignment with strategic goals.

Drivers

- Trust in agile development has grown across industries and geographies.
- The proportion of those doing most or all of their software engineering in agile has grown to exceed the percentage doing some agile development.
- Organizations have discovered that it is necessary to align multiple teams to the same development initiative, but scrum of scrums is not practical for most large-scale efforts due to a lack of detailed guidance and training.
- Consistent practices have become necessary to manage some of the challenges of complex agile development, such as cross-team dependencies.
- Many organizations, especially those in cyber-physical or regulated industries, now require formal governance to manage these complex, multiteam initiatives.
- Regulatory compliance issues increase the need to manage not just development, but the communications around the process.
- Financial expectations of organizations budgeting large-scale development require formal policy, process and practices.

Obstacles

- EAFs require support for implementation at the CIO level, or above, with adequate funds to ensure training, coaching and facilitation of planning processes.
- Experienced agile teams that have attained predictable and productive velocity with high software quality are necessary for EAFs.
- Lack of understanding of lean-agile values, culture and leadership create a barrier for EAFs.
- EAFs demand DevOps practices and a pipeline (or platform) in operation to deliver production-ready releases.
- Not every organization will need to scale across multiple teams or require an enterprise agile framework. Some organizations will adopt more than one framework.
- It can take as long as three to four years for most organizations to mature both their agile capabilities and culture to be ready to scale and have a need to scale.

User Recommendations

- Drive the framework selection process by using evaluation criteria based on the solutions you will build, rather than a framework's popularity.
- Shortlist only frameworks that are compatible with your organization's culture, maturity and stakeholder needs. There is no single approach to scaling agile development that suits all organizations.
- Enable successful implementation by selecting a framework with sufficient training, consulting and support in your geography. Training and related consulting services for EAFs are still evolving.
- Incorporate practices from extreme programming (XP) to enhance team productivity.
- Ensure success in scaling by building agile team capabilities, engaging leadership around outcome-based value propositions, and utilizing a team of change agents to seed and scale implementation.

Gartner Recommended Reading

10 Essential Practices for Success in Implementing the Scaled Agile Framework (SAFe)

Magic Quadrant for Enterprise Agile Planning Tools

Critical Capabilities for Enterprise Agile Planning Tools

Resource Management

Analysis By: Robert Handler

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Early mainstream

Definition:

Resource management is the practice of developing and deploying human capital to optimally achieve business objectives. Resource management leverages an evolving body of knowledge that includes both proven and emerging strategies and techniques that improve individual productivity and team performance.

Why This Is Important

Most strategic portfolio leaders struggle to understand their organization's capacity for initiatives and fail to address productivity enhancement and employee satisfaction. Without resource management, success with committing to the demand against those resources is based on guesswork and providing an optimal employee value proposition is off the table. Organizations striving to get the most value delivery from their available human resources must embrace resource management.

Business Impact

The ongoing talent crisis, coupled with accelerating organizational change, economic forces and continued digital evolution, urges organizations to optimally staff emergent initiatives while supporting ongoing operations. Most organizations lack visibility into planned and actual resource activity, utilization and skills, which adds risk to planning. Organizations must master resource management to ensure successful initiative delivery, avoid employee burnout and retain top talent.

Drivers

- Personnel salaries and benefits consume approximately 34% of IT budgets, which tend to average 3.3% of revenue and 4.1% of operating expenses, according to IT Key Metrics Data 2023: Industry Measures — Executive Summary. This is the largest category of IT spending, and it requires some stewardship at a minimum.
- Even with a slowing global economy, Gartner's Forecast Alert: IT Spending, Worldwide, 1Q23 Update suggests a tight IT labor market.
- The tight labor market is forcing organizations to focus on their employee value proposition, and effective resource management is a critical component of delivering an effective employee value proposition.
- Increased levels of disruption call for increased resource flexibility and adaptability, which drives increased focus on resource management.
- Organizations must address the high levels of risk associated with execution of activities to achieve corporate objectives and those risks inherent to their enterprise operating model. Resource management is a key risk mitigation strategy within organizational control.

Obstacles

- The foundation of resource management, traditional industrial engineering, is useful but insufficient on its own. Many tools and techniques still, however, focus largely or solely on traditional industrial engineering approaches, which aren't tuned for today's knowledge workers.
- Dedicated teams of resources for initiatives have always been a best practice. However, it tends to be more expensive. While the global economy is slowing, a tight labor market, coupled with strong demand for digital skills, makes managing resources more challenging.
- Resource management will evolve to support talent management, which will involve working with human resources departments, and collaborating with others can be challenging.
- The pressure to execute prevents organizations from investing to become learning organizations because they focus on maximizing availability for known work. This results in poor knowledge management and prevents resource management from evolving from a constraint to an enabler.

User Recommendations

- Forecast resource requirements for ongoing and planned work and compare against available resources, paying careful attention to bottleneck resources to avoid overallocation. Work with your human resources staff on a strategy to close any gap.
- Maintain dedicated teams whenever possible. Institute policies and practices to minimize shifting resources between efforts. Assign responsibility for outcomes to teams, give teams reasonable targets and empower them to succeed. Ensure teams leverage best practices to drive consistent high performance. As teams are composed of individuals, ensure individuals know personal productivity best practices.
- Align resource management effort to drive an effective employee value proposition.
- Experiment with unconventional resource management such as gamification and nudging to improve outcomes.

Sample Vendors

Dayshape; Meisterplan; monday.com; PDWare; ProSymmetry; Saviom; UMT360

Gartner Recommended Reading

Top Trends for Strategic Portfolio Leaders for 2022

Ignition Guide to Resource Capacity Planning for Projects

Climbing the Slope

Adaptive Program Management

Analysis By: Anthony Henderson, Joanne Kopcho

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Adaptive program management is an approach that helps organizations achieve large amounts of work in a comparatively short time frame, within a dynamic environment. It is a natural fit for organizations utilizing programs to facilitate the coordinated planning, management and execution of multiple related initiatives directed toward the same strategic, business or organizational objectives; with a focus on speed to value.

Why This Is Important

Enterprises are accelerating their transformational pursuits in an environment fraught with increasing change, disruption and uncertainty. These dynamics make it impossible to keep long-term plans consistent. Continuous change and speed to value are the norm. Adaptive program management practices enable organizations to flex, shift and evolve program initiatives; effectively implementing, learning and adjusting to ensure outcomes and value are achieved.

Business Impact

Organizations executing large, complex transformative efforts in uncertain environments will benefit from applying adaptive program management to realize faster results while balancing risk among uncertainty. We anticipate increasing deployment of adaptive program management approaches to support program objectives across initiatives, periodic reviews, planning flexibility and integration of minimally viable outcomes to ensure success.

Drivers

- Effective program management is critical for strategy execution. In this increasingly dynamic environment, organizations must be good at program management and able to recalibrate planned execution based on new information to adjust to changes in the marketplace, customer preferences and business priorities while delivering continuous value.
- Continual business transformation requires a program management approach that supports orchestration across products, services, subprograms and projects to enable a shared understanding of the interdependencies, constraints and risks. Also, program management practices must enable coordination and collaboration between IT and business constituents. Adaptive program management helps to balance program objectives across initiatives to ensure success.
- The impetus to deliver incremental value over time supersedes traditional methods for managing large programs, focused on big-bang results several years out. Investment funds are often released in increments with value, and business leaders need to periodically determine when resources should be shifted to optimize value delivery. Speed to value is important and enterprises will need to assess if the program is still on track, if the resequencing of phases should occur or if the program should end.
- The inability to effectively deliver large, complex programs in the midst of a dynamic business environment will cause a failure to deliver strategic objectives. Organizations must deploy adaptive program management to pivot in concert with shifting priorities and stay the course of executing large, transformative efforts in uncertain environments.
- Strategic portfolio leaders rely on flexible planning and execution approaches that yield to the demands of the valued outcome, rather than those that force the valued outcome to yield to the demands of the planning and execution approach.

Obstacles

- Organizations may underestimate the dynamic nature of adaptive program management. It demands competent teams, rapid decision making, and diligent and continuous risk management. It also requires collaboration across product, service and project concepts that are still maturing in many organizations, to address dependencies. It requires fluid communication regarding attainment of objectives and required program adjustments.

- IT and business stakeholders may be challenged to coalesce around an initiative that is vaguely defined initially while engaging through cycles to refine as they progress in delivery. During the initial envision step, the level of precision achievable is somewhat limited. This is by design, as the purpose of this step is to define "vision" or goal for the end state with an assessment of the gap between the current and target states. Only a small amount of the information needed will be evident during the envision step but everyone learns as the program progresses.

User Recommendations

- Ensure commitment and engagement of an executive sponsor. It must be made clear that the executive sponsor must provide continual leadership throughout program execution and is active in all aspects of the program, beyond funding approval.
- Assign an experienced program manager. The selected program manager must lead change, develop broad-reaching relationships, manage dispersed teams and oversee complex situations.
- Establish a program office to help facilitate collaboration and consistency across key functions such as solution architecture, business change, deployment planning and risk management.
- Establish and effectively deploy periodic program reviews/checkpoint. These reviews help maintain a focus on business case outcomes, readiness for and adoption of targeted change, and opportunities for improvement/adjustment.
- Establish program communication practices to continually promote the vision and ensure changes, outcomes and impacts are clearly provided across the enterprise.

Gartner Recommended Reading

Embrace an Adaptive Program Management Life Cycle

Use Adaptive Program Management to Scale Hyperautomation Investments

Optimize Outcomes With Program Management Across Product Lines

Leverage Adaptability Within Your Digital Transformation Program Execution

Enterprise Transformation Enablement Primer for 2023

Application Portfolio Management

Analysis By: Stefan Van Der Zijden

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Application portfolio management is an IT discipline that profiles an organization's business applications and digital products — evaluating business and technical fitness together with cost — to identify and prioritize activities for improvement. APM informs application portfolio rationalization and modernization by categorizing applications into tolerate, invest, migrate or eliminate strategies.

Why This Is Important

Application portfolio management (APM) leads to more conscious management of application assets and investments. Organizations can develop strategies and roadmaps that optimize available resources when using APM to drive agreement between business, finance and IT on how to evolve the application portfolio.

Organizations dealing with IT modernization or, more broadly, with the evolution of business processes and technology portfolios, benefit from the adoption of APM to optimize business value.

Business Impact

Business perceptions of IT are often hurt by spiraling maintenance costs and poor responsiveness due to legacy systems with high levels of technical debt. Effective APM identifies and prioritizes improvement opportunities in partnership with the business to remove obstacles and focuses investment. It will result in a simpler portfolio, a well-managed portfolio risk, lower and more predictable recurring costs, and more IT budget directed toward growth or transformative initiatives.

Drivers

- The application portfolio is an important business asset, and its health, composition and life cycle must be carefully managed.
- The need to increase the business fit, business value and agility of applications, and to reduce their cost, complexity and risk, are major drivers behind APM.
- APM helps prioritize IT investment to achieve desired business outcomes in initiatives like application rationalization, modernization and cloud migration.

Obstacles

- Organizations underestimate the value of applications as business assets, and the cost, risk and complexity they carry.
- Getting business engaged and supportive of the change in applications is difficult.
- There is a lack of ownership and stewardship of applications in both business and IT.
- The value of APM is not well-understood and it is often seen as a bookkeeping exercise.
- The responsibility of monitoring and reporting application portfolio fitness is not assigned or fragmented.
- APM loses out when competing with other initiatives since it's often seen as an IT-driven initiative.
- APM is often seen as an ad hoc or one-off activity instead of an ongoing discipline.
- APM is typically started as a response to a major business event, or when a critical point is reached and the current state is no longer tolerable for the organization. Examples are a security breach, compliance risk, high cost or poor stability.

User Recommendations

- Undertake APM regularly to fuel continuous improvement of the application portfolio and identify ways to increase its operational advantages; this is especially applicable to peak performers.
- Undertake APM to help allocate limited resources to the most critical gaps from a business stakeholders' lens, to drive adoption of better practices across lines of business and to move toward more efficient support of business services; this is especially helpful for lagging organizations.
- Trigger adoption for other organizations via a business event or critical point — a significant event that highlights portfolio inefficiencies/issues and begins an APM initiative.
- Use value stream mapping to analyze the current state of application support and to identify business obstacles and friction points.
- Co-create application portfolio management with IT, business, and finance to strategically align investment with desired business outcomes.

Gartner Recommended Reading

Managing a Portfolio of Applications Demands More Than Application Portfolio Management

Quick Answer: Why Do You Need an Application Owner?

Using TIME for Application and Product Portfolio Triage: Data From the Field

How to Prioritize Application Inventory and Rationalization — By the Numbers

Market Guide for Application Portfolio Management Tools

Adaptive Portfolio Governance

Analysis By: Sarah Davies

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Mature mainstream

Definition:

Adaptive portfolio governance is the organizational capability that utilizes adaptive governance styles and mechanisms to support decisions and activities required to deliver business outcomes in any given context. Strategic portfolio leaders must understand that different styles of governance help orchestrate the desired outcomes or performance within different portfolio contexts.

Why This Is Important

The majority of strategic portfolio leaders are managing a changing variety of portfolio activities to deliver enterprise outcomes. Strategic portfolio management is transformational because organizations effectively managing their strategic portfolios are twice as likely to achieve their outcomes. Portfolio governance must be frequent and diverse as roles evolve with the maturity of digital and organizations, and manage increasing change and uncertainty.

Business Impact

The ability to respond to disruptions has challenged existing governance practices in organizations. Many are deploying a variety of governance styles and mechanisms to balance risk and cost to deliver value. Each style must allow for specialization, localization and enterprise guardrails. As different styles emerge, organizations will struggle to balance the adoption of changes and existing management frameworks. Repetition of success will elevate emergent practices to best practices.

Drivers

- Adaptive portfolio governance is necessary to manage the impact of disruptions on well-made portfolio plans and continue progress toward strategic objectives.
- Business and IT leaders must understand how different governance styles will better facilitate and support integrated portfolio direction across diverse portfolio practices and contexts.
- Adaptive portfolio governance has reached high levels of adoption among strategic portfolio leaders, and other organizational roles plan to adopt this approach within the next two years.

Obstacles

- In order to adopt adaptive portfolio management, the systems and processes used for portfolio management need to be able to adapt to multiple governance styles or postures. If process change is not supported by in situ tools, adoption will be difficult to sustain.
- Any change in decision models, including those supporting the portfolio, will provide cultural and political challenges. The perceived lack of “enough” control by those formally engaged in traditional portfolio governance, if unanswered, will provide a barrier to a full adoption in the long run.

User Recommendations

- Evolve your organization’s portfolio governance by assessing the differences between traditional and adaptive governance. Update your governance by adopting adaptive decision styles or capabilities that enable planning to keep pace with enterprise objectives.
- Refine your performance metrics as your portfolios diversify. As organizations mature, performance focus shifts toward outcomes or key results when dynamic business processes and risk appetite change. Scaling this discipline may take time.
- Apply continuous improvement at various checkpoints within the portfolio practices. As the business shifts from project to product portfolios and automated data analytics, opportunities to change decision making emerge.

Gartner Recommended Reading

Use Adaptive Governance Styles for Portfolio Management

Define Principles for Adaptive Governance to Quickly Respond to Change

Adaptive Governance Principles: How to Orchestrate and Boost the Success of Fusion Teams

5 Key Changes to Achieve Just-Enough I&T Governance

Domain PMO

Analysis By: Kevin Rose

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Mature mainstream

Definition:

A domain PMO is an organizational structure providing project, program or portfolio management, or a combination of these, within its domain. It may exist in IT, a business unit/function or both. Many domain PMOs focus on managing demand, capacity and delivery for a specific function, product or business capability.

Why This Is Important

Domain PMOs provide capabilities for operational excellence for a specific domain, such as finance or an IT department. Additional types of domain PMOs are also emerging in functional areas of the enterprise, such as data and analytics and cybersecurity. Successful domain PMOs play a key role in balancing investments in specific functions or areas. They can refine how they approach delivery, and adapt their risk tolerance to align with the business's higher-risk tolerances.

Business Impact

The domain PMO is a crucial component of an organization's ability to respond to change. It delivers strategic impact for organizations at the levels of project, program or portfolio management. Domain PMOs focus primarily on:

- Improving delivery of program and project capabilities by supporting program and project managers
- Providing training and portfolio management basics
- Establishing governance processes, and promoting adaptability and value delivery

Drivers

- A domain PMO is often initiated to improve the control and management of programs, projects and products. Project and portfolio management has become a high-process discipline, yet strategy realization in the digital age is all about dynamic execution and adaptive governance.
- As new operating models emerge, IT and business leaders must coordinate domain and enterprise dependencies and planning across a diverse set of investment portfolios. To ensure agility and adaptiveness, domain PMOs are established to optimize operational performance and value, measured at the domain level.
- Domain PMOs are needed to provide operational efficiency, effective delivery of change, benefit realization, adoption of technology, consistent and coherent management of investments, work visibility, linking strategy to delivery, reporting on change performance and governance.

Obstacles

- PMO leaders are unable to adapt to the changing and shifting needs of the enterprise and its operating environment due to lack of enabling technology and rigid processes.
- Legacy PMO mandates, often execution-focused in nature and directed by executive leadership without regard to the current multicontextual operating environment, constrain the PMO's ability to deliver value.
- PMOs are in a reactive state of keeping up with overwhelming business demand with unclear objectives and linkage to strategic goals
- Other factors that hinder adoption are lags in performance, misaligned governance, and that the role of PMO is not sanctioned.

User Recommendations

- Introduce a culture of change and new ways of working with enabling technology to ensure the culture and technology are present to adapt to the needs of organization.
- Redefine the PMO's value proposition by updating their services, roles and engagement models to reflect the enterprise transformational changes occurring in the domain they serve.
- Update the demand intake criteria by establishing active strategic business and technology partnerships to optimize value delivery.
- Modernize the use of enabling technology by introducing new technologies for portfolio management and execution — ones that promote strategic portfolio decision making and enable adaptive project and work execution.
- Capture and document the PMO's mission, function, services, governance and operation in a charter to ensure common understanding. See Toolkit: Signature-Ready Charter Template for a PMO.

Gartner Recommended Reading

Toolkit: Signature-Ready Charter Template for a PMO

IT Score for Program and Portfolio Management

Ignition Guide to Strategic Planning for the PMO

Evolving the PMO Operating Model for Product Management

2021 Strategic Roadmap for the PMO

Entering the Plateau

PPM for New Product Development

Analysis By: Daniel Stang

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Mature mainstream

Definition:

Project and portfolio management (PPM) for new product development (NPD) technology supports an enterprise's product development groups; research and development organizations; or advanced software application and development organizations. PPM for NPD automates the PPM processes required when conceptualizing, prototyping, launching and improving new products and services for specific target markets.

Why This Is Important

Product companies must respond rapidly to the demands of their target markets, and today's consumers have strong expectations of their providers when it comes to responsiveness, cost, quality, service, and continuous updates and improvements. PPM for NPD technology helps product companies optimize product portfolio and investment management; innovation, ideation and proposal management; product roadmapping; project tracking and execution; and performance in the marketplace.

Business Impact

PPM for NPD includes a formal ideation process for assessing value and strategic alignment of opportunities. It enables a product company to manage a portfolio of products and any work designed to create or improve products consumed by external customers in a specific market. It also supports cost optimization by modeling the future performance of products. Applying cost measures to product performance helps product companies estimate the greatest potential ROI of a product or product line.

Drivers

- Today's consumers demand responsiveness, cost-effectiveness, quality, service, and continuous updates and improvements to the products and services they buy. Product companies need to sense and respond as well as listen and learn to adapt quickly and respond efficiently to shifting market demands via continuous delivery.

- Product companies require advanced and proactive product innovation, which can never be “fast enough” to meet market demands ahead of the competition. To accelerate their investments in digital, product companies must execute on an adaptive, strategic product portfolio with a robust pipeline of opportunities to prioritize and execute efficiently.
- Consumers regularly rate and review the products and services they purchase, leading to ever-expanding datasets of tremendous value to enterprises that want to respond quickly to shifting demands. Examples include feedback from streamlined review mechanisms (e.g., voice of the customer); market listening and analysis; and data from behavior analytics and applications embedded in products.
- Combining timely product performance insights from valuable datasets with PPM for NPD technology presents an advantage for any product company. It provides the portfolio, demand, project, time and resource management capabilities required to make strategic decisions about resource spend, manage risks and deliver new products on time, on budget and ahead of the competition.

Obstacles

- Some companies believe their product life cycle management (PLM) technology investment already covers any PPM for NPD technology needs. Although this is often an inaccurate assumption, it may be why some product companies are not yet adopting PPM for NPD technology.
- Not all product companies realize that PPM and PLM technologies, when positioned as complementary systems, provide a distinct advantage in meeting market demands and responding to shifts in demand.
- Many product companies still depend on older project management technologies, which are not evolving fast enough to support the need for PPM for NPD. Inquiry interactions suggest these companies are struggling with the decision to upgrade or replace older project management systems and are not sure how to proceed.

User Recommendations

- Evaluate your current inventory of technologies for product portfolio execution, including technologies used for the development, launch and management of new products and services. Identify gaps or shortcomings in these existing assets as the first step toward improving time to market and quality of products and services.

- Define data governance and workflows, and integrate other product-centric applications and technologies with a suitable PPM for NPD technology.
- Determine whether or not to acquire PPM for NPD technology based on how your existing technologies constrain continuous change and rapid market responses to customer requests for product innovations and enhancements.
- Evaluate providers and products of PPM for NPD technologies if you are interested in applying portfolio-level visibility, resource capacity planning and elements of governance and oversight to your product strategies and plans.

Sample Vendors

PDWare; Planisware; Planview; Sciforma; Sopheon

Gartner Recommended Reading

S&OP Process: Product Portfolio Planning

New Product Development Primer for 2023

Appendixes

See the previous Hype Cycle: Hype Cycle for Strategic Portfolio Management, 2022

Hype Cycle Phases, Benefit Ratings and Maturity Levels

Table 2: Hype Cycle Phases

(Enlarged table in Appendix)

Phase	Definition
Innovation Trigger	A breakthrough, public demonstration, product launch or other event generates significant media and industry interest.
Peak of Inflated Expectations	During this phase of overenthusiasm and unrealistic projections, a flurry of well-publicized activity by technology leaders results in some successes, but more failures, as the innovation is pushed to its limits. The only enterprises making money are conference organizers and content publishers.
Trough of Disillusionment	Because the innovation does not live up to its overinflated expectations, it rapidly becomes unfashionable. Media interest wanes, except for a few cautionary tales.
Slope of Enlightenment	Focused experimentation and solid hard work by an increasingly diverse range of organizations lead to a true understanding of the innovation's applicability, risks and benefits. Commercial off-the-shelf methodologies and tools ease the development process.
Plateau of Productivity	The real-world benefits of the innovation are demonstrated and accepted. Tools and methodologies are increasingly stable as they enter their second and third generations. Growing numbers of organizations feel comfortable with the reduced level of risk; the rapid growth phase of adoption begins. Approximately 20% of the technology's target audience has adopted or is adopting the technology as it enters this phase.
Years to Mainstream Adoption	The time required for the innovation to reach the Plateau of Productivity.

Source: Gartner (July 2023)

Table 3: Benefit Ratings

Benefit Rating ↓	*Definition* ↓
Transformational	Enables new ways of doing business across industries that will result in major shifts in industry dynamics
High	Enables new ways of performing horizontal or vertical processes that will result in significantly increased revenue or cost savings for an enterprise
Moderate	Provides incremental improvements to established processes that will result in increased revenue or cost savings for an enterprise
Low	Slightly improves processes (for example, improved user experience) that will be difficult to translate into increased revenue or cost savings

Source: Gartner (July 2023)

Table 4: Maturity Levels

(Enlarged table in Appendix)

Maturity Levels	Status	Products/Vendors
Embryonic	In labs	None
Emerging	Commercialization by vendors Pilots and deployments by industry leaders	First generation High price Much customization
Adolescent	Maturing technology capabilities and process understanding Uptake beyond early adopters	Second generation Less customization
Early mainstream	Proven technology Vendors, technology and adoption rapidly evolving	Third generation More out-of-box methodologies
Mature mainstream	Robust technology Not much evolution in vendors or technology	Several dominant vendors
Legacy	Not appropriate for new developments Cost of migration constrains replacement	Maintenance revenue focus
Obsolete	Rarely used	Used/resale market only

Source: Gartner (July 2023)

Document Revision History

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Hype Cycle for Project and Portfolio Management, 2019 - 30 July 2019

Hype Cycle for Project and Portfolio Management, 2018 - 18 July 2018

Hype Cycle for Project and Portfolio Management, 2017 - 28 July 2017

Hype Cycle for Project and Portfolio Management, 2016 - 21 July 2016

Hype Cycle for Project and Portfolio Management, 2015 - 14 July 2015

Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

Understanding Gartner's Hype Cycles

Tool: Create Your Own Hype Cycle With Gartner's Hype Cycle Builder

Best-in-Class Portfolio Office Primer for 2023

Strategic Portfolio Management Primer for 2023

Enterprise Transformation Enablement Primer for 2023

2023 CEO Survey — The Pause and Pivot Year

2023 CIO and Technology Executive Agenda: 4 Actions to Deliver 'Digital Dividends'

9 Actions SPM Leaders Must Take To Navigate Economic Headwinds

Top Trends for Strategic Portfolio Leaders for 2022

Table 1: Priority Matrix for Strategic Portfolio Management, 2023

Benefit	*Years to Mainstream Adoption*			
↓	***Less Than 2 Years*** ↓	***2 - 5 Years*** ↓	***5 - 10 Years*** ↓	***More Than 10 Years*** ↓
Transformational	Adaptive Portfolio Governance	Agile Beyond IT Agile Project Management Digital Transformation Office	Human-Centric Change Leadership Integrative ESG Tracking Product Funding Strategic Portfolio Management Strategy Realization Office	AI-Enabled PPM
High	Adaptive PM and Reporting Domain PMO Enterprise Agile Frameworks PPM for New Product Development Product-Centric Delivery Model	Adaptive Program Management Application Portfolio Management EPMO Lean Portfolio Management PMO/PPM as a Service Resource Management		
Moderate			RPA-Enabled PPM	
Low				

Source: Gartner (July 2023)

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