Hype Cycle for Strategic Portfolio Management, 2021

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Initiatives: PMO Evolution for Digital; Program and Portfolio Management Leaders

This Hype Cycle provides IT leaders responsible for strategic portfolio management with insight into the guidance for adopting capabilities and technologies and their relative maturity in a rapidly changing domain or space.

Strategic Planning Assumptions

By 2024, oversight and governance — rather than delivery — will be the main focus of more than 70% of project management offices (PMOs).

By 2024, PPM-driven strategies that enable multidisciplinary digital business teams will have a 60% higher success rate to scale results.

By 2024, 50% of all PPM leaders will integrate complementary technologies to enable portfolio decision making and modern work management for digital business evolution.

Analysis

What You Need to Know

IT leaders responsible for strategic portfolio management need to enable strategy execution activities by:

- Shifting from a directive, command-and-control organization to one that creates insights through the use of analytics and artificial intelligence (AI) that drive portfolio decision making.
- Orchestrating the alignment of work efforts (project/product/program) to business priorities that deliver business outcomes with tangible benefits.
- Fostering collaboration and digital business essentialism through the use mechanisms such as fusion teams and enterprise agile frameworks.
- Evolving long-standing practices that embrace product-centric delivery and new funding models.
- Driving culture change through change leadership capabilities and digital talent strategies that create organizational resiliency.

The Hype Cycle

This Hype Cycle was renamed this year from “Hype Cycle for Project and Portfolio Management” to “Hype Cycle for Strategic Portfolio Management.” The new title reflects the fact that digital business requires enterprises to establish strong strategic portfolio management (SPM) and investment governance to ensure that highly valuable, yet risky, digital investments succeed. The new Hype Cycle name represents a collection of innovations supporting a full SPM technology investment for digital business.

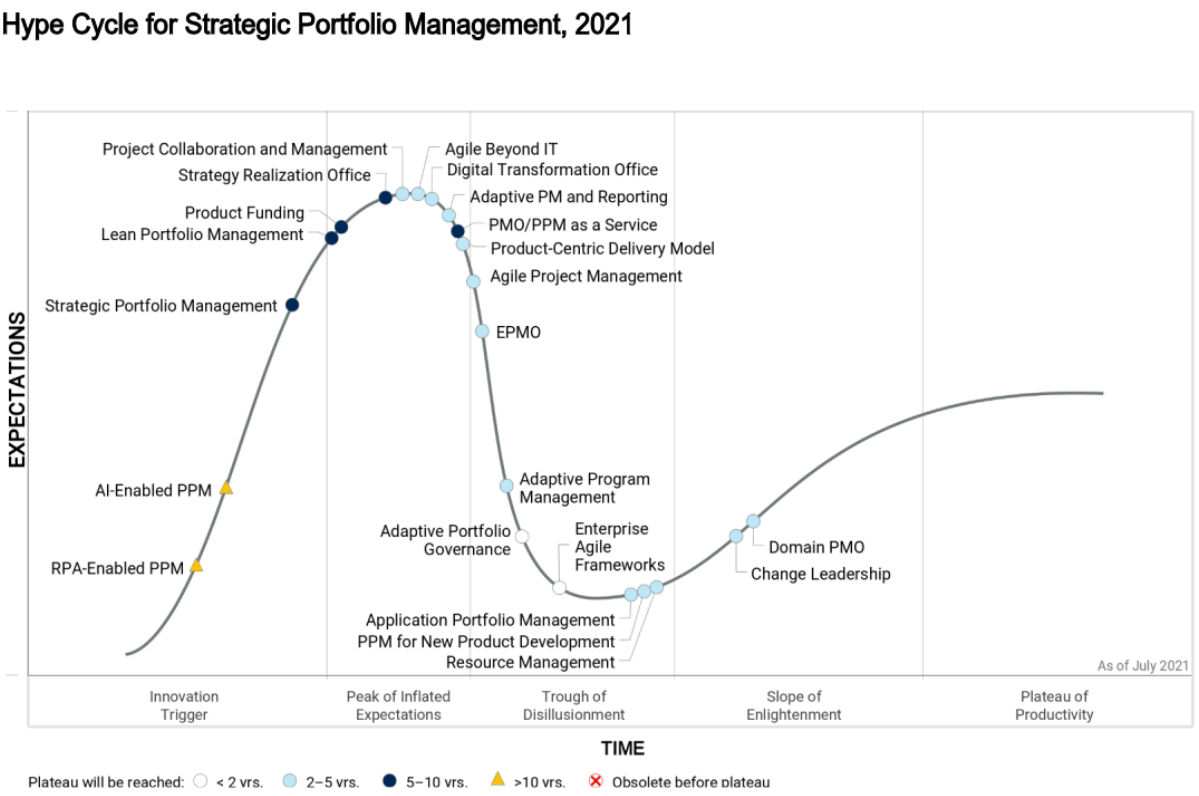
There is a concentration of disciplines at the Peak of Inflated Expectations in the Hype Cycle, where the expectations are high and adoption challenges are not apparent. Many organizations have implemented these disciplines to varying degrees across their entire organizations. Full deployment requires paradigm shifts across a broad network of IT and business stakeholders. Improvements in portfolio management, governance and value determination are necessary to successfully scale these disciplines.

The following innovations in this Hype Cycle have been added, rebranded or retired (see the Off the Hype Cycle section) to reflect the elements of SPM.

New/Rebranded

- **(New) Lean Portfolio Management** — An investment management discipline that enables strategic portfolio management and optimization, delivers maximum customer value, and minimizes consumption of resources.
- **(New) Product Funding** — A shift from budgeting for discrete bodies of work over a specific timeline to an ongoing funding stream driven by business needs.
- **(Rebranded) Agile Beyond IT** — Formerly known as "business agile," this innovation has been rebranded and updated to reflect the adoption of agile across entire organizations, as indicated by the proliferation of fusion teams.

Figure 1: Hype Cycle for Strategic Portfolio Management, 2021



Source: Gartner

Downloadable graphic: Hype Cycle for Strategic Portfolio Management, 2021

The Priority Matrix

The Priority Matrix shows the benefit level and the number of years to mainstream adoption for the technologies, methodologies and disciplines presented in this Hype Cycle. The majority of the innovations fall within the Transformational and High benefit axes of the Priority Matrix. This trend is in alignment with the continuing rise in digital maturity and the top priority of digital business acceleration. No innovations are tagged as being of low benefit since the increasingly dynamic business environment renders pursuing low-benefit technologies and efforts unappealing.

To remain relevant and maximize value to the organization, IT leaders need to embrace a new form of portfolio management that is not focused merely on the inventory and relative progression of work through the pipeline. The ability to support practices like responsive funding based upon product performance (internally or externally), adaptive governance that accelerates and improves decision making, and the empowerment of autonomous teams is all part of strategic portfolio management.

Table 1: Priority Matrix for Strategic Portfolio Management, 2021

(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 Change Leadership Digital Transformation Office Product-Centric Delivery Model	Product Funding Strategic Portfolio Management Strategy Realization Office	AI-Enabled PPM
High	Enterprise Agile Frameworks	Adaptive PM and Reporting Adaptive Program Management Application Portfolio Management Domain PMO EPMO PPM for New Product Development Resource Management	Lean Portfolio Management PMO/PPM as a Service	
Moderate		Project Collaboration and Management		RPA-Enabled PPM
Low				

Source: Gartner (July 2021)

Off the Hype Cycle

- **Organizational Change** — The concepts of this individual innovation are folded into the “change leadership” innovation.
- **Kanban for PPM** — This technique is now referenced within the “agile project management” innovation and “adaptive project management and reporting” innovation.
- **DevOps** — This important approach is expressed in a dedicated Hype Cycle called agile and DevOps.
- **Enterprise-Class Agile Development (EAD)** — Gartner research indicates an increased adoption of enterprise agile frameworks (EAFs). Thus, the concepts of EAD have been rolled into the EAF innovation.

On the Rise

RPA-Enabled PPM

Analysis By: Daniel Stang

Benefit Rating: Moderate

Market Penetration: 1% to 5% of target audience

Maturity: Emerging

Definition:

Robotic process automation (RPA)-enabled PPM is a technology combination that leverages RPA to optimize the efficient use of PPM technology, minimize the need for human intervention or manual data input, and support hyperautomation of PPM processes. RPA-enabled PPM reduces the manual administration associated with sharing data and interacting with multiple PPM tools and other third-party enterprise software solutions and data sources.

Why This Is Important

RPA-enabled PPM technology is an elixir for the fatigue project and portfolio managers experience working with the various PPM tools and other technologies they must use to do their jobs effectively. 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 PPM technology, RPA can remedy many of the integration inefficiencies causing PPM end-user fatigue.

Business Impact

- RPA, low-code, AI and other hyperautomation technologies are the ingredients for addressing critical business demands and optimizing costs.
- PMOs and EPMOs that use advanced RPA-enabled PPM technology will minimize manual human effort and interaction with multiple technologies, UIs and integration points.
- RPA-enabled PPM technology creates the foundation for advanced AI- and ML-based strategic portfolio management and decision making, and sets the stage for advanced PPM process hyperautomation.

Drivers

- Hyperautomation principles, and the orchestrated use of RPA, low code and AI, are the foundation for the "future of work," as it shifts rapidly from an option to a condition of survival.
- EPMOs and PMOs continue to evolve toward strategic portfolio decision making and continuous delivery, and must achieve high levels of efficiency in the use of multiple PPM and other technologies to mature in both of these critical areas. As it matures, RPA-enabled PPM technology will support both tactical and strategic PPM process hyperautomation and provide more adaptive and efficient strategy to execution alignment.
- PPM technology end-user fatigue must be avoided at all costs if PMOs and EPMOs want to successfully evolve and mature in SPM and continuous delivery.
- PPM providers are increasingly recognizing the value of automating their customers' tactical PPM processes with RPA, and are aligning themselves with RPA providers to offer this capability.
- Enterprises that mature their use of RPA for any tactical purposes focused on cost-savings or compliance activities are able to shift to more strategic use of RPA for revenue-generating activities supporting digital transformation through automation.
- RPA-enabled PPM has the potential to reduce the amount of manual operations project and portfolio managers will be required to perform to update the multitude of technologies used for PPM.
- RPA-enabled PPM can address the current administrative overhead associated with sharing PPM-related information with third-party systems, such as ERP systems. Specifically, translating PPM-related cost information into data to be used by the finance department is a prime example of how RPA-enabled PPM can reduce manual administration.

Obstacles

- Most organizations that implement RPA for PPM on their own will face scaling challenges, resulting in unmanageable total cost of ownership (TCO) and suboptimal return on investment.
- Some PPM providers partner with RPA providers, but true, "packaged" RPA-enabled PPM technology options have yet to emerge in the PPM market.

- Customers of PPM technologies understand theoretically what value RPA-enabled PPM technologies can deliver, but are not sure how they can leverage such an investment.
- PPM providers have yet to present a clear, understandable RPA-enabled PPM value proposition that will resonate with customers.
- PPM providers have not yet matured their ability to offer an effective set of packaged RPA-enabled PPM technology options for their customers. Such offerings must also include education and consulting, and verifiable examples of use among the vendors' existing customers and the benefits achieved from adopting RPA-enabled PPM.

User Recommendations

- Experiment with RPA to learn what works well and what does not; be cautious, however, and do not take any unnecessary risks.
- In the short term, leverage pure-play RPA tools to hyperautomate PPM processes, if this approach is more effective than waiting for the PPM market to adopt RPA. PPM technology customers that explore RPA on their own should also monitor any increased TCO or technical debt incurred as they scale RPA for PPM.
- If you have not adopted an RPA strategy for PPM technology use, evaluate whether or not to wait until packaged RPA-enabled PPM options become available. Packaged RPA-enabled PPM technology, and other modern approaches to technology integration and hyperautomation, will emerge and mature in the next few years.

Sample Vendors

Automation Anywhere; Blue Prism; UiPath; WorkFusion

Gartner Recommended Reading

Move Beyond RPA to Deliver Hyperautomation

Top Strategic Technology Trends for 2021: Hyperautomation

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 PPM is the application of AI in PPM technologies, including but not limited to conversational AI and machine learning (ML), to address modern complex challenges in PPM. AI-enabled PPM aims to help PPM leaders unlock deeper insights and speed up project plan generation, as well as aid them in becoming more efficient and effective planners, managers and decision-makers.

Why This Is Important

Optimizing investments (i.e., projects, programs, products and portfolios) in the increasingly dynamic digital environment requires focus and disciplined decision making. Managing these investments necessitates eliminating routine, time-consuming activities and enablement of proactive insights to mitigate threats and seize opportunities. AI-enabled PPM will be key in automating redundant tasks, enhancing productivity and providing predictive analytics to enable proactive decision making.

Business Impact

AI-enabled PPM will dramatically reduce the administration and more mundane tasks PPM leaders are required to perform. This will allow them to shift focus from tactical to strategic to ensuring initiatives deliver the expected business outcomes to drive the successful execution of strategic objectives. AI-enabled PPM will enable predictive analytics capabilities necessary for PPM leaders to foresee impediments to realizing value and make the necessary course corrections to optimize investments.

Drivers

- Enterprise-scale agile adoption, the transition from projects to products and digital business initiatives are dramatically changing the context for delivering initiatives (i.e., project, programs and products). Agile adoption accelerates the pace of delivery and changes the cadence of prioritization. PPM leaders must shift their focus from administrative to that of orchestrating the interactions between fast-moving and interdependent teams. Supporting increasing numbers of interconnected digital business initiatives, these leaders will need the administrative freedom to handle higher levels of coordination complexity.

- The effectiveness of PPM leaders is the single greatest driver of successful business outcomes from any initiative. To be successful in the digital environment, these leaders should develop mastery of new in-kind skills like emotional intelligence, customer centricity and network performance — in addition to traditional entrepreneurial skills like stakeholder partnership and judgment. AI-enabled PPM will liberate PPM leaders from the mundane and allow them to focus on these new skills.

- More disciplined decision making is vital for success in today's digitalized and continuously changing environment. PPM leaders must make their organizations more effective at managing the inherent uncertainty of project, program, product and portfolio investments, as these initiatives help drive growth, change and transformation.

- PPM leaders will need to rely on more predictive analytics to help answer the question "What will happen?" by recognizing patterns and assessing likely outcomes using statistical or machine learning techniques. This ability to support forward-looking insights will enable PPM leaders to provide business executives with data-driven information for making better investment decisions. This will lead to improved business outcomes.

Obstacles

- The broader PPM tools market is still immature in providing AI-enabled features and functions. There has been some momentum by a subset of PPM vendors to acquire or partner with other organizations to include (AI)-enabled functionality.

- The use of conversational AI is becoming more prevalent in reporting project status, data input, prompting reminders and capturing action items. However, machine learning (ML) and predictive analytics are slow starters in the PPM market. Some PPM providers are pooling their resources for data science and hiring experts in AI to refine their support for predictive analytics.

- Organizations are not waiting for AI-enabled PPM tools to arrive. Many are integrating existing PPM tools and inputting data into other ML-based and analytics products. These efforts helped improve schedule and budget estimates and forecasts, pinpoint risks, automate resource management and reduce development defects to increase productivity and improve outcomes.

User Recommendations

- Identify use cases for conversational AI. Identify where chatbots and NLP can reduce redundant, administrative efforts to free up resources and collaborate to deliver business outcomes.

- Determine and prioritize analytics use cases for ML and predictive analytics capabilities. This includes addressing problems with previous initiatives such as cost overruns, delayed completions, resource shortages and expediting the realization of projected benefits.

- Engage your current PPM provider and/or assess the PPM marketplace to determine if they can address your specific use cases. While vendors are improving their AI capabilities, they likely do not address the multitude of potential use cases, so you must examine those providers touting AI-enabled capabilities to ensure a strong fit.

- Assess internal capabilities and develop relationships with internal data analytics experts to understand what decisions existing data can support and to determine an acceptable level of data quality for processing.

Sample Vendors

Clarizen; Planisware; Planview; Software AG; Workfront

Gartner Recommended Reading

Magic Quadrant for Strategic Portfolio Management

Critical Capabilities for Strategic Portfolio Management

Predicts 2021: Program and Portfolio Management Leaders Prepare for the Next Normal

Enable Predictive Analytics to Improve Program and Portfolio Outcomes

Project Manager Skills Required for Digital Business Success

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) is an emergent segment in the PPM software market, focused exclusively on business decision making using advanced portfolio management and analysis. SPM provides technologies for business leaders and leadership functions responsible for strategy planning and realization, portfolio governance and visibility, strategy-to-execution alignment and the successful execution of strategic, enterprisewide investments, initiatives, business outcomes, products and programs.

Why This Is Important

Organizations must execute on strategic, enterprisewide investments to drive business outcomes. These investments include a digital-business-enabled technology portfolio, enterprise products, programs and projects designed to move an enterprise to a desired future state. SPM technologies are important to enable advanced portfolio management and decisions for enterprise program and portfolio management (EPPM), integrated IT portfolio analysis (IIPA) and strategy execution management (SEM).

Business Impact

SPM technology has a variety of benefits for mature enterprises. Strategy realization, strategic business planning and proactive portfolio-level decision making are key capabilities for any enterprise pursuing digital business. Users can create multiple types of portfolios, categories and alignments with focused themes to link and cross-reference elements in different portfolios and support integrated portfolio analysis, tracking and optimization.

Drivers

- Many enterprises have faced some form of significant business disruption in the last five years and disruptions will likely be the norm going forward. Such disruption can adversely affect an enterprise's ability to fund new business initiatives, slow down delivery on key initiatives and impede the ability to attract the right talent to meet business objectives.
- Adaptive governance and responsive funding can help enterprises adjust investments quickly to address disruptions faster and improve the ability to deliver business outcomes. SPM technologies support adaptive funding, governance and proactive decision making required to address disruptive dynamics.
- The emergent SPM market is a direct response to the increasing recognition among organizations that SPM, as a set of business capabilities, processes and supporting portfolio management technology, is critical for successful digital business transformation and scaling.
- The need to create business agility at enterprise scale is accelerating the need for SPM technology solutions. Without appropriate SPM technology, the realization of an enterprise's strategies and goals could hang in the balance, and the use of spreadsheets for SPM will not be enough to produce positive results.
- SPM technology gives an enterprise the agility it needs at the business level to respond proactively to changing market conditions through advanced portfolio management. SPM technology can provide the visibility, monitoring and control to ensure that significant, and potentially risky, enterprise-level investments are managed properly.
- With SPM technologies, interdependent portfolio perspectives and views are combined to make holistic decisions regarding the most strategic investments and initiatives an enterprise plans to pursue. SPM as a discipline requires a combination of strategic business, IT and scaled execution contexts to make truly informed business investment decisions and business agility and scaling.

Obstacles

- Organizations are just now starting to realize the potential value of SPM as a critical set of enterprise-level capabilities.
- The SPM market is an emergent market, and has not reached advanced levels of maturity. Likewise, the potential customers of SPM technology are also immature in SPM and are now beginning to set up stronger SPM capabilities for the first time.
- SPM providers and their offerings are strong in one or two areas of integrated, strategic portfolio management, but none are able to fully support all SPM use cases in an advanced way. There is still room for SPM providers to evolve and mature as leaders in the emergent SPM market.
- Potential SPM customers are evolving as well, and many are not yet mature enough to leverage the full power of SPM technology across the enterprise. Immaturity in SPM as a set of business capabilities is inhibiting the ability of SPM customers and prospects to effectively influence and drive further SPM product innovations.

User Recommendations

- Begin evaluating portfolio management vendors that can support SPM to enable: (1) strategy-to-execution alignment, and maintaining that alignment to be successful; (2) governance, monitoring and execution of significant business and operational model changes, and (3) execution of programs designed to scale key digital business investments.
- Select a suitable SPM provider based on a detailed evaluation of their specific needs and objectives. Enterprise users must determine which provider represents the best solution fit for their specific requirements, based on existing products in their PPM ecosystem.
- Assess the SPM provider's ability to integrate with existing adaptive project management and reporting tools. Prospective SPM customers should evaluate other key SPM integrations, including linking to EA repositories, financial management systems, ITSM systems and enterprise agile planning systems.

Sample Vendors

Broadcom; Changepoint; Planview; Shibumi; Software AG; UMT360

Gartner Recommended Reading

Magic Quadrant for Strategic Portfolio Management

Critical Capabilities for Strategic Portfolio Management

Master 4 Management Capabilities for Digital Strategy and Execution Success

The PPM Market Now Supports Strategic Portfolio Management and Adaptive Project Management

At the Peak

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 is an investment management discipline that combines concepts from lean with portfolio management to enable strategic portfolio management and optimization, deliver maximum customer-value, and minimize consumption of resources.

Why This Is Important

In difficult and highly competitive times such as these, a lean approach has never been more important. Lean portfolio management is required for digitally mature organizations to maximize value and minimize waste.

More organizations are scaling or are at scale with their digital capabilities, warranting a lean portfolio management approach that provides systematic and supportive, but not arduous, governance, with a focus on the importance of learning and looking after the portfolio as a whole.

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 nurtured to foster knowledge management, quality as standard, empowerment and community.

Drivers

- Even though lean and portfolio management has been around for decades, the combination of the two is relatively new. While traditional project portfolio management is 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 increases. Mainstream organizations are reaching the point where a laissez-faire approach to managing digital investments is no longer acceptable.
- The perfect storm of mainstream moving into digital maturity, coupled with a COVID-19-driven economic contraction vaults lean portfolio management into digital management prominence.

Obstacles

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

User Recommendations

- Recognize the cultural aspects of lean portfolio management by committing to it at an executive level. Lean portfolio management is a leadership and cultural shift more so than a series of processes to be simply carried out or adhered to. Efficient adoption of this type of portfolio management is crucial for it to deliver upon its potential within an organization.
- Practice lean portfolio management to enable scaled or scaling agile within a mature digital business, where multiple value streams require coordination and light-touch governance.

Sample Vendor

Scaled Agile

Gartner Recommended Reading

Extending the Project and Product Ecosystem to Lean Portfolio Management

Product Funding

Analysis By: Lorri Callahan

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

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 business outcomes (products). The adoption of product funding enables improved investment decision making, facilitated through iterative and adaptive practices.

Why This Is Important

When scaling agile, one stumbling block is limited project funding. Treating work as point-in-time events inhibits the formation of stable, standing teams that continuously deliver. Gartner research and client experience show project-funding practices based on stage gates, designed for predictable, slower-moving, multiyear efforts, impede product-funding success. The “false precision” of long business cases and multiple approval cycles will fail product teams’ dynamic requirements.

Business Impact

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

- Stronger alignment with outcomes by focusing on outcomes, rather than process
- Increased cost efficiency — more work with the same funding level
- Faster time to value — compresses 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 development, organizations find traditional funding models unsuitable for iterative delivery. 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 work and how they fund work. Key digital transformation trends that support the value of adopting product funding include:

- Projects cross many budgets/cost center buckets, requiring greater management overhead.
- Incremental delivery requires incremental bites of funding, enabling faster reaction to changing priorities.
- Smaller investments and 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

Moving from traditional, project-based funding to product funding can be hindered by the obstacles that organizations will need to overcome, including:

- Convincing the C-suite, CFO and finance organization of the benefits of product funding
- Establishing a funding prioritization mechanism, and caring for new, unfamiliar investments with uncertain ROI
- Ensuring senior IT and business leaders have transparency into how investments and initiatives are tracking to expected benefits
- Ensuring that enterprise and IT metrics properly reflect the changing focus on outcomes

User Recommendations

- Shift to product funding gradually, rather than as a “big bang” approach.
- Highlight the deficiencies of a project-funding approach by showing the gap between promised benefits in the business cases and the benefits delivered.
- Gain leadership buy-in and confidence by establishing a phased approach to product funding, tested and improved on through a pilot that: decomposes work efforts into smaller, shorter increments; objectively prioritizes work based on the highest business value to be gained; adopts a venture capital funding model that uses interim results to decide whether additional funding will be invested; and creates transparency into the progression of the work and tracks value delivered using outcome-based metrics.
- Expand the product funding approach beyond the pilot by cascading block funding incrementally to ensure transparency and secure stakeholder buy-in.
- Engage stakeholders in a continuous budgeting process.

Gartner Recommended Reading

Getting Product-Centric Management Right for IT and Beyond

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

3 Steps to Get Started on Product Funding

Survey Analysis: Change Funding and Improve Value Tracking to Enhance IT Product Model Success

Managing IT Spend Using IT Product Lines

Compose Agile Budgets That Dynamically Adapt to Change

Use Outcome-Driven Metrics to Manage Portfolio Risk

Strategy Realization Office

Analysis By: Joanne Kopcho, Daniel Stang, Monika Sinha

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

Definition:

The strategy realization office (SRO) is an enterprise-level function found in a highly mature organization focused on strategy execution. It combines enterprise planning and portfolio management, change enablement, communications, and program support into a single, often matrixed, unit of functions that assist the organization in accomplishing strategic initiatives.

Why This Is Important

Continued failure rates of strategic initiative outcomes (from 50% through 70%) have increased focus on the success of strategy execution. Strategy realization in the digital business is about delivering the capability of creating "different and better" value incrementally. However, many leaders find it hard to identify what activities contribute to strategy execution results. Connecting enterprise strategic objectives to results through the SRO is a critical function for mature organizations.

Business Impact

Organizations evolving the digital mindset of "continuous strategic value," or value-based operating models (such as product-centric), find an SRO a necessary function:

- SRO usage has increased in the private sector as organizations further optimize digital strategy successes. Public-sector interest is just starting.
- SROs demonstrate value by reducing money spent on strategic initiatives that fail to yield strategic value and increasing focus on those that deliver strategic objectives.

Drivers

Today, there has been a slight increase in executive leadership formalizing functions of the SRO; thus, there is a slight change in position toward the 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 into an SRO.

- 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 and integration.

Obstacles

Emerging or unforeseen capability gaps, such as lack of communication, adaptivity, transparency and stakeholder resistance to change, are key factors impacting the speed and success of strategic execution in most organizations:

- Leadership must mature or reimagine key delivery and execution practices first to address enterprise gaps in planning, governance, performance, change management and strategy facilitation.
- Organizations must work their way toward the full mandate of the SRO as executives and leadership gain experience in making better investment choices. These techniques require a significant level of collaboration between various roles in the organization.
- Leadership must recognize the SRO is not the evolution of an existing planning office or enterprise portfolio and program office (EPMO). Traditional EPMOs are focused on execution. When execution is failing, elevating any existing EPMOs to the SRO often fails.

User Recommendations

Continual strategy execution is a success factor in achieving an organization's digital ambition. The SRO provides a transparent connection between executives and leadership through strategic engagement, collaboration and communication, ensuring the organization's decision making reduces the distraction of competing priorities that move away from the strategic direction or goals. Leadership must determine the context based on the maturing operating models and strategic direction.

Executive leaders must identify the need and create a plan for the SRO that includes:

- Facilitating strategic tactics and direction to close the cross-functional execution gap.
- Maturing enterprise portfolio analysis and investment decision functions and practices to keep the financial investments in sync with value.
- Evolving communication and change enablement to ensure enterprise adaptability.

- Adopting adaptive program management to balance execution between achieving change and maintaining appropriate control.

Sample Vendors

Cascade; Cora Systems; i-nexus; UMT360

Gartner Recommended Reading

Leverage aStrategy Realization Office to Execute the Digital Strategy

Master 4 Management Capabilities for Digital Strategy and Execution Success

Scaling Digital Business Requires an Enterprise Operating Model Perspective

3 Steps to Managing Distributed Portfolios in an Increasingly Digital World

The PPM Market Now Supports Strategic Portfolio Management and Adaptive Project Management

Survey Analysis: How Execution Gaps Impact Strategic Execution Confidence — 5 Key Success Drivers

Project Collaboration and Management

Analysis By: Sarah Davies

Benefit Rating: Moderate

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Project collaboration and management (PCM) technologies provide an interchangeable online workspace. They enable users to access project or product data via dashboards, task boards, calendars and other integrated technologies. Often used by temporary teams with no standard project/or work management tool, they can typically feature document sharing and annotation, basic reporting, resource and task tracking, audit trails, unified communications, and change notifications.

Why This Is Important

Structured work approaches have increased in popularity due to the lack of in-person collaboration opportunities in 2020. Prior to the pandemic, individuals could physically come together to collaborate. With this no longer possible, the need to do this virtually created a surge in demand for project collaboration and management applications. Remote working continues to create a need for this technology for the smaller work efforts requiring input from many individuals.

Business Impact

- PCM technologies enable teams to structure work around a common goal without the need to physically colocate.
- They provide common project management capabilities without the full in-depth suite of functions traditionally provided by project and portfolio management (PPM) tools.
- Organizations can benefit from a standardized set of change processes without the full administrative depth of full project management.

Drivers

- PCM technologies particularly pertain to situations in which projects or products involve multiple members of a virtual enterprise working on a common endeavor, such as an event, a proof of concept or minimum viable product. They help virtual teams come together, including some software and IT scenarios (perhaps involving collaboration with outsourced contractors).
- Their popularity gain was helped by the rapid uptake of remote teams working in 2020. The continuation of dynamic use cases in which multiple remote individuals work together has helped PCM technologies sustain traction and increased integration into enterprises. Users often include IT and business users alike, so continued adoption is accelerating outside of IT. This is driving further product development, despite difficulties displacing traditional PPM tools.
- PCM technologies' predominantly cloud-based nature has allowed them to increasingly adapt and integrate with existing products. Their increased amount of role use is constantly uncovering new needs for innovative capabilities.
- PCM technology is gaining popularity with citizen-led project managers, by supporting teams working together, often with contributors drawn from multiple departments or even different enterprises engaged in temporary endeavors.

Obstacles

- PCM technologies do not offer the wide range of reporting, financial control or resource management capabilities found in traditional PPM tools. Their use cases are limited to the smaller, less strategic endeavors that require lightweight or agile-based governance.
- Organizations that are looking to mature their PPM capabilities and evolve to program or portfolio management will need to invest in PPM technology beyond the capabilities provided by PCM applications.

User Recommendations

- Explore PCM technologies, particularly if you have to make use of distributed teams across enterprises, departments or locations. Those encountering fragmented collaboration environments that introduce delays and confusion into their project or product-based work can especially benefit.
- Scan among advanced features for the ability to merge personal activities with team-based project work.

Sample Vendors

Atlassian; Basecamp; Google; Hive; Microsoft; Slack

Gartner Recommended Reading

Use Gartner's ACME Framework to Make Informed Technology Selection for New Work Nucleus

Agile Beyond IT

Analysis By: Lorri Callahan

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Adolescent

Definition:

Agile is a discipline that will help shorten the time it takes to accomplish strategic goals. This discipline focuses on improved investment decision making, iterative and adaptive practices, frequent customer interactions and increased team effectiveness. 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. Agile is not just about IT anymore.

Why This Is Important

The benefits gained from IT's adoption of agile practices have created interest and momentum in extending these practices throughout the organization. The need to improve business performance holistically has opened the doors to adopting new ways of working in HR, audit, marketing, finance and other functions. Every function needs to be conversant in agile terminology and understand how their own processes need to change in order to effectively work with groups that have adopted agile.

Business Impact

PPM leaders can support the adoption of agile because of their visibility into planned work and its alignment to strategic imperatives. When adopted and rigorously applied, the mindset can enable the enterprise to move faster and to be more focused on ensuring outcomes that deliver value. This means further integration of business and IT teams, moving from a "me" to "we" culture. New ways of doing business boost performance through group accountability for business results.

Drivers

Key agile adoption trends that support the extension of agile beyond IT include:

- Organizations continue to turn to new ways of working, like agile, to keep pace with the rate of disruption and change in the marketplace that requires: (1) finding the balance between being adaptive and innovative; (2) removing wasted motion; and (3) creating greater clarity and focused commitment to the desired outcome.
- Agile, steeped in long-standing lean practices, is recognized as a means to create efficiency and make iterative adjustments for higher quality results.
- Business-led IT analysis and investment continue to increase.
- Recognition of the criticality of multidisciplinary (fusion) teams to drive digital transformation success.

- Interest in adoption of enterprise agile frameworks continues to increase.

Obstacles

- Organizations do not realize the adoption of agile takes discipline, knowledge and practice.
- Existing processes and behaviors are often not suitable for operating in an agile way of working.
- Prioritization practices do not have adequate criteria to ensure work requests are aligned to strategic imperatives, contain defined business outcomes, and articulate the KPIs that will be used to ensure both.
- Infrequent portfolio reviews do not enable the ability to closely monitor proposed, planned and in-progress work to continually reassess performance and replan accordingly.

User Recommendations

Agile is an approach to achieving customer-centered collaborative results under conditions of uncertainty, and is not limited to IT and software development. Begin by providing general overviews to help orient everyone to the concepts and practices needed to adopt agile. Next, identify a pilot team of dedicated resources to address a specific scope of work with these considerations:

- Limit the amount of interdependencies and complexity.
- Enable the pilot team to commit to the shortest possible deadline required to achieve a viable outcome, without burning out people and without 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

Adopting Agile in Audit

The Agile HR Function

An Introduction to Agile Marketing Utilization

Expand Your Process Improvement Toolkit to Include Agile

Digital Transformation Office

Analysis By: Lorri Callahan

Benefit Rating: Transformational

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

Definition:

A digital transformation office (DTO) exists to oversee the execution of top-down "transformation initiatives," focused on adapting the enterprise for digital business. These offices are similar to enterprise program offices because the breadth of their mandate typically involves a large portion of the operating model. These offices may be managed outside of existing domain PMO or as part of the Enterprise PMO.

Why This Is Important

While organizations may have many constructs to address enterprise level initiatives, the DTO fills a specific, overarching need. Organizations that create a formal DTO as a dedicated function are usually more successful at addressing enterprise change. It ensures the effort is not done in a silo but rather as a collaborative approach for the enterprise as a whole. To help facilitate that collaboration, the DTO serves as an enabler and orchestrator of digital transformation.

Business Impact

Digital transformation crosses many organizational boundaries. Having a central coordinating function has proven to be a strategic approach to adding discipline and structure to transformation efforts. Organizations that do not leverage a DTO fail to achieve the benefits and desired outcomes. Once the transformation is complete, a successful DTO can become the basis for a strategy realization office to sustain the rapid and complex change required by the digital business landscape.

Drivers

Key digital transformation trends that support the value of DTO include:

- The adoption of agile and scaled agile frameworks continues to grow as more organizations achieve success with agile teams and recognize the benefit of scaling this development approach to address larger, more complex solutions.
- The legacy practices for governance, financial and management of work are incompatible with agile, and hinder its proper function and benefits.
- The shift to product-centric operating models requires a new approach to funding.
- The existing skill sets and capabilities of resources need to be broadened in combination with the acquisition of new talent and/or training programs.
- The impact of culture change that digital transformation brings, causes a need to address transformation barriers using organizational change management practices.

Obstacles

There continue to be obstacles to overcome, many of which fall into the change culture arena:

- Information leadership often underestimates organizational change. Ensure strong transformational leadership has been identified and is committed to their role.
- A lack of common understanding about the goals of the transformation can detract from success. Plan and execute organizational change management plans to ensure the change is well-defined and a comprehensive communication plan has been developed. Change absorption and the resulting change fatigue can arise and undermine the resiliency of everyone involved. It needs to be monitored.

- There is often a lack of enterprisewide buy-in to transformational principles. Support IT leaders and their ability to demonstrate incremental delivery of customer value.

User Recommendations

With the global push to drive innovation and competitiveness through digital transformation, the creation of a DTO has been improving transformation success rates.

- Begin by developing a program office structure that supports effective leadership for executing program delivery across the enterprise.
- Set up portfolio functions 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.
- Manage the oversight of ongoing culture shifts using organizational change management practices and personnel.

Gartner Recommended Reading

Tackle the Program Management Execution Gaps for Strategic Delivery Success

The PPM Market Now Supports Strategic Portfolio Management and Adaptive Project Management

Leveraging the Strategy Realization Office to Execute the Digital Strategy

Ignition Guide to Building a Compelling Digital Business Narrative to Accelerate Business Transformation

The Recipe for Enterprise Agile Success Has Adaptive Program Management Ingredients

Adaptive PM and Reporting

Analysis By: Daniel Stang

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Adaptive project management (PM) and reporting refers to a process flow, a set of behaviors and a set of technologies included in the project and portfolio management (PPM) market. It emphasizes automation of detailed project and work execution activities of project managers and contributors. Reporting services provide visual representations of status and progress of projects or other work tracked in the adaptive PM and reporting system, using real-time portfolio views and supporting dashboards.

Why This Is Important

Enterprises must support continuous delivery using iterative and agile approaches to execution. Adaptive PM and reporting enables modern approaches for project and work intake, prioritization, sourcing and planning, progress reporting and project inventory reporting. These technologies are disrupting traditional approaches to work execution by emphasizing user experience, collaboration, flexible project and work definition, and seamless integration to other cloud applications and platforms.

Business Impact

Adaptive PM and reporting technology is often used to automate continuous delivery. It provides modern approaches to work and project management, ease of use and collaboration, and can be used in different parts of an enterprise. It also supports project and work management in IT, agile teams, marketing and product development. Low cost of entry and cloud deployment make it easier to acquire and adopt.

Drivers

- Iterative and agile approaches to project and work execution have eclipsed the effectiveness of traditional project work methods, such as waterfall, for digital business acceleration.
- Traditional project and work execution methods are not compatible with the continuous delivery demands of digital business, prompting enterprises to replace traditional PM tools with low-cost, modern and versatile project and work management tools.
- Project and work execution require modern technologies to manage a continuous stream of demand as enterprises shift toward digital product management and continuous delivery.
- Cloud computing is strategic and differentiating in the eyes of today's digital business leaders, and includes investments in cloud technologies that increase the productivity of an enterprise's knowledge workers.
- The COVID-19 pandemic forced enterprises to create a virtual workplace where employees can communicate, collaborate and provide value contributions while working remotely. Interest in and adoption of adaptive PM and reporting technologies spiked in 2020, as enterprises raced to build a cloud-based work and project management environment for their employees.
- Because forever hybrid is most likely the scenario digital enterprises will need to manage and maintain postpandemic, the procurement and adoption of adaptive PM and reporting technologies will continue to accelerate in the near term.

Obstacles

- Proliferation of adaptive PM and reporting tools through discretionary spend in different departments has led to questions about technology redundancy.
- Many adaptive PM and reporting vendors rely heavily on private equity and venture capital funding. These providers, pressured to grow organic license revenue, are modifying their pricing models to capture increased revenue. However, this price increase is driving away existing as well as prospective customers.
- Customers that enjoyed low-cost-of-entry pricing of these technologies are being forced to rethink their investments as providers are increasing their pricing in a crowded market, leading to customer questions about value and cost.
- Market consolidation will continue in this portion of the PPM market and not all adaptive PM and reporting vendors will survive. They will either be acquired by larger enterprise software vendors or will reach a plateau in business growth.

User Recommendations

- Define your specific requirements for an adaptive PM and reporting technology, and include the opinions and feedback of end users that will be expected to adopt and use the proposed technology solution on a daily basis.
- Avoid redundant and unnecessary proliferation of adaptive project and work management tools by evaluating any tools already being used in your enterprise against any new, specific technology requirements.
- Expand the list of potential providers and products supporting your adaptive PM and reporting needs by using Gartner's Market Guides.
- Evaluate and account for the differences between selecting an independent, pure-play, adaptive PM and reporting technology, versus extending (through the addition of modules or suites) existing investment in a technology platform to support your specific requirements (e.g., pure-play versus single-source comparisons).

Sample Vendors

Asana; KeyedIn Solutions; Microsoft; One2Team; Planview; ServiceNow

Gartner Recommended Reading

The PPM Market Now Supports Strategic Portfolio Management and Adaptive Project Management

Avoid These Major Pitfalls When Implementing a PPM Solution to Support Continuous Delivery

Toolkit: RFP Template to Select Adaptive Project Management Software

What to Consider When Selecting PPM Tools

PMO/PPM as a Service

Analysis By: Anthony Henderson, Jim Longwood

Benefit Rating: High

Market Penetration: 5% to 20% of target audience

Maturity: Adolescent

Definition:

PMO/PPM as a service (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. This includes 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

For most organizations, major projects and programs cause spikes in demand for project or PMO resources. Few organizations can retain enough full-time staff with the necessary skills and experience to address all aspects of project, program and portfolio management, including the operations of business-unit PMOs and enterprise PMOs. One way to address these capability gaps is to contract for PPMaaS from specialist external managed service providers.

Business Impact

Using PPMaaS-based resources 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 developing inexperienced contractor resources.

Drivers

- With digital transformation and continuous change, traditional command and control project management practices are rapidly shifting to adaptive and product-based practices. CIOs are seeking flexibility, cost control, skills and experience, and more-dynamic capacity improvements to meet these requirements. This shift is driving demand for an increased usage for short- and long-term specialist PPM resources and services.
- Organizations need to keep pace with the varying demands and business fluctuations that are the norm in today's digital environment. To meet variable demand requirements, 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.
- CIOs also wish to focus their existing resources on identifying candidate digital technologies and related agile/DevOps implementation services, often on a product-based approach. Using external PPMaaS providers frees up their key resources to focus on these new initiatives to reduce costs and improve productivity.

Obstacles

- While leveraging PPMaaS can also drive efficiencies and reductions in costs, establishing internally or externally sourced PPM activities introduces new costs and risks. Often, externally provided PPMaaS requires assistance from sourcing, procurement and vendor management (SPVM) leaders. As this is an emerging trend, SPVM groups need to quickly increase their insight and experience in going to market, establishing and managing short- and long-term PPM contracts for these services.
- 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 PPMaaS. Poor management of attrition rates of the PPMaaS provider can also reduce the efficiency of using these offerings.

User Recommendations

- Define short- and long-term objectives, and conduct a needs assessment to determine what levels of services and experience make sense.
- Ensure that the 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.
- Ensure knowledge transfer provisions are included in the contract to reduce long-term dependency and development of the retained organization skills when services are complete.

Sample Vendors

Capgemini; Core Consulting Group; CUPE International; DXC Technology; Jumar; MI-GSO | PCUBED; PM Solutions; Prosource; TCS; Tech Mahindra Business Services

Gartner Recommended Reading

How to Effectively Employ PPM and PMO as a ServiceIdentify a Clear Statement of Requirements When Sourcing Services for Emerging PPM and PPMaaS OfferingsMarket Guide for Providers of PPM as a Service

Product-Centric Delivery Model

Analysis By: Wan Fui Chan

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

A product-centric delivery model allows organizations to respond more rapidly to changing demands using agile methodologies. It also allows organizations to deliver incremental improvements to business outcomes with a focus on users and customer centricity.

Why This Is Important

Volatile, uncertain, complex and ambiguous (VUCA) headwinds in markets, requirements and technologies have resulted in organizations evolving from traditional, project-based frameworks. A product-centric delivery model allows organizations to navigate through turbulence and also to iterate, adapt and refine processes to deliver business benefits efficiently and frequently. A product-centric model can provide competitive advantage sought by many organizations.

Business Impact

Key benefits of a product-centric delivery model include:

- Stronger focus on incremental improvements to business outcomes
- Increased agility to respond to changing market demands and customer value prioritization
- Reduction of silos, and closer collaboration across the organization
- Minimum quality escapes through DevOps practices
- Flatter and more rapid decision making

Drivers

- Organizations' need to keep pace with market demands and increased volatility
- Desire to increase speed of improvements that currently take too long to implement and deliver
- Pressure to reduce loss of knowledge caused by continuous disbanding of teams to work on new projects
- Need to overcome inefficiencies caused by the silos between business, finance and IT
- Increasing necessity for continuous innovation

Obstacles

- Inertia from existing organizational culture
- Difficulty finding talent with necessary skills and open mindset
- Misconception that product-centric delivery models have no plans, documentations, milestones or budgets
- Walls between business and IT
- Lack of clear reasons or defined measurable benefits for transitioning
- Long time frames for transition
- Lack of senior management and organizational support, which leaves adoption in pockets across the organization
- Outmoded governance processes incentivizing control and risk aversion, rather than experimentation and innovation

User Recommendations

- Clearly identify and train product managers, product owners, business leaders and team members on agile and product management practices to create a baseline of understanding which dispels any myths and misconceptions.
- Utilize agile coaching to aid in the transformation and avoid the temptation to go it alone.
- Use iterative change management practices during the transition that allow for learning and adaptation.
- Establish a strong partnership with colleagues in the various business areas as you adopt this new delivery model; cross-functional collaboration is a prerequisite for success.
- Move to a product funding model that allows for dynamic teams and reallocation of resources based on business demand and changing market conditions.
- Establish clear goals and objectives for the transition anchored on business priorities.

Gartner Recommended Reading

Becoming Product-Centric Should Be an Evolution, Not a Top-Down Transformation

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

How to Use Product Roadmaps for Funding and Governance of Agile Product Delivery Teams

Avoid Agile Transformation Failure by Using Agile Coaches

Prepare Now for the Future of Digital Product Management

Sliding into the Trough

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 higher 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, embracing success metrics provided via customer feedback.

Why This Is Important

Increased uncertainty is driving agile project management beyond application development into business, and PPM leaders must be prepared to support this shift. Agile project management makes sense when requirements are changing and the environment is unstable, which perfectly defines the current state of business today.

Business Impact

Anyone faced with delivering projects in environments with changing requirements that will impact traditional plans should care about agile project management. Externally facing functions, such as those connecting to customers or business partners, will likely be most impacted favorably by embracing agile project management. This is because they are likely delivering change that is impacted by what they connect to — and agile project management enables this type of constant change.

Drivers

- While prior to COVID-19, we witnessed some adoption of agile concepts outside of software development, the pandemic forced most to repeatedly pivot.
- Many business leaders self-proclaimed they are now agile after pivoting in response to COVID-19, and these self-proclamations were publicized.

- While a pivot in response to external changes isn't necessarily agile, many business leaders have publicly put a stake in the ground to be agile, which is one of the key drivers of movement in a Hype Cycle.
- In response to the pandemic, a majority of organizations accelerated digital business plans and increased digital business funding, which will likely provide insight and opportunity — warranting even greater use of agile project management in related areas.

Obstacles

- Adopting agile is not easy. It requires a change in mindset, leadership support, significant training, organization change management and dedicated resources.
- 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 traditional ways of doing things.
- Additionally, 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.
- Resistance from finance departments over increasing the use of agile project management over categorization of expenses (e.g., CAPEX/OPEX), often at the behest of auditors, may be an obstacle.

User Recommendations

- Secure leadership commitment to enable new ways of doing projects by highlighting the benefits and addressing the concerns.
- Identify business areas that have high degrees of change and uncertainty and would benefit from agile project management.
- Enable early success by providing training, coaching and possibly experienced resources.
- Modify internal processes to allow reprioritization of work based upon changes to the environment (e.g., shifting market needs) as opposed to following a rigid plan by providing guidance on practices, principles, roles and tools that are appropriate for business.

- Evolve project dashboard metrics for agile project management which emphasize “business outcomes” and customer satisfaction over on-time/on-budget.
- Leverage early successes to propagate best practices to areas that can benefit from agile project management.

Gartner Recommended Reading

Market Guide for Adaptive Project Management and Reporting

Overview of Agile Development Methodology

The Recipe for Enterprise Agile Success Has Adaptive Program Management Ingredients

Tool: Assess the PPM Capabilities Needed to Support the Projects-to-Product Journey

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 accomplish large amounts of work in a comparatively short time frame. It is a natural fit for any organization using multiple methods (agile, lean startup, waterfall).

Why This Is Important

In today’s digital world, things are moving so quickly on the ground that it is not possible to keep plans consistent for the long term. Continuous change and speed to value are the norm. The adoption of enterprise agile frameworks is increasing and product-centric delivery is maturing. Program management practices are crucial for these approaches and are critical for executing strategy. As the dynamic business environment continues to persist, program management must be adaptive.

Business Impact

Adaptive program management enables organizations to execute large, transformative efforts in uncertain environments faster while balancing risk. The execution of these strategic initiatives is key to enabling continuous change and outcome delivery in the digital age. We anticipate increased 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 a digitized environment, organizations must apply program management approaches that facilitate the delivery of continuous value, enabling them to adjust to changes in the marketplace, customer preferences and business priorities.
- Based on the 2021 Gartner CIO Agenda Survey, we expect an increase of funding for digital initiatives. As a result, organizations will continue to progress their digital transformations and increasingly adopt product-centric approaches. This will require adaptability and coordination to manage the interdependencies across products.
- Digital business 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 is superseding 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.

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 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 as the program progresses, everyone gets smarter.

User Recommendations

- Ensure commitment and engagement of an executive sponsor. It must be made clear that the executive sponsor is active in all aspects of the program, beyond funding approval.
- Assign an experienced program manager. The selected program manager must be able to 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.
- Implement stage gating and/or step funding (periodic checkpoints on program progress from an independent perspective), so that expectations can be managed appropriately.

Gartner Recommended Reading

Embrace an Adaptive Program Management Life Cycle

Tackle the Program Management Execution Gaps for Strategic Delivery Success

Optimize Outcomes With Program Management Across Product Lines

Master These Core Enterprise Capabilities to Advance Your Digital Transformation

Adaptive Portfolio Governance

Analysis By: Sarah Davies

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

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

Why This Is Important

Increasingly, program and portfolio managers are managing a changing variety of portfolio activities to deliver the right outcomes or value. Portfolio management has an important role, as well-governed portfolios lead to superior performance, with an increased (2.5x) likelihood of achieving their outcomes. Portfolio governance is becoming more frequent and diverse as roles evolve with the maturity of digital, and organizations manage increasing change and uncertainty.

Business Impact

Digital business acceleration challenged traditional governance practices in many organizations. The need to mature a variety of governance styles and mechanisms to balance across their portfolios is apparent. Each style allows for specialization and refinement, while moving up the complexity and maturity ladder. As different styles emerge, some organizations will struggle to balance the adoption of changes needed to become adaptive with short-term primacy “shareholder value.”

Drivers

- Decisions made within the portfolio (“portfolio governance”) are becoming more frequent and diverse as roles evolve with the maturity of digital and organizations manage increasing change and uncertainty.
- 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 been accelerating in popularity as a result of the digital dexterity increase and will reach plateau within two years as the need to adapt overcomes former objections.

Obstacles

- In order to adopt adaptive portfolio management, the systems and processes used for portfolio management — those that have been in place to support processes to date — 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 within the portfolio, will provide cultural and political food for thought. The perceived lack of “enough” control by those formally engaged in traditional portfolio governance, if unanswered, will provide a barrier to full adoption in the long run.

User Recommendations

- Evolve your organization portfolio governance by reviewing the differences between traditional and adaptive governance. Update your governance style by adopting adaptive capabilities that improve your agility and support digital business acceleration.
- Review 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 changes. Scaling this discipline may take time.
- Apply continuous improvement to various checkpoints across portfolio practices. As the business introduces digital technologies, shifting from project to product portfolios and automated data analytics, opportunities to change governance styles emerge.
- Introduce adaptive governance when it presents a better fit for your organization. Governance improvements require the right level of empowered adaptive portfolio governance roles.

Gartner Recommended Reading

Use Adaptive Governance Styles for Portfolio Management

6 Practices for Effective Portfolio Management

Succeed With Digital Business Through Adaptive Governance

Use Our Decision Model to Optimize Risk, Value and Cost in Governing Portfolios

Adapting Governance to Your Innovation Journey

Enterprise Agile Frameworks

Analysis By: Mike West

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Early mainstream

Definition:

Enterprise agile frameworks are a collection of one or more methodologies and associated principles, such as lean and systems thinking.It is structured in a way to enable the delivery of large, complex agile initiatives. They may be top-down, bottom-up or a combination. They are increasingly implemented by organizations scaling up to address enterprise initiatives for complex software or cyber-physical product releases.

Why This Is Important

Enterprise agile frameworks provide organizations with structures, processes and practices that enable delivery of complex products. They can be used to implement, upgrade, migrate and enhance enterprise software and cloud solutions. Their purpose is to make the management and coordination of complex agile releases and evolving solutions not only feasible, but routine and sustainable.

Business Impact

Enterprise agile frameworks (EAFs) provide organizations with:

- Formal approaches for managing the work and deliverables of multiple teams.
- Structures, processes and practices that enable delivery of complex products.
- The ability to manage development of cyber-physical systems.
- Portfolio management discipline for allocating resources and tracking financial benefits.

EAFs also make possible agile configuration, integration, delivery and ongoing management of ERP and other complex corporate solutions.

Drivers

- Trust in agile development has grown across industries and geographies.
- The proportion of those doing most or all in agile has grown to exceed the percentage doing some agile development.
- Organizations have discovered that it is possible to align multiple teams to the same development initiative, but scrum of scrums is not practical for most.
- Consistent practices have become necessary to manage some of the challenges of complex agile development, such as cross-team dependencies.
- Many organizations 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 undertaking large-scale development require formal policy, process and practices.

Obstacles

- EAFs require experienced agile scrum teams that have attained predictable and productive velocity with high software quality.
- It requires incorporation of additional practices from extreme programming (XP) and other methods to enhance team productivity.
- It requires DevOps practices and a pipeline (or platform) in operation to deliver production-ready releases.
- It requires support for implementation at the CIO level or above with adequate funds to ensure training, coaching and facilitation of planning processes.
- It requires an internal customer with a need to scale to implement a complex system across many teams of developers.
- It can take as long as three-to-four years for most organizations to mature their agile capability and culture to be ready to scale.
- Not every organization will need to scale across multiple teams or require an enterprise agile framework. Some organizations will adopt more than one framework.

User Recommendations

As an application or software engineering leader scaling agile, you should:

- Drive the framework selection process by using evaluation criteria based on the solutions you will build, rather than a framework's popularity.
- Deliver positive outcomes in the selection process by shortlisting 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 enterprise agile frameworks are still evolving.
- 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

Adapt Spotify's Chapters and Guilds for Better Business Outcomes

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

Bust Silos, Focus on Customers and Enhance Business Outcomes Through Value Streams

Market Guide for Enterprise Agile Frameworks

EPMO

Analysis By: Sarah Davies

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

The enterprise program and portfolio management office (EPMO) acts as a conduit across all organization functions to ensure that the enterprise can optimize. The EPMO operates at a strategic level with executives to ensure alignment between business objectives and delivery frameworks. Executives utilize an EPMO to better orchestrate diverse planning and delivery functions within an organization.

Why This Is Important

EPMOs often support mature, strategically orientated organizations. Their value in management of enterprise projects, programs and portfolios to deliver outcomes is a recognized key component of enterprise success. Within an agile enterprise, the EPMO provides the necessary function of optimization across the variety of products and platforms.

Business Impact

The rapid pace of digital adoption requires organizations to improve operational efficiency and competitiveness. However, only a small fraction (16%) of them are effective at portfolio management (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 and portfolio management, organizations are twice as likely to drive positive business outcomes.

Drivers

- Most organizations are now undergoing significant transformation, warranting a choreography mechanism; EPMOs provide a proven mechanism.
- Digital business maturity in particular requires such a mechanism because it's abstract and amorphous. This drives EPMOs to focus on a few things, such as getting large strategic initiatives done successfully, enabling distributed interdependent semiautonomous efforts to collectively succeed, and assisting with investment management.
- Organizations are looking to secure outcomes in uncertain times, and key activities for EPMOs have been aligned with revenue growth, innovative product/service development, and translating customer or business needs into high-value products and services.
- 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 or SRO types. Gartner has recognized that their flexibility and enterprisewide accountability has made EPMOs an essential element to enterprise agile success.
- Digital business acceleration has provided the unique opportunity for organizations to capitalize on operational efficiency as a competitive advantage. This burden of enterprise performance pushes 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 optimization of operations in alignment with strategic execution.

Obstacles

- EPMOs must have clear operating principles that support the organization's strategic vision. Without clear purpose, EPMOs have the potential to become a hindrance to operational performance, creating 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 strategy and the operating or business model. All elements of its ecosystem — capabilities, governance or roles — need to work within the guardrails of the organization's maturity.

User Recommendations

- Organizations have been forced to react to the increased pace of digital acceleration, pushing EPMOs into the limelight to balance out the demands of strategy and operations. Market volatility will be the proving ground for many new EPMOs over the next 12 months, and organizations must ensure they have removed all the obstacles cited here.
- Executive support must ensure that the EPMO has these key characteristics: multidisciplinary, cross-functional, and focused on enterprise strategy and performance, rather than on individual departmental needs. These are required to support an organization advancing both business and operating model maturity.
- EPMOs have a proven success record when adaptive or dynamic, organizations adapting to the new normal should ensure that their EPMO regularly reviews its value proposition or risk stagnation resulting in their demise.

Gartner Recommended Reading

PMO Evolution for Digital Primer for 2020The Recipe for Enterprise Agile Success Has Adaptive Program Management Ingredients

Business Case for the (E)PMO: Build Resilience in Digital Business

Survey Analysis: Follow the Lead of EPMOs in Digitally Mature Organizations to Enhance Performance

3 Priorities for the Enterprise Portfolio Management Office During Turbulent Times

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 (APM) is an IT discipline that profiles an organization's business applications and 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

APM leads to more conscious management of application assets and investments. Benefits are realized when the analytics lead to agreement with business, financial and IT stakeholders on application strategies and roadmaps that optimize capabilities for the resources available.

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

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 will identify and prioritize improvement opportunities to remove business obstacles and impediments. It will result in a simpler portfolio, well-managed portfolio risk, lower and more predictable recurring costs, and a higher percentage of the IT budget being directed toward growth or transformative initiatives.

Drivers

- 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 is one of the major drivers behind APM.
- APM helps redirect the overall budget to achieve desired business outcomes.

Obstacles

Companies are slow to adopt APM because:

- Organizations underestimate the value of applications as business assets, and the cost, risk and complexity they carry.
- Getting business engaged and to support the change in applications is difficult.
- The value of APM is not well-understood and 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.
- 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. This can be a merger or an acquisition, or a major business transformation initiative forcing a reevaluation of the entire portfolio. APM is also started when a tipping 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

- Peak performers should undertake APM regularly to fuel continuous improvement of the application portfolio and to identify ways of increasing its operational advantages.
- Lagging organizations should undertake APM to help allocate limited resources to the most critical gaps from business stakeholders' lens, to drive adoption of better practices across lines of business and to move toward more efficient support of business services.
- For other organizations, adoption is triggered by a business event or tipping point — a significant event that highlights portfolio inefficiencies/issues and triggers an APM initiative.

Gartner Recommended Reading

Managing a Portfolio of Applications Demands More Than Application Portfolio Management

Use TIME to Engage the Business for Application and Product Portfolio Triage

How to Prioritize Application Inventory and Rationalization

Engage the Business by Developing an Application Strategy Together

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 technology for NPD can help product companies optimize product portfolio and investment management; innovation, ideation and proposal management; product roadmapping; and project tracking and execution.

Business Impact

PPM for NPD includes a formal ideation process for assessing value and strategic alignment. It enables a product company to manage a strategic portfolio of products and any work designed to create or improve products consumed by external customers in a specific market. The technology 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 from companies they buy products and services from. Their sentiments and expectations are shifting more rapidly now than ever before. Product companies need to adapt quickly and respond efficiently to these shifting market demands via continuous delivery.
- Product companies require advanced and proactive product innovation, which can never be "fast enough" or "agile enough" to meet market demands ahead of the competition. To succeed in digital business, product companies must execute on an adaptive strategic product portfolio, which brings with it a high volume of product ideas, programs and projects 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 sensors 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. The technology provides the portfolio, demand, project, time and resource management capabilities required to make strategic decisions about resource spend and to deliver new products on time, on budget and ahead of the competition.

Obstacles

- Not all product companies in all industries feel the same intense pressure of digital business from an NPD perspective, and therefore might not see the urgency in adopting PPM for NPD technology.
- Some companies believe their product life cycle management (PLM) technology investment already covers any PPM for NPD technology needs. Although this is a poor and inaccurate assumption, it may be a reason 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 PPM software assets used for developing, launching and managing products and services. Identifying gaps or shortcomings in existing assets should be 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 you should acquire PPM for NPD technology based on how well your existing technologies support 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

One2Team; PDWare; Planisware; Planview; Sopheon; Upland

Gartner Recommended Reading

Product Portfolio Management: Aligning Strategies, Ideation and Innovation

The Hierarchy of New Product Introduction Metrics: Align Metrics to Improve New Product Introduction Results

S&OP Process: Product Portfolio Planning

New Product Development Primer for 2021

Product Development Primer for 2021

Resource Management

Analysis By: Robert Handler

Benefit Rating: High

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Resource management focuses effort to optimize the use of available human resources to achieve business objectives. Resource management leverages an evolving body of knowledge that includes both proven and emerging techniques. While strategic portfolio management (SPM) often focuses on capacity planning, techniques that improve individual productivity and team performance are within the scope of resource management.

Why This Is Important

Most organizations lack confidence in their understanding of their human resources availability for initiatives. Without understanding available resource capacity, capability and availability, success with committing to the demand against those resources is based upon luck and guesswork. Organizations striving to get the most value delivery from their available human resources must embrace some form of resource management.

Business Impact

Organizations engaged in transformation through initiatives must concern themselves with resource management:

- Organizations spend a lot of money on resources to support initiatives, projects, programs and products.
- Resource management effectiveness means the difference between digital business success or failure.
- Organizations that understand their available capacity and their resource interdependencies, and have the ability to reprioritize, are more likely to have better business results.

Drivers

- Personnel salaries and benefits consume approximately 36% of IT budgets, which tend to average 2.8% of revenue and 3.7% of operating expenses, according to IT Key Metrics Data 2021: Industry Measures — Executive Summary. This is the largest category of IT spending, and it requires some stewardship, at a minimum.
- While we previously expressed concern that organizations would slip back into their old ways regarding resource management after COVID-19, which is, essentially, apathy, evidence suggests they did not. After more than a year of the pandemic, our surveys show, at least with regard to digital business and information technology, organizations are maturing their resource management.
- Increased emphasis on digital business appears to be driving increased use of the dedicated product team model, which is a best practice.
- Increased demand against resources in dedicated product team models will continue to drive further exploration into how to improve team productivity.

Obstacles

- The foundation of resource management, traditional industrial engineering, is useful; but, on its own it's insufficient. 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 is, and always has been, a best practice; however, it tends to be more expensive. For many organizations, the current economic climate warrants cost management, which might tempt organizations to stray from best practices or resource management altogether.
- Resource management will necessarily have to evolve to support talent management, which will involve working with human resources departments.

User Recommendations

- Forecast resource capacity cyclically, putting accuracy over precision. Use this forecast to realistically manage demand.
- Focus on keeping people as productive as possible, ideally focused on the highest-value efforts, and generating successful business outcomes.
- Leverage the power of teams. Assign responsibility for outcomes to teams, give teams reasonable targets and empower them to succeed.
- Pay careful attention to bottleneck resources and avoid overallocating these bottleneck resources at all costs.
- Maintain dedicated teams whenever possible. Institute policies and practices to minimize shifting resources between efforts, as well as policies to minimize the impact of shifting resources when necessary.
- Ensure standard team practices leverage best practices to drive consistently high performance. As teams are composed of individuals, ensure individuals, particularly those apt to work on teams, know best practices in personal productivity.

Sample Vendors

PDWare; ProSymmetry; Saviom; UMT360

Gartner Recommended Reading

PMO Evolution for Digital Primer for 2021

Expedite Resource and Capacity Management Analyses With PPM Tools

Resource Capacity Planning for PPM Leaders: Crawl Before You Walk

How PPM Leaders Can Best Staff Initiatives in a Matrixed Environment

Climbing the Slope

Change Leadership

Analysis By: Elise Olding, Suzanne Adnams

Benefit Rating: Transformational

Market Penetration: 20% to 50% of target audience

Maturity: Early mainstream

Definition:

Change leadership is culture-driven change embracing the flux of business and building sustainable organizational skills. The ESCAPE change leadership model distills change leadership into steps that leaders can apply to bolster change success. The model has two 3-step phases: (1) Inspire: envision, share, compose; and (2) Engage: attract, permit, enable. Change leadership applies a continuous and iterative approach to aid composability and adaptability at an enterprise level.

Why This Is Important

The ability to adapt organizational culture to a constantly changing business landscape is a competitive differentiator for the survival of an enterprise. Adapting in the face of disruption requires everyone in the organization to be part of co-creating change. Leaders must identify the changes they need to make and be acutely aware of how their actions foster or inhibit organizational and culture change.

Business Impact

- Leadership actions and beliefs are critical factors for transformation success. The ESCAPE cycle for leading change outlines the actions that leaders must take to overcome barriers to change, and promote culture-driven and transformative change.
- ESCAPE defines the steps to make positive changes that will inspire members of the organization, and increase employee engagement and autonomy.

Drivers

- An increase in unanticipated changes requires enterprise readiness and the ability to continually adapt.

- Sustained change requires the alignment of leadership behaviors with employee behaviors. Change leaders must improve employees' coping skills by framing change as normal and expected.
- The increased pace of change can overwhelm an individual's ability to cope and adapt. Using strong change leadership that prepares the organization to embrace change will mitigate this challenge.

Obstacles

- Leadership behaviors must change and are not often examined as part of a transformation. Employees don't change because leaders ask them to; they change because of how leaders behave, and because of the working environment that the leaders have nurtured.
- Employees react instantly, positively or negatively, to changes in the environment, primarily in response to the leader's actions. The wrong actions or the wrong environment can promote or negate the desired changes.
- Dictating change to employees has proven to be a time-consuming and frustrating process, resulting in limited success. Change adoption takes time. Change leadership accelerates this by building a work environment that inspires individuals toward change and engages everyone on the change journey.

User Recommendations

- Work with your peers and direct reports to develop the skills, competencies and experience required to inspire and engage your team, stakeholders and members of your organization. This means recognizing the ongoing, iterative nature of transformation, and the cumulative effect on people and the workplace.

Use Gartner's ESCAPE model for change leadership. The six steps, represented by the six letters of the ESCAPE model, are:

- Envision — Create a compelling vision to help employees imagine the future.
- Share — Continually share the vision with a goal to make it everyone's vision.
- Compose — Define and transition to the leadership practices needed for the future.
- Attract — Draw in early adopters to overcome organizational change resistance.

- Permit — Create psychological safety and share examples of new behaviors that allow employees to change.
- Enable — Create the structures and mechanisms to move from experimentation to execution.

Gartner Recommended Reading

Use the ESCAPE Model to Develop Change Leadership

Start Organizational Change with a From/To/Because Model

CIOs Need to Address Culture, People and Process Change in Dynamic Environments

Culture Change Succeeds or Fails in Leadership Moments

3 Actions Leaders Can Take to Navigate Through Crisis

Boost Enterprise Agile Adoption Using the From/To/Because Model

Domain PMO

Analysis By: Mbula Schoen

Benefit Rating: High

Market Penetration: More than 50% of target audience

Maturity: Mature mainstream

Definition:

A domain project management office (PMO) is an organizational structure that is purpose-built and may exist in IT, a business unit or both. Its purpose is to provide project, program or portfolio management, or a combination of these within its domain. Many domain PMOs focus on managing demand, capacity and delivery for a specific function, product or business capability. Due to a focus on management and successful delivery, a domain PMO may not necessarily deliver or execute projects directly.

Why This Is Important

Domain PMOs are important as they provide the capabilities to improve operational efficiency for their domain. For example, in finance they manage the changes that improve finance, and in IT it would be for IT. Successful domain PMOs will evolve to play a key role in balancing investments in specific functions or areas of the organization. To do this, they will need to consider how they approach delivery, and adapt their risk tolerance as business tolerance of risk is increasing.

Business Impact

The domain PMO delivers valuable strategic impact for organizations at lower levels of project management maturity. This PMO focuses more on:

- Improving operational delivery of program and portfolio capabilities, i.e., supporting project and program managers
- Providing training, portfolio management basics
- Establishing governance processes, etc.

As organizations are constantly changing due to digital business, the domain PMO is a crucial component of an organization's ability to respond to change.

Drivers

- A domain PMO is 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 digital 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 need 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. Namely, all the things that organizations need to respond, react and renew.

Obstacles

The inward and narrow focus of many PMOs can lead to dissatisfaction by stakeholders and eventual disbandment. Gartner data shows that 75% of domain PMOs fail within the first three years.

PMO leaders are challenged with stagnating PMOs that rely too heavily on their original premise and purpose. PMO leaders must evolve the PMO to be a proactive, strategic entity that enables value contributions through aligned investments and adaptive, continuous delivery.

- PMO lack of review of their purpose — which can change over time
- PMO lack of sponsorship — no support, no PMO
- PMO hindering performance — misaligned governance (see lack of clear purpose and purpose not reviewed often enough).
- Role of PMO not sanctioned.

User Recommendations

- Evolve PMOs to be more dynamic. The ability to do so hinges on the PMO leader's ability to drive effective, continuous adaptation and change matching the needs of an evolving enterprise.
- Update the demand intake criteria by establishing active strategic business and technology partnerships to optimize value delivery.
- Redefine the PMO value proposition by updating services, roles and engagement models to reflect the enterprise transformational changes occurring in the domain they serve.
- 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.
- PMOs must therefore capture and document their 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

2021 Strategic Roadmap for the PMO

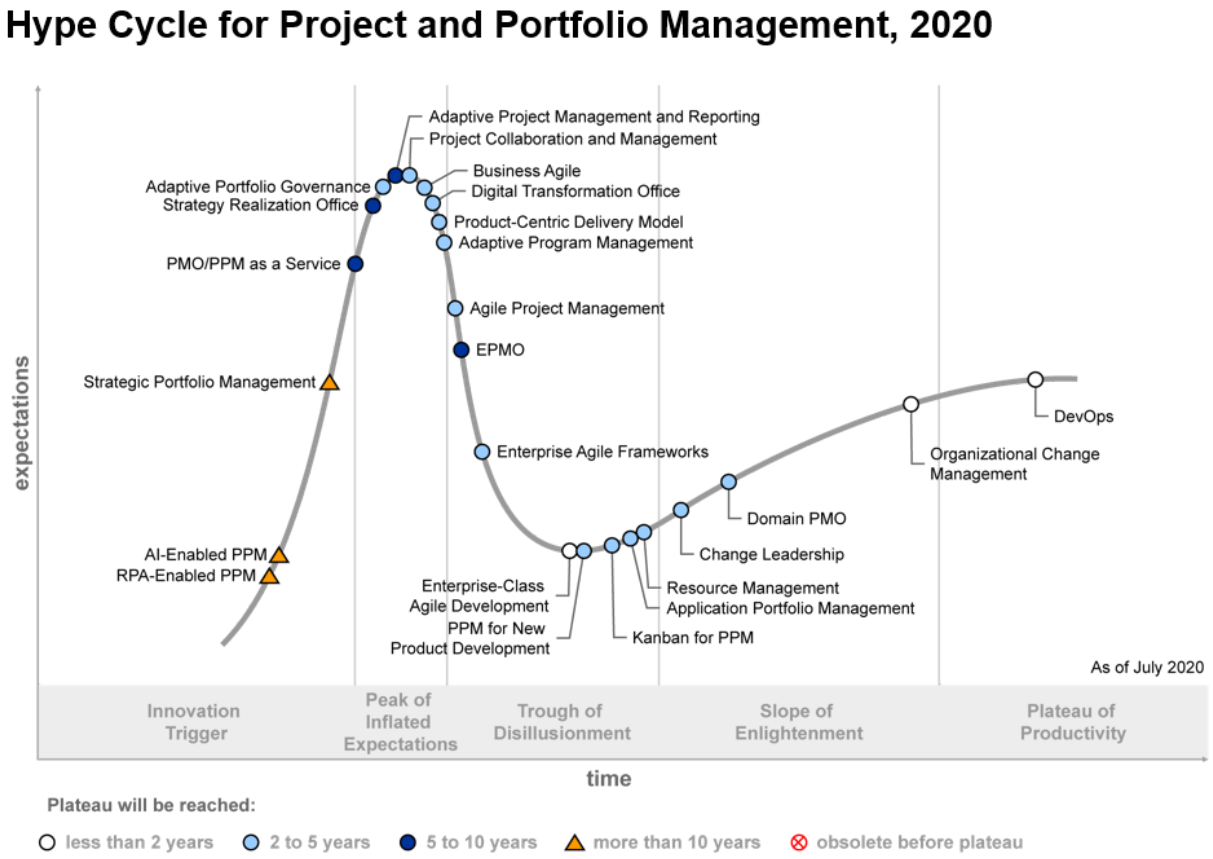
PMO Evolution for Digital Primer for 2021

Toolkit: Signature-Ready Charter Template for a PMO

Develop a Stakeholder Analysis for Effective PMO Communications

Appendixes

Figure 2. Hype Cycle for Project and Portfolio Management, 2020



Source: Gartner
ID: 448201

Gartner

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 2021)

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 2021)

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 2021)

Document Revision History

Hype Cycle for Project and Portfolio Management, 2020 - 8 July 2020

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

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Understanding Gartner's Hype Cycles

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

PMO Evolution for Digital Primer for 2021

Program and Portfolio Management Leaders Primer for 2021

2021 Strategic Roadmap for the PMO

2021 Gartner CEO Survey: The Year of Rebuilding

The 2021 CIO Agenda: Seize This Opportunity for Digital Business Acceleration

Future of Work Reinvented Resource Center Primer for 2021

Table 1: Priority Matrix for Strategic Portfolio Management, 2021

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 Change Leadership Digital Transformation Office Product-Centric Delivery Model	Product Funding Strategic Portfolio Management Strategy Realization Office	AI-Enabled PPM
High	Enterprise Agile Frameworks	Adaptive PM and Reporting Adaptive Program Management Application Portfolio Management Domain PMO EPMO PPM for New Product Development Resource Management	Lean Portfolio Management PMO/PPM as a Service	
Moderate		Project Collaboration and Management		RPA-Enabled PPM
Low				

Source: Gartner (July 2021)

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Phase ↓	Definition ↓

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