



The Definitive Guide to  
**Strategic Portfolio  
Management**



Strategic Portfolio Management, or SPM, is one of the main tasks required of enterprise architects, yet it cannot often be overlooked. Even in Orbus Software's long history, we have only directly talked about SPM or its sub-domains a handful of times. This is perhaps unsurprising, given that portfolio management can be relatively uncomplicated to perform and tends to support other use cases, rather than having direct outcomes. Nonetheless, given how many tasks of an enterprise architect could rely on effective

portfolio management, it is important to have a full understanding of the topic in order to maximize performance. Before we dive into things, we should stress that SPM has a very wide remit and is not always going to belong an Enterprise Architecture (EA) department. Enterprises can choose to utilize an Enterprise Portfolio Management Office (EPMO), or rely on Project Managers or even leave it to senior executives. This guide will focus on SPM from the viewpoint of Enterprise Architecture, which may not necessarily cover the concerns of project management or other functions.

## Key Stats

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Organizations that effectively connect portfolio management processes to enterprise strategies are 3.2 times more likely to achieve strategic portfolio management than those that don't.

## What is Strategic Portfolio Management?

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As just mentioned, there are a number of approaches to SPM, which means we can find a number of different definitions. The Association for Project Management defines the following:

*Portfolio management is the selection, prioritisation and control of an organisation's programmes and projects, in line with its strategic objectives and capacity to deliver.*

Here at Orbus, we would use the following:

*SPM considers the business as a set of separate portfolios, such as Applications, Technologies, and Projects. These help stakeholders decide where best to focus the organization's finite resources in order to meet strategic objectives, rationalize costs, reduce risks and increase operational productivity.*






A definition from the Project Management Institute, meanwhile, defines SPM as more of a forward looking process, that encompasses all current and future investments a firm might make:

*A company's portfolio options might include funding internally generated ideas, buying other companies, returning cash to stockholders as dividends, modernizing facilities ... and paying down debt. Deciding which of the options to invest in is a core responsibility of company's executive leadership team.*

Though these definitions do divert quite a bit, it's clear there is enough common ground to gain a proper idea of what SPM should be and what it should aim to do. SPM attempts to summarize what a company does across a variety of areas, which are then aligned with the overall strategic objectives of the firm to decide future investment and focus. By considering a business as a portfolio of activities, leaders are better able to make decisions about where resources are needed, and where they are not.



## The Benefits of SPM

What does SPM bring to an organization? We have already listed one major advantage above: SPM helps businesses to decide which components of the business should be invested in to support strategic goals. More than anything, SPM is a decision making aid, driving resources across the business to the areas which need them most, and subsequently monitoring the effectiveness of these processes on the portfolio. Beyond that, many of the gains from SPM will accrue indirectly, through its sub-domains or the impact that SPM has on other use cases. Let's take a look at the sub-domains now.

### Key Stats

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- Organizations with effective strategic portfolio management are twice as capable as responding to disruptions





## The Domains of SPM

Orbus Software define 5 potential sub-domains of SPM. This does not necessarily mean that these are the only sub-domains of SPM or that an enterprise has to use these, but we find they are a useful divider:

### Key Stats

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- The average enterprise pays for 1516 applications; Application costs are estimated to make up 80% of the entire IT budget
- 44% of companies are increasing the pace of their digital transformation due to COVID-19

# Application Portfolio Management

Successful Application Portfolio Management (APM) requires an inventory of your company's applications together with metrics to understand their fit and value to the business. Essentially, the APM is an understanding of every Application in use in an enterprise and how they add (or do not add) value to the business.

## APM can have the following benefits:

Get a quick understanding of impacts & dependencies for Applications with respect to other elements in the architecture, across domains

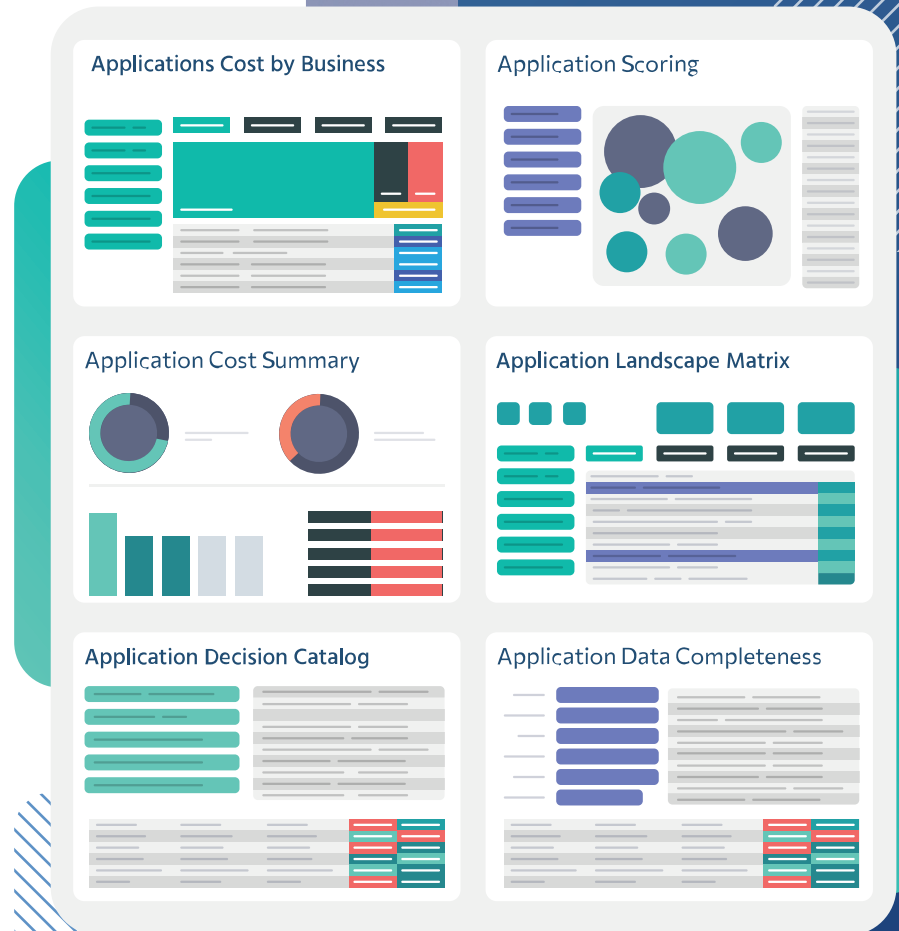
Visualize Applications in interactive charts created from a variety of filters

Understand how Applications support business capabilities, processes, organization units and locations

View a breakdown of Application costs and roll-ups for areas of the business

## Key Stats

- 67% of well-formulated strategies failed due to poor execution



# Technology Portfolio Management

Technology Portfolio Management (TPM) seeks to understand the entire technology stack and provide 360 degree visibility of the technologies in use in an organization. Much like APM, TPM is concerned with technologies fitting with business goals and delivering clear value for the company.

## TPM can have the following benefits:

Understand the impacts & dependencies for technologies with respect to other elements in the architecture, across domains

Understand how Applications are supported by technologies, and those threatened by Technology end of life

Understand the composition of the Technology catalog with respect to enterprise standards

Visualize Technologies in interactive charts created from a variety of filters

## Key Stats

- For every \$1B invested in projects, \$122M was wasted due to poor project performance





# Business Portfolio Management

Business Portfolio Management (BPM) is quite similar to the management of Business Capabilities, but can be considered as a slightly more abstract, high level view of what a business does compared to business capability models. In one sense, BPM tries to bridge the gap between business capabilities and business processes. Tools that enable BPM, such as iServer365, will provide visualizations of business capabilities, but also how those capabilities match to individual projects, or how business processes are controlled and disseminated through an organization.

## BPM can have the following benefits:

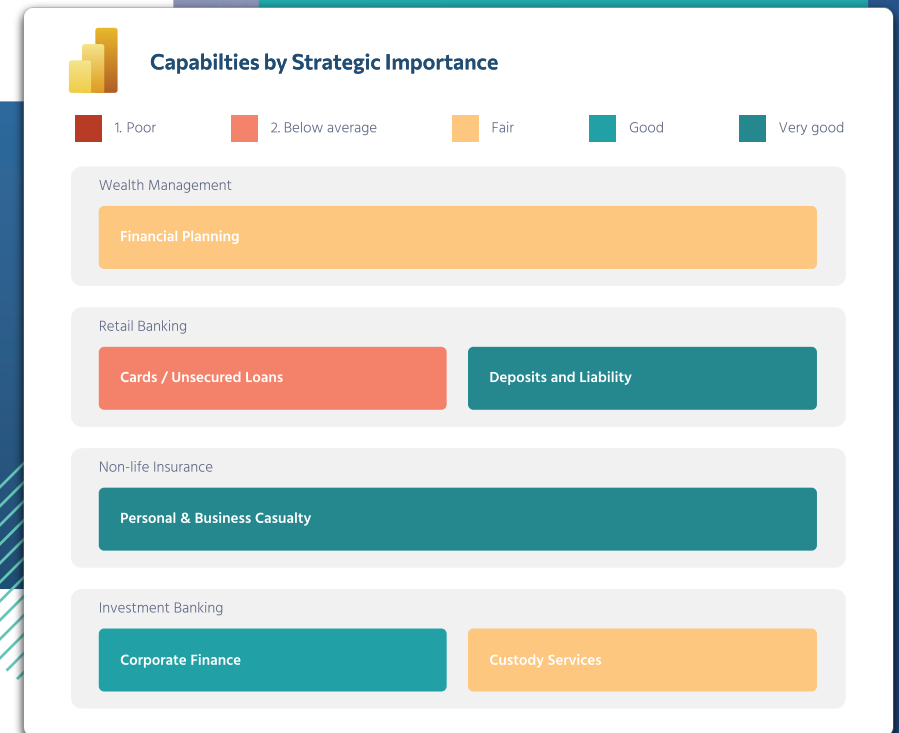
Understand the portfolio of Business Processes and key details

Understand and visualize Capability scorings for maturity, criticality & strategic importance

Understand Process ownership, geographical distribution and how processes support Business Capabilities

## Key Stats

- Problems with keeping data current cost businesses more than \$600 billion per year



# Project Portfolio Management

Project Portfolio Management (PPM) initiatives aim to evaluate which projects to pursue, how they contribute to the enterprise strategic goals, and how they fit in with the rest of the portfolio. This is the domain in which enterprise architecture will most come into contact with the project management approach to SPM. It can be easy to forget, but enterprises can easily have hundreds if not thousands of projects at one time, which may be interrelated or connected with each other. PPM aims to visualize the project landscape and make clear which require focus and which can be de-prioritized.

## PPM can have the following benefits:

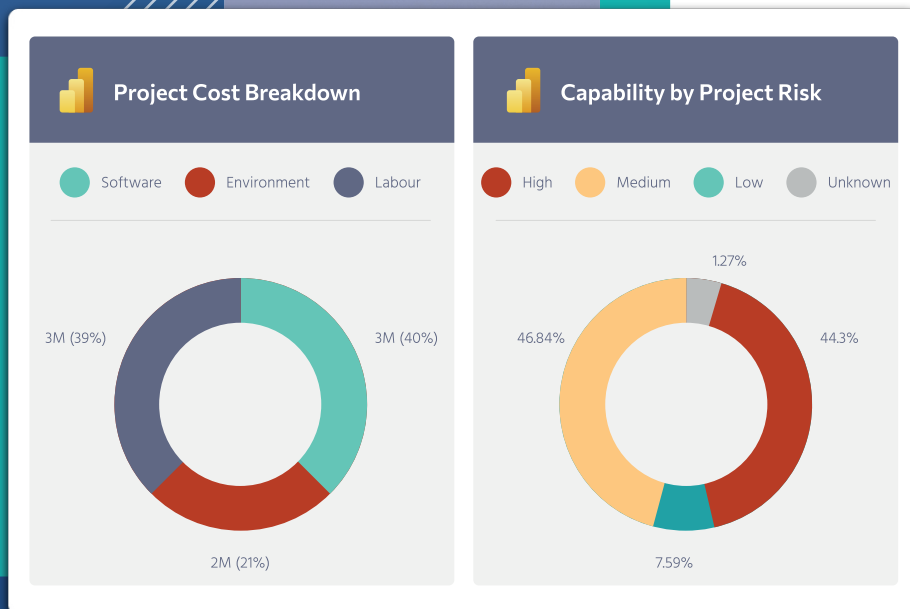
Understand the portfolio of Projects and key details such as status and timelines

Understand how Projects support Business Capabilities and strategy

See how Project costs break down, and how costs roll-up for different areas of the business

Navigate Project Requirements and determine their alignment with strategic objectives

Understand the impacts & dependencies for Projects with respect to other elements in the architecture, across domains



# Data Portfolio Management

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Data Portfolio Management (DPM) provides an essential overview of the composition and usage of enterprise data. This provides insight into the risks associated with data, understanding what systems are handling data and how access control is enforced. Of the domains mentioned so far, this is perhaps the most niche and is still not widespread. However, as the data requirements of business grow and more attention is shifted to “big data”, this may well become a greater focus in future.

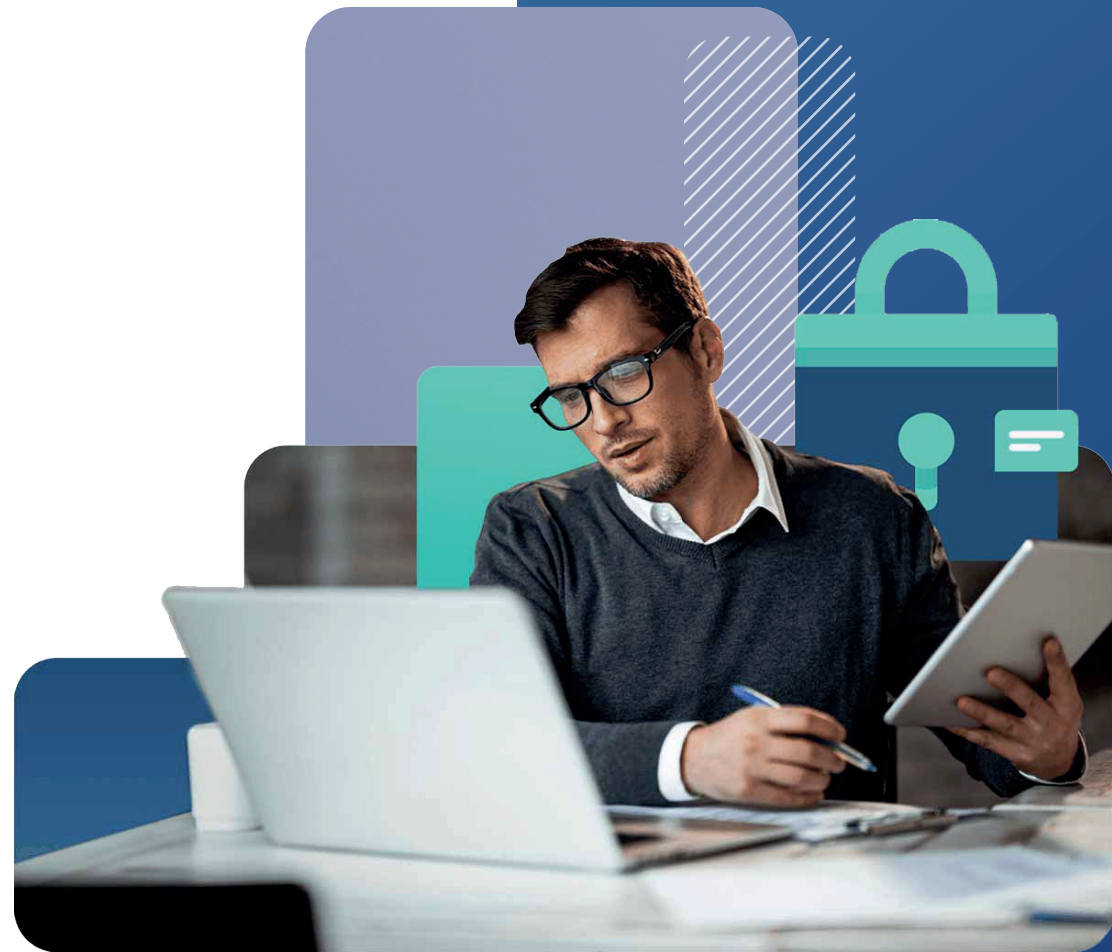
## DPM can provide the following benefits:

Understand how data is processed by systems and Business Processes

Get an understanding of impacts & dependencies of data with respect to other elements in the architecture, across domains

Address questions surrounding the usage and location of confidential or sensitive data

Understand data ownership & stewardship



## Summary

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How should a business invest their resources is arguably the founding question of the entire field of business management, so it is curious that one of the more popular approaches in SPM remains overlooked. Of course, SPM cannot literally tell a business what to do, only simplify the information necessary to make decisions, but that is still an incredibly useful endeavor.

How a business approaches SPM is an open question. As with most business dilemmas, there isn't going to be a right answer. IServer365 encourages enterprise architects to incorporate SPM, APM and more to ensure a joined up approach to strategy & architecture, which can help with many of the goals of EA. At the same time, many aspects of portfolio management can be taken up with a well maintained central repository and the right tool, such as iServer365. As such, Portfolio Management represents a no-brainer for EA teams, providing a huge upside with little extra effort required.



# Take Control of Your Strategic Portfolio

Book a tailored demo today find out how the iServer Suite empowers enterprises to exploit value from their strategic portfolio

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