KPMG
cutting through complexity

MANAGEMENT CONSULTING - IT ADVISORY

Business Unusual

Managing projects as usual

Foreword

Kumar Parakala

COO, Advisory - KPMG in India

Global CIO Advisory Leader

Indian economy is on the path of recovery and, deservedly, major credit goes to the robust macro-economic environment and disciplined financial practices. The tremors of recession, though not felt in a significant manner, have had their impact on the way businesses look at their core processes. Irrevocably, business practices have undergone changes with long term impact. One of the significant outcome of this change is the emergence of Information Technology (IT) as a strategic enabler rather than a cost center that manages the infrastructure for running the business processes. This change in perspective has tremendous impact on the way IT initiatives and projects are conceived and executed.

At KPMG in India, we felt it was important to understand and analyze this change in a detailed manner by speaking to those who were instrumental in executing this change through the management of IT ecosystem – the CIO community across the organizations. A survey was undertaken with 140 organizations across the business industry segments. The survey focused towards bringing out various paradigms of IT project management and how the business ecosystems across industries create different perspectives towards managing IT in the new business environment. The results of the survey were analyzed using a KPMG proprietary (STEEL) framework and are presented using a hypotheses model.

We believe that the findings of this survey would provide incisive insights about the way IT leaders across the industries are managing IT initiatives and IT programs in the new business environment. It will also bring out their priorities in project management practices, organization and governance. The new business reality of today is going to be the order for tomorrow and hence it is imperative to understand and learn from the IT leaders on how they are shaping their organizations for the future.

Prasad Kulkarni
Co-Head
Management Consulting
IT Advisory

Akhilesh Tuteja
Co-Head
Management Consulting
IT Advisory

Information Technology investments in India have grown significantly over the past few years. In the recent times, as a response to the fast changing and un-predictable global environment, organizations are focusing to re-prioritize and channelize IT investments to key business areas, aiming to maximize Return on Investment (ROI). Organizations can no longer settle for marginal improvements and benefits from "Business as Usual" operations; they must constantly evolve and adapt to get, and stay on the top. The investments in IT offer organizations a unique position and equal opportunity leading to unequal outcomes. Deriving maximum benefits from its investments there, becomes an unparalleled priority for all organizations.

KPMG, through this study, has closely looked at project management as a formal discipline and a key success ingredient for organizations to enable them in investing quality time to manage the initiation, evaluation, selection and execution of appropriate IT investments. This study aims to highlight the norms, practices and experiences of various industries on project management and governance.

We take this opportunity to thank all respondents for taking out their valuable time to participate in this initiative and for contributing to this important publication. We believe that the findings of this study will help organizations evaluate the current steps and practices vis a vis industry practices and help enhance the success and impact of future investments.

Executive **summary**

Exceptional growth and dynamic market conditions have resulted in reprioritization of organizational goals and techniques, with project management emerging as a crucial factor that determines the success of organizations. Ongoing challenges such as adaptation to emerging technologies, effective communication to diverse stakeholders, globalization and, above all, immediate response to market demands are growing concerns faced by project managers. 'Business Unusual' provides an insight into the trends and multiple paradigms of project management as a function across various industries, and also a bird's eye view on key technology investments of organizations in India.

Project management is a well researched and thought about subject and thereby already has been dissected to a granular level. Apart from the core areas of scope management, schedule management and cost management, other areas like quality, procurement, risk, communications, human resources and integration management have also been well defined by various professional agencies. This study focuses on similar areas, through an India specific lens. With organizations across the spectrum understanding the importance of IT as a core function, the role of CIO has been evolving consistently.

S Vijay
Partner
Management Consulting
IT Advisory
KPMG in India

We have identified the below trends, specifically with respect to handling IT projects in India:

- While organizations have a well-defined process for structured business cases, in reality this process is subject to exceptions, deviations and executive override.
- Risk management is not adequately understood and organizations are unsure of the value generated from having defined risk management processes for IT projects.
- Staffing projects with right resources is a priority at the initial phases of the project. As the project progresses, other constraints take over, thereby minimizing focus on resourcing. We find that majority of the projects are unable to sustain the initial momentum in terms of resourcing.
- There is an increasing trend towards the usage of standard tools and techniques instead of relying on rule of thumb for costing and scheduling estimates. These techniques greatly improve the forecast accuracy and chances of project success.
- Non-projectized organizations execute projects as efficiently (if not better) as projectized organizations.
- Project Management Office (PMO) is a key enabler for project success. Large organizations, especially, have implemented centralized PMO to manage their IT projects and have adopted standard practices leading to higher efficiency.
- Periodic monitoring and health assessment have become a norm in organizations, however this does not get translated to project success in many cases.
- IT Project managers are yet to master the techniques for limiting scope creep when they are subject to conflicting demands during project execution.
- Projects are heavily people dependent indicating an inefficient knowledge sharing and management process within organizations.
- The mechanisms for defining and tracking benefits from IT projects are lagging behind the leadership intent to maximize ROI for every investment.

The key ideas in this report have been drawn out of over 140 interactions that were conducted with IT leadership of organizations spanning multiple sectors and sizes. We are thankful to each of the survey participant for spending the valuable time with us and providing their inputs that have resulted in the insights presented in this report.

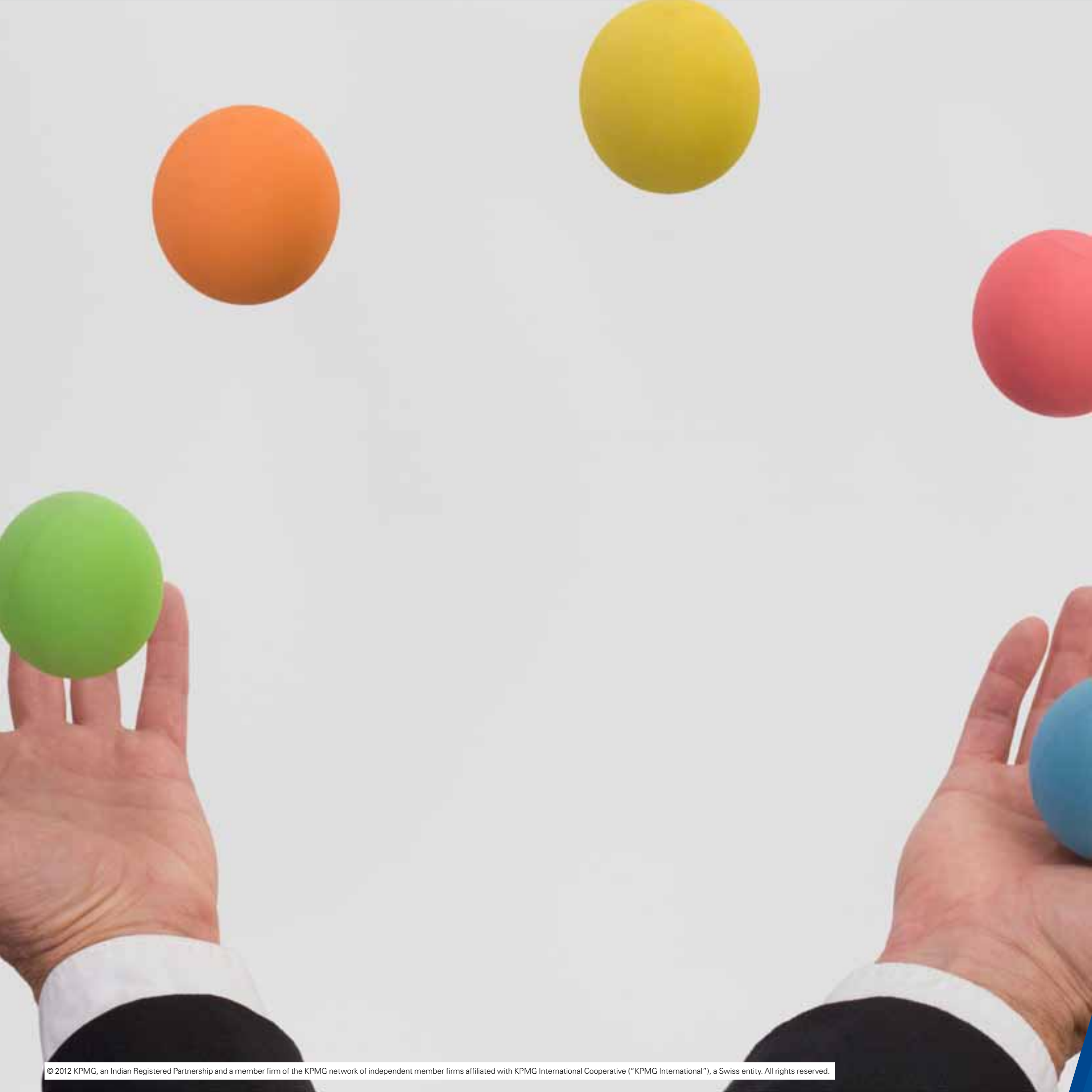


TABLE OF CONTENTS

01

Overview

Overview

Management of projects

Projects are conceived to achieve a specific set of objectives, which can only be met by non ‘business as usual’ activities. In today’s globalized competitive business scenario, managing projects efficiently is important to realize financial goals and envisaged returns on investment. This is more relevant when projects are executed in an environment of frequently changing business requirements and complex technology landscapes. Hence, it becomes imperative for organizations to have a structured and scientific view to project execution, methodology and resources.

The focus of organizations towards building project management capability is evident from the investments organizations are willing to make on formal trainings for their employees. Most companies have a clear mandate for their employees to build their project management skills through certifications such as PMP, PRINCE2 etc. In addition to acquiring technological and management capabilities, project managers are expected to imbibe transferable skills such as leadership, proactive behavior, planning capability and analytical and motivational skills.

Key findings of the survey

Our survey yielded indicators to the way organizations view project management. Key findings across the project management life cycle are represented below.

Figure 1: Business Unusual - Key findings

Driven by business cases

The influence of IT functions on technology investments has grown significantly over the last decade with IT proactively initiating business cases and partnering in the organization's overall business strategy and accelerating growth through business transformation and efficient operation systems. This focus on business cases helps in creating a sense of ownership from IT and prompts a greater collaboration with the business.

Leadership impact is high

The success of the project internally is heavily dependent on the top leadership team and the influence exerted by them. There is a prevalent trend in the industry where structured business case is often replaced by tone at the top. Thus, leadership support acts as a key driver to initiating investments in IT projects.

Structured scheduling process

The traditional technique of predicting the process and structure of the projects on the basis of past experience is no longer relevant to organizations today. Companies are placing their confidence on standard tools and techniques and incorporating set procedures to ensure project schedules are not based on gut feeling, rather keen attention is paid to ensure maximum utilization of resources through clearly defined scientific procedures.

Disciplined budgeting process

CIOs believe that a scientific and systematic approach to project management helps in deriving maximum benefit and utilization. This trend is extended to the budgeting process as well, with organizations improving the budgeting process using standardized techniques to avoid unnecessary cost overruns of the project.

The people factor

One of the key challenges faced by most organizations is acquiring the right skilled talent for projects and imparting the required training and retaining the asset. This trend is observed across the spectrum irrespective of size, sector or location. We found that most organizations believe project management skill can be gained by theory; the direct effect of this belief is reflected in the growing trend towards certifications in India and the growth of project management training institutes. However, despite the growing awareness towards specialization and certifications, most organizations fail to find the right skilled talent at the right time. This leads to organizations building training programs into their project management schedules as skill building is considered part of the project.

Scope creep in check

Given the tight deadlines and challenges project managers face, it is imperative to manage and realistically define project scope in order to minimize scope creep. Majority of the organizations consulted for the study claimed to know how to plan and manage scope through systematic internal processes and business user participation in initial scoping to capture a clearly-articulated scope.

PMO as an enabler

As organizations grow and are involved in multiple projects, the key requirement is to translate the best practices across projects to bring efficiency in the way things are managed. The strategies undertaken to ensure effective execution of the project, plays a key role in project success. The role of the PMO is of great importance as it is looked upon as a key enabler within organizations to assist and build key strategies. PMO also intervenes to ensure conflicts are resolved and dealt with in a systematic manner and engage with useful project management tools such as communication, budgeting and planning which leads to a project success.

No additional advantage for projectized organizations

Most organizations streamline themselves to build strong project management teams and undertake successful IT projects. While popular belief that projectized organizations have the capability to achieve a high level of maturity in project management in comparison to non-projectized organizations, our study indicates that this is not entirely true. The trends points towards an equal success rate in IT project management by non-projectized organizations and projectized organizations.

Risk management conundrum

Organizations have recognized the criticality of developing a robust risk management plan during the project inception stage. The advent of quantitative risk models and tools cements the fact that risk management is the essence. However, risk management is not adequately understood by organizations and they are unsure of the value generated from having defined risk management procedures, hence risk management in IT projects is yet to make its mark. We find that organizations tend to give more importance to issue resolution rather than risk mitigation.

Communication is key

Communication is an important element that adds to the success of the project. Systematic communication planning and setting the right expectations with the project stakeholders is extremely crucial to effective project management. Organizations where communication planning takes into account both business and IT stakeholders have a much better chance of succeeding in the project objectives.

Knowledge is power

We live in a business environment that is based on knowledge economy. Today, a lot of attention and emphasis is paid to capturing and increasing the knowledge repository of organizations. Most organizations put elaborate mechanisms in place to capture the implicit and explicit information from core assets. While experienced team members are considered important for project success, there is also a belief that it is possible to capture knowledge that can be re-used in future, independent of people.

Size does matter

Organizational size and experience play a crucial role in project success. Large organizations are better in project management as they have the capability and resources to focus on improving the efficiency and effectiveness of project management. Such organizations can implement dedicated PMO to monitor and communicate the health of the project to all stakeholders. These organizations are better at identifying and resolving conflicts in early stages. Whereas, small organizations have limited oversight on running a program as they are limited by the resources, processes and structure available at their disposal. On the other hand, large organizations encounter many internal hurdles in project approvals in comparison to mid-sized and smaller firms. This is co-related to the defined hierarchy in such organizations and the lead time taken in the approval and evaluation procedure.

These conclusions describe the key findings derived from this study. We further elaborate these findings in the subsequent sections.

Emerging Trends

The Indian CIO begins each year balancing priorities while budgeting for IT projects. The immediate years gone by saw a crunch in budgets, and each CIO had to decide between projects that provide strategic benefits to their organizations or those which were needed to keep the lights on.

At the same time, while expending organizational resources in newer IT initiatives, the following questions need to be considered:

- Is it contextual and relevant to the current environment?
- Does it add value and to whom?
- Does it mitigate business risk?
- What organizational assets would be created?
- Does it increase efficiency, reduce cost?
- Does it allow for quicker access to markets?
- Does it improve transparency? For end users? For customers?

In our exercise, we have divided IT initiatives and projects in the following categories:

- **Enabling Technology:** Technology platforms which provide core backbone transaction processing capabilities
- **Governance:** Technology that improves governance processes and compliance
- **Infrastructure:** IT Infrastructure enabling the application platforms in an organization
- **Insight:** Platforms that provide advanced analytics and pattern recognition for specific functions
- **Internet leveraged:** Technology that enables business to leverage the Internet

Enabling Technology

- Bespoke Application Development
- Business Process Modeling
- Document Management Systems
- Enterprise Mobility
- Enterprise Resource Planning (ERP)
- HR Management System
- IT Mergers and Divestments
- Knowledge Management System
- Software as a Service (SaaS)
- Supply Chain Management System.

Governance

- Application Portfolio Management
- Business Continuity/Disaster Recovery Management
- Enterprise Architecture
- Governance, Risk & Compliance (GRC)
- Green IT
- Identity and Access Management
- Information Security Management System
- IT Procurement Standards
- Network Defense
- Service Delivery Excellence
- Vulnerability Assessments/ Penetration Testing.

Infrastructure

- Cloud Computing
- Data Centre
- Enterprise/Network Management
- Network Integration/Transformation
- Unified Communications.

Insight

- Business Intelligence
- Customer Relationship Management
- Data Warehousing
- Financial Consolidation.

Internet Leveraged

- B2B Platforms
- B2C Platforms
- Web 2.0.

What's ticking

As part of the survey, we asked each CIO to provide information on each of the above IT initiatives, as well as several LOB specific initiatives on whether:

- The IT initiative/project/solution is already in place
- The IT initiative/project/solution is being implemented
- The IT initiative/project/solution is planned to be implemented
- There is no roadmap to implement the said IT initiative/project/solution

Several interesting trends emerged from this analysis. A schematic of the top 15 IT initiatives in accordance with the above criteria, is shown below:

Table 1: IT Initiatives Barometer – The Top 15 Index

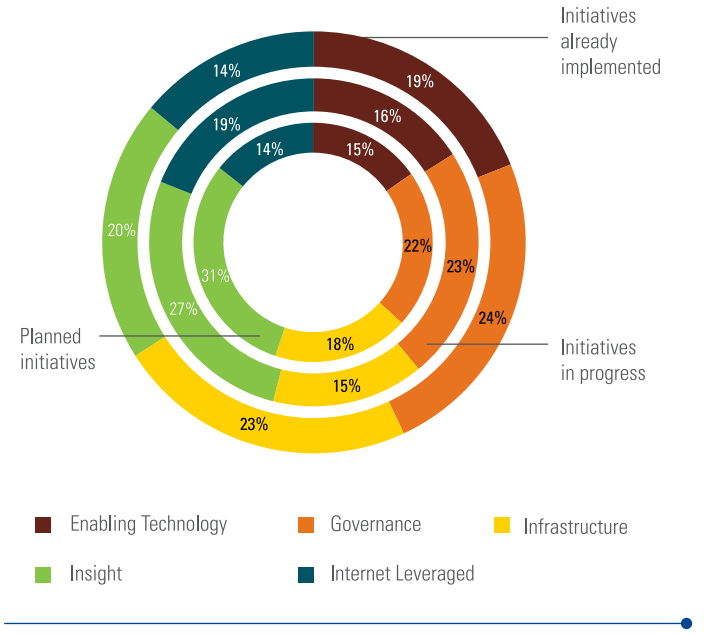
Ranking	Initiatives Implemented	Initiatives in Progress	Initiatives Planned
1	Enterprise/Network Management System	Business Continuity/ Disaster Recovery	Business Intelligence
2	Human Resource Management System	Business Intelligence	Document Management System
3	Enterprise Resource Planning	Green IT	Business Continuity/ Disaster Recovery
4	Data Centre	Information Security Management System	Customer Relationship Management System
5	Network Defense	Document Management System	Green IT
6	Identity and Access Management	Unified Communications	Cloud Computing
7	Enterprise Architecture	Bespoke Application Development	Knowledge Management Systems
8	IT Procurement Standards	Governance, Risk & Compliance (GRC)	Vulnerability Assessment/ Penetration Testing
9	Information Security Management System	Vulnerability Assessment/ Penetration Testing	Governance, Risk & Compliance (GRC)
10	Bespoke Application Development	Financial Consolidation	Information Security Management System
11	Business Continuity/ Disaster Recovery	Service Delivery Excellence	Unified Communications
12	Governance, Risk & Compliance (GRC)	Human Resource Management System	Human Resource Management System
13	Vulnerability Assessment/ Penetration Testing	Enterprise Resource Planning	Data Warehousing
14	Document Management System	Customer Relationship Management System	B2B Platforms
15	Network Integration/ Transformation	Data Warehousing	Data Centre

In descending order of priority

It is interesting to note that among the top initiatives that are in progress, or are being planned, Business Continuity and Disaster Recovery Planning, Information Security Management Systems, Vulnerability Assessments and Penetration Testing, Governance, Risk & Compliance (GRC) platforms, etc. are recurring themes.

We also did an analysis to understand the overall percentage of projects and initiatives that an IT organization performs. While Governance does occupy a prominent position along with infrastructure in initiatives that are already implemented, we see an emerging trend in organizations progressing on or planning IT initiatives that provide insight into their business. These initiatives include Business Intelligence and Data Warehousing, Customer Relationship Management and Financial Consolidation oriented initiatives.

Figure 2: Percentage distribution of IT initiatives by state of implementation



Source: KPMG Business Unusual Survey

We also performed an analysis of those initiatives which had more than 90 percent adoption rates i.e. which were already implemented, in progress, or planned in the future. These included, the following:

Table 2 : IT initiatives with most adoption

Ranking	>90 percent Adoption
1	Enterprise/Network Management System
2	Business Continuity/ Disaster Recovery
3	Human Resource Management System
4	Data Centre
5	Network Defense
6	Information Security Management System
7	Enterprise Resource Planning (ERP)

In decreasing order of adoption
Source: KPMG Business Unusual Survey

The time is not yet right

While it is important to understand the on-going IT initiatives, it is equally interesting to analyze the IT initiatives that do not have adequate buy-in currently, and are still in the "yet-to-be-planned" or "not-planned" stages. This could be because of a variety of reasons, including

- The initiative is still in a proof of concept stage – waiting for industry wide adoption
- Not in the strategic priority of the business
- Not relevant to the current business context

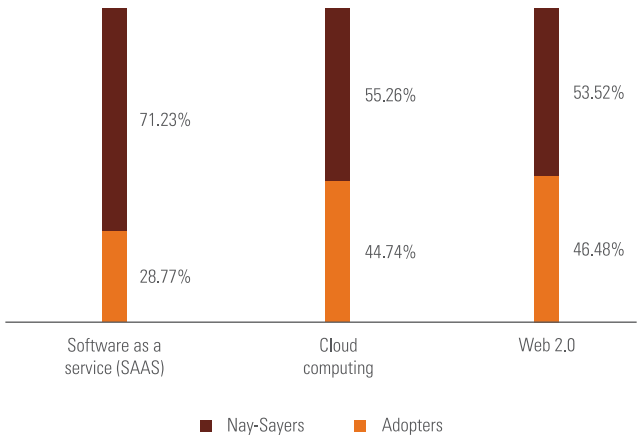
Table 3 : IT initiatives with least uptake

Ranking	Initiatives not planned
1	Software as a Service
2	Cloud Computing
3	Web 2.0
4	Business Process Modeling
5	B2C Platforms

In increasing order of uptake
Source: KPMG Business Unusual Survey

We also performed an analysis to determine those initiatives where the number of organizations that have 'Not Planned' for the same outweighs the number of organizations that have either implemented, in progress or planned them in the future i.e. where the number of current 'nay-sayers' are higher than the current 'adopters.' This provides some interesting insights as well, as shown in the next figure:

Figure 3: Where Nay-Sayers out-weigh the adopters

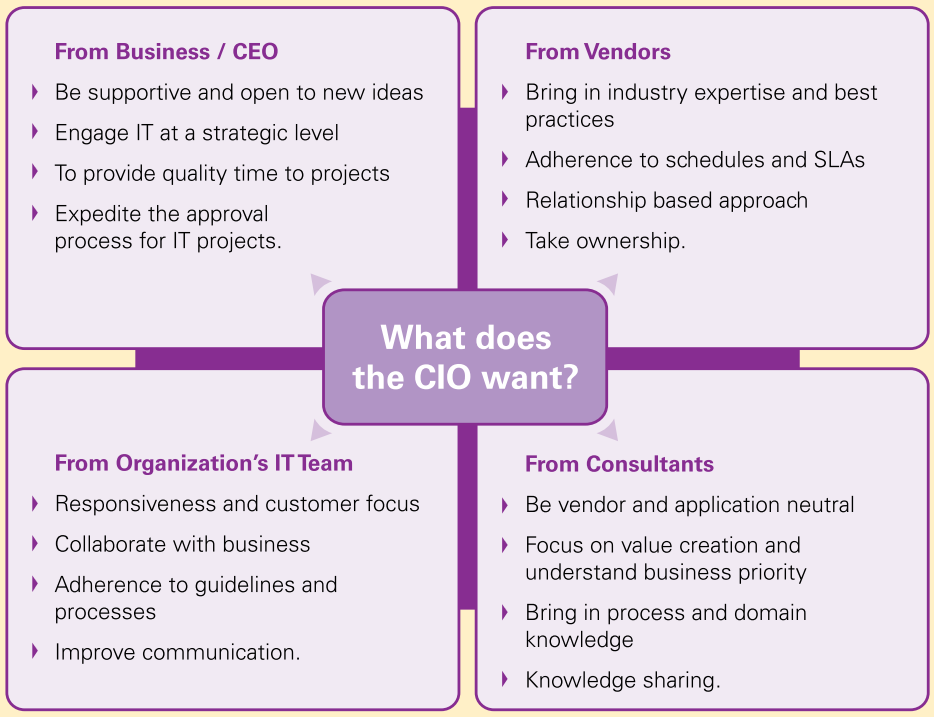


Source: KPMG Business Unusual Survey

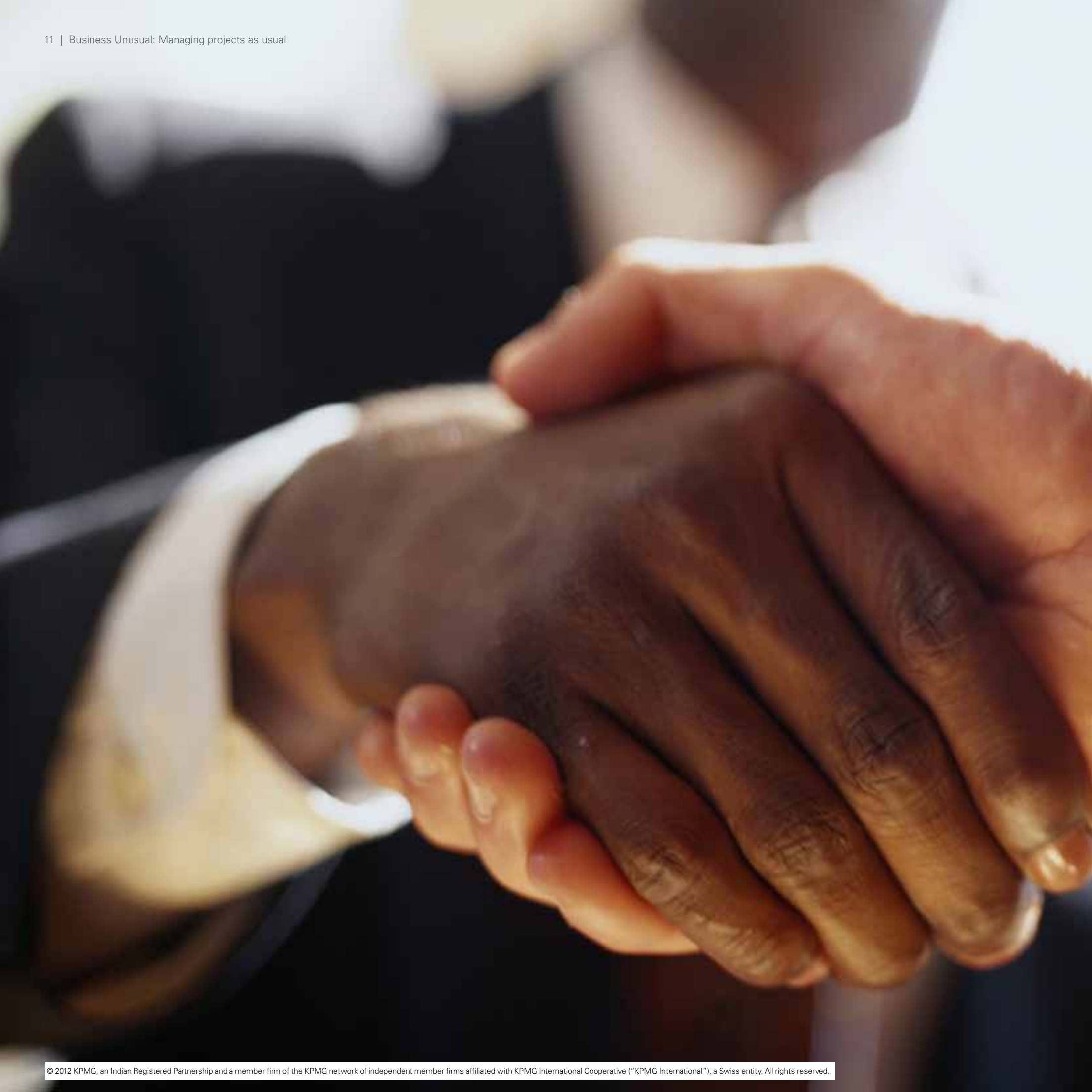
What does the CIO want?

Multiple stakeholders, increasing complexity of IT systems and expanding range of IT applications have contributed to making project management a tough task for CIOs, who in turn look for support from various stakeholders. Our study has captured the viewpoint of CIOs on the role played by key stakeholders in managing projects.

Figure 4: The CIO Wishlist



Source: KPMG Business Unusual Survey



02

Selling the project

Selling the project

Traditionally, projects requiring Information Technology (IT) investments used to be conceived by business. Over the last decade, as the importance of IT as a business enabler has increased, the influence of IT functions on technology investments has grown significantly. As organizations are gearing to be even more competitive in a changed world order, it is expected that investment decisions pertaining to IT would be initiated by the IT function itself considering the enablement requirement for business strategy. IT will therefore be used as a plug and play service provider, whereby business services would be supported seamlessly by a well-defined architecture in which internal planning of applications and infrastructure will be opaque to the end users.

Given this changed scenario, it has become imperative for the IT organizations to have necessary wherewithal with them to initiate the business case for projects and sell the concept to the business proactively. As the organizations are consistently transitioning from IT served to IT enabled, selling the project internally has become a significant challenge from the traditional mindset change perspective.

This emergence of IT as a crucial enterprise backbone has also led to an increased interest from CFOs in IT investments. Many organizations have their IT functions reporting to the CFO. IT investment decisions in such organizations go through a closer scrutiny of the finance team. While the intention of 'saving each penny' is a good one, this outlook of looking at IT purely from a cost perspective has several drawbacks. Project decisions take much longer, sometimes to the extent that the business case itself becomes irrelevant due to the delays. Such organizations also run the risk of being a late starter and are reduced to doing a catch-up game with the competition. Common logic dictates that when organizations grow larger in size, their processes tend to take longer owing to internal bureaucracy. Nonetheless, larger organizations have the advantage of more efficient processes and a 'body of knowledge'. This helps in quicker decision making based on robust analysis.

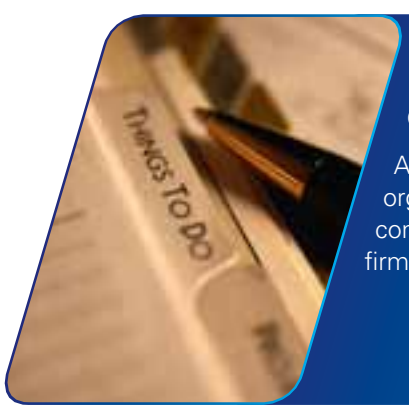
This increased focus on IT has made selling projects internally an enormously significant task for the CIOs; also it has made them think proactively and innovatively. We've identified the following trends in this regard.

IT proactively initiates business case

IT functions have evolved as a strategic partner to the business over time and are proactively involved in initiating business cases for IT projects. This, in turn creates a sense of ownership from IT and leads to an increased probability of success of the project.

Structured business case is often replaced by tone at the top

More organizations are adopting a structured process of IT projects / vendor selections; however we find that leadership influence remains one of the key factors in IT investment decisions.



Project approvals take longer time at larger companies

Approval processes in most large organizations are longer when compared to mid-size and smaller firms.

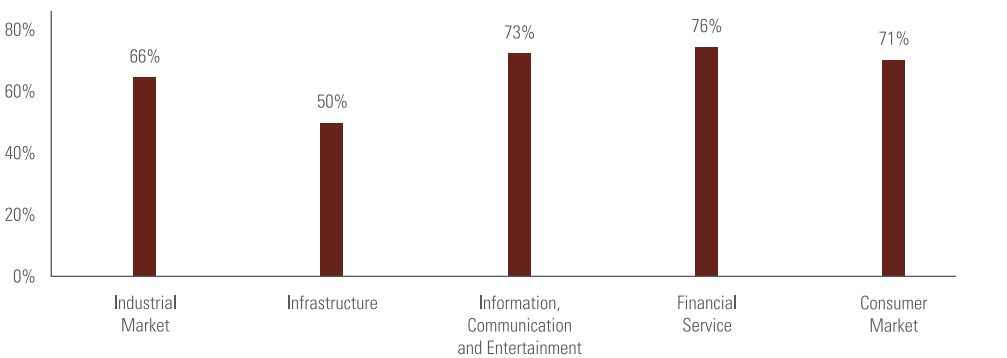
IT proactively initiates business case

IT function has traditionally been focusing on project delivery and facilitation, helping the business to keep pace with the market growth. Business requirements were cascaded from Business to IT. However, this survey indicates growing involvement and influence of IT in initiating business projects compared to the earlier passive role. Business case preparation is increasingly being adopted by IT functions to justify investment in IT projects. The increased involvement of IT at this stage ensures a higher level of ownership and greater collaboration with the business over the project lifecycle. This should possibly lead to a higher rate of project success. The enhanced business confidence in IT paves the way for IT to act as a strategic enabler of business growth.

IT plays a key role in identifying and initiating technology investments

CIOs in India believe that their organizations view IT as a strategic partner to business. This however varies from 50 percent to 76 percent across the sectors, with Financial Services Industry having the highest percentage.

Figure 5: Percentage of Organizations where IT is perceived as a strategic partner (by lines of business).



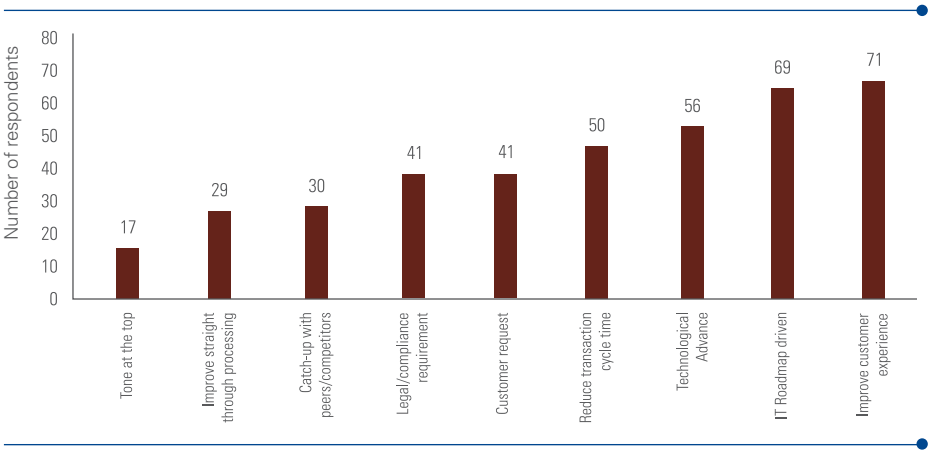
Source: KPMG Business Unusual Survey

76% Of our respondents believe that business and IT work collaboratively in translating stratagic direction into business-technology initiatives

If we take into account only the organizations where IT function is being considered as a strategic partner, the percentage extends to 97 percent. It is therefore important for the business to involve IT in strategic decisions to enable organizations to respond proactively to business challenges.

The topmost drivers for project conceptualization reported by organizations further substantiate the collaborative nature of IT and business in today's environment. IT function is primarily responsible for two out of top three drivers, viz 'IT Roadmap driven' and 'Technological advance.'

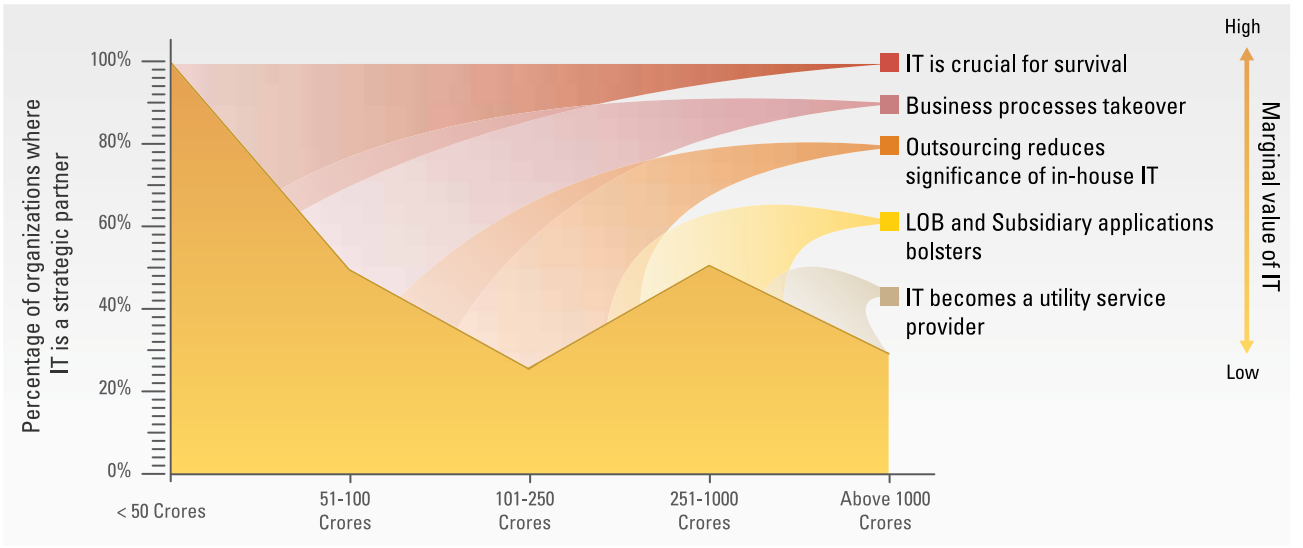
Figure 6: Top drivers for project conceptualization



Source: KPMG Business Unusual Survey

Surprisingly, larger companies (by revenue and size of workforce) seem to buck this trend and show lower faith in IT as a strategic enabler. Whereas, 100 percent of the respondents in organizations with less than INR 50 Crores annual revenue believe that their IT function is considered as strategic business partner, this falls below 30 percent for organizations with higher than INR 1000 Crores revenue. This may well be due to the fact that larger organizations have a much broader and distributed activity spectrum and an equally large number of stakeholders. Smaller organizations, on the other hand have a more tightly-knit organization with CIOs having a closer relationship with the top leadership.

Figure 7: Percentage of organizations where IT is considered as a strategic partner: By revenue.



Source: KPMG Business Unusual Survey

77%

IT functions in Infrastructure and Government organizations are either hierarchical or matrix

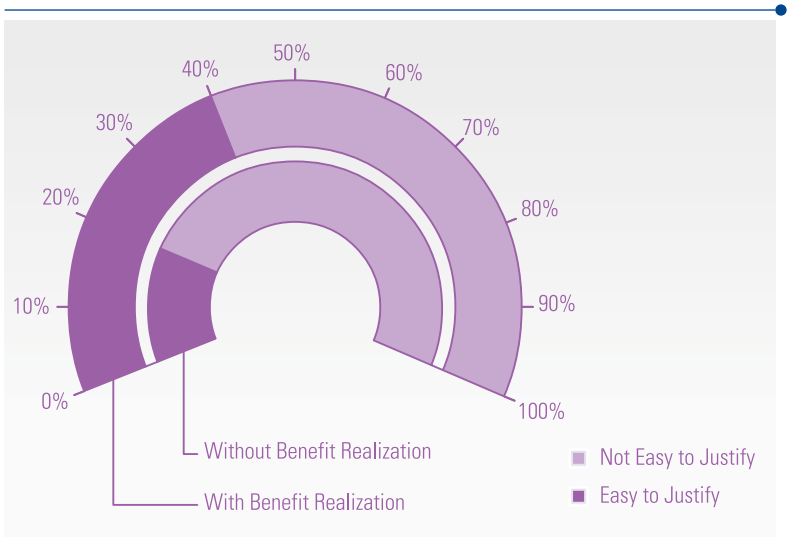
71%

of them also feel that senior business executives view IT functions as a mere utility service provider, rather than a strategic partner.

In the initial years of existence, organizations realize the returns on investments in IT in much more tangible and significant manner. As our study suggests, organizations having turnover less than 50 Crores – many of which are in the initial years of existence – assert that IT is a strategic partner. The marginal value created by subsequent investments starts diminishing as the organizations grow bigger in revenue and remain in business for a longer duration. In such organizations, IT becomes an imperative in providing business solutions to the end client thereby morphing itself into a service provider rather than an enabler external to the business.

We also find that organizations with structured benefit realization process find it easier to identify new areas of projects as well as build business cases for them. Well defined processes including benefit identification, tracking and appropriate closure leads, more often than not, to successful completion of the project, thereby passing the credit to the appropriate functions. This causes a virtuous cycle to be created where various functions have an incentive to perform and respond proactively to business requirements and issues.

Figure 8: Justifying IT investments: Effect of benefit realization process.



Source: KPMG Business Unusual Survey

79% of our respondents have a defined business case process

30% of them manage to realize or exceed expectations from at least 60 percent of their IT projects

Most CIOs view themselves as important enablers to the larger business vision, working closely and effectively with the rest of the business to organize IT resources to support business objectives. This trend is likely to continue, led by technology dependent businesses like Telecom and Banking.

A business case should not only provide justifications to the proposed solution, but should also quantify the opportunities and the order of magnitude of the project. Quantifying the costs usually is the easy part; identifying the potential benefits and appropriately presenting it is the hard part. The business case should provide an indication to the leadership that the investment and the subsequent upheaval that the change will cause is warranted by the quantitative and qualitative results.

The DPR (Detailed Project Report) process adopted by the Government sector in India is an example for good business case process. Any government agency with the intention of seeking approval for a project being funded by the government is required to prepare a detailed project report. Based on the DPR, the government or a related approving body grants approval for execution of the project. A typical DPR includes details on:

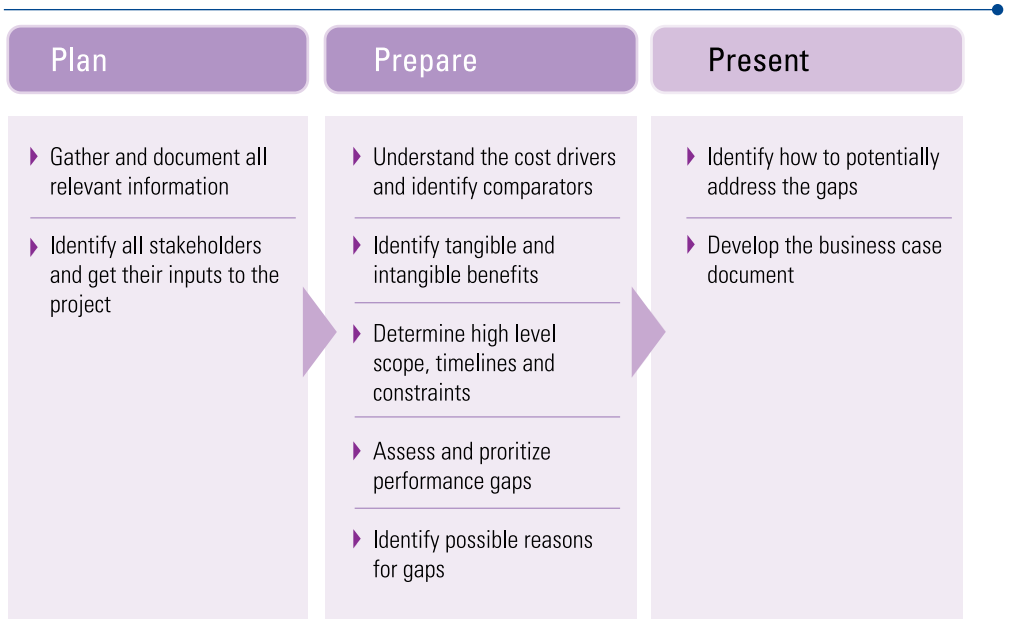
- Objectives and scope of the project
- Approach and methodology employed for carrying out various techno economic feasibility studies in relation to the project
- Technical and Financial Feasibility Study Reports
- Timelines for the project
- Design and Technical Specifications
- Execution and Implementation plan
- Cost drivers and Financial Phasing
- Benefits/ Returns Envisaged.

The investment decisions of the Government and the planning for phasing the investments are based on this document.

This raises concerns over the effectiveness of the business case developed, and subsequent benefit realization process.

The key elements for business case development are as follows:

Figure 9: Business Case development process: Steps involved



Source: KPMG Research

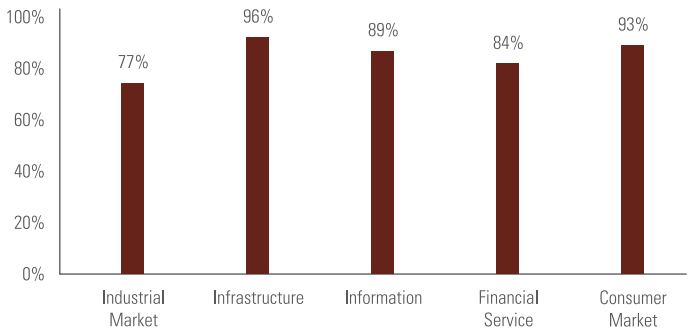
Structured business case is often replaced by tone at the top

Any IT project selection, regardless of size, technology or function, is exposed to some degree of risk of influence. In addition to benefits, technological and environmental factors, projects are highly influenced by the perception of the top management. Our study provides insights into this increasing influence factor and shows that a large number of respondents have started using 'Socializing' as a means to manage tone at top in order to ensure adequate stakeholders attention for their projects.

Leadership influence is a crucial factor in technology investment decisions

Irrespective of the sector, technology investment decisions are driven by the top leadership and IT functions tend to align to these organization dynamics. A large majority of respondents said that leadership influences business cases and nature of IT projects executed in their organizations.

Figure 10: Percentage of organizations where leadership influences business cases: By Lines of business

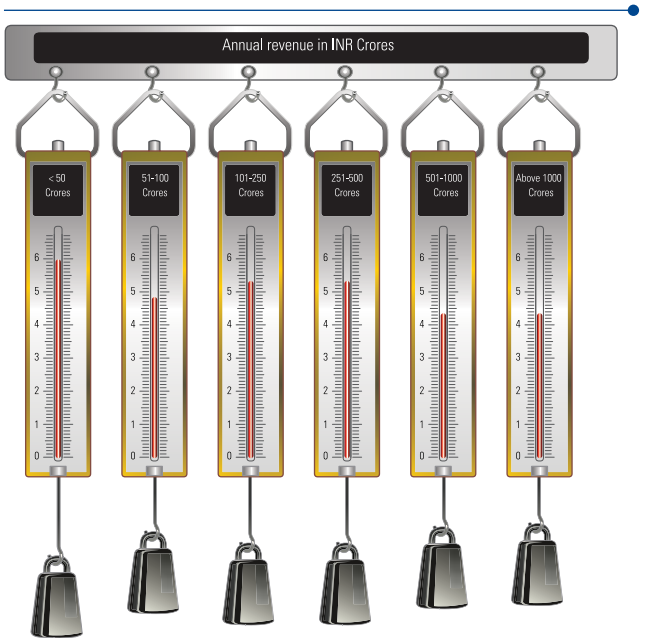


Source: KPMG Business Unusual Survey

100% of the respondents in the Infrastructure, Government and Healthcare sector agreed that in their organization, the expectations of key stakeholders in the approval committee are given prime importance

This trend is stronger in smaller organizations as compared to the larger ones.

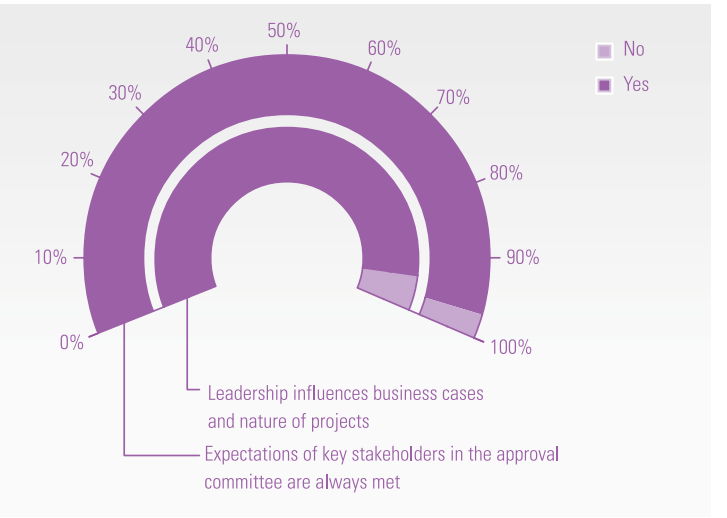
Figure 11: Degree of leadership influence in business cases: By annual revenue (on a scale from 0 to 6)



Source: KPMG Business Unusual Survey

Our study results indicate that business cases in majority of organizations are prepared to suite the expectations of key stakeholders in the project approval committee. This might lead to an adverse effect on the otherwise structured business case process. The business case, in this scenario, may be in line with the expectations of the leadership, but may not reflect the true picture. This reinforces our related finding about the disparity between the actual benefits realized versus as expected in the business case[1].

Figure 12: Factors influencing business case process



Source: KPMG Business Unusual Survey

[1] Section "IT Proactively initiates business cases" – KPMG Business Unusual

It is a common perception that decision making in traditional Indian organizations is more top down rather than a defined procedure. The outcome of this survey confirms the perception and this trend is deep-rooted and spreads across the industry irrespective of the sector, type and size of the organization. While most of the organizations have a defined process for project selection and budget planning and allocation, they tend to agree to the leadership interests and opinion, even if it is not backed by facts.

Business Cases: BU Top 3 Tips

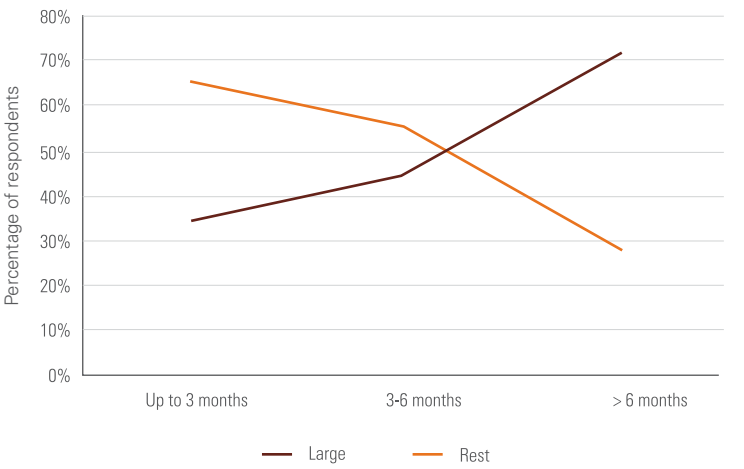
- Keep the key stakeholders in the know-how. Don't have last minute, surprise inclusions.
- Propose solution(s) to the pain points identified. Do not try to boil the ocean.
- Identify all the costs associated with the project, direct and indirect.

Project approvals takes longer time at large organizations

Formal approval is a prerequisite for project kick-off. The approval process varies widely with the type, size and sector of the organization. Large organizations often have a well established hierarchy, and projects have to successfully move up these multiple layers to be approved. Also, in large organizations, there are many projects that compete for the same budget. While it is good to have a thorough analysis of the business case and benefits envisaged, many a times quick turnaround decisions become crucial for the business. Organizational structure, culture and behavior aspects also influence the approval time.

100% of the respondents, who said that the project approval lead time is greater than six months, are larger organizations (annual revenue greater than 500 Crores)

Figure 13: Project approval lead time: Large Organizations Vs Rest

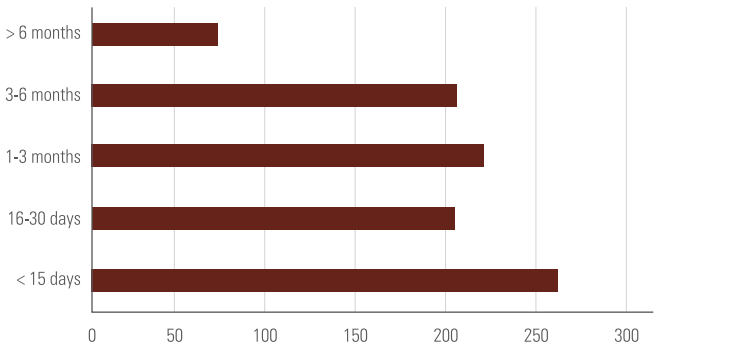


Source: KPMG Business Unusual Survey

Delays in decision-making is a big contributor to project inefficiencies

The lead times for project approval may also have an effect on the project management efficiency of the organization or vice versa. This may be due to the fact that appropriate project management techniques used during business casing and project initialization have a positive impact on decision making. Also, a faster decision to implement a project and keeping the momentum up may have a favorable response from the project team, thereby resulting in better execution of the project.

Figure 14: Project approval lead time against project management maturity scores*



Source: KPMG Business Unusual Survey

If the projects are large in terms of cost and have significant impact on business, the return on investment for such projects needs to be deliberated at multiple levels in the organization. This typically results in longer lead times for project approvals. This may be justified given the substantially high stakes for business. However, for smaller projects, organizations need to setup nimble processes for approvals, thereby cutting down the average lead time.

* For details on project management maturity scores, please refer section 'STEEL framework' of this publication

Selling the project – KPMG View

As organizations are prioritizing investments based on the business impact, selling IT projects within the organization has become an important task for the IT function to secure the investments in their favor. To achieve this objective successfully, IT function needs to acquire certain skills and take on relevant responsibilities. Also, as majority of IT initiatives are for enablement of business towards organizational objectives, IT function should also be in a position to understand the overall business and external environment to garner necessary support for the IT initiatives through appropriate business cases.

Many factors contribute to smooth internal selling of IT projects. We have looked at these factors through two lenses – factors internal to the IT function and factors external to the IT function but internal to the organization, as below

Table 4: Factors influencing internal selling of IT projects

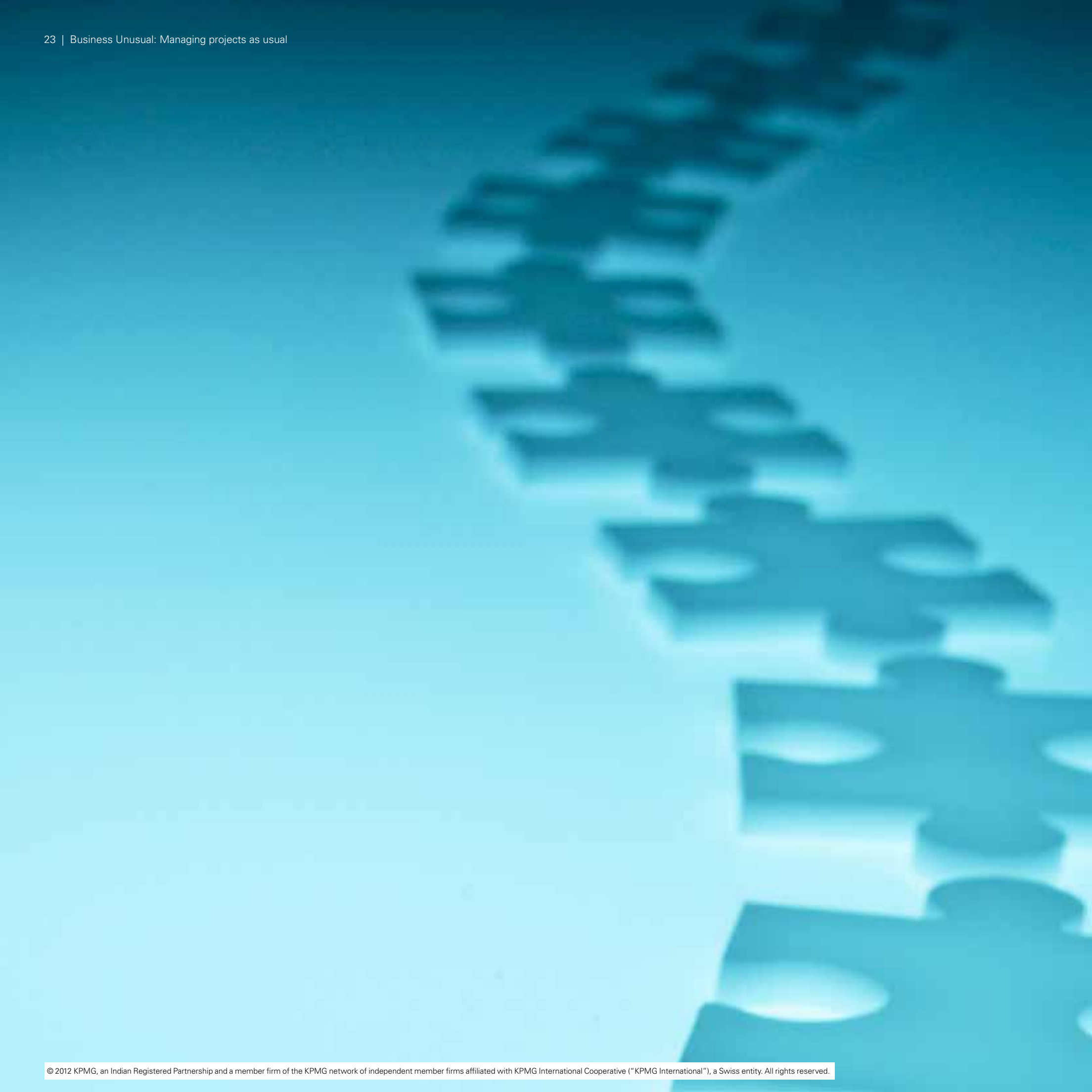
Role of Organization	Role of IT Function	• Ensure structured IT Organization • Acquire Business Understanding • Develop Knowledge of relevant solutions, vendors, industry benchmarks etc • Prepare Business case.
		• Provide Leadership Support • Ensure Business User Support • Facilitate Vendor eco system.

Source: KPMG Research

Table 5: Selling IT projects internally: Maturity framework

		Basic	Defined	Mature
IT Function	**IT Organization**	• Reacts to problems and demands • Strives to keep the lights on • No framework available for project prioritization.	• Standard approach to business system development and implementation exist • Service levels defined in technical terms • Responsibility of separate IT processes are clearly defined.	• Proactively contributes to changes in the organization's business processes • Support services automated.
	Business Understanding	• No alignment to and awareness of business strategy • Understands requirements only when elaborated by business • Technology centred view towards catering to business requirements • No awareness of prevalent business trends in the industry.	• Has a defined process to convert high level business requirements into tangible solution recommendations • Senior IT leadership works closely with the business.	• IT function is able to identify trends and future direction, from all perspectives including business, technology, competitive and legislative aspects • IT proactively identifies and suggests improvements in business processes through innovative technology usage • All relevant IT stakeholders are aligned to business strategy.
	Understanding of Solutions / Vendors / Industry benchmarks	• Not aware of technology trends and all available solutions in the market • Use of antiquated technology.	• Follow industry best practices • Use of predominantly relevant solutions • Defined vendor selection procedures in place.	• Governance framework for vendor eco-system in place • Ability to provide for new technologies in the current solution roadmap.
	Business Case	• No formal business cases.	• Defined format for business case • IT leadership aware of significance of business case • Business case is prepared on ad hoc basis.	• Defined process for business case • Structured methodology for ROI and cost benefit analysis • Business cases prepared keeping in mind business Strategy • Business cases takes into consideration external environmental factors as well.
Organization	**Leadership Support**	• Seeks leadership support reactively • Criticality of leadership support not understood.	• Leadership supports business case • Stakeholder socializing for garnering leadership support is performed in an ad-hoc manner.	• Leadership understands and encourages proactive business cases from IT and supports it.
	Business User Support	• Business views IT as a service utility provider.	• Business understands importance of IT and seeks solution to business challenges.	• Business views IT as a strategic enabler • Business understands and appreciates contribution of IT towards achieving business objectives.
	Vendor Eco System	• Uses vendors on as-required basis • No consistency in selection of vendors • Operational view towards procurement.	• Defined processes for procurement • Matrix based vendor performance management.	• Vendor are considered as extended arm of IT • Vendors participate in the IT roadmap of the organizations • Vendors proactively offers innovative solutions to the organization.

Source: KPMG Research



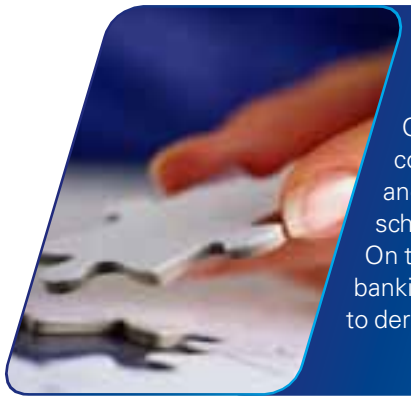
03

Rule of thumb does not rule

Rule of thumb does not rule

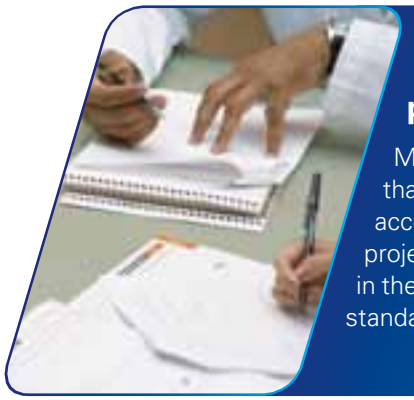
Going by the definition, 'rule of thumb' is a principle with broad application that is not intended to be strictly accurate or reliable for every situation[2]. It is an easily learned and applied procedure for approximately calculating or recalling some value, or for making some determination. In a project scenario, there are many instances when we refer to rule of thumb; for example in case of determining project schedules, work break down structures etc. The 'Expert Judgment' input factor, as defined by Project Management Institute for many of its processes, also has shades of this concept. However, our study indicates that organizations are emphasizing on establishing, fine-tuning and efficiently using various tools and techniques rather than relying only on rule of thumb, when it comes to managing their IT projects.

Two major trends observed by us in this regard are as below:



Project schedules are not based on gut feel

Organizations are placing more confidence on standard tools and techniques while deriving schedules for their IT projects. On the other hand, they are also banking on experienced personnel to derive the schedules.



Organizations have mastered the budgeting process

Majority of the CIOs believe that cost over runs are within acceptable limits for their IT projects and place confidence in their budgeting process using standardized procedures.

2.25 times

Organizations with formal training programs for project management are **2.25 times** better in developing and managing schedules systematically, when compared to organizations without formal training programs

Project schedules are not based on gut feel

Project schedules are an integral part of project management. It is used by the project manager to define how the project activities will be executed, to show case the project to the outside world, to commit the resources and also as a reference throughout the project life cycle. To create a project schedule, the project manager should typically have a work breakdown structure, an effort estimate for each task, dependencies between the tasks, resource loading and an updated risk register. Determining the schedule for a project is often fraught with challenges. Without proper planning, project schedules rely heavily on 'gut feel'. With advanced project management techniques, project scheduling need not be based on gut feel, but can be based on scientific techniques. Our study indicates that organizations are inclined towards such a scientific approach rather than relying on gut feel.

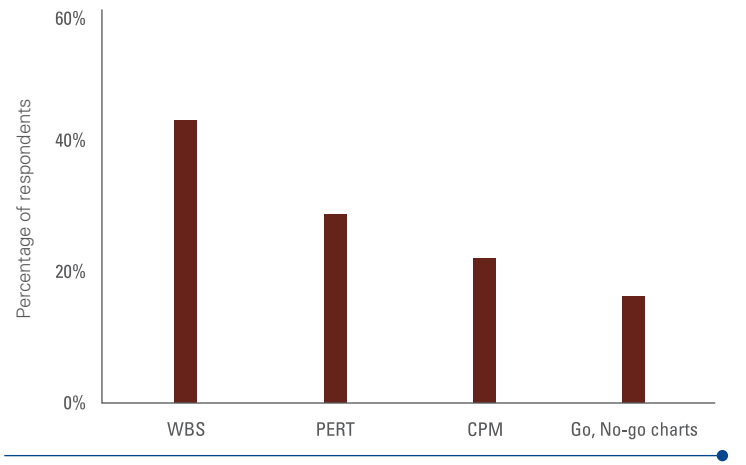
In today's dynamic corporate world, large IT projects run for months together and often require their schedules to be adjusted due to various external and internal factors. Even well-prepared plans must be flexible enough to meet and overcome unexpected challenges and roadblocks. Properly maintained project schedules, based largely on the project scope statement, work breakdown structures and resource loading helps organizations in being agile and responsive to such challenges.

Schedules are created and managed in a methodical manner

More than 80 percent of organizations have schedule management as one of the key activities of the project manager. Formal project management training programs seems to have positive correlation with project managers performing schedule management activities.

From our study, we find that more than 50 percent of the organizations use standard techniques/tools to derive the project schedule.

Figure 15: Most widely used techniques for project scheduling

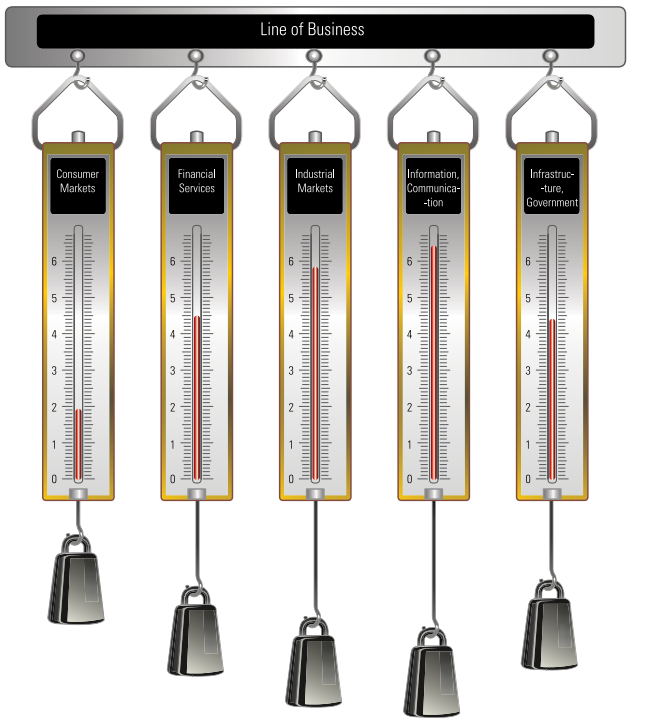


Source: KPMG Business Unusual Survey

[2] Webster online "www.websters-online-dictionary.org/definition/rule+of+thumb"

Project schedule management has emerged as one of the strong areas in our study. Organizations consider usage of tools and techniques as critical to derive project schedules.

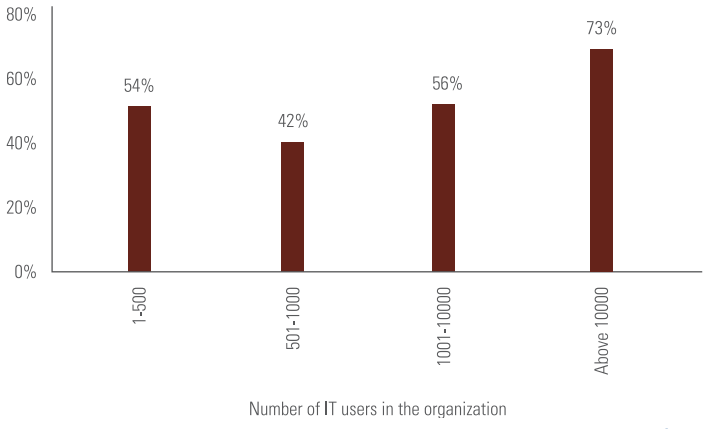
Figure 16: Degree of usage of schedule management techniques: By lines of business (on a scale from 0 to 6)



Source: KPMG Business Unusual Survey

We also observed that the larger the organization is, the more it uses standard tools and techniques.

Figure 17: Percentage of organizations using standardized tools and techniques for project schedule management



Source: KPMG Business Unusual Survey

Schedule forms one of the triple constraints in project management and by definition assumes equal focus as scope and cost. Organizations have realized this fact and have increasingly been focusing on establishing schedule management processes for their projects. Whereas experienced persons play a key role in schedule estimations, organizations are no longer relying solely on experience, and the gut feel, but are leaning towards standard tools and schedule management techniques.

81% of the organizations having standardized tools and techniques for project schedule management feel that cost over runs for their IT projects is within acceptable limits

Project scheduling: Business Unusual top 3 tips

- Create a Work-Breakdown structure to plan for the lowest level of tasks involved in the project; Define concrete Milestones and track progress on an ongoing basis.
- Be consciously aware of the propensity to over/ under estimate.
- The master project schedule should:
  - Provide a graphic display of contract milestones, major tasks, and delivery requirements in a logical sequence
  - Show the events necessary to complete the project and their relationships and dependencies
  - Provide the framework for all intermediate and lower-level schedules
  - Provide for variance impact analysis traceable from lower-level schedules.

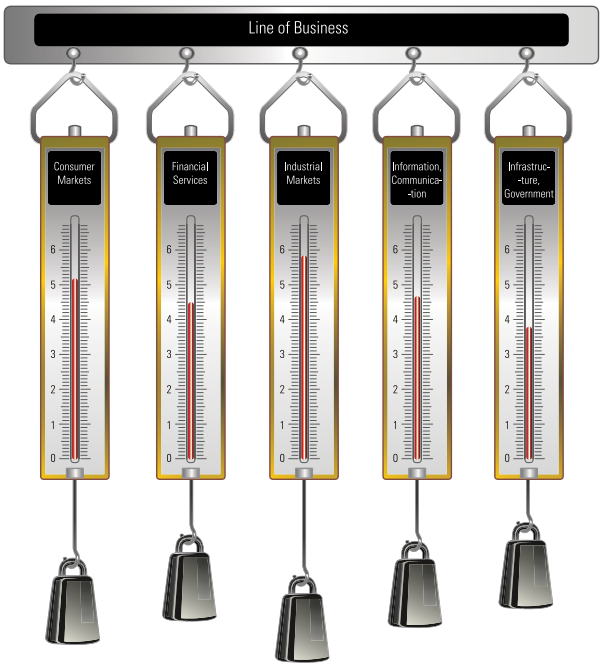
Organizations have mastered the budgeting process

Inappropriate project budgets can lead to resource constraints causing delays and /or quality issues in subsequent phases. For a CIO, getting the right budget is crucial from the time of project approval and throughout the project lifecycle. It acts as a baseline to determine whether the project is on track, within acceptable cost overrun etc. Complex IT projects spanning multiple quarters or even years require creation of proper and reliable project budgets. In our study, we find that close to 70 percent of the organizations in our survey have got the budgeting process right; and their cost overruns, if any, are within acceptable limits.

Bottom up budgeting gains momentum

IT functions in organizations are getting more involved in setting the annual IT budgets, as against an earlier practice of being allotted a set amount by the top management. They also are using various tools, techniques and expert judgment in arriving at the project costs and budgets.

Figure 18: Degree of belief in budgeting estimations for IT Projects: By lines of business (on a scale from 0 to 6)



Source: KPMG Business Unusual Survey

60%

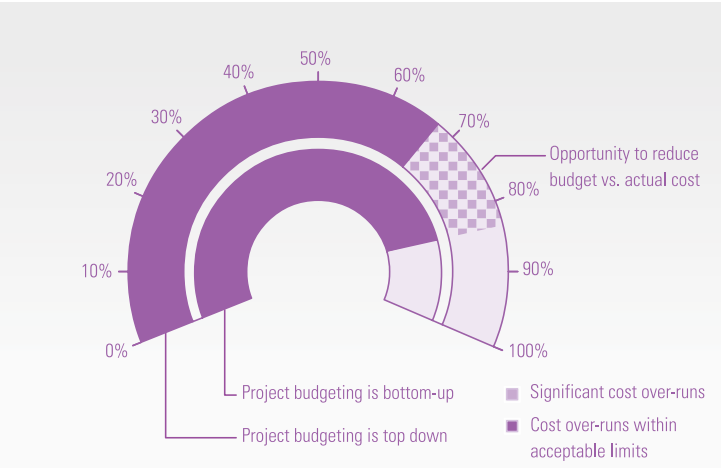
As high as 60 percent of the respondents have reported that the budgeting process is bottom-up, while only 20 percent of the respondents said that a top-down budgeting process is followed in their organization.

Organizations are increasingly relying on a bottom up process of project funding, which takes into consideration the budgets created by the IT team. This helps in considering past experiences of the IT Team in the estimation process and result in lesser cost over runs.

13%

As per our survey results, projects with bottom up budgeting process have a higher probability **(13 percent more)** of containing the cost overruns.

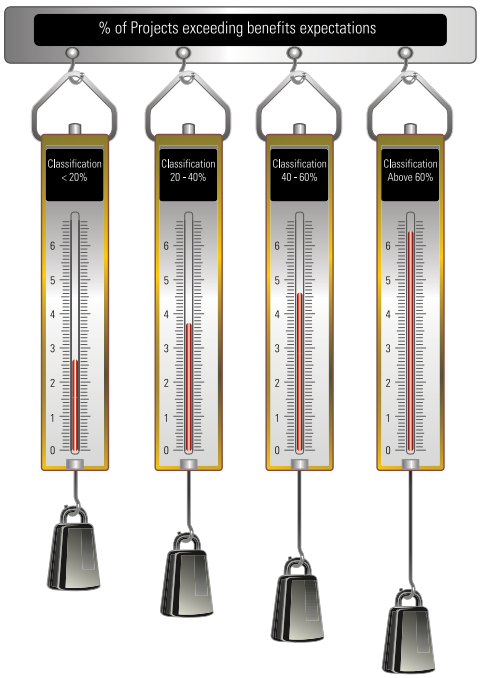
Figure 19: Trend of cost overrun against project budgting approach



Source: KPMG Business Unusual Survey

The maturity of an organization in cost management reflects on their ability to realize benefits from the project investments.

Figure 20: Degree of belief in budgeting estimations for IT Projects: By percentage of projects exceeding benefit expectations (on a scale from 0 to 6)



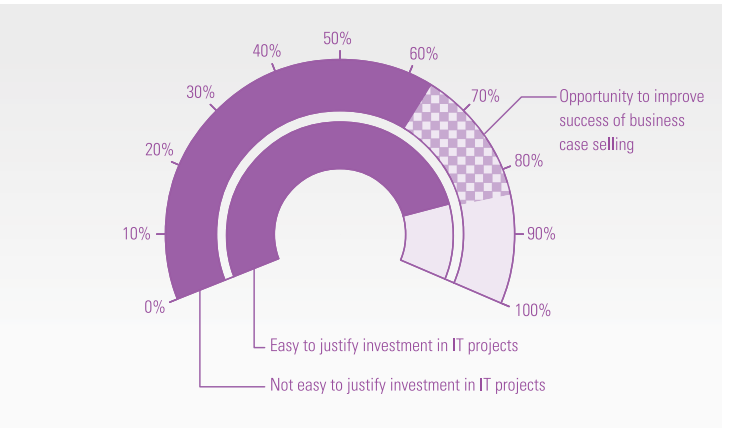
Source: KPMG Business Unusual Survey

61 %

Contrary to the common perception, usage of standard templates for budgeting does not play an important role in limiting cost over runs. We find that among the organizations having cost over runs within acceptable limits, only **61 percent** have standard tools and techniques for budgeting.

Also, we find a correlation between the ease of IT investment decisions and Cost over runs. Results of our study show that 88 percent of respondents who said that it is easy to justify investment in IT projects, do not experience significant cost over runs as compared to 65 percent of those who said that it is not easy to justify investment in IT projects.

Figure 21: Trend of cost over-runs against ease of IT investment



Source: KPMG Business Unusual Survey

As a corollary, we can also say that as long as the investment is justified, no cost over-run is considered as significant. However, this also draws our attention to two key points: are acceptable limits truly defined at the beginning of the project? And if the investment is justified for a project, are the acceptable limits flexible? Having justified IT investment decisions, there may be a tendency to portray cost over runs as within acceptable limits.

The recent recessionary period has brought back organization's focus on cost optimization at all levels. IT projects are usually the first victims of budget cut downs. On the positive side, this leads to innovative and disciplined approach towards budgeting and cost management. Our survey indicates that organizations in India are in general satisfied with their budgeting process and have got standard procedures to arrive at the funding decisions.

With the advent of new technologies and platforms like cloud and virtualization, budgeting frameworks need to evolve to address the complexities triggered by these advances. Total Cost of Ownership assumes significance in such scenarios and needs to be a part of the standard budgeting exercise.

Project Costing: Business Unusual top 3 tips

- Adopt a bottom-up approach for budgeting
- Standardize templates for budgeting across the organization
- Budget for all aspects/ components of the project (people, process, technology).

Costing and Scheduling – KPMG View

As organizations in India grow in terms of size and complexity, it is important for them to identify, develop and put in practice the usage of appropriate tools and techniques for managing projects. Cost / schedule overruns in IT projects, while manageable in case of small projects, may have a significant impact on the business operations. Inadequacy and inaccuracy of cost and schedule baselines, if not identified early enough in the project lifecycle, can have a ripple effect on subsequent phases.

Applying the two-lens framework, we have arrived at the following factors contributing an organizations ability to move beyond 'rule of thumb':

Table 6: Factors influencing analytical costing and scheduling

Role of organization	Role of IT function	• Utilize team expertise • Acquire tools and techniques • Develop IT knowledge base • Leverage external environment.
		• Ensure clarity of requirements • Put in place appropriate governance structure.

Source: KPMG Research

Table 7: Analytical costing and scheduling: Maturity framework

		Basic	Defined	Mature
IT Function	**Team Expertise**	• Lack of relevant experience • Lack of adequate skill development.	• Expertise though available in certain areas, is not adequate for all initiatives • Ad hoc and inconsistency in usage of tools and techniques.	• Right skills are cross-leveraged through out the project lifecycle • Consistent usage of tools and techniques • Continuous improvement in the usage of tools and techniques.
	Tools and Techniques	• Usage of minimal tools and techniques • Importance of tools and techniques is not recognized.	• Tools and techniques and available and process for usage is defined • Compliance to usage of tools and techniques is not mandatory and not monitored.	• Benefits of usage of tools and techniques are measured, captured and used as a knowledge • Structured plan for consistent upgrade in tools and techniques • Specific provision is made for tools and techniques in IT budgets.
	IT Knowledge Base	• Knowledge management system does not exist • Re-inventing the wheel is the norm.	• Structured process for capturing knowledge exists • Knowledge base leveraged on a case-to-case basis.	• Organization-wide awareness of the existence and usage of knowledge management system • Periodic update of information keeping in line with latest industry trends and organization strategy.
	External environment	• No vendor eco system is in place • Industry benchmarks are not used.	• Well documented procedures are in place to govern third party procurement with clear processes ensuring proper vetting and negotiating with vendors • Industry benchmarks used, mostly from a cost optimization perspective.	• Vendors participate in long term IT plan, based on technology roadmap • Industry benchmarks form an important aspect of decision making process • Vendors are leveraged effectively for project planning process.
Organization	**Clarity of requirements**	• Requirements are not adequately understood and captured • Requirements viewed from technological perspective rather than business solutions.	• Effective leverage of standard tools and techniques for capturing requirements • Scope changes undergo defined change management process.	• Business solution focus is primary while capturing requirements • Structured methodologies for requirement traceability are captured in knowledge database set in place.
	Governance Structure	• No formal governance structure in place. • Processes for planning and budgeting are not in place.	• Project governance groups exist which are business led and have clear terms of reference and operate mostly in a common way • IT governance framework is documented along with IT policies and procedures.	• Periodic reviews of project planning and execution across IT and business. • RACI matrix is in place for complete project lifecycle.

Source: KPMG Research

04

Right skilling

Right skilling

Identifying the right skills required for the projects, getting resources with right fit to the organization's culture, imparting appropriate training and more importantly retaining them in the system seems to be a challenge for organizations across the globe, irrespective of size, sector or location. The resource issue is aggravated in emerging and growing markets like India.

Large IT projects often require diverse right technical skills as well as strong project management skills. We asked organizations about their skill identification and training and resource allocation processes. Following are the trends we found in this regard:

Project management skills can be gained by theory

Organizations believe that IT project management skills can be gained by theory. It is not surprising, therefore, that Project management certifications and other related training programs are highly popular in India.

Skill building is always part of the project

Identifying the right skills required, and aligning resource development plans around it is not an easy task. However, organizations vouch that skill building is always a part of their overall organization policy and they invest time and money into it.

Right skills are not available at the right time

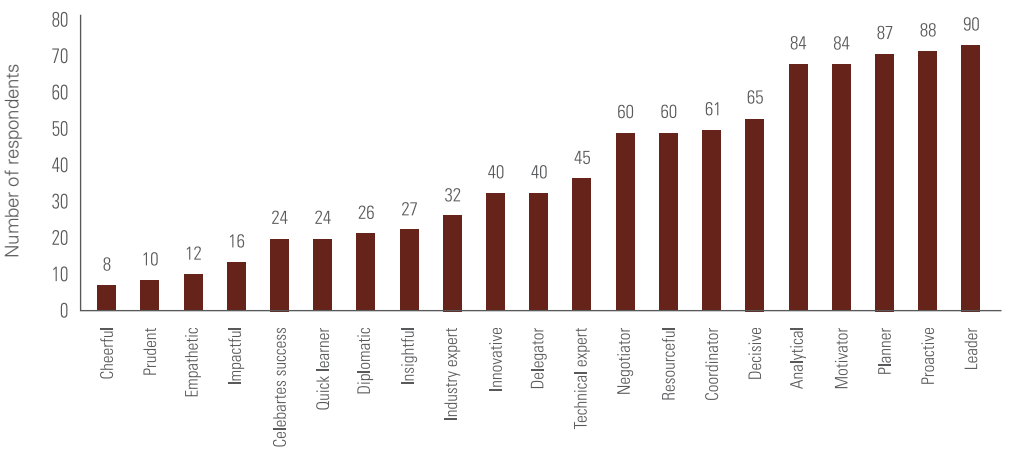
Considering the fact that organizations focus on skill building, it is counter intuitive to find that most organizations find it difficult to staff their projects almost always. Majority of our respondents found resource crunch to be a critical issue. Following could be some of the reasons for the same:

- Inability to free-up domain or process experts from day-to-day work to dedicate on projects
- Introduction on new paradigms and new technologies for which classroom based skill building can be planned, though actual hands-on experience is not readily available
- The propensity of team members to seek opportunities after gaining preliminary skills in an emerging area.

PM skills can be gained by theory

A project manager has responsibilities consisting of project initiation, planning, controlling, monitoring and executing projects. These activities require a combination of technical and behavioral skills. In our study, we asked our respondents about what they considered as the traits of an ideal project manager.

Figure 22: Top project management skills: CIOs view in India



Source: KPMG Business Unusual Survey

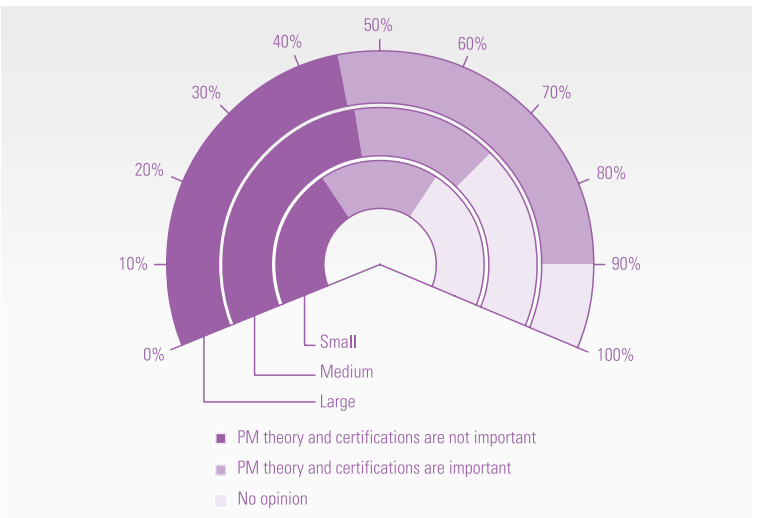
Even though behavioral skills like leadership, proactive attitude and ability to motivate are the most cited qualities for a competent project manager, a number of other skills like planning, analytical ability and technical expertise also contribute to the overall project management capability. This has led to organizations giving equal importance to both soft skill and technical trainings for their employees.

54% of the organizations have a formal training process in place for project management.

Learning by theory is as important as experience

Organizations in India give importance to project management skills gained by theory and class room training. Also, project management certifications are of key importance to the organization. Larger organizations are evenly divided in their view on project management theory and certifications and their ability to translate this learning into project management excellence.

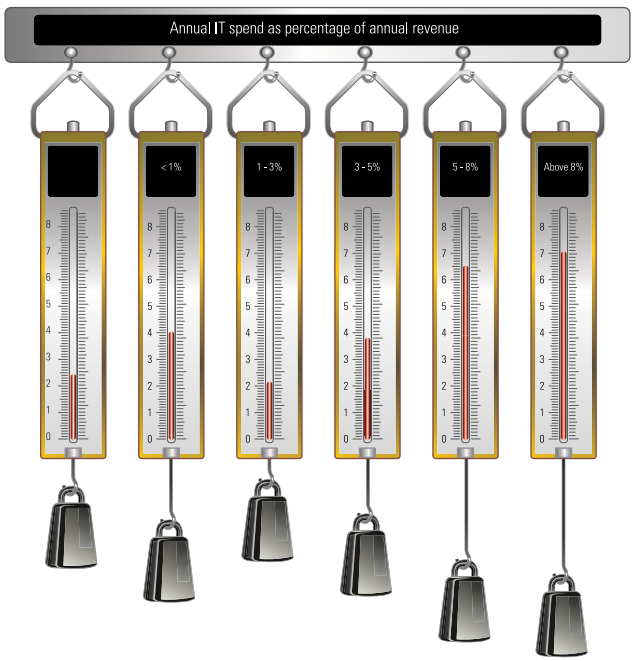
Figure 23: CIOs views on project Management theory and certifications: By organisation size



Source: KPMG Business Unusual Survey

This trend is strong across all the sectors and especially predominant in organizations where IT spending is a significant percentage of annual revenue.

Figure 24: Degree to which organizations believe in project management theory and certification: By IT spend (on a scale from 0 to 6)

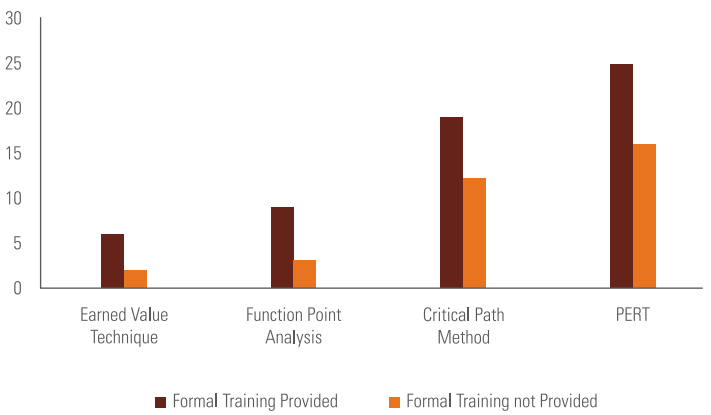


Source: KPMG Business Unusual Survey

Organizations where IT spending forms a significant percentage of their overall revenue (greater than 5 percent) have **twice** the faith in project management certification, training and education

We have also found strong correlation between the usage of project management techniques and the extent of formal project management training provided by the organizations.

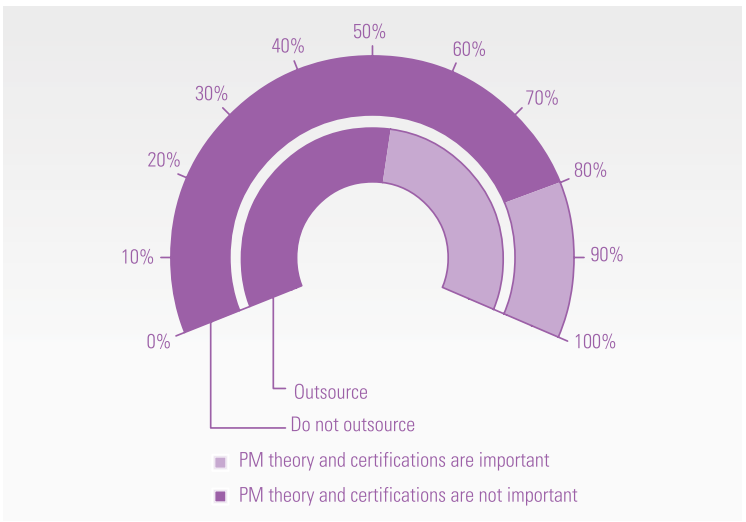
Figure 25: Number of organizations using various project management techniques



Source: KPMG Business Unusual Survey

We have also observed that organizations which do not outsource their IT functions have a stronger belief in Project Management certifications.

Figure 26: Importance of PM theory and certifications: Organizations that outsource Vs organization that do not outsource



Source: KPMG Business Unusual Survey

One of the popular phrases used to describe project management is that it is 'an art as well as a science'. Nothing could be truer when it comes to the skills required for managing projects. Project Managers often are in the thick of things when it comes to managing conflicts, motivating employees and providing leadership to the project team – skills that primarily come with experience and maturity. At the same time, a project manager has a number of tools at his or her disposal to manage different aspects of the project. Project management is not just about overseeing and ensuring that project activities are completed on time; planning for different aspects like communication, schedule, risk etc. form a much larger portion of a project manager's responsibilities. Each of these areas have specific methods and procedures which can be learned and utilized in practical scenarios.

In India, people have realized the importance of a balanced approach. It is no longer enough to only have experience or be trained in project management with certifications. Organizations are looking for a mix of both, so that their IT projects can be managed with appropriate tools and techniques.

Photo Credit – **Jayanth Rao**,
Management Consulting - IT Advisory, Chennai | Photo Location, Indoor

Skill building is part of the project

An imperative step to project planning is to understand the skill requirements, current capabilities of the resources involved, identify any gaps in skills and plan for capability building of the team. Due to the resource constraints and pressure on the management to reduce the overall project cost, resources are often deployed onto projects without giving due consideration to the skills required for successful completion of the project. Such decisions usually result in schedule overruns and/or deteriorated quality of the desired project objective/deliverable.

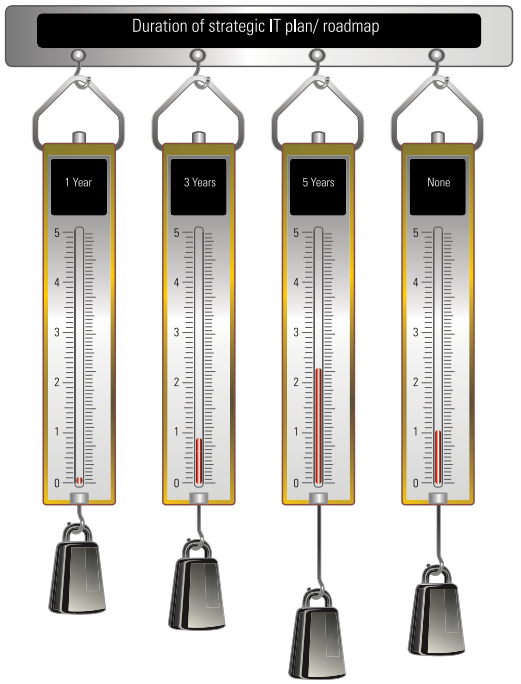
In addition, the cost of training and additional time required for the resources to be on par with the skill set required is often not budgeted in the project cost. This in conjunction with the skilled resource availability constraints leads to the team operating at efficiency levels lower than the expected threshold.

Training as an investment

Organizations which place emphasis on skill building of project teams witness higher levels of quality assurance awareness compared to using quality just as a metric.

Organizations with a longer term IT roadmap tend to have a similar view towards identifying and building skills of their employees.

Figure 27: Degree of belief in skill building: By duration of IT plan (on a scale from 0 to 6)

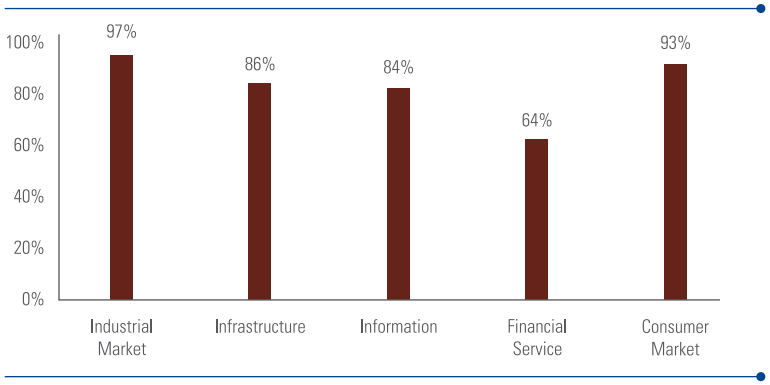


Source: KPMG Business Unusual Survey

50% More than 50 percent of the respondents believe that skill building will affect the project timelines and consider it as an overhead. This represents a restricted approach towards organization wide skill set management and leads to wider implications on the overall project delivery.

Majority of our respondents across sectors confirmed that skill identification process starts at the project initiation. However 50 percent of them also felt that developmental activities towards skill-building affect project timelines and costs. This potentially means that the positive effects of having identified the required skills get cancelled by the inability of the organizations to act upon this information.

Figure 28: Percentage of organizations where skill identification process starts at the project initiation time: By lines of business



Source: KPMG Business Unusual Survey

85%

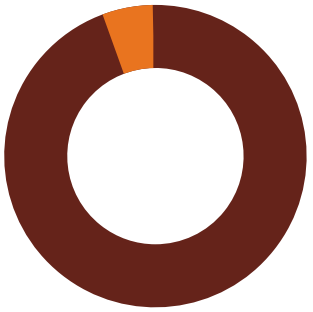
Whilst **85 percent** of the respondents said they start skill identification as early as the project initiation, **79 percent** of them find it difficult to staff projects with right people.

22%

Organizations who perform skill identification processes and believe in developmental activities of their team fare **22 percent better** in our project management index (STEEL framework).

Figure 29: Percentage of organizations where

1) skill identification is part of project initiation



2) it is challenging to staff projects with right skills

3) development activities towards skill building affects project costs or timelines

Photo Credit – **Akshaye Kalkura**, IT Advisory, Bangalore
Photo Location, Bangalore

Organizations often view the ability to develop and manage skills effectively as a strategic priority. We have heard many organizations state that people are their greatest assets. A true belief in this principle would translate to a committed development environment for every employee. This has a positive effect in the project management maturity of the organization as well[3]; they end up being better equipped to handle similar projects in the future.

Talent/skill management cannot be isolated from business strategy. Companies achieve best results when the senior executives are involved in the skill development activities, during the early stages of strategy formulation. Those that rely on Human Resources (HR) alone to drive the skill management are missing an opportunity to align the behavior and capabilities of the workforce with the priorities of the business. Skill management processes will not work if the project managers don't think it is important to develop their people. Thus it is important for this mindset to be driven from the top and deep in the organization, in order to maximize the potential of the HR.

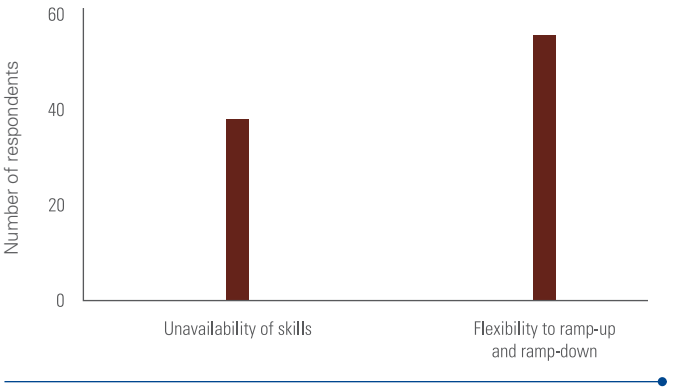
Right skills are not available at the right time

The success of a project goes beyond documenting project charters, adhering to detailed schedules and generating periodic reports. People constitute the main stay of any organization and form the most important building block for the project success. For a project to be successful it is essential to manage the expectations of the people involved - team members, clients, management, vendors, and other stakeholders. People skills of the project manager often make a difference between ensuring smooth progress of a project versus failure. Identifying the right people and ensuring their availability at the right time is a key step in the project planning process that is often overlooked

Lack of skills: A major driver for outsourcing[4]

More than a third of the respondents have cited unavailability of skills in the organization as a major driver for outsourcing.

Figure 30: Major drivers for outsourcing



Source: KPMG Business Unusual Survey

In addition to resource constraints plaguing the Indian industry, organizations have been unable to develop and utilize existing in-house talent for their requirements. There is also a reluctance to invest in resource management systems – only less than 30 percent of the organizations have reported having a resource management system in place.

[3] Organizations which believe in developmental activities towards skill building of their employees fare much better in our STEEL framework scores. For more details, please refer STEEL Analysis chapter
[4] IT Matters as long as business gets value : KPMG thought leadership 2011

Organizations with a very short project approval lead time tend to struggle with getting the right skilled resources, possibly owing to the lack of resource planning in advance. This trend reduces as adequate time is spent on project due diligence with the ideal timeframe being 3 to 6 months. However, as the project approval goes beyond 6 months, the unpredictability associated with the project leads to re-allocation of the identified resources, resulting in non-availability of right skilled resources when the project takes off.

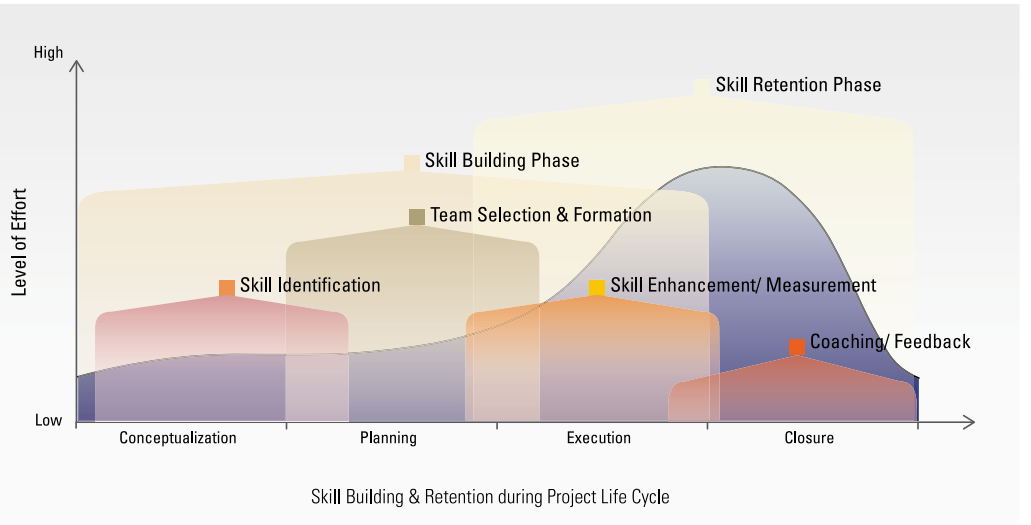
Figure 31: Degree of difficulty in finding right skills: By project approval lead times in organizations (on a scale from 0 to 6)

Source: KPMG Business Unusual Survey

This should ideally translate to selection of appropriate resources with the right skills, however these organizations also face resource skill issues suggesting a gap or lack of time/planning in the identification process. We find from our study that when effective skill identification is a part of every project, the chances of staffing a project with the right skills increase.

85% of the organizations perform skill identification as a part of the project initiation.

Figure 32: Skill Building & Retention phases mapped against project lifecycle



Skill building in a project should start during the project conceptualization phase, with identification of the skills needed to execute the project. Once the identification is complete, the requisite skills need to be either acquired or developed; the choice depends on internal capabilities and the project exigencies. During the course of project execution, additional skill needs could be identified, requiring skill measurement and enhancement. Team needs to be continuously motivated during this phase through clear leadership, guidance, stimulating work and rewards and recognition, these are also factors in retaining the team members.

An ideal project plan should include a detailed staffing plan with the specific skills that will be required to ensure a smooth and successful completion of the project, consisting of not only a detailed description on roles and responsibilities, but also development plan required for on-boarded resources.

Right Skilling – KPMG View

Resource crunch is a common challenge faced by organizations across sectors. At the end, organizations tend to fill in their requirements with headcount and not pay attention to matching of skill set. It is high time that we look at the exact project requirements, map those requirements into skill set parameters and get the right resources on-board. This will have multiple positive effects on the project: there will be an increase in efficiency as the resources have the required skills, there will be lesser attrition as people would be performing activities which they are comfortable with and therefore in a better manner.

Applying the two-lens framework, we have arrived at the following factors contributing to 'Right Skilling' in an organization

Table 8: Factors influencing right skilling

Role of Organization	Role of IT Function	• Understand skills requirement • Make available necessary skills and resources.
		• Develop right skills • Facilitate flexible hiring • Develop Outsourcing framework.

Source: KPMG Research

Table 9: Right Skilling: Maturity framework

		Basic	Defined	Mature
IT Function	**Understanding of skills required**	• Resourcing is done based on availability of resources, rather than skill set match • Skill database of employees does not exist.	• Process to capture available and required skills exist • Skills inventory initialized, typically in individual projects, but processes for maintaining it up to date across projects may not exist.	• Project planning takes into consideration the skill set required for the project, and this information is fed into resource management system, with sufficient lead time to hire / allocate resources.
	Availability of skills and resources	• Resource crunch is frequent; and impacts the project delivery • Attrition is high due to insufficient talent management.	• Resource planning done at a project level • Processes defined for resource planning and identification during the initiation phase of projects.	• Efficient resource management system used; stakeholders able to track resources and plan accordingly • Dedicated resource manager(s) available for IT function • Resource planning is done with a view on long term IT roadmap.
Organization	**Skill Development**	• Training is informal and undertaken on need-bases • Skills development is considered to be an overhead.	• Training plans are formalized • Cross functional learning encouraged.	• A full competency framework exists and employees are regularly assessed against it • Training programs are developed and rolled out proactively, prior to their deployment in the organization.
	Hiring flexibility	• Hiring is done as per budget allocated and minimal flexibility is available to the IT function.	• Tactical approach to hiring and managing of IT personnel, driven by project specific needs.	• Strategic approach to hiring based on technology roadmap • Flexibility to hire resources in emerging technologies, as an investment, prior to them being deployed in the organization.
	Outsourcing	• Little understanding of the market for IT services • Outsourcing decisions made primarily based on cost considerations • Leadership divided on outsourcing strategy.	• IT function has a good knowledge of IT services market • Strong focus is placed on which sourcing option is best for which It services and how the residual IT organization should be structured.	• Strategic IT sourcing decisions made jointly by business and the IT function • Outsourcing partners aware of and aligned with organizational strategy and strive to support the same.

Source: KPMG Research

05

Making projects less boundary-less

Making projects less boundary-less

Providing scope with a clear well defined boundary and adhering to it is a key factor to completing IT projects successfully. A well defined project scope should include all the requirements needed by the business. Scope Management involves defining project scope boundaries and processes to amend / modify the scope, if required, through a change management process. Communicating the exact scope of the project to relevant stakeholders and keeping them on the same page is very important as well, and this often proves to be a decisive factor to the success / failure of the project. Hence it is vital that individuals with the right skills are entrusted with the responsibility of defining and managing the scope.

Managing the scope is as important as defining it. It is very common to encounter scope creep in a project. If not handled appropriately, scope creep can cause significant risk to the project. Projects are expected to be completed within the approved budget, timelines and with required quality. Any unapproved change can impact the success of the project. Most organizations do face issues in planning for and managing scope. However, we identified the below trend during our study:

Most organizations believe they know how to plan for and manage scope

Majority of the organizations have told us that they have specialists available and well-defined processes for project scoping. They also make sure that business users participate in the initial scoping discussions, so that accurate requirements are captured at that stage itself.

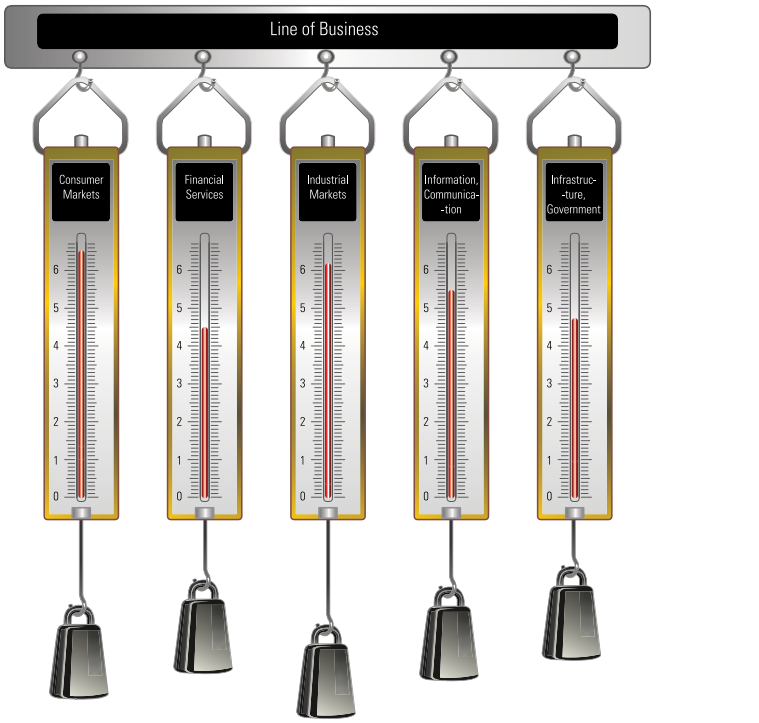
Most organizations believe they know how to plan for and manage scope

Projects fail for a variety of reasons, but majority of them are set for failure even before they are launched i.e., when the project scope itself is not clear. One of the top reasons identified for project failure in our global project management survey was unclear / change of scope requirements. In our survey most of the organizations claim that scope management processes are established and followed. This, however, contradicts with other indicators emerging from the study.

Project scope management process exists, however…

Majority of the organizations believe that they have established processes for managing scope in their projects and they are able to follow these processes.

Figure 33: Degree of comfort with scope management processes: By lines of business (on a scale from 0 to 6)

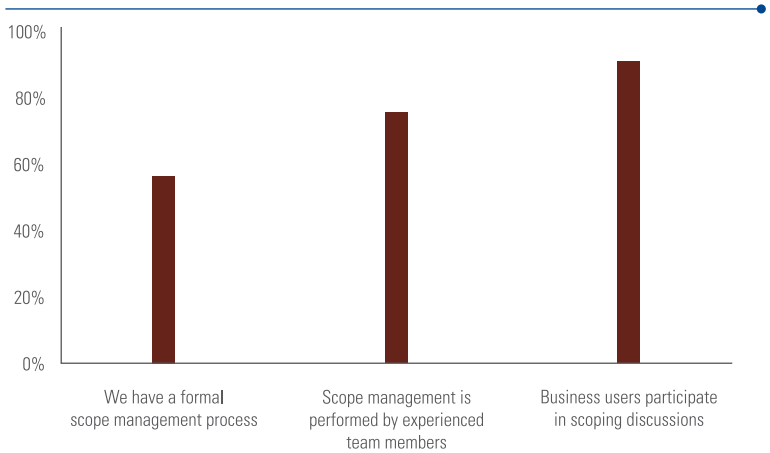


Source: KPMG Business Unusual Survey

50% Organizations with a centralized PMO are 50 percent more likely to be comfortable with their scope management processes.

Once a project is underway, there is a constant battle to manage the scope and keep the original intent of the project intact. Frequent modifications to scope leads to changes in expectations, budget, and resource requirements. This has led to organizations resorting to utilize experienced resources for scope definition and management.

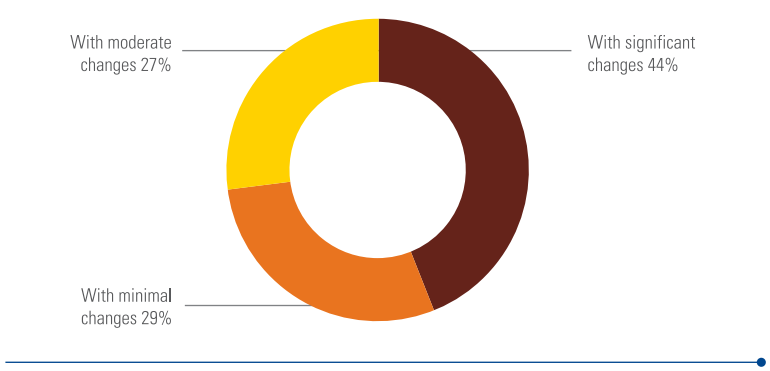
Figure 34: Percentage of organizations having positive responses to scope management related processes



Source: KPMG Business Unusual Survey

However, scope creep is a practical reality as close to 70 percent of our respondents stated that projects in their organizations are never completed without significant or moderate changes to their scope.

Figure 35: Completion of IT projects against the initially agreed upon scope

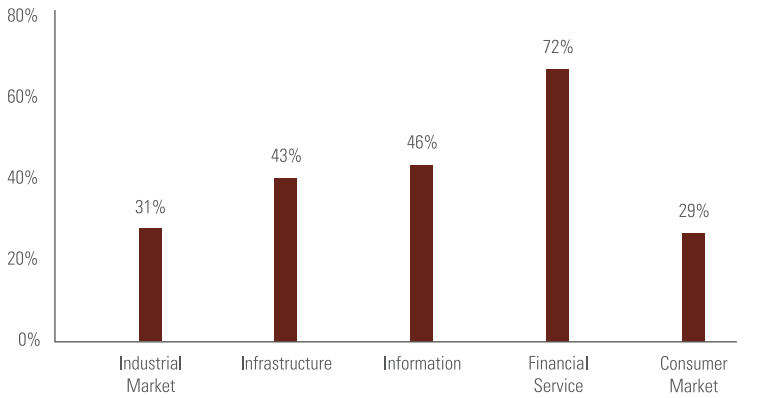


Source: KPMG Business Unusual Survey

Business user involvement in project scoping is the lowest for organizations in the Information, Communication and Entertainment sector (78 percent when compared to 100 percent in Markets, 97 percent in Industrial Markets and 96 percent in financial services).

Scope creep seems to be a common problem across all sectors, especially in financial services. The statistics make it more interesting to know that 96 percent of financial services sector organizations have responded that business users are always part of their initial scoping discussions.

Figure 36: Percentage of organizations experiencing significant scope creep challenges: By lines of business



Source: KPMG Business Unusual Survey

Not all project scope creep is bad, though it has a negative stigma associated with it. Having a defined scope management process helps to realize the full extent of any positive changes within the project.

85 percent of our respondents also said that project managers in their organizations are involved in scope management. Even with all these processes in place, it is clear that most organizations struggle with the way scope is defined and managed. The processes may be well defined, but as soon as the project commences, operational issues overtake the planning functions hampering their effectiveness. Project managers are frequently subject to conflicting demands from stakeholders, very often out of the envisaged scope. Organizations may also fail to recognize the shortcoming of their scope management processes and understanding of business requirements.

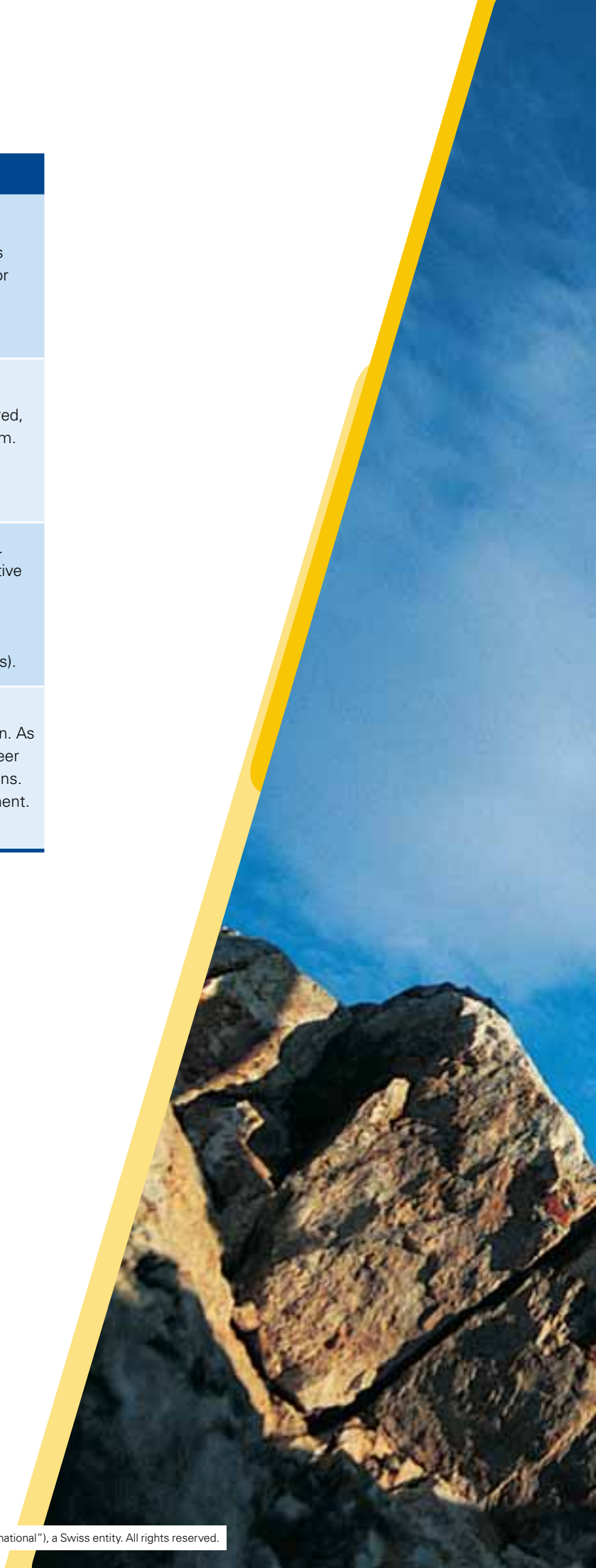
Frequent modification in scope leads to lack of clarity, inconsistent expectations from various stakeholders, changes to budget and resources etc. Each of these variables, if not properly tracked & controlled, will become the prime ingredient for project failure. Organizations should focus on bringing clarity to the business requirements during the scope definition phase and getting concurrence from all the relevant stakeholders. Further changes to scope during the lifecycle of a large IT project is inevitable, so setting clear scope management processes and empowering project managers is also crucial in this regard.

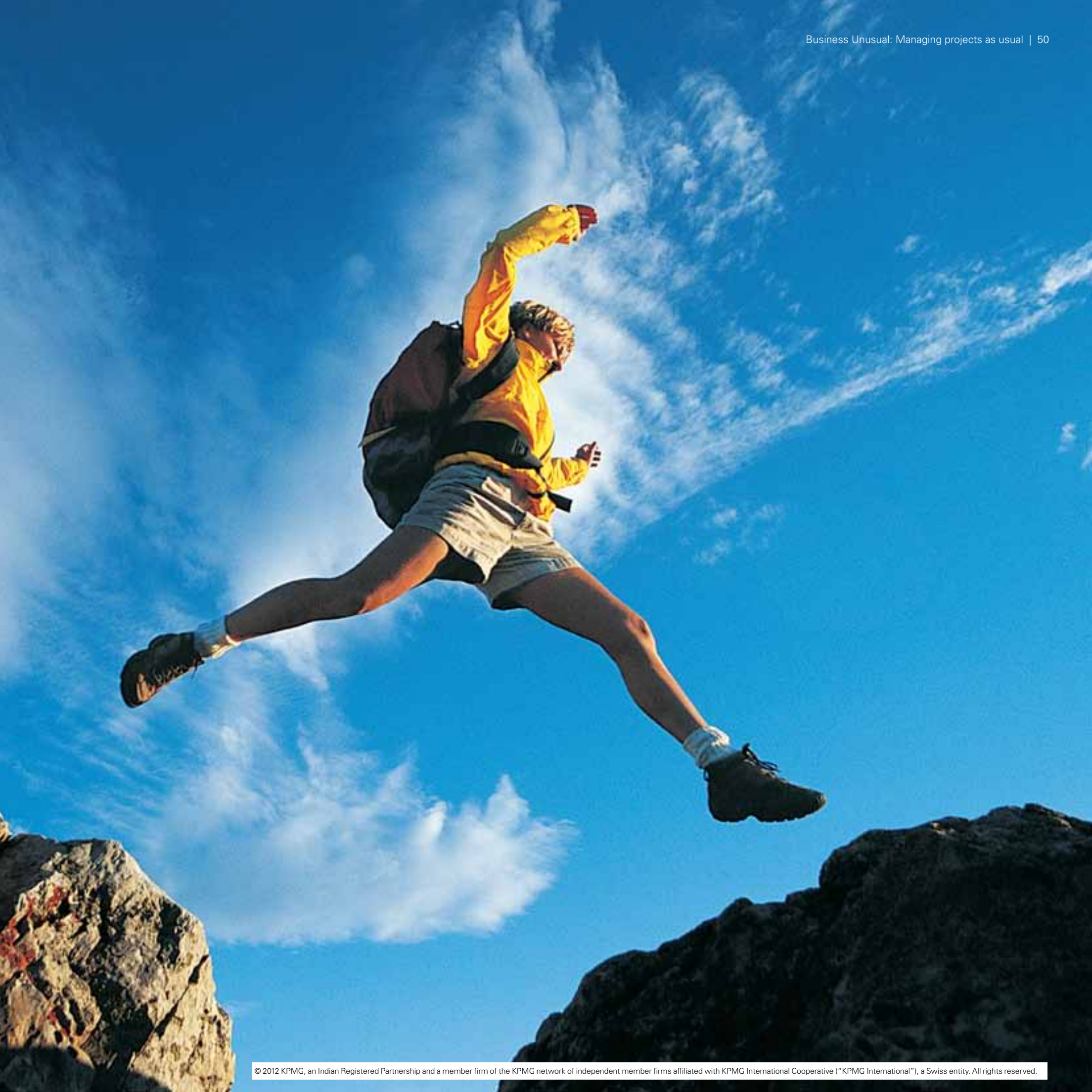
Photo Credit – **Yogesh Khandale**, Management Consulting - IT Advisory, Pune
Photo Location, Oil & Gas tanks at Kandla port in Gujarat

Table 10: Examples of scope control mechanisms

Options	Description
Appropriate Change Control System	Defines the processes by which any scope change will be handled. It typically includes tracking, documentation used (like change control request forms and approval levels for authorizing changes (and who does it).
Document Management System	A formal Document Management System provides procedures for the status of deliverables. It will also ensure that changes to the scope have been properly considered, documented and approved before being processed through the Change Control System. Document Management can also assist in preventing improper changes to baselined documents after change control has occurred.
Variance Analysis	Project performance measurements can be used to assess the magnitude of variation. Important aspects of project scope include determining the cause of the variance relative to the scope baseline and deciding on what action is required. Scope fluctuations can be indicated by schedule, budget, and deliverables variances. Analyze these results individually and in aggregate to determine logical sources. Once a source has been determined, prepare an adequate detailed and timely action plan to address the issue(s).
Proper Communications and Descriptions	A common source for scope changes is inadequate definition and clarity of the initial scope. When combined with unclear communications, scope variances can occur often. As a preventive control over scope variances, establish proper review procedures (both peer and management levels) to validate and refine requirements and deliverable descriptions. Then clearly communicate these definitions with stakeholders and gain formal agreement. This will reduce the risk of scope variances.

Source: KPMG Research





Scoping – KPMG View

More often than not, the root cause for a project failure can be traced back to inadequate scoping, lack of appropriate scope management and communicating the same to relevant stakeholders. IT functions need to learn how to set and manage realistic expectations to the business. Adhering to the promised timelines holds a key factor in keeping scope creep under check.

Applying the two-lens framework, we have arrived at the following factors affecting scoping in an organization:

Table 11: Factors influencing right scoping

Role of Organization	Role of IT Function	• Develop Business Knowledge and understanding • Utilize Relevant IT experience • Practice Change Management.
		• Ensure Business Support • Build IT Awareness.

Source: KPMG Research

Table 12: Scoping: Maturity framework

		Basic	Defined	Mature
IT Function	**Business Knowledge and Understanding**	• Minimal business knowledge • Projects scoped based on requirements of business • No efforts to understand latest business trends and proactively introduce innovative solutions.	• IT understands the business processes followed within the organization • Requirement gathering is a joint exercise between IT and business.	• IT has knowledge of industry trends and best practices • IT proactively identifies solutions to business needs and suggests the same.
	Relevant IT experience	• Lack of adequate emphasis on gaining expertise • Inadequate experience in mapping business requirements to technology.	• Expertise available for the existing technical infrastructure • Adequate support tools are available to capture and document business requirements.	• IT constantly updates its knowledge base about upcoming solutions • Internal capability is developed based on a long term technology roadmap.
	Change Management	• No defined process for reviewing and accepting / rejecting scope changes • Scope base lining is not done and changes are accepted during any phase of the project lifecycle.	• Appropriate stakeholders are identified and a defined process is in place to initiate, review and accept / reject scope changes • For every change request, detailed impact assessment is conducted post which the change is accepted / rejected.	• Metrics are collected and analyzed for changes to assess the effectiveness of requirement process • Impact assessments for the changes requested are conducted at the organizational level.
Organization	**Business Support**	• Business support is limited to providing requirements • Business has little knowledge or appreciation of IT.	• Business SPOCs are identified and they have adequate knowledge of IT • Business requirements are well-articulated and easily interpreted by IT.	• Business and IT work in a collaborative manner • Business is aware of the challenges from IT perspective.
	IT awareness	• Business has little knowledge and interest in IT • Lack of collaboration to work out innovative and best fit solution for the business.	• SPOCs are defined for various business units • IT and business works well together to define and transform business requirements in technological terms.	• Leadership understands and encourages initiatives from IT • A supportive ecosystem is provided within the organization, encouraging IT to take ownership of standardizing and optimizing business processes.

Source: KPMG Research

06

Managing the show

Managing the show

Execution phase is usually the longest in a project life cycle and requires comparatively more energy and resources. This is where the plans are materialized into deliverables and are presented for signoff. Project execution starts based on defined and agreed project plans, however during the actual execution there may be deviations in cost, time, scope and quality due to many influencing factors. An on-going health check is necessary to understand the status and manage the plans accordingly. Early detection of such changes can result in mitigating the overall impact on the project.

The start of a project is a commitment made by the organization to achieve desired benefits. However, there are situations during the course of the project which may lead to the actual benefit being less than what is planned at the outset. In such a scenario, organizations need to take a call on whether to continue with the project or to shelve it. It could be prudent to cut the losses rather than to pump more investment into the project without achieving the desired benefits. Such 'Go/No-Go' decision points should be part of the project planning process and should be conducted at key milestones.

Conflicts usually arise in projects when things are not on track. While regular health checks help to understand the status, mitigating actions require managing multiple stakeholders and expectations. Increasing complexity of projects and number of stakeholders pose a challenge and requires a systematic conflict resolution process. Often the benefits expected from projects are not achieved due to inadequate stakeholder management.

As organizations grow and are involved in multiple projects, the key requirement is to translate the best practices across projects to bring efficiency in the way things are managed. Re-inventing the wheel is costly; lessons learned should be captured and applied across. The role of a Project Management Office (PMO) is to capture and document organizational records during the course of the engagement and to build on the knowledge base of the organization. An effective PMO brings maturity to the project management practices within an organization.

Photo Credit – **Merril Cherian**, Management Consulting - IT Advisory, Bangalore | Photo Location, Poovar, Kerala

Our survey indicates the following trends:

Health of the project is monitored diligently

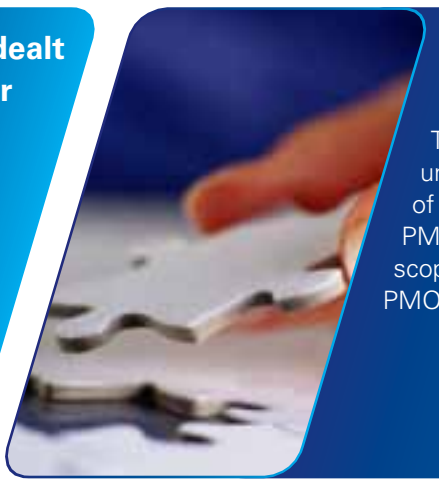
Organizations do understand the importance of periodic health checks of the project. However, the parameters for assessing are not clearly defined and understood by all stakeholders involved.

Go/No-Go decisions criteria decided at the beginning of the project are always adhered to

Organizations that adhere to Go/No-Go decision criteria decided at the beginning of the project have a greater chance of achieving success in the project. However, most organizations agree that these criteria can be changed during the course of the project execution.

Conflict resolution is dealt in a systematic manner

While more than 80 percent organizations understand the importance of formal conflict management process, the role of project manager in resolving conflicts is not adequately understood.



PMO is looked upon as a key enabler

The importance of a PMO is understood and more than 55 percent of organizations have implemented PMO. However, there is plenty of scope for improvement in the way PMO operates.

Projectized organizations do not run IT projects as efficiently and in mature fashion as non-projectized organizations

Contrary to the perception, organizations that are aligned on functional lines tend to do better in several of the project management areas.

PM-related tools help in project success

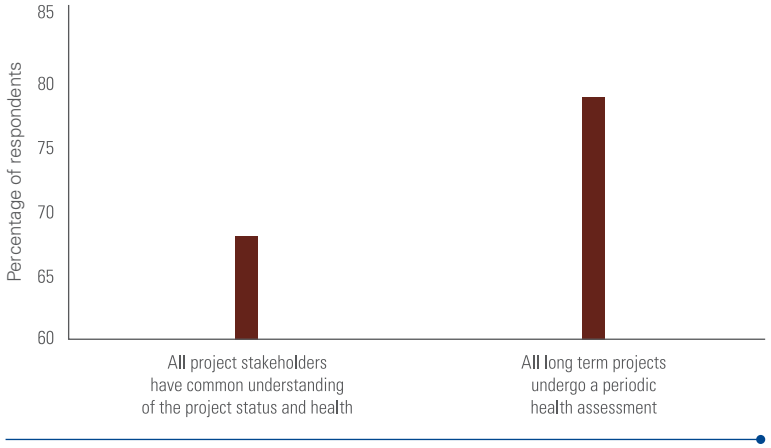
Organizations recognize the importance of project management tools and use them to increase the chances of project success. Some form of tools are used in each of the project management areas specially communication, budgeting and planning.

Health of the project is monitored diligently

Keeping a check on the 'health' of the projects has gained more importance than ever. It is imperative to not only identify the parameters which would indicate the right status of the 'health' of the project but also to ensure that these parameters are reviewed and monitored on a periodic basis. Further, it is important to revisit and re-validate the parameters themselves, as they may change over time as the project progresses in its lifecycle.

Organizations understand the importance of periodic monitoring of project health, as can be seen from the study results. 80 percent of respondants mentioned that all long term projects undergo health assessment on a periodic basis. However, the objectives and results of the assessment is not equally understood by all the stakeholders. The results indicate a need for clear and defined communication plan and adequate level of reporting and communication on an ongoing basis.

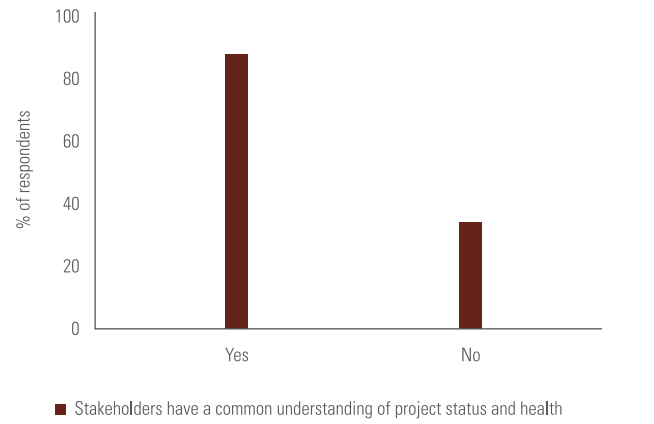
Figure 37: CIOs views on project health assessment



Source: KPMG Business Unusual Survey

One possible reason for the gaps in understanding of the project health status across stakeholders could be because of the lack of objectivity in defining the assessment objectives. Also, the relative ease with which the objectives could be measured has a significant impact on the understanding of the health of the project. The study has shown that when the objectives were clearly defined and understood, there was a much higher percentage of stakeholders understanding the project health.

Figure 38: Understanding of project status and health, when objective parameters were made available initially



Source: KPMG Business Unusual Survey

When stakeholders have a clear understanding of project status and health, our survey shows that the probability that the organization will achieve or exceed benefits for at least 60 percent of its IT projects will double.

Despite the increasing focus on periodic monitoring and assessment of the health of the projects, it has not translated to better project success. The reason could be attributed to poorly conceived objectives of the health assessment, resulting in all project stakeholders not having a common understanding of the project status and health. Albert Einstein famously said "We cannot solve problems with the same thinking we used when we created them". Applying the same to project health assessments, it might also be prudent for organizations to use independent and fresh set of eyes to review projects.

Successful project management involves

- identifying objective parameters to monitor the progress of projects
- performing periodic health checks based on these parameters
- communicating the status to all stakeholders allowing them to make adequate decisions.

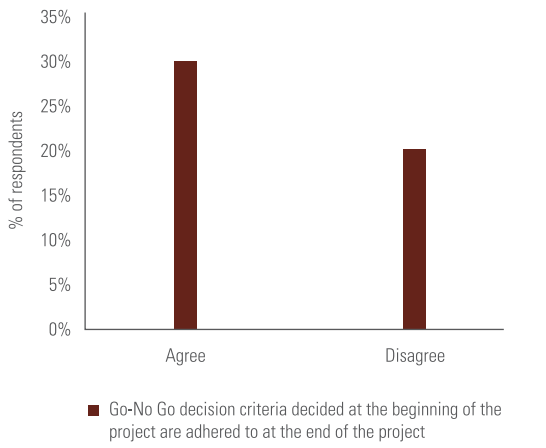
Photo Credit – **Vimal Kumar**, Management Consulting - IT Advisory, Bangalore Photo Location, Thrissur, Kerala

Go/No-Go decisions criteria decided at the beginning of the project are always adhered to

We've seen a trend among organizations to use business case as an effective way to explain and justify IT projects. The business case acts as a reference point for managing project scope, schedule, costs and timelines and define a whole list of Go/No-Go criteria. These criteria are used at pre-defined milestones or when there are significant deviations to the project constraints. The status of the project is evaluated at periodic intervals based on these criteria to either continue with the project or to delay/shelve the project. However, it is worth a thought whether these criteria remain the same throughout the project lifecycle, or they change based on project exigencies.

Organizations resort to go-no go decisions while selecting, approving and implementing complex projects. However, our study has revealed that only 16 percent of respondents use tools such as "Go/No-Go charts" to aid such decisions.

Figure 39: Adherence to Go/No-Go decision criteria in organizations achieving or exceeding benefits for 60 percent of projects



Source: KPMG Business Unusual Survey

Photo Credit: **Jignesh Oza**
Management Consulting - IT Advisory, Mumbai
Photo Location: London

As per the survey response, more than half of the respondents believe that the Go-No Go criteria decided at the beginning of the project are adhered to till the end of the project. The outcome form the survey was that there is a greater number of projects achieving more than 60 percent benefits when the Go-No Go decision criteria has remained same till the end of the project. However, an interesting outcome of the survey was that close to 75 percent of the respondents felt that external factors can impact Go-No Go decision criteria during a project.

Changes to the Go-No Go decision criteria are usually required when these are not clearly defined and agreed to at the beginning. These changes can result in shifting of priorities for the organization, resulting in not meeting the expected benefits.

Table 13: Go – No go decisions: Example trigger points and criteria

Example of go-no go trigger points	Sample criteria
Completion of Testing Phase	• Has testing been completed for each requirement as specified in the Requirement Specification Document? • Has sign-off been provided for each module by identified users? • Have all the issues raised by end users been addressed by the project team? • Is the testing documentation (test cases, test metrics, test results etc) complete as per the project plan?
Cost Overrun	• Are there major changes in business environment to justify the cost overrun? • Have there been frequent changes in the business requirements adding to scope? • Are all relevant stakeholders aware and in concurrence with the reasons identified for the changes? • Has a revised cost benefit analysis been undertaken and approved by project sponsor? • Has the impact of the cost over-run on other project constraints been analyzed?

Source: KPMG research

Conflict area addressed

Projects, by definition, bring deviations to normal operations. This invariably triggers conflicts at various levels in an organization. People from different functions are mobilized to form project teams and are expected to work as a unit to achieve the goals. Often this leads to multiple hierarchies and roles, with individuals facing conflicting priorities and incentives. An appropriate conflict resolution mechanism is required to manage such situations with active participation from all relevant stakeholders.

The survey outcome showcases that more than 80 percent of the respondents feel that project related conflicts are reported to management. Additionally, the survey results showcase that more than 80 percent of the organizations have a formal escalation and resolution procedure for conflict management.

However, the surprising aspect of the survey outcome was that only 50 percent of the respondents felt that conflict management was being handled by project managers in their organizations. Also, only 33 percent of respondents felt that being a "Good Negotiator" was a key skill for being an effective project manager.

Identifying and resolving conflicts at an early stage can help the organization to meet the project objectives in an efficient manner. Project managers have a significant role to play in conflict management, the managers should be good at negotiating with multiple stakeholders in order to ensure that the objectives of the project are met.

Effective project planning is an effective way to minimize the potential for conflict. Areas that are most likely to foster conflicts the project become less troublesome if the project has:

Table 14: Frequent conflict areas in a project and recommended processes

Causes of conflict addressed	Recommended process
• Misunderstandings and/or disagreements over methods and processes.	Defined Operating Guide / Playbook
• Personality clashes among team members • Desires to achieve personal or individual credit • Lack of co-operation among team members.	Methods to assist with team selection
• Lack of authority • There are power differences between and among the members of a team • A member of the group uncertain of what is expected of them in their role on the project team.	Defined roles and responsibilities, Terms of Reference, Defined project job descriptions.
• Differences in goals.	Project description, a project Definition Document.

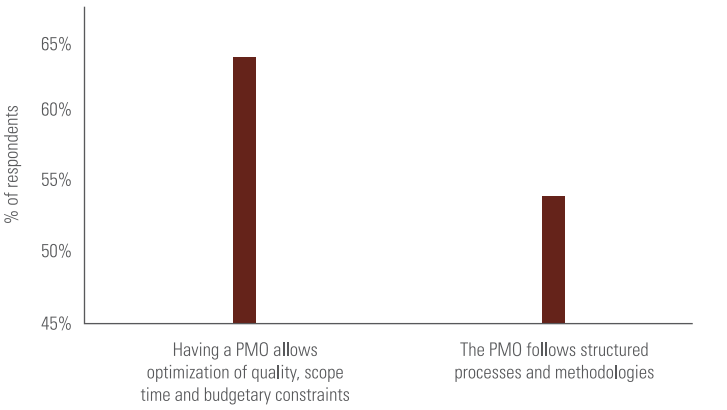
Source: KPMG Research

PMO is a looked upon as a key enabler

'Efficient and Effective' have become more implicit and assumed traits and focus is shifting to 'Uniform and Consistent'. Organizations have started investing in a big way on multiple initiatives simultaneously. The increase in number of stakeholders, each with their own style of project management, has led to the increased risk of missing out on basics of project management excellence. The 'PMO concept' is not new to the industry. With projects in many organizations becoming global, involving multiple business units and locations, the benefits of PMO are more visible. The question of whether a formal PMO enables project management excellence thus impacting the outcomes of the projects or is it an overhead to the project costs is non-relevant.

Almost 64 percent of the survey respondents have identified PMO as a means to optimize quality, scope, time and budgetary constraints. However, only 54 percent of the respondents agree that PMO itself follows structured methodologies and processes. There is a lot of scope for PMOs to improve their operations bringing additional efficiencies in the way projects are managed.

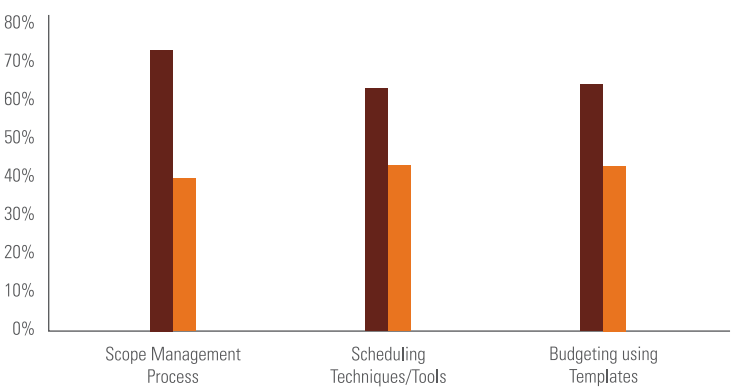
Figure 40: Percentage of responses on PMO related questions



Source: KPMG Business Unusual Survey

While majority of the respondents agree that having a PMO brings in efficiency in the way projects are managed, this is not put into practice. Only 56 percent of the respondents mentioned that they have established a PMO for IT projects. However, the outcome of the survey shows that of the organizations that have implemented a PMO, more than 70 percent of these have a defined scope management process, more than 60 percent have standard techniques and tools for deriving project schedules. This is in line with their assumption that having a formal PMO allows for optimization of triple constraints.

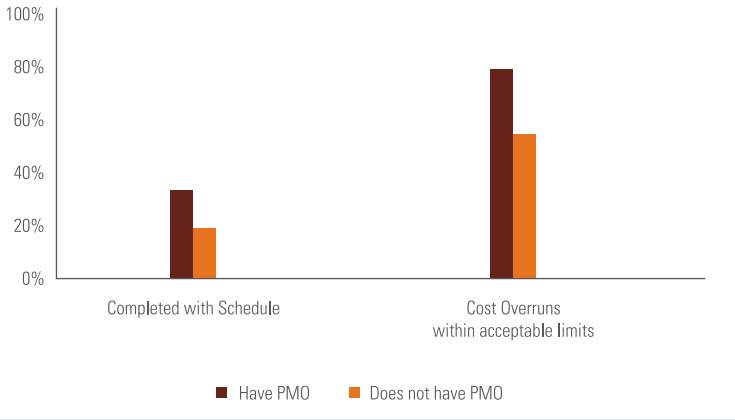
Figure 41: Percentage of organizations having scope / schedule / budgeting tools and techniques



Source: KPMG Business Unusual Survey

The objectives of PMO are to optimize and manage costs, minimize changes in scope and schedule, appropriately manage any changes in scope and schedule and track benefit realization. The survey outcome showcased that apart from usage of standard templates, defined processes, implementation of PMO within organizations resulted in more projects being implemented within budget and with minimal changes to scope.

Figure 42: Percentage of organizations with projects completed within schedule and cost



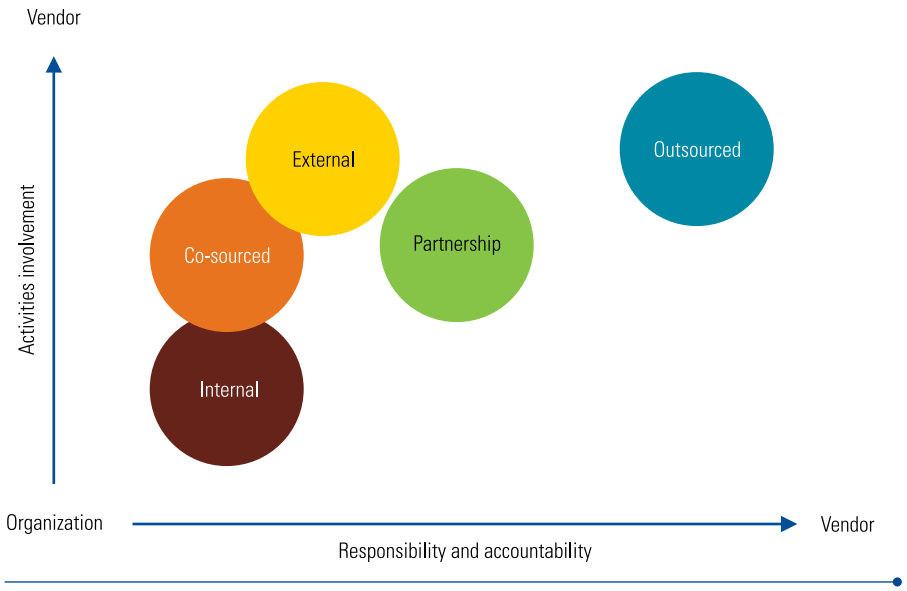
Source: KPMG Business Unusual Survey

Photo Credit – **Leena Waghmare**, Management Consulting - IT Advisory, Mumbai
Photo Location, Disney, Orlando FL

The benefits of PMO are widely known, however in order to achieve the expected benefits, PMO needs to be implemented with defined processes, tools and governance mechanism. Having an effective PMO can help in bringing efficiency to the over all project management. Learning from past projects can be identified, documented and used to the benefit of future projects by the PMO. Also allowing a dedicated team to monitor the project heath at periodic intervals can help the project team to focus on project execution.

Various engagement models for PMOs exist as shown below. The selection of a model depends on the business, strategic and/or mandated issues that lead to its approval.

Figure 43: PMO engagement models



Source: KPMG Research

Table 15: Pros and cons for the various PMO engagement models are given in the below table

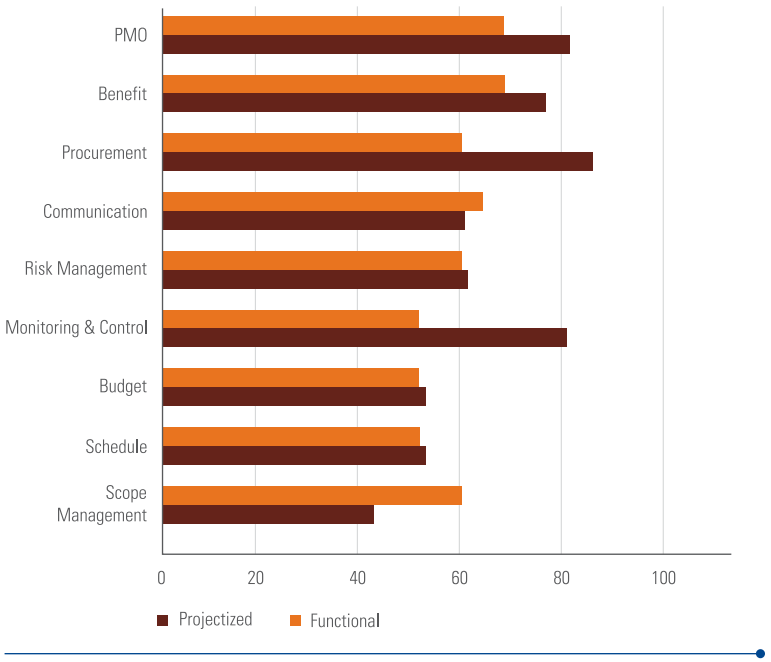
Engagement Model	Pros	Cons
Internal	• Significant internal re-use of the team capabilities in post program phase • Improved operational cash flow because of non-involvement of external parties • No need to create a shared vision with third parties • Organizational process assets gets enriched during the course of the program.	• Non-availability of specified skills • 'Re-inventing the wheel' • No fresh perspective available • Quality of program risk • Potential conflict of interest • Potential initial time lag to setup the PMO and establish the process.
Co-sourced	• External consultants work under constant guidance of the organization • Overall governance is retained by the organization • No involvement from external client's senior leadership and hence more cost-effective than outsourced, external or partnership model.	• No 'skin in the game' for external consultants as they are only doing a staff augmentation, as opposed to (co-)owning the outcomes • Potential conflict of interest still exists since PMO is managed internally.
External	• External perspectives on strategic program risks and leading practices from programs in other organizations leading to stronger program management framework • Independence of thought leading to sharper objectivity and more informed decision making • Change management can be more effective • Standard tools and methods brought in by experienced PMO professionals.	• Creation of shared vision with external consultants can be challenging, if not agreed upfront and documented accordingly • Longer lead time due to the learning curve. • Loss of key program personnel immediately after the completion.
Partnership	• Organization can focus more on core activities of the program, while the external consultants can perform operational management requiring specific expertise needed only during the program • Best-in-class tools, techniques, dashboards and standard templates • Since outcomes of specific tasks are being outsourced to the external vendor, their incentive to contribute towards policy & process formation and execution is high • Quick start of PMO • Knowledge retained in the organization.	• Challenges in fixing responsibility and accountability, as many aspects of program management are highly interdependent. A clear RACI matrix need to be developed, which gets reviewed over the course of the program.
Outsourced	• Transferring of the liability of any non-performance to the external consultants, though this might result in paying a high premium. • Creation of shared vision is easy, as it is in the consultant's interest for the program to succeed • Minimal setup time for the PMO.	• Significantly more expensive option compared to any other model.

Source: KPMG Research

Projectized organizations do not run IT projects as efficiently and in mature fashion as non-projectized organizations

During our study, we explored the maturity of project management practices and compared them for organizations that are structured on functional lines to those that are predominantly project based organizations (e.g. construction, engineering industries). While the popular belief is that projectized organizations usually have a higher level of maturity in project management practices employed by them in their core business functions and it should translate to an equally high maturity level in the way they manage internal IT projects, our survey has indicated that this is not entirely true. Contrary to the perception, we found that functional organizations perform better in several of the project management areas.

Figure 44: Functional and projectized organizations: Presence of project management processes

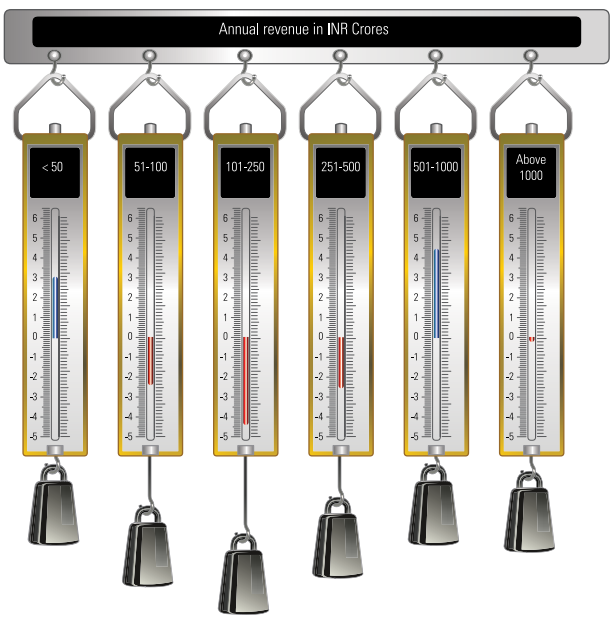


Source: KPMG Business Unusual Survey

While the projectized organizations have developed significant efficiency in managing external projects in their core area, their internal IT project management maturity seems to lag behind. The triple constraints of scope, budget and schedule are handled well in functional organizations and they fare better in benefit realization, PMO activities and procurement management. Functional organizations use their core strengths and synergies to run functions like procurement in an efficient manner.

An interesting correlation has been observed between the size of the organization and project management maturity. The difference is found to be starker in medium sized organizations as compared to the large (>INR 500 cr revenue) or really small (< INR 50 cr revenue) organizations. While smaller organizations are able to focus on their internal projects inspite of absence of formal processes, large organizations have managed to put processes in place that ensure the right practices within the organization. The question for maintaining the right amount of balance in external and internal projects continues to pose a dilemma for the mid-size and growing organizations as they struggle to establish the right level of IT usage against the organization growth.

Figure 45: Performance in project management area (on a scale from -5 to 6)



Source: KPMG Business Unusual Survey

Projects tend to bring synergies by bringing together specialists from varied disciplines reporting to a common manager accountable for planning, organizing, tracking and controlling the project work. Visibility is much greater and there exists only one contact point for any assistance required for the project.

Project Management related tools help in project success

Tools are an essential part of any Project Manager's armory and appropriate usage of tools and techniques could greatly increase the chances of project success. Tools are available for managing all aspects of projects - the most important of them being planning and tracking. Such tools are especially important while managing large and complex projects or in cases where the teams are geographically spread.

Tools, in this context, include simple spreadsheets as well as robust off the shelf package that can be customized for an organization's requirements. Tools are available for activities in the entire lifecycle of the project starting from planning (e.g. Gantt chart / PERT networks), communication (e.g. dashboards, blogs, email), resource management, tracking and collaboration. One of the advantages of using tools is that they help capture information and to create knowledge repositories which could be greatly helpful in providing insights that can guide future projects, while providing a single version of truth for current projects.

In the real world, project managers manage more than one project at the same time and these projects usually overlap, requiring lot of attention. The most difficult part of such an environment is tracking and following up on all the small issues that arise during the project execution. Manual supervision in such a scenario is a recipe for disaster. Tools aid in raising warning signals and project managers can use their expertise and leverage the tool in ensuring that the issues identified are addressed and resolved.

17% improvement in project health understanding when standard tools and techniques are used.

10% increase in the probability of project success when appropriate tools and project management methodologies are used.

72% organizations have a templatized project management methodology.

Organizations that use project management related tools have better project benefit realization

Our survey has indicated a very clear correlation between the use of tools and the maturity of project management practice in the organizations. For instance, project communication greatly improves when standard tools and techniques are used for deriving project schedules.

We found that the project health understanding among various stakeholders increases by 17 percent, when standard tools and techniques are used for project management. Similarly, the probability of a project to succeed is found to increase by 10 percent with the usage of appropriate tools and presence of a templatized project management methodology.

Using Project Management tools does not necessarily imply high levels of investment in complex and state-of-the-art software. Organizations can even benefit by having standard templates for activities like budgeting for arriving at more realistic estimates that can be achieved. Our survey found that usage of such standard templates (for instance budgeting sheets) can reduce the chances of cost overruns and hence contribute to project success.

Another important activity where automation plays an important role is communication. Project Managers use a variety of tools like e-mail, shared servers, document management systems, workflow systems and dashboards to make sure that their teams and stakeholders are well-informed and have a similar view of the project health. Our survey indicates that more than 72 percent of organizations having a templatized project management methodology do well with setting up of appropriate communication processes and protocols for their IT projects.

Vodafone India streamlines IT service delivery through a centralized helpdesk

Vodafone Essar is the Indian subsidiary of the Vodafone Group and commenced operations in 1994. Since its inception, the growth has primarily happened through acquisition of various mobile operators from different regions. This has resulted in fragmented IT with each circle managing its infrastructure using disparate processes.

Vodafone decided to outsource its IT Operations to a service partner in 2007. However, the fragmented nature of its IT posed a challenge to achieving the desired benefits from the deal. To overcome this challenge, Vodafone had undertaken the ambitious task of integrating the IT service desk across 23 circles.

To achieve the objective, Vodafone decided to implement a management tool to standardize the processes and provide centralized reporting. While easier said than done, Vodafone had to cross multiple hurdles to reach the target.

While the traditional approach to project management would focus more on technology and timelines, it is important to understand the critical success factors, and in Vodafone's scenario "Managing the Change". As Mr. D D Mishra, Head of IT Governance and Outsourcing in Vodafone says "Nothing is possible unless you understand the end game".

Managing such a large change within the organization had the impact of ruffling a lot of feathers. Success was achieved using a combination of the following factors:

Managing Stakeholders: The project team was prepared for the resistance from the circle IT heads. Executive support was obtained at the start of the project by proactively discussing with the CIO. Challenges were identified by thinking through the user's perspective and structuring solution and periodic communication around these areas. This has helped Vodafone to garner the support of the primary stakeholders which resulted in a long term 'win-win' situation for all.

Choosing the Right Approach: Vodafone followed a phased approach to implement the solution. At the time of commencement, Vodafone had launched operations in seven new circles which had no previous operations. This posed a challenge and an opportunity in the sense that things had to done from scratch, however the resistance was least. These circles were taken in the initial phases. Once the solution was stabilized, these circles were showcased to project the value to other circles and convince them to migrate to the new solution.

Once the pilot was complete, smaller circles were picked up for the next phase as these posed lesser resistance to change. This also helped the team to project the success and spread the good news among the larger circles.

The larger circles proved to be quite a challenge as they had established legacy process and the resistance was higher. The team was prepared for this and launched campaigns and periodic communication and were able to convince the circle head through the support of the CIO. In case of one of the largest circles, the existing processes were matured and the change would have resulted in lowering the maturity of process. However, the team was able to project the overall strategic goal to this circle and convince them for accepting the short-term loss for longer term gain. The team also involved this circle in reviewing the target processes and suggested changes based on their existing knowledge. This led to the local IT feeling ownership and sense of belonging in the entire scheme of things.

Incremental Improvement: Throughout the roll-out process, the focus was primarily on getting all the circles to use the management tool and the processes were not tinkered with. Each circle was allowed to use their internal processes and upload the approved documents onto the common tool. Once the roll-out was complete, the team focused on standardization of the processes to be followed across the circles. The responsibility for managing this change was given to the respective circle heads. They were involved in the process definition, this lead to the circle heads becoming champions for the change. As Mr. Mishra puts it "Any large project is 70 percent people and stakeholder management and 30 percent technology implementation. Stakeholders can never be ignored and proactive management, thinking ahead on things can go wrong always helps to overcome resistance to change". Further, improvements were gradually introduced such as approvals and alerts through mobile phones.

Periodic Communication: Proactive communication is key to managing stakeholder's expectations. Periodic communication was arranged with the circle IT heads through call and presentations on the status of the roll-out. In addition training was arranged for the end users prior to roll-out at a circle. The team helped ensure transparency by informing proactively of any issues and were available on call during and post roll-out to address any concerns. In addition the service partner team was onsite to attend to any immediate issues. The communication did not stop with the end of roll-out, till date all circle IT heads are provided with periodic service delivery report.

Service Partner Support: Project management is a joint activity, while the Vodafone project manager was responsible for stakeholder management and overall benefit realization; the service partner project manager was responsible for the execution of the solution. To maximize the benefit, vendor relationship plays a critical role and is achieved through trust and mutual understanding and not just through SLAs.

Vodafone completed the roll-out of the solution in 5 months from the commencement. It was considered as one of the fastest implementations carried out by the service partner. Vodafone incurred no additional investment as the solution was part of the outsourcing deal.

Today, Vodafone is able to track the service delivery across all 23 circles centrally, analyze the results and plan interventions around the problem areas. Implementation of SLAs has become possible. The response time has improved drastically. Mishra says "More than 50 percent of the calls are resolved within 2 hours". Feedback from end users is captured and actioned upon resulting in improved C-SAT scores from 60 percent to 79 percent in 18 months.

Managing the show – KPMG View

Execution forms the core of a project. This is the phase where plans are converted into actions, activities and deliverables. Planning is important, but great planning gives you just that – great planning. The key is in executing the plan, facing issues and choosing between alternatives on the go; in short- getting things done on the ground. During this phase, a project manager has to exhibit multiple skills ranging from analytical, technical and functional abilities to motivational, empathetic and leadership qualities.

Organizations that run large and complex projects should look to invest in setting up at least the basic tools for project management and people to use them effectively. Use of tools for specific project management activities like project dashboards, risk management, scope, schedule, budget, quality management, procurement management, milestone planning, earned value management, etc. will greatly assist to realize the benefits envisaged from the project.

Applying the two-lens framework, we've arrived at the following factors that affect project execution in an organization:

Table 16: Factors influencing project execution

Role of organization	Role of IT function	• Develop team experience and expertise • Acquire tools and techniques.
		• Facilitate vendor eco-system • Ensure business support • Cultivate organizational values and culture for excellence.

Source: KPMG Research

Table 17: Project execution: Maturity framework

		Basic	Defined	Mature
IT Function	**Team experience and expertise**	• Lack of relevant experience • Lack of adequate skill development • Lack of business process knowledge • Certified and experienced project managers are few in number • Appropriate skills not identified • Ad hoc approach on resolving resource issues between projects.	• Expertise though available in certain areas, is not adequate for all initiatives • Appropriate resource contingency plan defined.	• Effective knowledge management processes in place to harness team expertise • Effectiveness and efficiency of training programs defined and measured • Knowledge of internal capabilities and nature of IT services is clearly understood, enabling the organization to take quick and informed decisions on outsourcing.
	Tools and techniques	• Ad hoc usage of tools and techniques, limited to the project scope • Usage of tools is limited to few people • Limited understanding of importance of usage of specific tools for project management.	• Follows an industry accepted project management methodology and framework • Documented templates and quality standards defined and circulated • Relevant tools and techniques are identified, customized to the organization's requirements and appropriate training is provided to the team on its usage • Project metrics are identified, rolled out and evaluated periodically.	• Behavioral and organizational change management effort is being conducted and are connected to the project efforts • Periodic feedback sought from the team and external consultants on tools and techniques, issue areas are identified and addressed • Organizations leverage data and learning from industry to further its own performance development.
Organization	**Vendor eco system**	• Lack of adequate resources from vendors on an ongoing basis • No mechanism to monitor vendor performance periodically • Procurement dealt with as a series of un-related transactions; procurement and vendor management not centralized.	• Vendors role in the project is clearly defined and communicated • SLA based vendor performance reviews are in place • Vendor governance structure in place • Nature of services to be provided is detailed in the contract and includes operational, legal and control requirements.	• Relationships managed on a portfolio basis. • Allow key vendors help in deriving organization's strategy • Adequate processes in place to ensure vendor knowledge is shared with the organization • Measures are in place for early detection and remediation of problems.
	Business support	• Lack of defined working relationships and interfaces between IT and other business functions.	• Business is formally responsible for information quality and Information Systems enabled business projects • Adequate support from business management; clear decision structure embedded in line-organization.	• Business understands and appreciates contribution of IT towards achieving business objectives • Relationship managers from IT function are an integral part of the business management team and involve strategy and planning.
	Organization values and culture	• Knowledge sharing is not mandated by the organization • Decisions are communicated through the hierarchy; without communicating the background, challenges and benefits.	• Organizations identifies the significance of open and transparent communication and strives towards achieving it • Knowledge sharing is limited within the project teams.	• Risk management is part of the culture of the organization and is an integral part of the way the organization manages the project • Organizational culture fosters innovation in the way projects are executed • Employees are assessed not only on performance, but also on demonstration of values.

Source: KPMG Research

07

De mystifying risk management

De mystifying risk management

Risk can be defined as an exposure to the possibility of loss, injury, or other adverse or unwelcome circumstance[5]. Every information technology project carries some element of risk; it is probable that progress will deviate from the plan at some point in the project lifecycle. The objective of a risk management process is to minimize the impact of unplanned incidents on the project by identifying and addressing potential risks before significant negative consequences occur.

A project manager is responsible for identifying and managing risks to enhance the probability of a successful program or project implementation/execution. By planning for risk, the program or project manager will be better positioned to identify and manage risks, rather than allowing them to become major problems or result in actual program or project delays or failures. Proactive risk planning also supports stakeholder management by helping to qualify expectations.

Organizations have recognized the criticality of a developing robust risk management plan during the project inception stage.

Our survey results show the following trends:

Risk management in IT projects – yet to make its mark

Risk management in IT projects is not adequately understood by the organizations and they are unsure of the value generated from having defined risk management procedures. We find that organizations tend to give more importance to issue resolution rather than risk mitigation.

[5] Oxford English Dictionary

Risk management in IT projects – yet to make its mark

Risk management practices are perceived to be effective when they are clearly identified for each project and are well managed throughout the project life cycle. Do they always prevent delays and cost overruns? Our observation and study reveals that, by standardization and formalization of processes, organizations could bring about greater consistency in risk management and increase the project success rate.

Organizations have started to realize huge gains when the uncertain project events ('Risks') are proactively identified and addressed. This proactive approach results in minimizing the negative impact on the project and subsequently seizes the opportunities that occur ('Positive risks'). However, to make this happen, organizations must make risk management process a part of the project life cycle, rather than a onetime activity during the project commencement. Risk identification requires an open thinking with the future in mind and this is possible by involving not just the team members, but people external to the project who can perceive things differently and bring in additional value to the table.

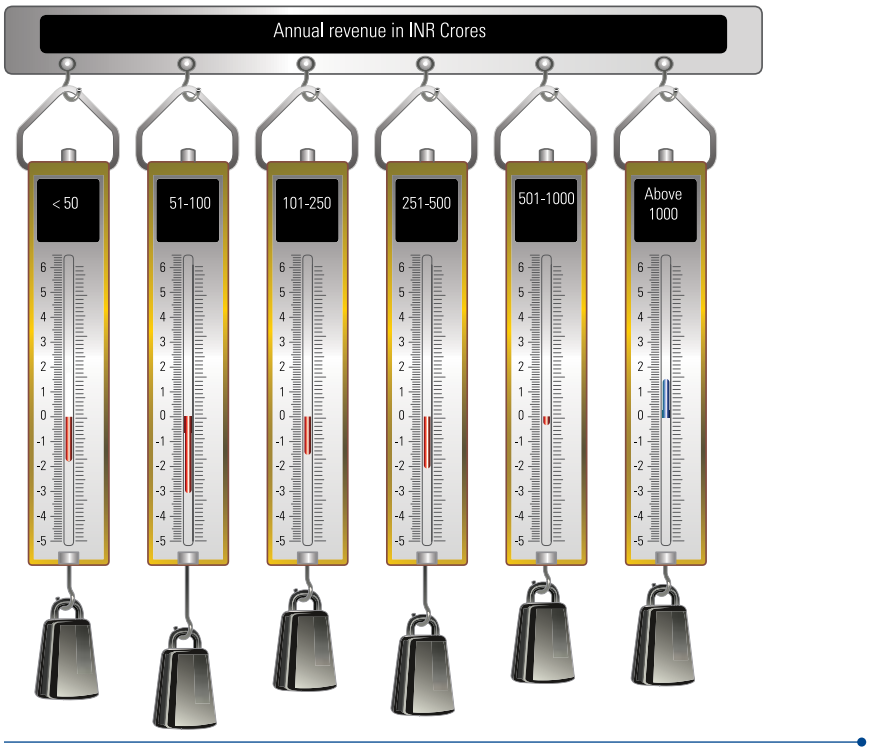
It is equally important to categorize the identified risks and assign risk owners. Risk owners have to take up the additional responsibility of decreasing the exposure from threats and enhance the opportunities.

Higher revenue, higher focus on risk

Risk management traditionally has been the most undervalued area within project management. Our survey indicates that organizations are mostly uncertain about the value they get out risk management processes. We find that larger organizations (with annual revenue greater than 1000 crores) have more focus on risk management practices, as compared to smaller ones.

Organizations who believe that risk management is not value-adding, associate risk management with terms like additional documentation, auditor satisfaction, nice to have and overhead.

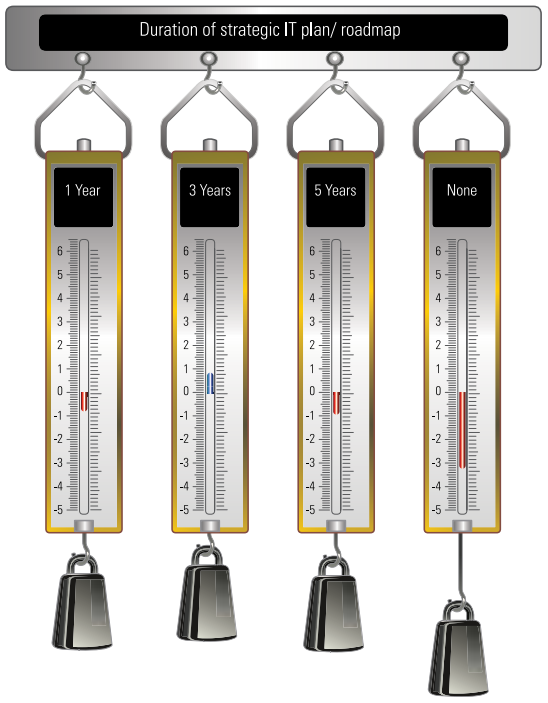
Figure 46: Focus on risk management activities (on a scale from -5 to 6)



Source: KPMG Business Unusual Survey

This general tendency towards risk management is further substantiated by the fact that organizations without an IT roadmap tend to view risk management processes as low value.

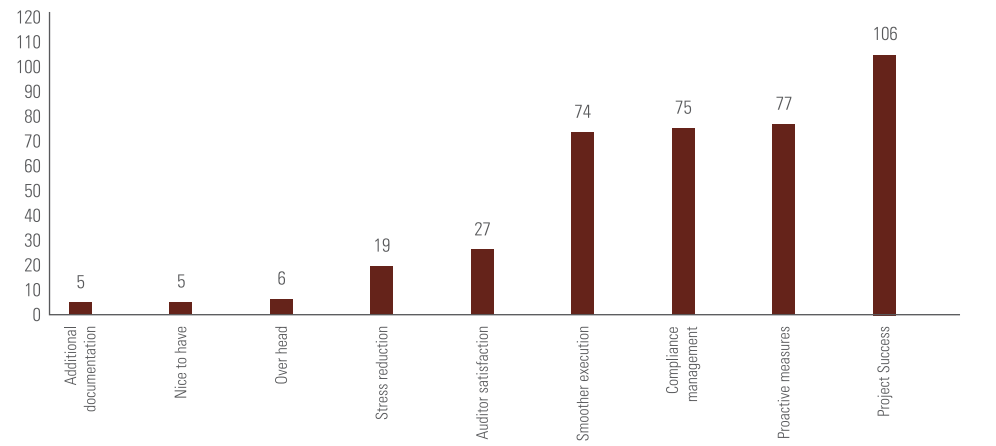
Figure 47: Degree of belief in risk management processes (on a scale from -5 to 6)



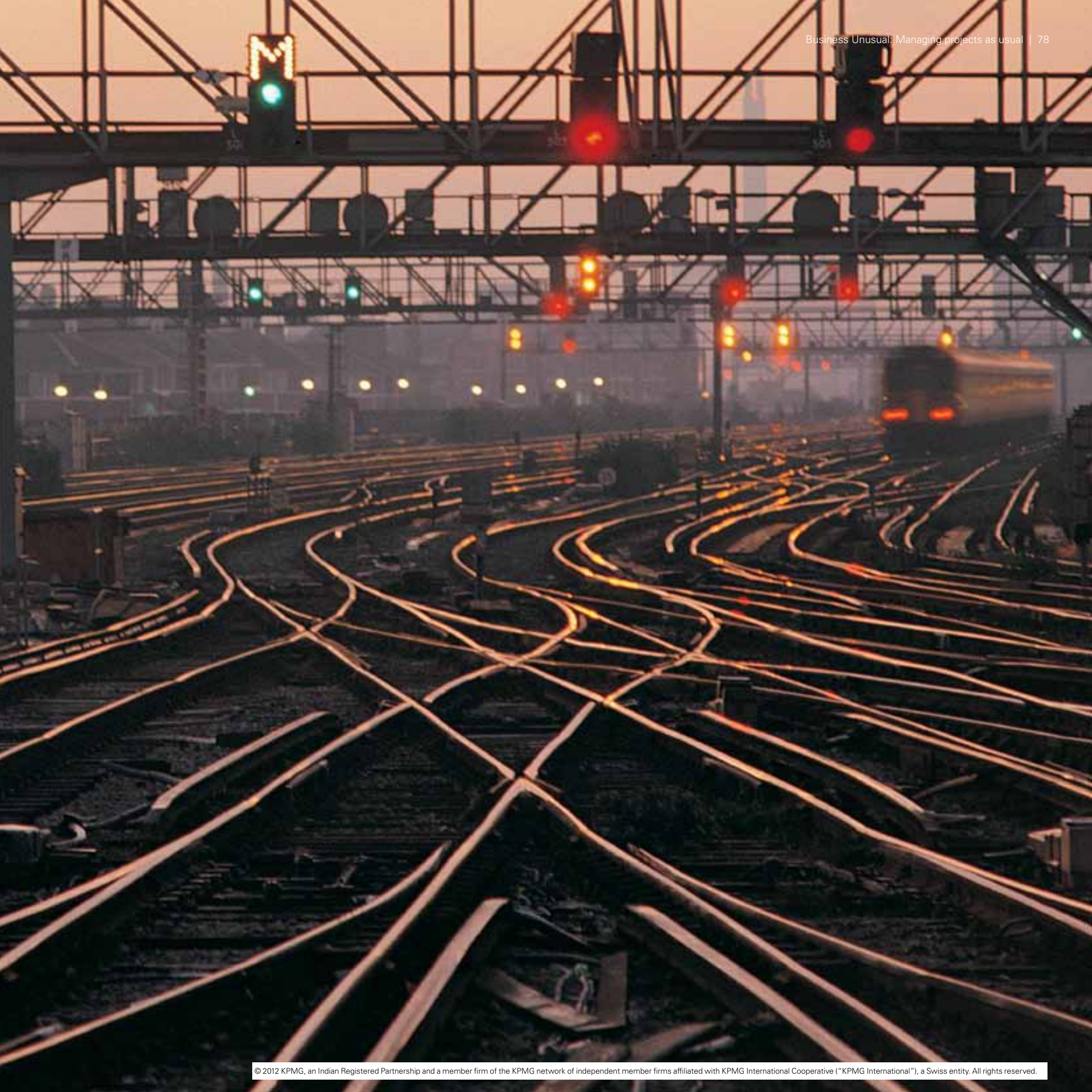
Source: KPMG Business Unusual Survey

A majority of organizations find risk management to be a value-add and associate risk management with terms like project success, proactive measures, compliance management and smoother execution. At the same time, an equal number of organizations have indicated that issue resolution takes precedence over risk mitigation, showing the practical reality on the ground.

Figure 48: CIOs views on risk management



Source: KPMG Business Unusual Survey



Risk Management – KPMG View

In an increasingly regulated environment, organizations are compelled to look at risk management in addition to performance improvement. Organizations have started paying adequate attention to identifying risks, managing risk registers and taking appropriate actions; however this is confined to the business operations and not yet adopted frequently for IT projects.

IT being the lifeline of business operations today, even minor issues in IT performance have potential to cause severe damage to the business. It is imperative to have a well defined IT risk management structure around IT projects in order to ensure their timely and effective completion.

Applying the two-lens framework, we have arrived at the following factors that affect IT risk management within an organization.

Table 18: Factors influencing risk management

Role of organization	**Role of IT function**	• Acquire tools and techniques • Build knowledge and experience.
		• Assess risk appetite • Ensure appropriate organization structure for managing risks.

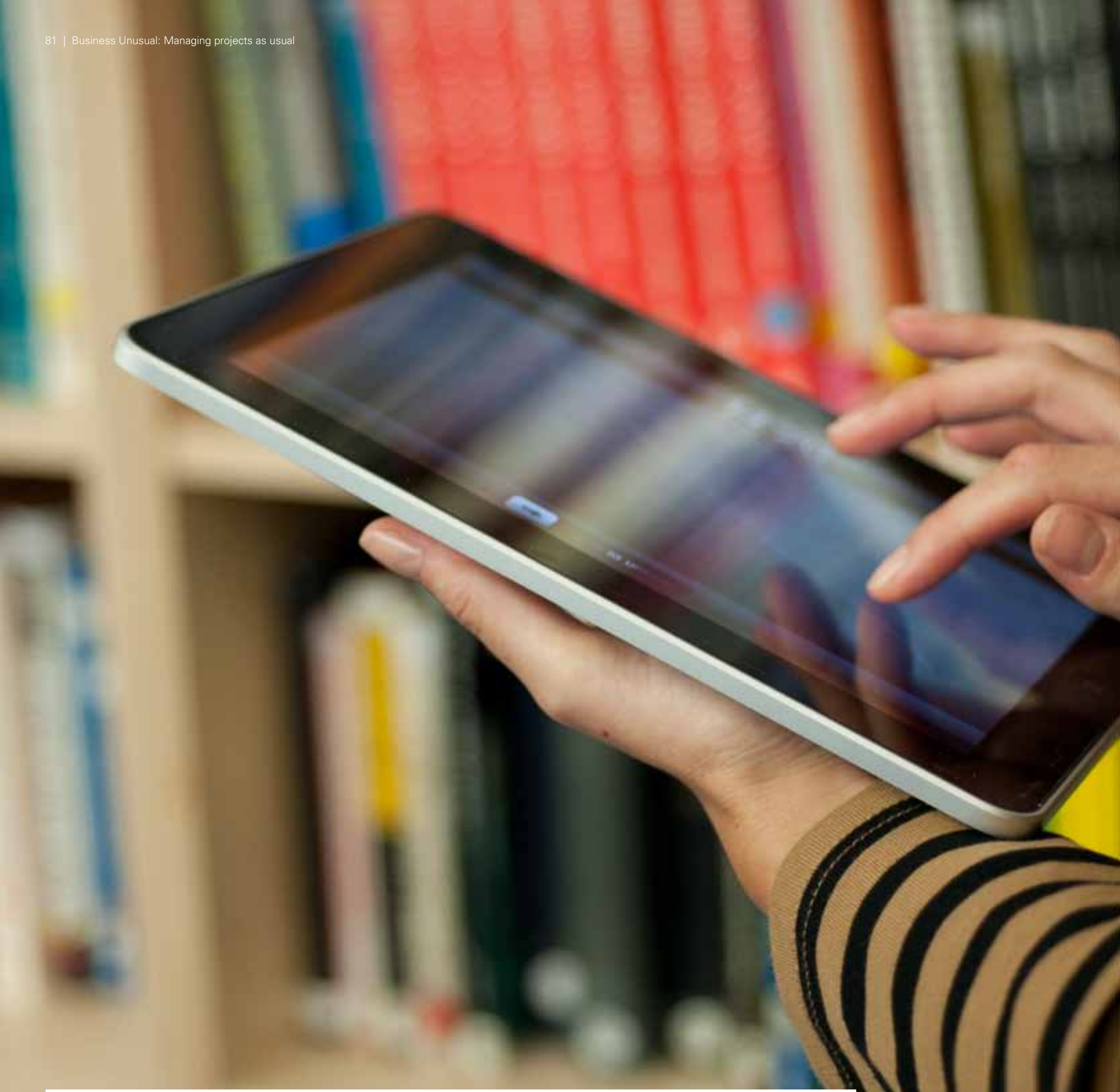
Source: KPMG Research

Photo Credit – **Leena Waghmare**, Management Consulting - IT Advisory, Mumbai Photo Location, Disney, Orlando FL

Table 19: IT risk management: Maturity framework

		Basic	Defined	Mature
IT Function	**Tools and techniques**	• No defined tools and techniques for risk identification, measurement and monitoring • Limited review of industry risk trends or the external environment in any formal manner • Regulatory requirements for risk assessment / management are understood, but in a rudimentary sense.	• Limited analysis of key risk trends is carried out to develop an overall approach to risk management and provide guidance to managers • Risk and industry trend analysis is focused more on current operational risk than future strategic risk • Formal risk management policy developed and endorsed by the leadership.	• External risk trends support and influence organizational strategy • Risk is the external environment that is assessed and measured in relation to key strategic goals using both risk and strategy tools and models.
	Knowledge and Experience	• Limited appreciation of the skills in risk management within the organization • Risk management is not part of formal training programs • Risk management is considered an overhead .	• Organizational skills in risk management are aligned to risk management strategy and objectives • Mechanisms are in place for educating the organization about developments in risk management domain • There are skill reviews and training programs in place to bridge gaps.	• Significant risk management and internal control expertise is available in the organization • Risk management skills are developed at all levels • There are formal processes in place to ensure the organization is vigilant of best practices to support new development.
Organization	**Risk Appetite**	• Risk appetite is perceived to be risk taking or risk averse • Tolerance levels in relation to individual risks are not developed.	• Acceptable risk limits are defined within the organizational hierarchy • Risk information is used by executive management to challenge their view on what the risk appetite and tolerance level should be.	• Impact of risk appetite and risk strategy on stakeholder group is defined and understood • Delegation of responsibilities is in line with the defined risk appetite • Risk appetite is reviewed on a periodic basis based on external / internal trends and expectation.
	Organization Structure	• Risk management is handled by non-specialized teams • Risk management related roles and responsibilities are limited in scope • Application of the roles and responsibilities is varied across the organization and lacks overall consistency.	• A formal risk management structure is in place, which is largely top down • Centralized risk management team exists and provides focus and leadership.	• Roles and responsibilities are clear and are based on best practices • Senior and middle management are accountable for ensuring proper control of key risks and providing assurance to leadership.

Source: KPMG Research



08

Communication is key

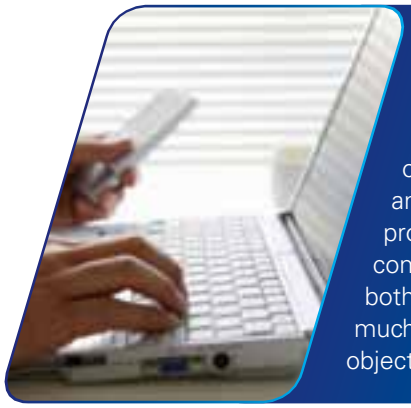
Communication is key

Constant and effective communication among all project stakeholders ranks high among the various factors leading to the success of a project. It is a key prerequisite for getting the right things done in the right way. Without effective communication it is almost certain that the project will be delayed or quality will be compromised due to untimely addressing of issues, lack of buy-in and idea sharing. Communication protocol and channels of information exchange need to be decided during the project planning phase for any type of project.

Communications planning includes activities required in order to develop and establish a Communications Plan for a program or project. A communications plan is the primary documentation of the objectives, strategy and methods for communicating on a program or project.

Various types of collaboration tools can help the communication process during the project and provide the project participants with the means of creating and supporting a collaborative environment. With the advent of video conferencing, the physical barrier between locations is passé.

Our survey results show the following trend:



Communication – Important element for success of IT projects

Organizations understand the importance of communication in project success and consider it a key quality of a good project manager. Organizations where the communication planning takes into account both business and IT stakeholders have a much better chance of achieving the project objectives.

Communication – Important element for success of IT projects

IT projects involve various stakeholders. The table below provides a generic list of different possible types of internal and external stakeholders of a program or project. Actual stakeholders may vary for each program or project. A simple observation conveys that every member has different interests/stakes and this in turn leads to different levels of information needs.

Table 20: External/internal stakeholders for IT projects

Internal Stakeholders	External Stakeholders
• Project Governance (sponsor, steering committee, project team) • Senior management (executives) of affected department(s) / business(es) / region(s) • Affected managers • Directly affected employees • Indirectly affected employees (people in similar jobs who may view this change as making a future impact) • Groups who have interdependencies with those leaders and employees who are affected • Support staff / external interfacing staff who may be asked about the change • External Communications departments (investor relations, media relations, government affairs etc.) • Human Resources (advisory or service groups) • Regional Communication and HR Advisors.	• Media • Financial Analysts • Customers • Government • Shareholders • Suppliers • Other special interest groups (e.g., associations, lobby groups).

Source: KPMG Research

It is important that stakeholders are actively engaged during the execution of a program or project. Managing stakeholder communications during execution will decrease the risk of program or project detour because of unknown stakeholder issues. Mapping stakeholders at the beginning of the project, with an influence and impact criteria is an effective mechanism to aid stakeholder management during project execution.

An important communication tool that should be used by every Project Manager is a Stakeholder Register. This is the end outcome of stakeholder analysis exercise and should be prepared in the early stages of the project. This provides a single page view of the different stakeholders involved in the project and their 'stakes'. A typical matrix would consist of the following fields detailed out for every stakeholder involved in the project:

Table 21: Components of a typical stakeholder register

Field	Description
Name	Name of the stake holder
Title or designation / department	Title, designation or department of the stakeholder
Role in the project	Example: Project sponsor, Project executive
Responsibilities in the project	Example: Requirement gathering, Resource deployment
Classification (Supplier / User)	Is the person a supplier (example vendors, financer etc) or a user (example Business Head) for the project
Main expectations from the project	Expectations of the person from the project
Key requirements	What requirement of the person would be fulfilled by the project
Impact	How much would the project result impact the person (High, Medium, Low)
Influence	How much influence does the person have in the project (Example, a CFO may control the entire project budget)
Attitude towards the project	Subjective evaluation (Example, Supportive / Neutral / Skeptical)

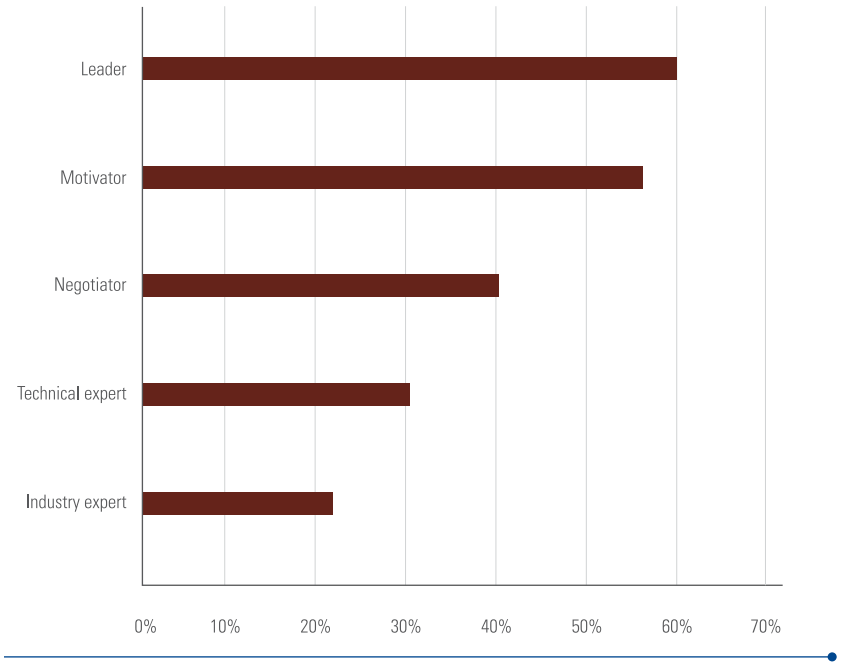
Source: KPMG Research

Once the initial matrix is prepared, the communication plan for the project must be tailored to suit the individual needs of the stakeholders as derived from the information gathered. The matrix must be revisited regularly during the project to analyze any changes or additions leading to change to the communication plan.

Stakeholder interviews or focus groups are excellent ways to gather insights and help develop and gain acceptance of the communications strategy and plan. This requires working with the sponsor and/or steering committee to determine an appropriate list of senior leaders and key stakeholders.

Organizations consider communication as one of the most critical responsibilities for Project Managers. Communication related traits like Leader, Motivator and Negotiator have much stronger association with Project Managers as compared to hard skills like technical expertise or industry knowledge. At the same time it is interesting to note that while organizations expect them to be leaders and motivators, very few see the need for Project Managers to be empathetic and cheerful.

Figure 49: Top traits of a project manager



Source: KPMG Business Unusual Survey

2.45 times

the probability of an organization following set communication protocol for their IT projects increases by **2.45 times** when a PMO is setup.

3.82 times

Organizations having a well defined communication protocol exhibit **3.82 times** more project management maturity than organizations without a set protocol.

PMO is the important enabler for communication in any organization. Our survey indicates a very strong correlation between the presence of a PMO and the maturity of communication processes within the organization. The formal processes setup through a PMO contribute to the success of the project by ensuring a methodical approach towards exchange of information throughout the entire lifecycle of the project.

For projects to have effective communication processes, the foundation has to be laid at the organizational level. Organizations where business and IT are involved in joint annual planning exercise for IT, have a much greater probability for transparent mutual understanding, which is carried forward into individual projects. The strategic alignment and fitment between business and IT is better when they operate in a collaborative fashion. From our study, we also found that the probability of an organization following set communication protocol for their IT projects increases by 2.45 times when a PMO is setup.

Communication is an area for organizations that has always been and will be strongly influenced by the local culture and societal norms. In the context of Indian organizations, this usually means that communication flows in vertical direction and follows hierarchical protocols rather than cutting through the functions. This has been changing in the recent times, with Indian organizations becoming global and open in their outlook.

One of the key aspects of a well defined communication plan is choosing the right mode of communication. This may well depend on the communication objectives, target audience and organization culture. The following table presents a summary of typical communication methods or channels.

Table 22: Medium of communication

Channel	Benefits	Potential downsides	Think about
Team meetings (physical or virtual)	• Can make communication personal and relevant to the team involved • Opportunity for discussion, feedback, questioning and ideas.	• Success depends on skill of leader • Time commitment for both manager and audience • Inconsistent messages across teams.	• Making the best possible use of this time since it is valuable • Providing notes and discussion tools to focus on the main points • Having senior leaders follow-up with managers to reinforce importance and help ensure discussions happen.
E-mail	• Can reach mass audiences fast • Cost effective and simwple to use • Consistent and controlled message.	• Impersonal and open to misinterpretation • Can result quickly in information overload • Can not tell if messages have been understood.	• Controlling access to mass distribution lists • Using the subject box to get across the key message • Using headings and bullet points for key messages to break up the text.
Intranet	• Fast and consistent • Good for information store, reference and awareness raising • Discussion boards good for involvement and sharing.	• Not everyone may have access • Relies on people seeking out information • People may not have time to read it • Message may not be understood.	• Including 'killer content' to draw people in (HR forms, classified ads, etc.).
Video	• Creative and entertaining • Can show real people talking about their experiences • Consistent, controlled message.	• Relatively expensive • Not interactive on its own • Can be seen as glossy organizational propaganda.	• Using as part of a briefing session to stimulate debate • Using 'real people' to talk about their experiences.
Print magazine / Newsletter	• Reach the entire company with a consistent message • Can address/ reflect staff feedback and response.	• Information dates quickly, challenging to make it relevant to all audiences • No opportunity for discussion/ checking understanding.	• What will interest people to open it? e.g., a competition • Using a staff editorial board to test content and make sure articles address the real issues.
Notice boards	• Visible and may catch people's eye when too time pressured to read anything else • Good for simple instructions and information.	• May not be read • Usually no owner, which leads to many out of date posters • Lose their impact if over used by every project in the company.	• Putting a 'display until' date on posters • Posting in prominent places such as in the elevator or by the coffee machine.
Text messaging	• Good for reaching remote workers • Good for crisis communication • Can be used to direct people to further sources of information.	• Will annoy people very quickly if overused.	• Obtaining mobile contact details for entire senior team in case of crisis • Organization's cell phone culture.
Events/road shows	• Opportunity for key people to reach mass audiences face-to-face • Flexible and responsive • Can include Q&A sessions, break out groups and involve people • Can build team spirit and motivate.	• Agenda set by center the top level may not be what the audience wants • Time consuming for organizers, presenters and audience.	• Involving staff in setting the agenda and format • Involving staff in event itself, as hosts or facilitators • Using interactive voting technology to increase audience involvement.
Web-casting	• Opportunity for senior leaders to reach mass audiences with consistent message in real time • Can involve Q&A sessions • Can be recorded for later showings.	• Relatively expensive • Need the right technology in place • May be difficult for all staff to be available at the same time.	• Finding out about new technology continually emerging in this area.
Pod Casting	• Good for younger, more sophisticated remote workforces • Effective for information sharing and instruction.	• Relies on people choosing to download and play content.	• Making it interesting and relevant.

Source: KPMG Research

Communication is the key – KPMG View

Communications management entails planning, oversight, and realization of information flow through the personnel associated with a program or project over the life of the effort. With the emerging Indian economy, organizations are expanding their footprint globally, thereby leading to complex business structures and team dynamics. In light of this, communicating a single version of truth becomes necessary, but difficult. Technology innovations in recent times have led to newer and efficient communication mediums that can be leveraged by organizations to achieve the same. It is also necessary for organizations to ensure consistent usage of tools and techniques across projects.

Applying the two-lens framework, we have arrived at the following factors that affect communication within an organization.

Table 23: Factors influencing effective communication

Role of organization	Role of IT function	• Manage relevant stakeholders • Utilize tools and techniques.
		• Put in place appropriate governance mechanism • Cultivate appropriate organization values and culture.

Source: KPMG Research

Table 24 : Effective communication: Maturity framework

		Basic	Defined	Mature
IT Function	**Stakeholder management**	• Project sponsor considered as the key stakeholder. Others are identified on an ad hoc basis • Lack of communication plan leading to incomplete and inconsistent information dissemination.	• Defined stakeholder analysis and mapping processes in place • Detailed communication plan at the project level exists.	• Stakeholders are actively engaged through out the project lifecycle • Communication protocol exists at an organization level and is cascaded to individual projects • Dedicated team to manage external stakeholders.
	Tools and techniques	• Ad hoc and inconsistent reporting mechanism • Focus more on execution; communication is an after thought.	• Communication plan templatized at a project level • Importance of project communication understood at all levels.	• Consistent usage of tools and techniques across the organization • Effectiveness of communication tools is measures and continuously improved.
Organization	**Governance mechanism**	• No control methods have been put in place within organization; errors and problems are dealt with on an ad hoc basis • Recognition that Governance issues exist and need to be addressed.	• Clear and unambiguous definition of roles and responsibilities • Governance procedures have been standardized, documented and implemented.	• Organizational governance and IT governance are strategically linked • Mechanisms for active conflict resolution in place • Niche consultants are leveraged and industry benchmarks are referenced.
	Organization values and culture	• Communication limited to key individuals • Decisions are communicated through the hierarchy; without communicating the background, challenges and benefits.	• Organizations identifies the significance of open and transparent communication and strives towards achieving it • Communication mediums like open forums and town hall meetings are in place, but tends to be unidirectional.	• Clear and open communication identified and practiced as a key organizational value • Employees are assessed based not only on performance, but also on adherence to values.

Source: KPMG Research

Karvy Computershare is the largest integrated registrar and transfer agent in the country servicing more than 350 corporates and 25 domestic mutual funds.

The mutual fund industry in India is primarily urban centric with the top cities contributing to almost 80 percent of the Assets Under Management (AUM) base. While this has been gradually decreasing, the penetration to tier 2 and tier 3 cities is quite low. The industry is dependent primarily on registered distributors comprising primarily of Independent Financial Advisors (IFA). Securities and Exchange Board of India (SEBI), the regulator for mutual funds in India had approached the top mutual fund registrars and exchanges (BSE and NSE) to identify and implement a solution for increasing the reach of mutual funds from a financial inclusion perspective.

SEBI had formulated a committee consisting of stakeholders from stock exchanges, registrars and depositories (NSDL and CDSL) to allow stock brokers to trade mutual funds on the exchanges. The project was of high risk due to the financial nature of transactions involved. Karvy was able to leverage its knowledge of both mutual funds (as one of the largest registrars) and of stock exchanges to bring all the stakeholders onto a common platform and facilitate the conceptualization and implementation of the solution.

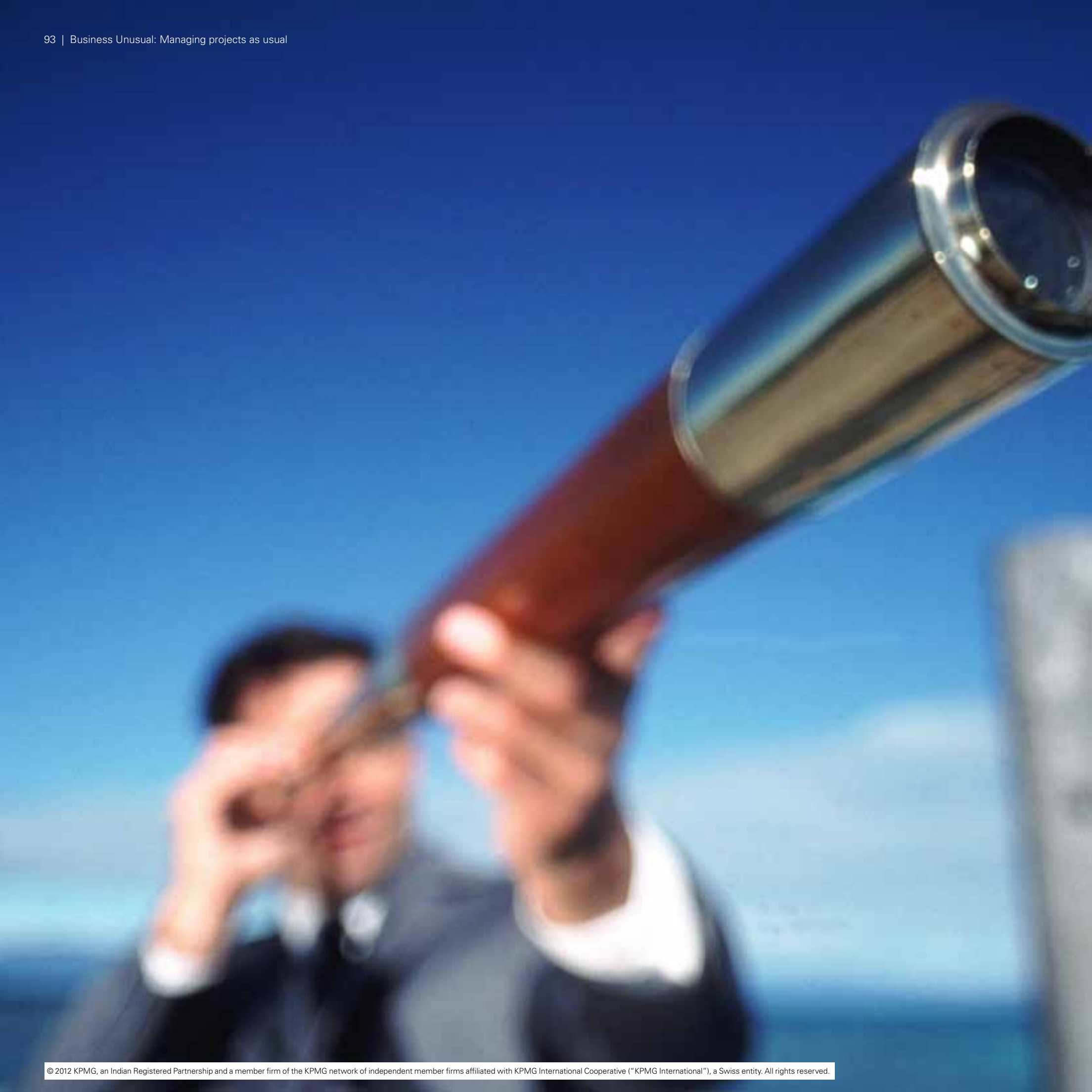
The complexity of the project was on account of multiple external stakeholders involved in the overall solution. The key to successful management of the project was in identifying and managing the expectations of the stakeholders. The following key factors resulted in the successful completion of the project and meeting the project objectives.

Expectation Management: At the onset of the project, Karvy had identified the critical stakeholders and conducted user group meetings with AMC's, Exchanges and Depositories to identify the current state and expectations from the initiative. The expectations were then communicated to all the members of the committee so as to formulate a uniform view. Karvy, due to its expertise in both mutual fund and exchange functionality was able to translate and communicate the expectations to all the stakeholders. Once the expectations were set, specific goals and target identification became simpler.

Phased Approach: The committee chose a phased approach with the first phase involving a proof of concept (POC). During this phase, aspects related to uniform codes (data field structures), alignment of technology, integration challenges were thrashed out. The POC showcased that the concept was feasible and provided confidence to move to the next stage. Additionally, feedback from the distributors (IFA's) was taken during the POC to identify and rectify any process related challenges.

The next phase involved rolling out the improved solution to all the brokers (trading members) operating on the exchanges that empowered them for executing mutual fund transactions over exchanges. This achieved the target for expanding financial inclusion using existing market infrastructure without requiring prolonged hand-holding of brokers for the new channel.

The structured approach to the project resulted in minimum delays despite the involvement of multiple external stakeholders. As a result, the solution has become operational since December 2009 for phase I and phase II was successfully rolled out in December 2010 thereby allowing all the stock brokers to trade mutual funds on the exchange through the broker terminals.



09

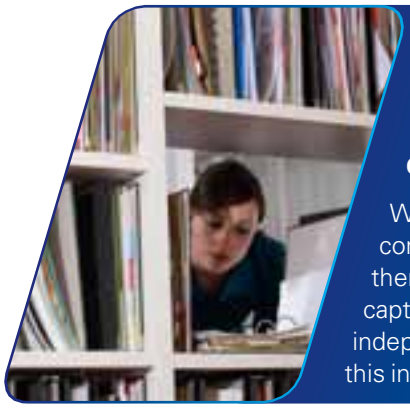
Goal seek

Goal seek

In today's knowledge era, organizations put a lot of emphasis on capturing information residing at different levels in their internal structure. Some organizations put elaborate mechanisms to capture the explicit (that which can be captured in paper, databases etc.) and implicit (information which resides in memory) information and use it for competitive edge. A number of organizations have started knowledge management initiatives for this very purpose and actively pursue new ways of ensuring employee participation in such initiatives.

Once the information is captured, it could be utilized for more effective decision-making. In the context of projects, this translates to the ability to learn from performance of past projects and use it for activities like planning and budgeting for the future projects.

Our survey indicates the following trends:



Organizations realize the importance and have mechanisms to capture tacit and explicit knowledge

While experienced team members are considered important for project success, there is also a belief that it is possible to capture knowledge in systems that are independent of person dependence and that this information can be reused in future.

Benefit realization processes are in place in most of the organizations

Most organizations know what they want to achieve from IT projects and capture it within business cases. In addition, organizations have also put in place adequate measurement of the key envisaged benefits and this process continues even after the project is completed.

Project quality is understood and measured in India

Organizations have mechanisms in place to ensure quality delivery of IT projects and they do not prefer to cut corners when it comes to meeting timelines versus compromising on project quality. They also have well defined metrics in place to measure project quality on the basis of pre-defined parameters.

Photo Credit **Praveen Desai**, Management Consulting - IT Advisory, Bangalore | Photo Location, Singapore

Tacit knowledge and explicit knowledge are getting captured

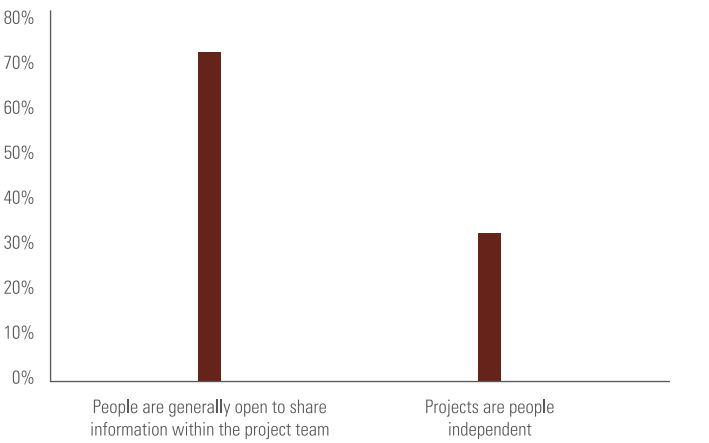
Organizations rely, to a large extent, on past experience in project estimation, planning, risk management, execution and overall project governance. Effective transfer of tacit knowledge requires extensive collaboration between the stakeholders. It is equally important to have adequate knowledge management mechanisms in place to capture explicit knowledge. While these two forms of knowledge may differ in their premises and practice, a sound knowledge management practice would require creative synthesis between these two forms that enable the strengths of one form to offset the inherent limitations of the other and vice versa.

Our survey indicates that organizations do realize the importance of knowledge capture and have put in significant efforts in this direction. Initiatives like knowledge portals, post implementation reviews, knowledge briefs etc. are being pursued vigorously in order to encourage employees at all levels to participate in knowledge sharing.

40 percent of the organizations interviewed have implemented formal knowledge management systems and some others have indicated plans to implement similar solutions in future. While this might not look a high percentage, more than 70 percent of the respondents said that in their organization people are open and willing to share information with their colleagues. This indicates greater reliance on informal channels of communication and knowledge sharing within teams rather than on formal mechanisms and tools.

In spite of the confidence on knowledge sharing capabilities, more than 60 percent of the organizations indicated that they have large dependency on people when it comes to executing projects. In addition to skill scarcity, this is also an indication of the fact that knowledge and information usually resides with experienced people making them indispensable for the organizations.

Figure 50: Knowledge sharing - Intention Vs actual



Source: KPMG Business Unusual Survey

In today's knowledge economy, knowledge is a valuable asset and a significant source of sustainable competitive advantage. Increasingly what organization's know determine the degree of success. The challenge faced by many organizations is how to turn the organization's knowledge into lasting value.

Table 25: Effective knowledge management system - Key factors

Area	Description
Strategy	There is an explicit strategy and planning process for knowledge management linked to business strategy. This should clearly identify knowledge related problems and opportunities in business and produce a ranked, ordered portfolio of quantified and costed initiatives including 'quick wins' and longer term initiatives.
Awareness	The organization has an adequate understanding of knowledge management and sufficient skills to plan and implement knowledge management initiatives.
Implementation	Implementation occurs within a program management framework that ensures that real business issues are addressed.
Measurement	Measurement systems are in place that focus on knowledge and knowledge management related key performance indicators that are used to evaluate the success of individual initiatives and the overall knowledge management program.

Source: KPMG Research

35%

More than **35 percent** of the organizations do not follow any benefit realization process. Among other organizations where there is a process in place, only **31 percent** of the organizations realize benefits for at least **60 percent** of their IT projects.

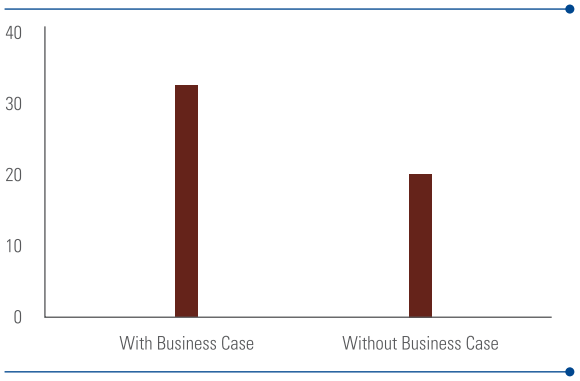
Benefit realization processes are in place

Projects and programs are designed and executed to achieve an expected potential benefit. Appropriate planning is required to identify and track the expected benefits, and may include benefits identification, benefits evaluation and benefits realization. It is important to define benefits, metrics, timeframes, and accountability.

Benefit realization entails establishing a process and guidelines to measure actual financial and non-financial benefits of a program or project. Organizations do have benefits realization process in place; whether they know it or not. It may not be formally documented and executed and therefore is neither known nor understood. Hence, it may not be working very well and may not be utilized to realize the 'real benefits'. Benefits do not just happen and benefits rarely happen according to the plan. A forecast of benefits to support the business case for an investment is just an early estimate and the benefit stream flows and evolves over time. It is a continuous process of envisioning results, implementing, reviewing and monitoring at appropriate intervals and adjusting to business dynamics.

While the actual benefits from a project could start coming in only after the project is over or a significant milestone has been achieved, the foundation is laid much before in the project and as early as the stage when business case for the project is prepared. Our survey has indicated that organizations where projects are selected on the basis of business cases have a higher rate of projects exceeding envisaged business benefits. This flows from primarily two aspects; more informed decision-making at the project selection stage leading to higher success rate and better confidence and ability to measure results against the target benefits defined in the business case.

Figure 51: Percentage of organizations where at least 60 percent of their IT projects realize benefits

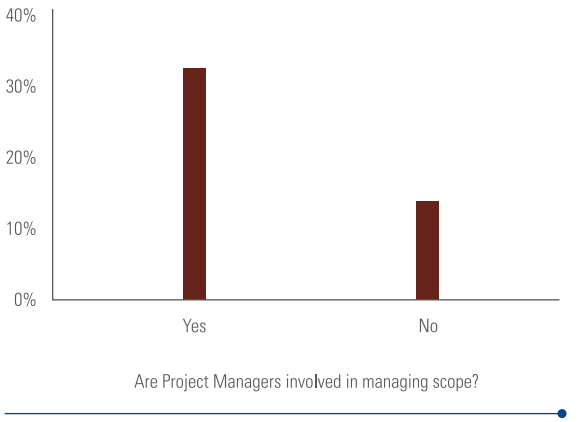


Source: KPMG Business Unusual Survey

Project scoping also has an important bearing on the success of the project. This includes the initial scope definition as well as scope management process during the lifecycle of the project. Organizations where project managers have scope management as one of their responsibilities have a greater chance of achieving or exceeding benefits.

76% of the organizations have responded that they document business benefits in the project charter. However, only **52 percent** among them have a benefit realization process in place indicating that business benefits are being documented primarily for project approval and organizations do not have enough confidence in tracking the realized benefits.

Figure 52: Percentage of organizations where at least 60 percent of their IT projects realize benefits



Source: KPMG Business Unusual Survey

The time taken for project conceptualization is generally construed to be directly related to the amount of diligence put by the organization in project selection. Very short approval times could indicate that not enough attention has been given in building and reviewing the business case for the project; hence leading to greater chances of failure. While our study corroborates this fact, we have also found that long cycles for sanction and approval also do not add any value. As the time for review increases, the business case can become more complicated and diluted. The most optimal duration for business case preparation and project sanction leading to greatest chances of project success is found to be 3 months.

Benefit realization could often turn out to be one of the most overlooked areas in projects. Most organizations have mechanisms like project charter and approval processes in place for evaluation and selection of projects that require formation of a formal business case. But in most cases the usage of the business case is limited to the project initiation stage. Even though it is in the best interest of the organization to keep a close track of benefits realized, this comes at a lower priority of things for the project managers – who are busy delivering the project or who have moved on to another assignment, as well as for project sponsors – who were initially involved in hard selling the project to the approval committee but later realized that the benefits were over-stated or difficult to ultimately measure. Poor or no tracking of business benefits leads to inefficient business cases being repeated in an organization.

On the other hand, business cases can sometimes also be used to delay or reject the project ideas. This can especially happen in recessionary times when the organizations have a stringent spending capability and CFOs are very critical of any new project ideas.

Organizations need to strike a balance between these two extremes. Benefit tracking is a useful tool in measuring the success of the project and utilizing the learning from past experience. This can contribute to the health of the organization if done in the right spirit. It is also sometimes not possible to assign monetary value to all benefits from projects; certain projects have a component of non-financial benefits while some are also done for compliance or regulatory requirements.

Traditionally, organizations have concentrated on the financial benefits associated with technology change. Financial benefits remain a key measure of success; however, non-financial benefits are also achieved.

Table 26: Areas where project benefits can be identified

Areas where benefits may be identified	Description
Strategic Fit	Benefits that contribute to or enable the desired benefits of other initiatives.
Revenue Enhancement or Acceleration	Benefits that enable increased revenue or the same revenue level in a shorter timeframe, or both.
Process improvement (productivity or efficiency)	Benefits that allow an organization to do the same job with less resource, allowing reduction in cost, or to do more.
Quality of service	Benefits to customers, such as quicker response to queries or providing information in a way the customer wants.
Internal Management	Benefits that are internal to the organization, such as improving decision-making or management processes.
Policy or legal requirement (mandatory)	Benefits that enable an organization to fulfill policy objectives, or to satisfy legal requirements where the organization has no choice but to comply.
Risk reduction	Benefits that enable an organization to be better prepared for the future by, for example, not closing off courses of action, or by providing new ones.
Personnel or HR management	The benefits of a better motivated workforce may lead to a number of other benefits such as flexibility or increased productivity.
Flexibility	Benefits that allow an organization to respond to change without incurring additional expenditure.
Economy	Benefits that reduce costs whilst maintaining quality (often referred to as cost reduction).

Source: KPMG Research

Eastern delivers value out of IT through Benefits Realization Management (BRM)

Eastern, a leading Masala and other spice powder distributor spread across India and outside, was in a nascent stage in terms of technology three years ago. The hardware and software architecture were incompetent, using the traditional tower servers, normal storage mediums, and unrefined connectivity. The existing architecture was also poor as it was not capable to control or contrive any of its locations centrally. The result was increased downtime, data loss and unreliability of information. This led to the management redefining the IT strategy to deliver value.

The strategy involved using latest technologies both in terms of hardware and software to optimize and to centralize operations. The requirements were listed down along with the challenges on one side and the opportunities and benefits after the planned shift on the other side. This BRM exercise was carried out by the IT department in which the top management and other key stake holders played their role in refining it. This top management involvement was very important as the proposed IT strategy needed to be aligned with the organization's vision and mission, its business impact and the degree of transformation. This involvement also helped in the change management process as a whole. During the exercise, Eastern identified financial and non-financial benefits from the changes envisaged. As Mr. Jayakumar – Head of IT puts it, "Experienced managers can and should weigh quality information and choose between options without reducing everything to financial numbers ".The results paid off well and Eastern was able to reap the benefits within no time.

Today Eastern's applications are running on state-of-the-art servers in a virtualized environment with data is residing on external storage . Also Eastern is able to control all of its locations centrally from the corporate office. The IT engineers are able to perform all break fixes, patches, installations, update or other maintenance activities centrally. The CIO dashboard is more powerful with dynamic representation of assets and their usage. Setting up a new server for an immediate requirement like a barcode or secondary sales application is now possible within minutes. Eastern has also been able to reduce space and power requirements for its Data Center.

Eastern is constantly looking at ways to improve its IT operations and is currently in the process of building a disaster recovery site to improve IT service continuity.

CoreLogic uses power management software to cut IT energy costs and lower their carbon footprint

CoreLogic is a leading US information services company which combines financial, property and consumer data to provide analytics and outsourced services to businesses and government. Its Indian operation was formerly known as First Indian Corporation (FIC).

CoreLogic has implemented several energy-saving initiatives across the enterprise. At offices in the United States and India CoreLogic has taken significant strides toward helping to reduce the organization's carbon footprint while generating considerable cost savings.

As part of its "Go Green" initiative, CoreLogic India recently identified its technology infrastructure as consuming a significant percentage of the organization's power consumption. In an effort to reduce IT energy costs and lower their carbon footprint, CoreLogic India recently introduced a centralized computer power management system that automatically transitions idle computers into power-saving mode—in particular during weekends, holidays and after-shift hours.

By turning computers on only when needed, CoreLogic India strategically uses only the energy it needs without negatively impacting systems availability or employee productivity. Additionally, Enpower measures energy consumption across the computer network and helps the organization ascertain its IT carbon footprint. The company even gives each CoreLogic India employee an engaging interface that clearly communicates the environmental impact of their computer usage.

"Apart from the associated cost savings, I urge organizations to look at the energy savings and carbon reduction that can be achieved through green initiatives like this," says Lineesh Raj, General Manager and Head IT for CoreLogic India. "We are helping our community, the sustainability movement and the Earth."

By using the centralized power management system, CoreLogic India expects to reduce more than 94 tons of CO2 emissions per 1,000 computers. Since the computers will dissipate less heat when powered down, cooling costs will be lowered as well, helping to create a win-win situation for the organization at every level.

Basis of report generation
The basic premise of calculating the energy consumed and saved by computers is measuring the amount of time that the system has been on, active, idle, in monitor off state, in standby state or switched off (hibernate/shut down).

To explain with an example:

A typical workstation draws about 100 watt of power when on, 3 – 5 watt when in sleep mode and around 1 watt when switched off (phantom power).

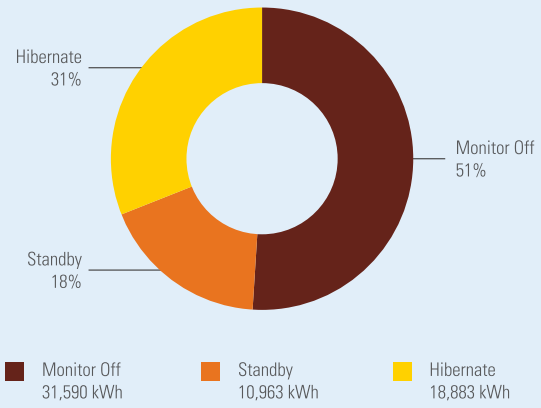
If this machine ran on full power for 1 hour, it would utilize 0.1 units of energy (kilowatt hour – kWh).

If this same machine was put into standby for 30 minutes out of this 1 hour (due to the system being idle), the consumption would be reduced to 0.05 units of energy, thus accounting for 0.05 units of savings.

Apart from powering down systems as per the company's policy, Enpower measures the time that a system spends in each state – on, idle, low power etc. The other factors – computer wattages, regional power price per unit, carbon conversion factor – are either taken from established standards or optionally manually configured by the company. Hence it can calculate accurately the amount of consumption and savings affected across the organization.

Here are some of the reports generated from the system:
(4 months savings report)

Savings Aggregates: Power



As explained above, apart from powering down idle computers, Enpower also measures the time for which the computers were powered down. Since it knows the duration for which monitors were turned off, systems were put under standby or hibernate and also the wattages of all computers in the organization, it accurately calculates the energy saved due to the same.

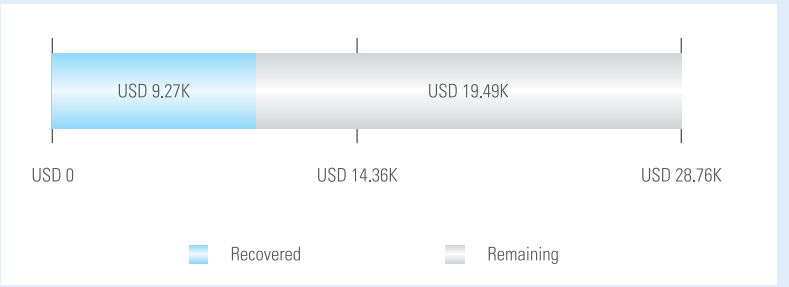
Savings / Consumption Conversions	
Money 9215.39 / 23073.89 USD	**Gasoline** 8355.29 / 20920.33 gallons
Power 61435.97 / 153825.96 kWh	**Trees** 2056.88 / 5150.09 trees
CO_2 172020.7 / 430712.7 lbs	**Cars (1 year's emissions)** 15.07 / 37.73 cars

After having calculated the energy saved and consumed, converting it into corresponding factors - such as money saved/spent, carbon emissions avoided etc. – is a matter of conversion.

For e.g. for every 100 kWh of energy saved, corresponding money saved is USD 15 (at a power price of USD 0.15 per unit).

Similarly conversion of energy into equivalent carbon emissions, trees planted etc. – is done by using established standards from organizations like DEFRA, EPA. (resource listing references attached)

Return on Investment Analysis



This chart shows the return on investment for the organization that has been affected so far - .i.e. the overall savings till date.

Once all of the money invested is recovered, it shows recovery beyond investment. The average ROI period for a PC power management solution such as Enpower is approximately six to ten months.

50%

When organizations have defined quality standards and practices, there is a **50 percent increase** in the probability of projects exceeding benefits expectation.

Project quality is understood and measured

There are different schools of thought on what constitutes a quality project. The fact cannot be denied that it is important to understand and measure the parameters that contribute to project quality. The basic parameter is that project delivers the desired outcome on time and within budget. However, this may not be feasible as business dynamics demand various trade-offs. Which constraint out of scope, quality, time and cost is traded off against which one, is very contextual. While quality is 'quantitative', it may not always be measured in monetary values.

Project success is directly linked to how project quality is managed. When organizations have defined quality standards and practices, there is a 50 percent increase in the probability of projects exceeding benefits expectation.

The survey indicates a positive correlation between the presence of defined quality standards and practices within the organizations and the number of projects exceeding benefits.

In practical scenarios, quality often suffers due to inefficient project management practices. When it comes to managing constraints within a project, organizations often choose to give greater importance to project schedules at the cost of compromising the quality. 71 percent of the respondents have indicated that they are ready to review quality thresholds and over-ride quality milestones in order to meet the project timelines. A majority of such respondents have also reported that in their organizations issue resolution often takes precedence over risk mitigation indicating a predominantly reactive way of managing projects.

Compromising quality can have short term benefits such as meeting deadlines or cost reduction, however in the long run such measures can significantly impact organization's reputation, cost on account of rework or break fix. Organizations should periodically review the quality of the projects and deliverables.

Goal Seek – KPMG View

The selection, approval and execution of IT projects within an organization should be carried out keeping in mind the larger organizational goals. To achieve this, organizations should focus on meeting the quality objectives, leveraging past experience and extracting expected benefits from IT projects.

Applying the two-lens framework, we have arrived at the following factors influencing goal seek within an organization, as below:

Table 27: Factors influencing goal seek

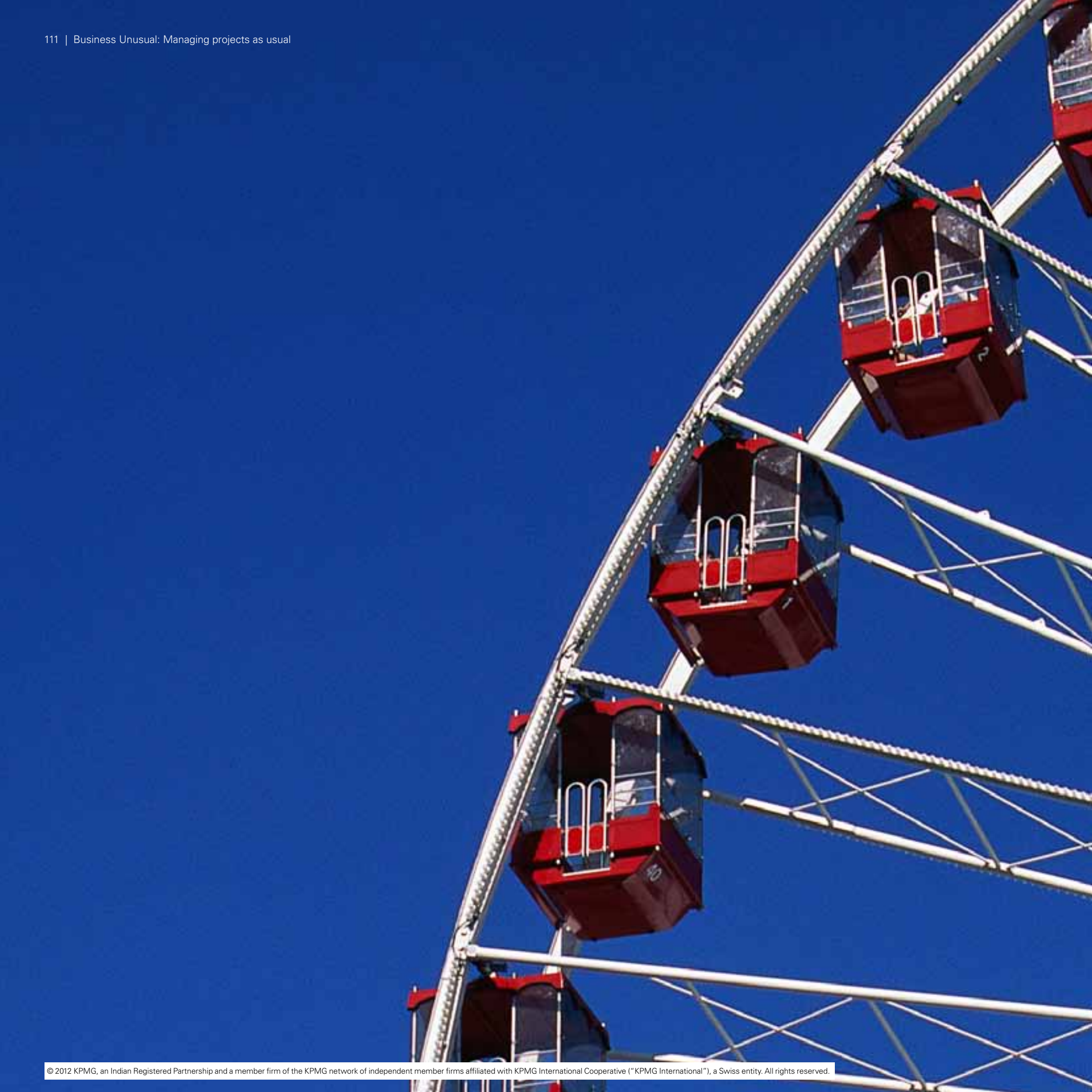
Role of Organization	Role of IT Function	• Own the Business Case development process • Develop and use appropriate Metrics • Ensure good Governance.
		• Provide Leadership support • Ensure Business Involvement.

Source: KPMG Research

Table 28: Goal Seek: Maturity framework

		Basic	Defined	Mature
IT Function	**Business Case**	• No formal business case processes in place • No efforts put to identify and define quantitative benefits.	• Experienced team members are involved in preparing business cases • Detailed cost benefit analysis performed for high value projects only.	• Well defined processes for business cases followed by both IT and business • Standard templates are used for cost benefit analysis • Historical data and knowledge base is used to refine the business cases.
	Metrics	• Metrics are inadequately defined and formally agreed by relevant stakeholders • Different projects follow different metrics, leading to inconsistent data at the organization level • No record is kept of benefits realized in the past.	• Consistent project reporting is in place and dashboards are available for the senior management • Metrics are defined and understood by all members of the organization.	• Organization level metrics are defined for each phase of the project • Continuous evaluation and review of the metrics framework • Metrics for all projects tracked and reported until the envisaged benefits are realized.
	Governance	• Responsibility and accountability is not defined for benefit tracking • No dedicated PMO for project / program management • Leanings from past projects are not captured and utilized for subsequent projects.	• PMO is established for all large projects, leading to optimization in scope, time and cost • Organizational assets are created and maintained.	• Appropriate mechanisms in place to defined and assess quality of the IT projects and to ensure adherence to the project management processes accepted by the organization • Project benefits are tracked and reported by the project organization.
Organization	**Leadership support**	• Leadership involvement is limited to project funding • No mandate from the leadership for tracking benefits after project completion • Knowledge management initiatives are not encouraged.	• Leadership understands the importance of extracting envisaged benefits from IT initiatives • Top management views knowledge capture and sharing as a key organizational asset.	• Leadership is enthusiastic and supportive in identifying, assessing and achieving benefits from IT initiatives • Leadership actively reviews the effectiveness of the business case at defined milestones leading to appropriate go / no-go decisions.
	Business Involvement	• Business involvement is limited to providing business requirements to IT • Effect of IT initiatives on the business is poorly understood.	• SPOCs are defined for various business units to ensure benefits are realized at the lowest level • Defined knowledge management system in place which captures both IT and business knowledge.	• Envisaged benefits from IT initiatives are defined by IT and business collaboratively • Business supports IT in realizing benefits and taking appropriate corrective actions, if required.

Source: KPMG Research



10

Size does matter

Size does matter

Conventional wisdom suggests that small organizations tend to have lesser resources in terms of manpower, budgets and technical skills. Employees in such organizations tend to perform multiple functions. The lack of specialized skills can lead to less than optimal results in project outcomes. On the other hand, larger organizations bring additional complexity in managing teams. Also in case of larger organizations, the teams may be geographically dispersed resulting in lack of adequate communication of project information in a timely manner to take decisions, leading to delays and overruns.

Through our survey we explored and understood the effect of organizational size on project management effectiveness. We wanted to test the hypothesis - does the size of the organization present an advantage to handling of a project, or do small and large organizations perform equally?

We have identified the trends below in this regard.

Large organizations are better in project management

Large organizations have the capability and resources to focus on improving the efficiency and effectiveness of project management. Such organizations can implement dedicated PMO to monitor and communicate the health of the project to all stakeholders. These organizations are better at identifying and resolving conflicts in early stages.

Small organizations have limited oversight on running a program

Small organizations are limited by the resources available at their disposal. Additionally, processes are not structured and learning from past projects is not adequately captured and utilized for bringing efficiency into the project.

Large organizations are better in project management

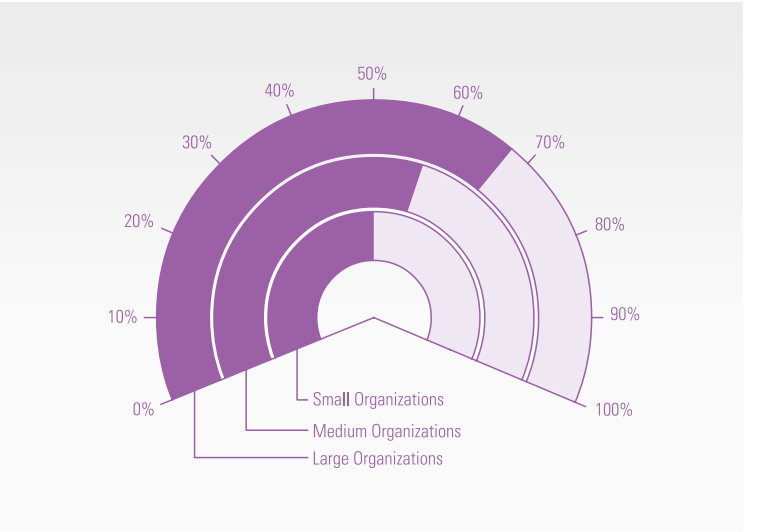
A large organization has the necessary resources to define and implement project management practices. Dedicated resources can be deployed to handle centralized PMO that can co-ordinate and bring efficiencies in project management. In order to test the hypotheses we classified organizations into the following categories:

Revenue (INR in Crores)	Classification
<=500	Small
>500 and <=1000	Medium
>1000	Large

Centralized PMO – Large organizations benefit

Large organizations have the ability to set up dedicated PMO to manage IT projects due to the availability of adequate resources. Our study established the fact that larger organizations are leveraging their capability to establish PMO to manage IT Projects. As mentioned in one of the earlier sections (Managing the show), having a dedicated PMO translates into benefits for the organization in achieving the desired project results.

Figure 53: Percentage of organizations having centralized PMO

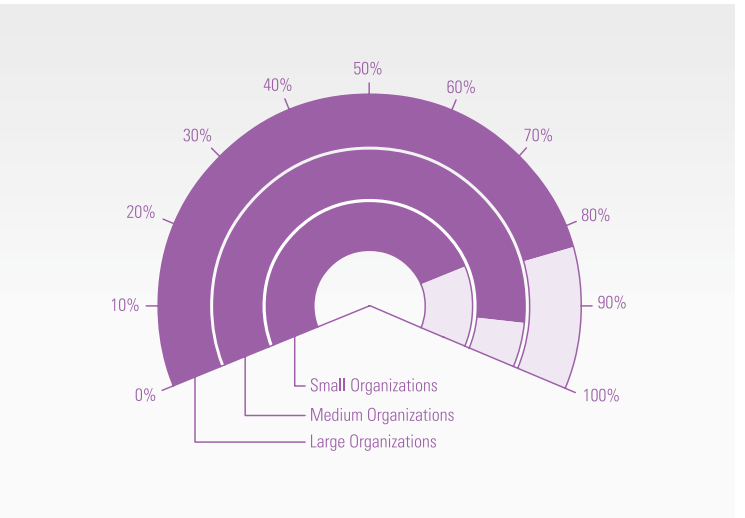


Source: KPMG Business Unusual Survey

Clearly defined roles and responsibilities – Across organizations

Defining project organization with clear roles and responsibilities are critical to achieving the desired project objectives. While large organizations have done well in this area, the small and medium organizations have performed equally well in this parameter. Small and medium organizations probably benefit from the smaller team size.

Figure 54: Percentage of organizations having defined roles and responsibilities for each IT projects

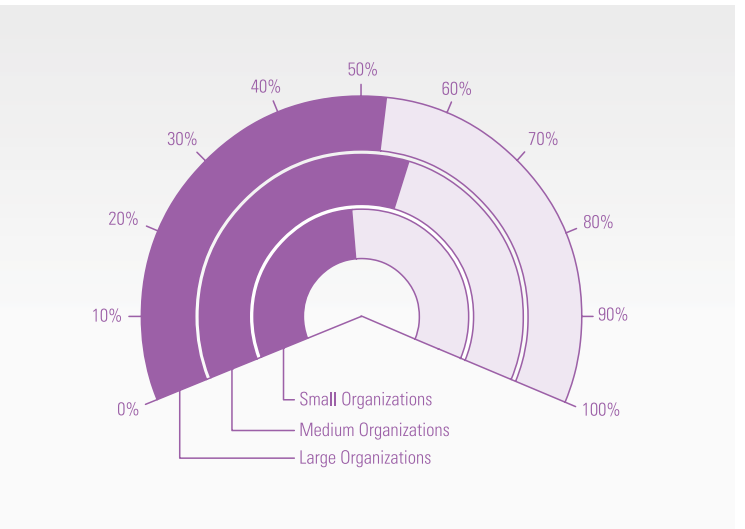


Source: KPMG Business Unusual Survey

Project Management practices – Medium and large organizations benefit from usage of templatized processes

Maturity in project management comes from use of repeatable templates that can be used across similar projects. Use of such templates allows learning to be captured and passed onto future projects. Past knowledge can help in bringing efficiency to project management. The survey has shown that medium and large organizations are in a better position to develop and implement template-driven project management.

Figure 55: Percentage of organizations having templatized project management practices

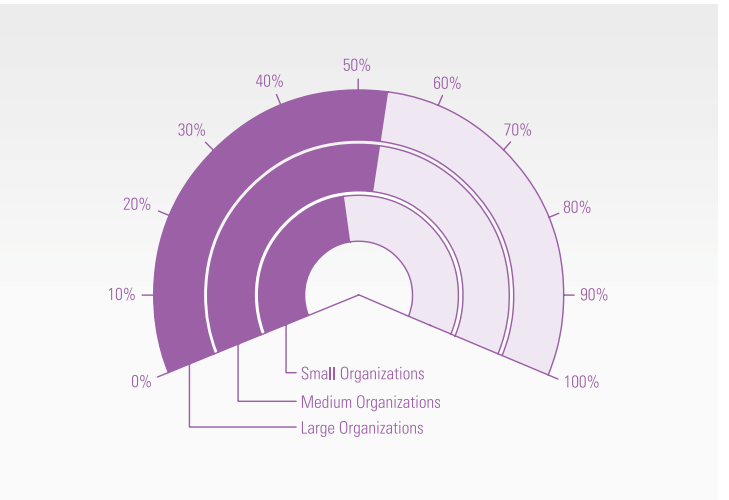


Source: KPMG Business Unusual Survey

Project Management skills – Large and medium organizations have better trained resources

Training on formal project management methodology allows the resources to be better prepared. The survey results have shown that medium and large organizations have more resources trained on the project management practices. These resources are better equipped to handle the project risks while ensuring that the triple constraints of cost, quality and schedule are adhered to.

Figure 56: Percentage of organizations having formal project management training

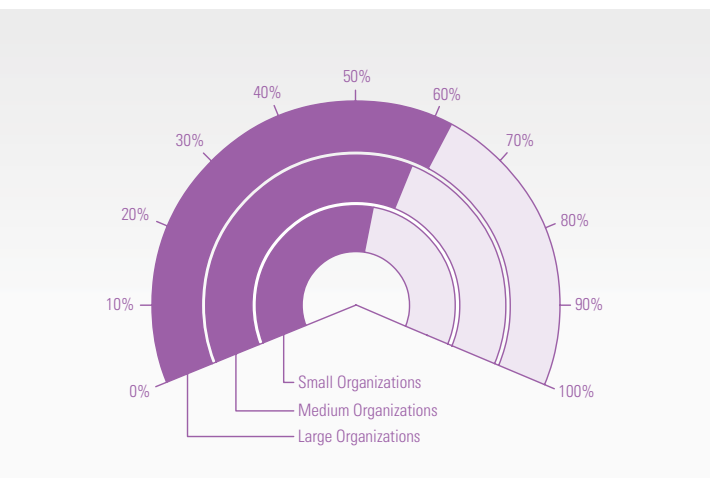


Source: KPMG Business Unusual Survey

Quality standards – Defined better in large organizations

The survey results showcase that 62 percent of large organizations have defined quality standards when compared with just 55 percent of small organizations. This plays a crucial role in achieving project benefits. Not meeting quality expectations can result in rework impacting the overall project budget and schedule.

Figure 57: Percentage of organizations having defined quality standards for IT projects

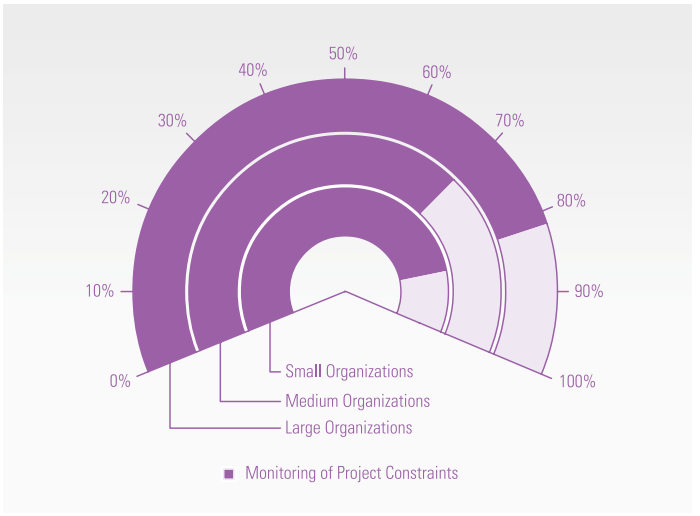


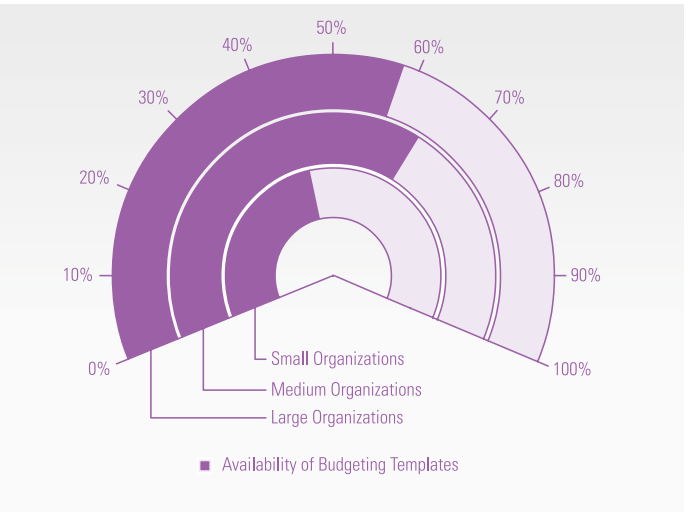
Source: KPMG Business Unusual Survey

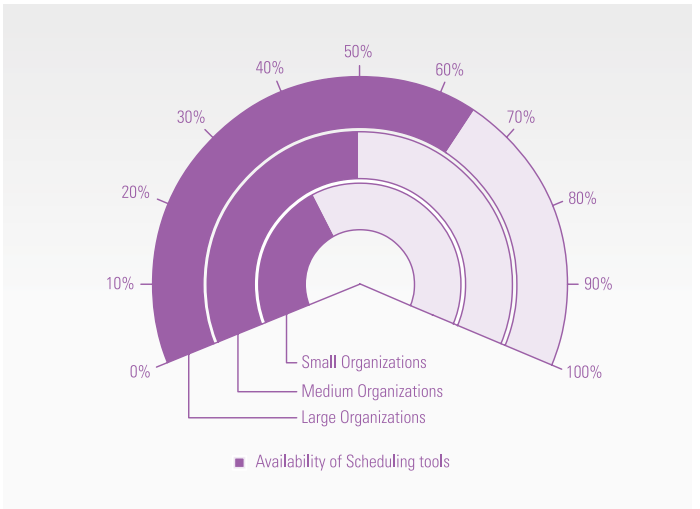
Project monitoring and execution: Large organizations are better equipped

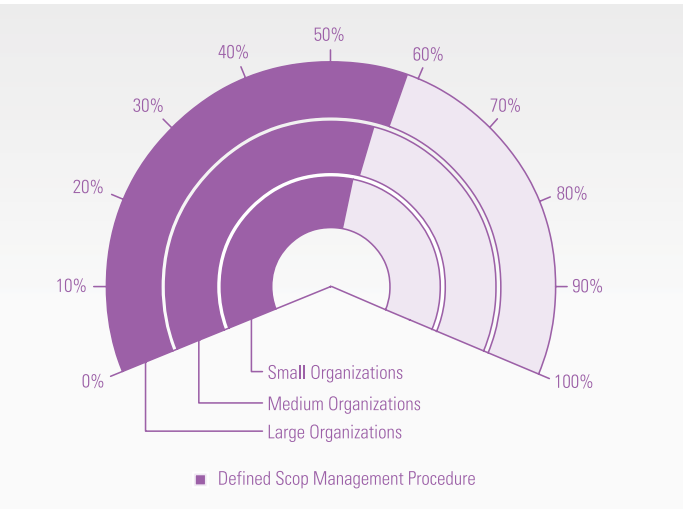
Large organizations are better positioned to plan the project and execute it due to the availability of adequate tools and templates for budgeting, scheduling and monitoring. The results of the survey show that large organizations have the edge over the others.

Figure 58: Percentage of organizations following various PM activities







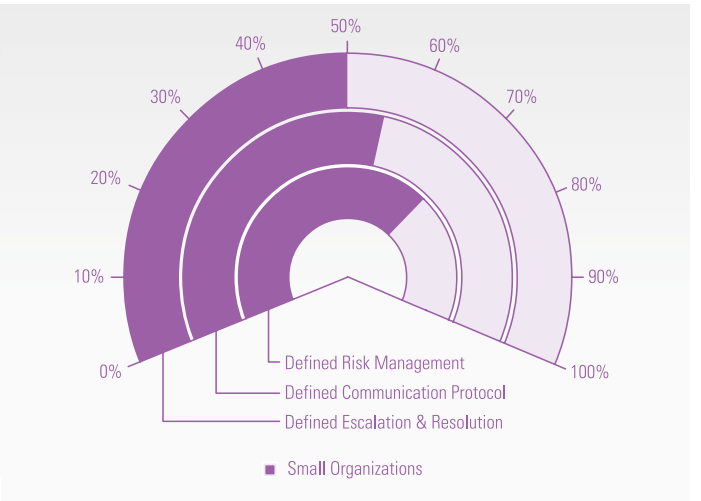


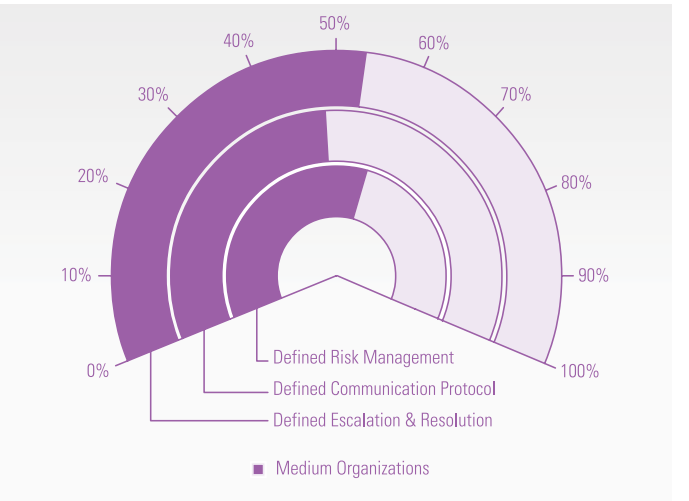
Source: KPMG Business Unusual Survey

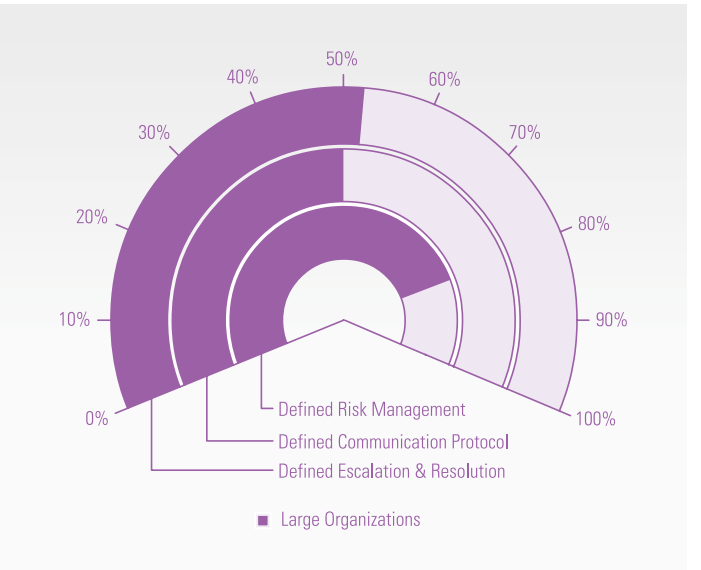
Risk Management – Large organizations are more capable

The survey results show that larger organizations have a better risk management plan than the others. While set communication protocol is better in smaller organizations, this is expected probably due to the smaller team sizes to manage. However larger organizations score over the others in terms of managing escalations and resolutions.

Figure 59: Percentage of organizations following various RM activities







Source: KPMG Business Unusual Survey

An analysis was conducted taking into consideration various project management performance indicators. The results (shown below) indicate that large organizations are better at managing projects. This is further substantiated by our STEEL scores, which show that larger organizations (by annual revenue as well as by the employee size) have an edge in case of project management[6].

Large organizations fare better at Project Management

At an overall level, the survey results depict that large organizations are better at managing projects than medium and small organizations. Size does matter when it comes to effective and efficient project management. Being small or large has its own benefits and challenges. However, larger organizations have the necessary resources to capitalize on their processes and tune their practices leading to better results.

Figure 60: Project management influencing factors: Comparison of organizations by size

Parameter	Small	Medium	Large
Having a central PMO	↓	↗	↑
Defined roles and responsibilities	↓	↑	↗
Follow templatized PM	↓	↑	↗
Defined quality standards	↓	↗	↑
Provided formal PM training	↓	↑	↑
Defined scope management process	↓	↗	↑
Availability of scheduling tools	↓	↗	↑
Availability of budgeting templates	↓	↑	↗
Monitoring of project constraints	↑	↓	↗
Defined risk management	↓	↑	↗
Defined communication protocol	↑	↓	↗
Defined procurement cycle	↑	↓	↗
Defined business benefits	↗	↓	↑
Defined escalation and resolution	↗	↓	↑
Overall score	↓	↗	↑

Source: KPMG Business Unusual Survey

↓ Organization's relative performance is low

↑ Organization's relative performance is good

↗ Organization's relative performance is fair

[6] Refer STEEL framework chapter

Small organizations have limited oversight in running a program

Project oversight involves asking hard questions and indentifying problems, finding solutions to such problems before they turn into crises, and actively helping people in an organization develop the insights, skills, and controls needed to anticipate or overcome such problems in the future. But, are all organizations able to deploy adequate resources to conduct project plan reviews and oversee projects?

As mentioned earlier large organizations have the necessary resources to implement a Project Management Office (PMO) to independently monitor and track the progress of a project. The PMO understands the project elements and plan, the key players in each element, the structure of the organization and role of the players, and the underlying technical and human issues that could impact project success. Implementing a PMO is critical for large projects.

However, small organizations benefit from not being structured rigidly and are able to quickly put together cross functional teams to respond to project implementation issues. Also small organizations have not yet developed layers of hierarchy and senior management remains in close proximity to project activities. Fewer layers also foster open and honest communication between departments, the project manager and sponsor. This creates a flexible environment, where oversight could be asking an individual across the hall on how his schedule is looking.

The survey focused on specific parameters related to project oversight. The analysis of the parameters was done for small and large organizations and the results are as follows:

Figure 61: Comparison of small & large organizations w.r. to project oversight

Parameter	Small	Large
Having a central PMO	↓	↑
Defined scope management procedure	↓	↑
Monitoring of project constraints	↑	↗
Periodic health assessment	↓	↑
Objective definition of Health Assessment Parameters	↗	↑
Periodic and project end business realization process	↓	↑
Overall score	↓	↑

↓ Organization's relative performance is low

↑ Organization's relative performance is good

↗ Organization's relative performance is fair

Source: KPMG Business Unusual Survey

Leveraging PMO for Oversight:
It is evident that large organizations have the wherewithal to deploy dedicated PMO to monitor project health. Also the use of standardized templates allows the teams to utilize past experience to the benefit of the project. As such having a dedicated PMO brings clarity in the oversight and a common understanding of the project health with all stakeholders.

Small organizations can benefit from the relative lack of complexity. Project tracking and monitoring of the budget, cost and schedule becomes simpler. However, due to the lack of dedicated teams and past learning these are not translated to actual benefits.

Structured Process:
As indicated by the study results, large organizations are better at managing the overall scope of the project, defining objective parameters for health checks and performing periodic assessment of the project status and conducting benefits assessment at the end of the project.

Despite the flexibility and the reduced complexity of a smaller organization, it does not shore up to larger organizations when it comes to oversight of the project. Larger organizations have the experience and resources to deploy dedicated Project Monitoring Office for the purpose of monitoring the health of the project.

Size does matter – KPMG View

Larger organizations indeed have an advantage of having structured processes evolved over a period of time and necessary resources at their disposal. Having worked on complex projects, large organizations can leverage their cross functional knowledge while managing IT projects. Being small, however, has its own advantages. Smaller organizations tend to be more flexible and agile, can take decisions faster and are open to adopting new technologies.

Applying the two-lens framework, we have arrived at the following factors that determine the project management maturity of an organization, where the size of the organization is a key factor.

Table 29: Organization Size: Factors influencing project management maturity

Role of organization	Role of IT function	• Leverage team size and expertise • Hire / develop right skills • Absorb learning from failed experiments • Ensure availability of infrastructure (tools, processes).
		• Ensure business user support • Provide Leadership support • Invest strategically in IT initiatives.

Source: KPMG Research

Table 30: Organization Size: Maturity framework

		Basic	Defined	Mature
IT Function	**Team size and expertise**	• Lack of segregation of duties • Weakly defined roles and responsibilities • External dependencies for key expertise.	• Defined roles, responsibilities and segregation of duties • Core IT expertise is in place.	• Cross functional and technology expertise • Resources available to launch new initiatives.
	Ability to hire right skills / develop in-house	• Budget constraints in place • No structured training programs • Less emphasis for on-the job learning • Lack of knowledge management.	• Skill gaps analyzed • Training programs defined • On-the job training is facilitated • Defined budgeting process in place.	• Training calendar designed based on individual and organizational requirements • Effective knowledge management system in place • Flexibility to cross-train resources • Adequate budgets to hire niche and skilled resources.
	Capability to absorb failed experiments	• No scope of failed experiments; hence few initiatives launched • Individuals held responsible for failed experiments; hence people dis-incentivized to experiment.	• Experiments are approached with caution • Analysis of failure undertaken.	• Learnings from failed experiments leveraged • Further initiatives not hampered by failed experiments.
	Availability of infrastructure	• Bare minimum infrastructure available • Long term infrastructure investment not considered • No formal infrastructure procurement process in place.	• Standard procurement policies in place • Infrastructure standardization across organization • Sufficient redundancy built into infrastructure.	• Infrastructure optimization achieved • Enterprise architecture governs infrastructure investments.
Organization	**Leadership Support**	• Leadership support limited to budgetary approvals • Criticality of leadership support not understood • IT has limited role in decision making.	• Planning and approval processes defined • IT and business work together in key initiatives.	• Leadership empowers IT function • IT acts as a strategic partner to the business.
	Dedicated Business User Support	• Interaction between IT and business users is need-based.	• Business SPOCs are designated for significant IT initiatives • Interaction between business users and IT function is defined.	• Governance structure for IT – business interaction is in place • Business user involved in IT roadmap definition.
	Propensity of investment in IT initiatives	• Need based approvals for IT investments • Fund utilization monitored closely by Finance • Little scope of deviation from the original approvals.	• Annual Operating plan for IT investments in place • Low and mid-sized initiatives handled by IT; high value initiatives are monitored by Finance.	• IT function plans for investment outlay based on roadmap • IT function has autonomy for deployment of funds across initiatives • ROI is monitored by IT function.

Source: KPMG Research

11

STEEL Framework

STEEL Framework

Background

Many models exist to measure the project management maturity of an organization. We wanted to create a model which is simple enough to administer and concise enough to cover strategic and operational aspects of project management in any organization. Keeping this in mind, we have developed a model to include not only the visible project management areas, but also the application of these areas in an organization. Our STEEL model is based on five dimensions

- Strategic alignment
- Tools and techniques
- Experience
- Efficiency and
- Leverage

Strategic Alignment: The success of a project ultimately depends on whether the initiative aligns with the strategic and financial goals of the organization. It is, therefore, as important to do the right projects, as doing the projects right. 94 percent of our respondents indicated that they have some sort of strategic IT roadmap that acts as a major input to their selection of projects. This possibly explains why organizations scored the maximum for this dimension; still a significant gap is seen between identifying the right projects, setting clear expectations and tracking benefits of the project.

Tools & Techniques: Project management as a profession gained limelight over the last few decades, a number of tools and techniques have also been developed to assist project managers. From complex software packages aiding scheduling and budgeting to futuristic statistical predictive analysis models to spreadsheet based templates to simple visual aids, anything that helps a project manager to perform his/her activities better can be considered a tool. Even with the abundance of available options, organizations do not seem to rely on tools and techniques when it comes to managing their IT projects, consequently the "T" scores are one of lowest among our dimensions.

Experience: We considered experience in two dimensions – people and processes. Organizations with experienced project managers are expected to do a better job in managing IT projects, however the experience of the organization itself and related learning and knowledge management are is equally important. The so-called process assets repository within an organization needs to be constantly updated and maintained.

Efficiency: Today, most organizations have a defined process for everything. On paper, they follow various methodologies, standard operating procedures and processes, but what happens in reality? Are they able to execute projects efficiently based on these underlying processes? We try to capture this factor using our second "E" dimension.

Leverage: This is the maturity dimension in our framework. An organization may have experienced people, well set processes, tools and techniques which are efficiently followed – but is the organization able to consistently improve on its project management practices? We explore the leveraging ability of organization in this last judging STEEL parameter.

The dimensions discussed above were linked to multiple questions and normalized to arrive at a STEEL score for every organization. We've received a wide spectrum of responses to our questions, and hence the STEEL scores are also widely distributed. Based on the STEEL scores, we were able to identify the following buckets.

Table 31: STEEL Scores mapping to Project Management Maturity

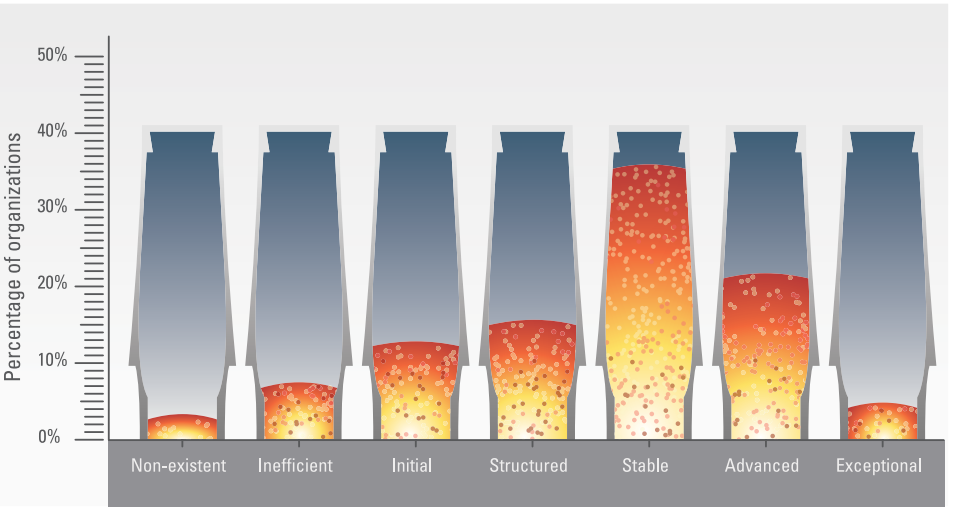
STEEL Score	Project Management Maturity	Description
Less than -100	Non-existent	Very few standard project management practices used. Knowledge and training lacking for project management.
-100 to 0	Inefficient	
0 to 100	Initial	Project teams are aware of project management practices, but lack application.
100 to 200	Structured	
200 to 300	Stable	Most projects are implemented using standard project management processes.
300 to 400	Advanced	Standard project management practices are used. Benefits realization processes are in place.
400 to 500	Exceptional	Optimal project management processes in place. Training processes are defined and executed. Knowledge is retained in the organization.

Source: KPMG Business Unusual Survey

Analysis of STEEL scores

Our overall STEEL framework scores indicate that 60 percent of the organizations are doing well in IT project management, with differing maturity levels. More than 10 percent fall into a 'poor' category, whereas close to 15 percent require significant improvement in their processes.

Figure 62: Project management maturity based on STEEL scores



Source: KPMG Business Unusual Survey

We looked at the project management maturity levels from various dimensions. Our findings are below.

PMO has a positive impact on Project Management Maturity

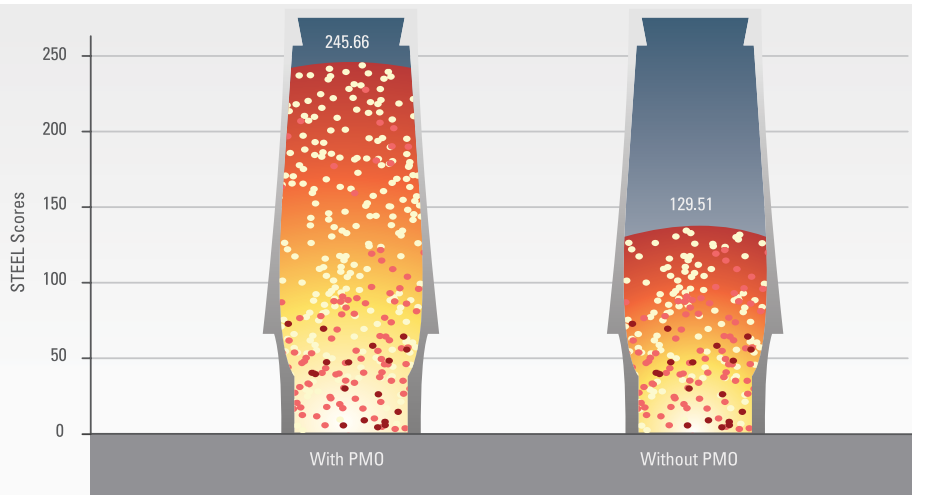
The importance of project management maturity cannot be undermined in organizations. The progressive development of the organization's project management approach, methodology, strategy and decision-making process are dependent on having a dedicated entity for project management.

Project management office assists in building the overall performance within the organizations through a proactive and predictive approach, aimed at providing early signals to future issues and building a repository of resources for future needs. The office acts as a source of documentation, guidance and governance within an organization to study and improve the project management execution.

Through our study, we see an increasing importance and presence of project management offices within organizations. The growing importance is the result of the positive role organizations associate project management office to play in improving the project management maturity, as these offices are no longer relegated to a reporting entity, but rather act as a center that effectively manages projects through prediction of market needs and hurdles, understanding the project, execution as per the requirements of the client and optimization on the basis of previous experience.

It is observed from our study that organizations having a project management office are at a considerable advantage as the PMO plays a positive role and impacts the project management maturity.

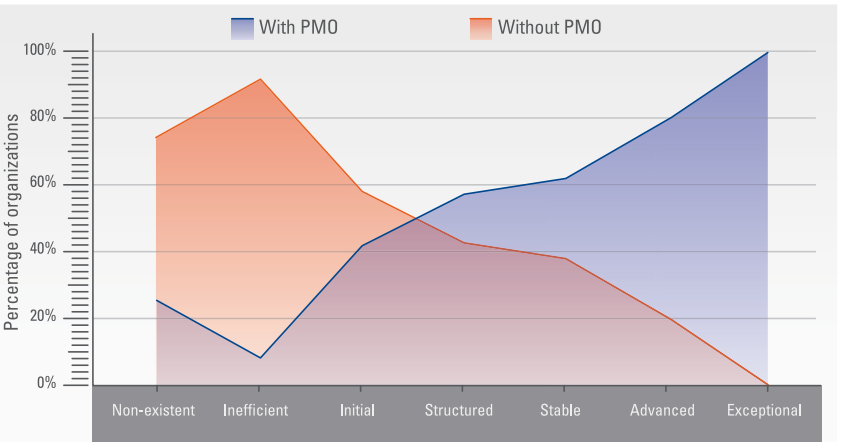
Figure 63: Presence of PMO: Average STEEL scores



Source: KPMG Business Unusual Survey

We looked at the effect of project management offices against the project management maturity, to find out the impact of PMO in the overall project management efficiency. The results of the analysis are shown below.

Figure 64: Presence of PMO against PM maturity levels



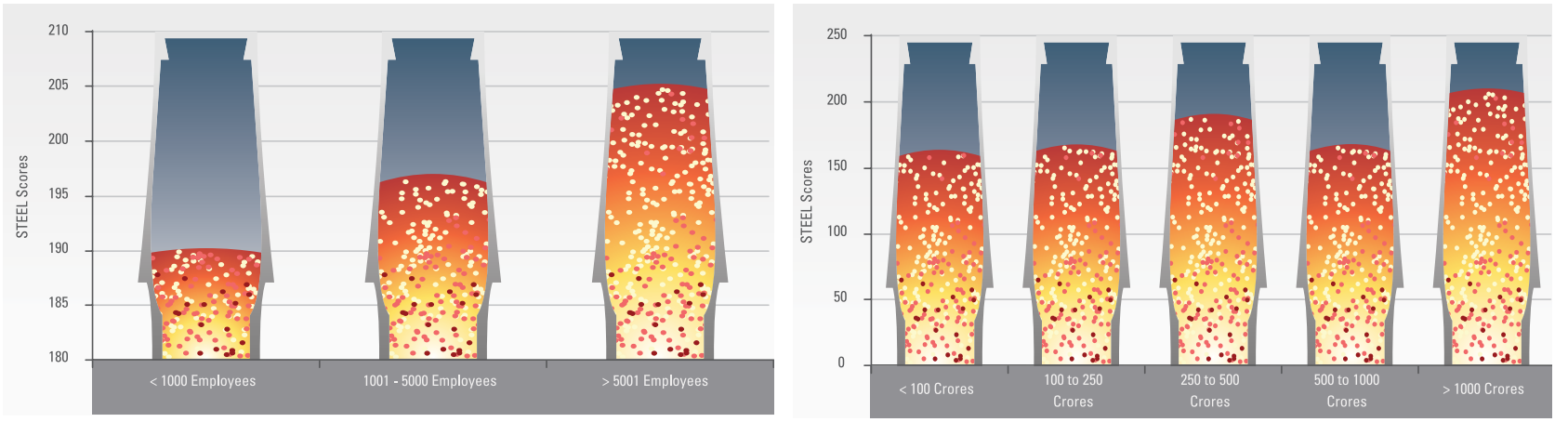
Source: KPMG Business Unusual Survey

Larger organizations have a slight edge

Large organizations hold a degree of advantage in comparison to small and medium organizations. This trend is a result of various leverage factors such as the financial muscle they exercise, which helps them to manage cost when the scope of project changes and to maintain the momentum of the project in the face of conflicts.

Large organizations also hold the upper hand where bargaining power is concerned, their position and long standing goodwill in the market place ensures they get the right visibility and attention from their vendors for quick delivery and speedy processes.

Figure 65: Average STEEL Scores: By size of the organization

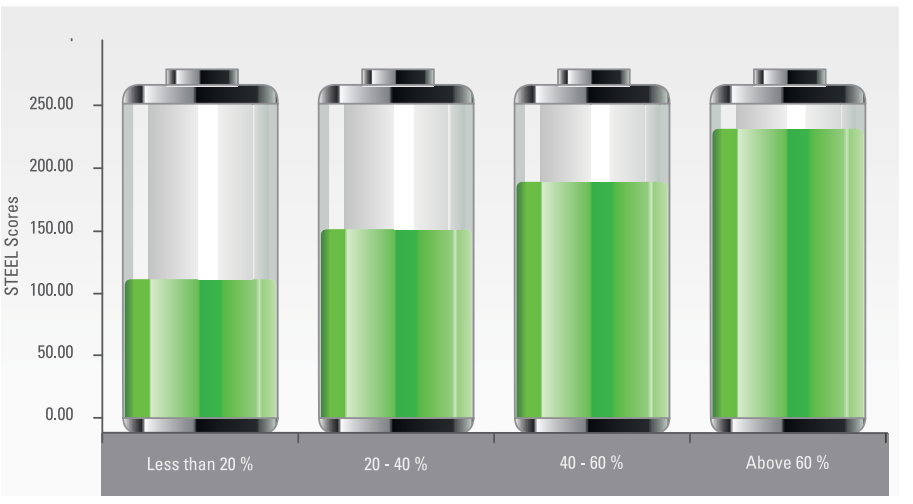


Source: KPMG Business Unusual Survey

Organizations with high project management maturity have better benefits realization

Most projects are undertaken with a clear and defined benefit associated with the outcome of the project. The realization of benefits from the project is an imperative for every project manager. It is clearly observed through the study that there is a better realization of benefits in organizations with high project management maturity. Such organizations have a clear and defined objective set in place and they undertake investments on the basis of decision which is communicated across divisions through clear reporting mechanisms. These decisions are undertaken in accordance with the governance framework of the organization that is matured and clearly defined through experience. Hence a great deal of study and input goes into making each decision in experienced organizations to ascertain the benefits of the project in comparison to younger organizations.

Figure 66: STEEL Scores against benefits realized



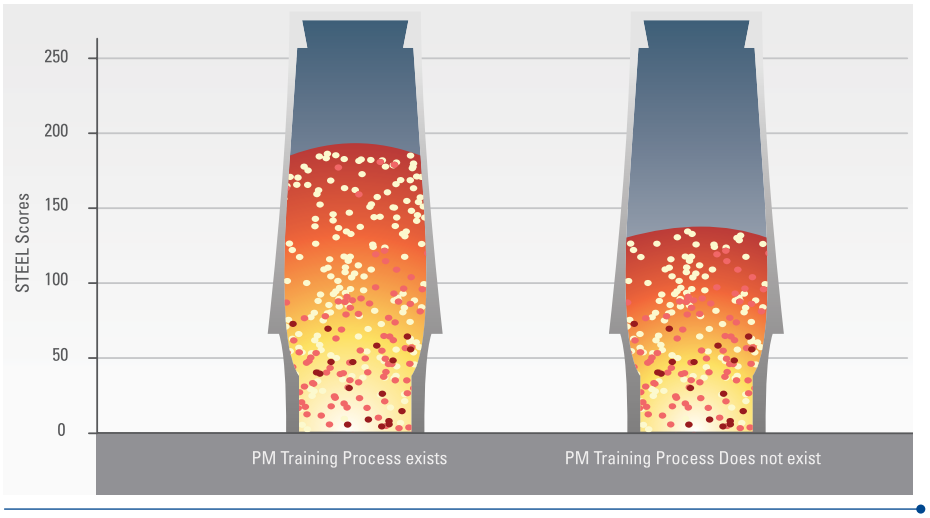
Source: KPMG Business Unusual Survey

Trained project managers perform better

Project management is no longer applicable in exceptional cases, rather it is soon transforming as the tool used in reducing life cycles, as organizations are increasingly managing work through projects. This changing face of management has resulted in the need for effective and talented project managers who play a pivotal role in the overall execution of the project.

Through our study we aimed at understanding the effectiveness of trained project managers in organizations. The study points at a degree of advantage that trained project managers have in comparison to untrained project managers. However, the underlining tenet of this hypothesis is that project managers need to have the basic understanding and resourcefulness of executing projects. The training provides an additional added advantage to the project manager and helps them execute the projects in structured manner in accordance with the benchmarks and the ideal set of practices drawn from the best-formed principles from around the world.

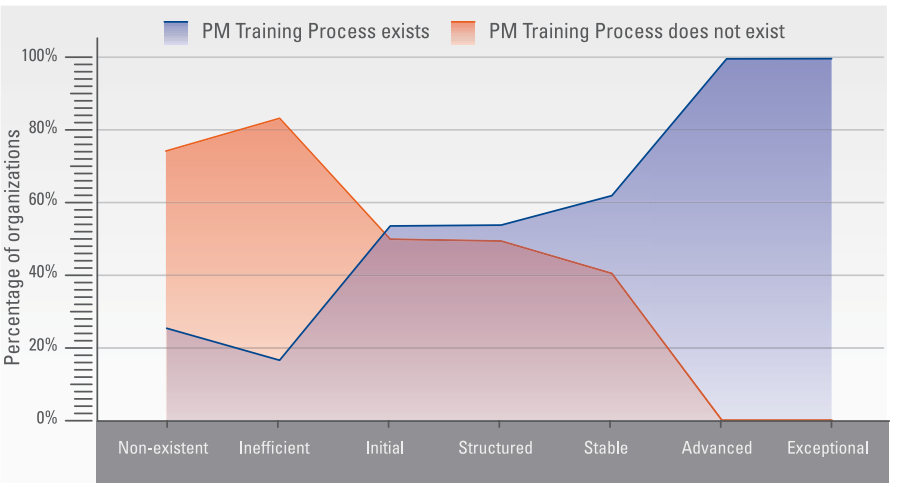
Figure 67: Average STEEL scores: Effect of PM training



Source: KPMG Business Unusual Survey

Organizations that have very good and exceptional maturity level for project management have a structured project management training program in place. We found a direct correlation between Project Management training and the maturity levels, as depicted below.

Figure 68: Presence of PM training against PM maturity levels



Source: KPMG Business Unusual Survey

Organizations gain project management maturity with years of existence

'Experience is the best teacher', this holds true for organizations as their project management maturity improves over a period of time. The performance trend in experienced organizations is observed in internal and external factors. Internal factors such as experience in handling and managing complex processes resulting in faster conceptualization to delivery time, maximized skill utilization of people resources resulting in lesser training time, lack of delays caused by resettling of goals and shifting priorities are some of the key leverages that experienced organizations hold.

Setting up of real-time communication systems is another key element to project success in experienced organizations. The tried and tested speedy communication system in older organizations helps and supports easy knowledge transfer and faster response to inefficiencies or crisis in a project. The external factors that mature in older organizations is linked to higher ability in dealing with macro-economic elements, infrastructure capabilities and adaption to governance policies which contribute towards the consistent success of the project management.

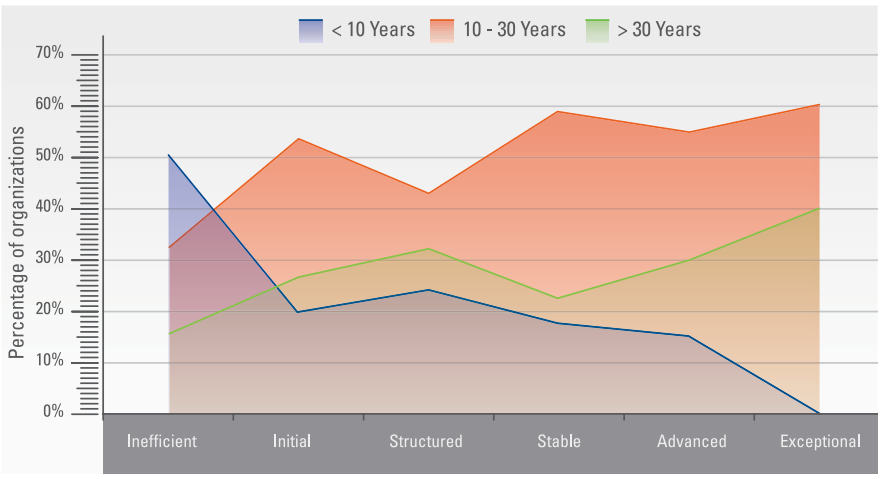
The chart below clearly depicts that project management efficiency goes up with the numbers of years the organization is in the business.

Figure 69: Average STEEL Scores: By organization age

Source: KPMG Business Unusual Survey

We also mapped the maturity levels against the organization's age. As shown in the below figure, older organizations form the major part of Good, Very Good and Exceptional maturity levels.

Figure 70: Organization age against project management maturity levels

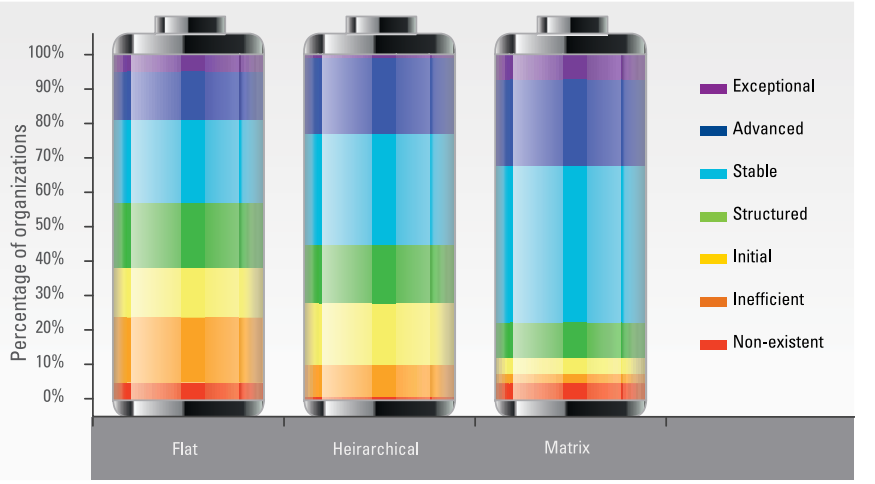


Source: KPMG Business Unusual Survey

Matrix organizations fare better in project management

We looked at correlations between project management maturity scores and the IT organizations' structure. We considered three types of organizational structures within IT – Matrix, Hierarchical and Flat – based on who owns the resources, who owns the budget, etc. We found that matrix organizations tend to have better probability of having standardized project management processes and use defined tools and techniques. Better alignment between business and IT, in case of matrix structure, helps to attain higher performance and benefits realization for IT projects.

Figure 71: Distribution of PM maturity levels within flat, hierarchical and matrix organizations

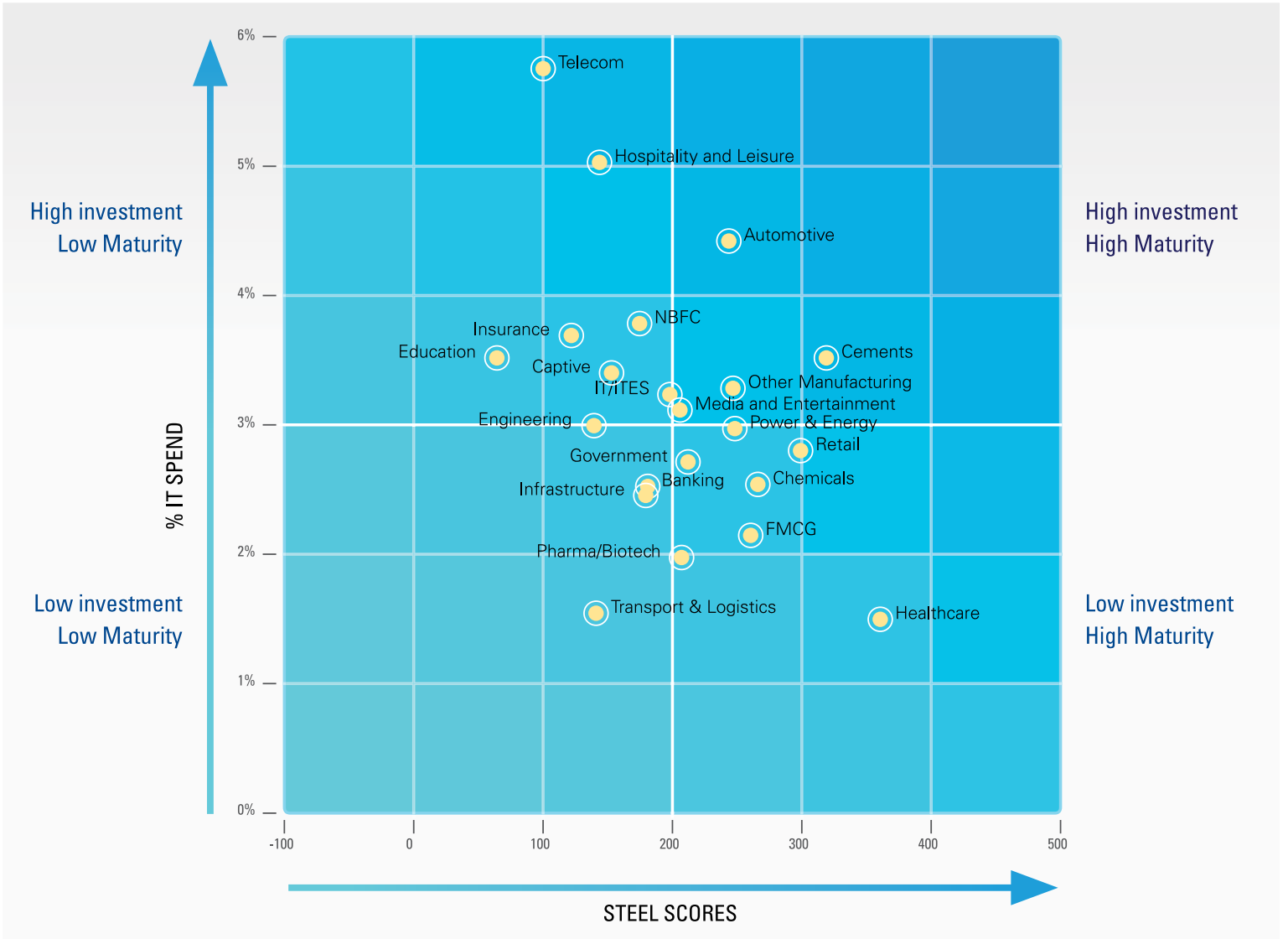


Source: KPMG Business Unusual Survey

KPMG STEEL Matrix

The STEEL scores vary widely between organizations, whether looked at in brackets of sector, annual revenue, employee size, etc. We decided to look from an investment perspective – the IT spend as a percentage of annual revenue against the STEEL scores – and derived the following Matrix.

Figure 72: KPMG STEEL score framework



Source: KPMG Business Unusual Survey

Based on the IT investment spend and the IT project management maturity STEEL scores, we've identified 4 quadrants in our STEEL matrix. More than 45 percent of the organizations we met fall into the "Low investment, High maturity" category. Only 8 percent of the respondents fall into the "High investment, low maturity" quadrant

Table 32: KPMG STEEL score framework

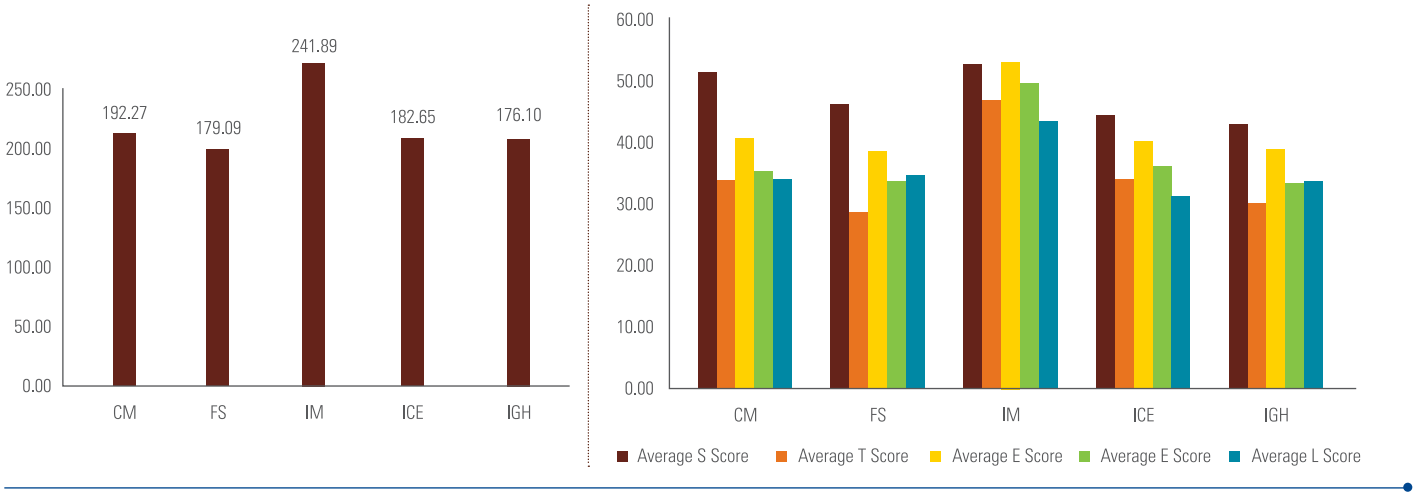
Project Management Maturity (Based on STEEL Scores)	Investment Level	Sectors
High Maturity - This is where you would ideally want to be from a project management perspective. The STEEL scores have been derived considering all aspects of project life cycle and represents an Organization's overall performance on managing their IT projects.	**High Investment –** The sectors in this quadrant are using technology effectively for managing business and also making the best use of their investments.	• Cements • Media & Entertainment • Other Manufacturing • Automotive.
	Low Investment - The sectors falling in this quadrant have mastered the art of getting the maximum bang out of their buck and are well-positioned to leverage increased investments into technology.	• Healthcare • Retail • FMCG • Power & Energy • Chemicals • Pharma / Biotech • Government.
Low Maturity – Organizations falling into this category are not able to realize the full potential of their investments.	**High Investment –** The sectors in this quadrant are dependent on IT and have invested significantly in technology. However, they've not done well in developing sound IT project management fundamentals.	• Telecom • Hospitality & Leisure • NBFC • Insurance • Education • Captives • IT / ITES • Engineering.
	Low Investment – Sectors in this quadrant have not developed internal IT project management skills since investments in technology forms a comparatively small percentage of their annual revenue.	• Banking • Infrastructure • Transport & Logistics.

Source: KPMG Business Unusual Survey

STEEL analysis by Line of Business

Our survey covered five lines of business (LOB) – Consumer Markets (CM), Financial Services (FS), Industrial Markets (IM), Information, Communication & Entertainment (ICE) and Infrastructure, Government and Healthcare (IGH). When we analyzed the distribution of STEEL scores among these lines of businesses, we found that the scores are more or less evenly distributed, except for Industrial Markets which had a clear demarcation from the rest.

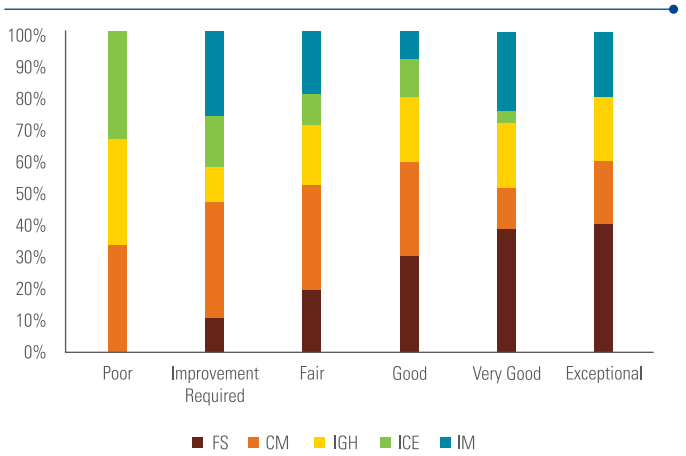
Figure 73: STEEL score distribution by line of business



Source: KPMG Business Unusual Survey

One would have thought the ICE sector which includes the major IT organizations to fare better on a maturity level. However, the below analysis depicts the PM maturity levels distribution among line of businesses and we found that Industrial Markets fared better and formed a considerable portion of our Exceptional and Very Good maturity level.

Figure 74: Project management maturity level: distribution based on line of business

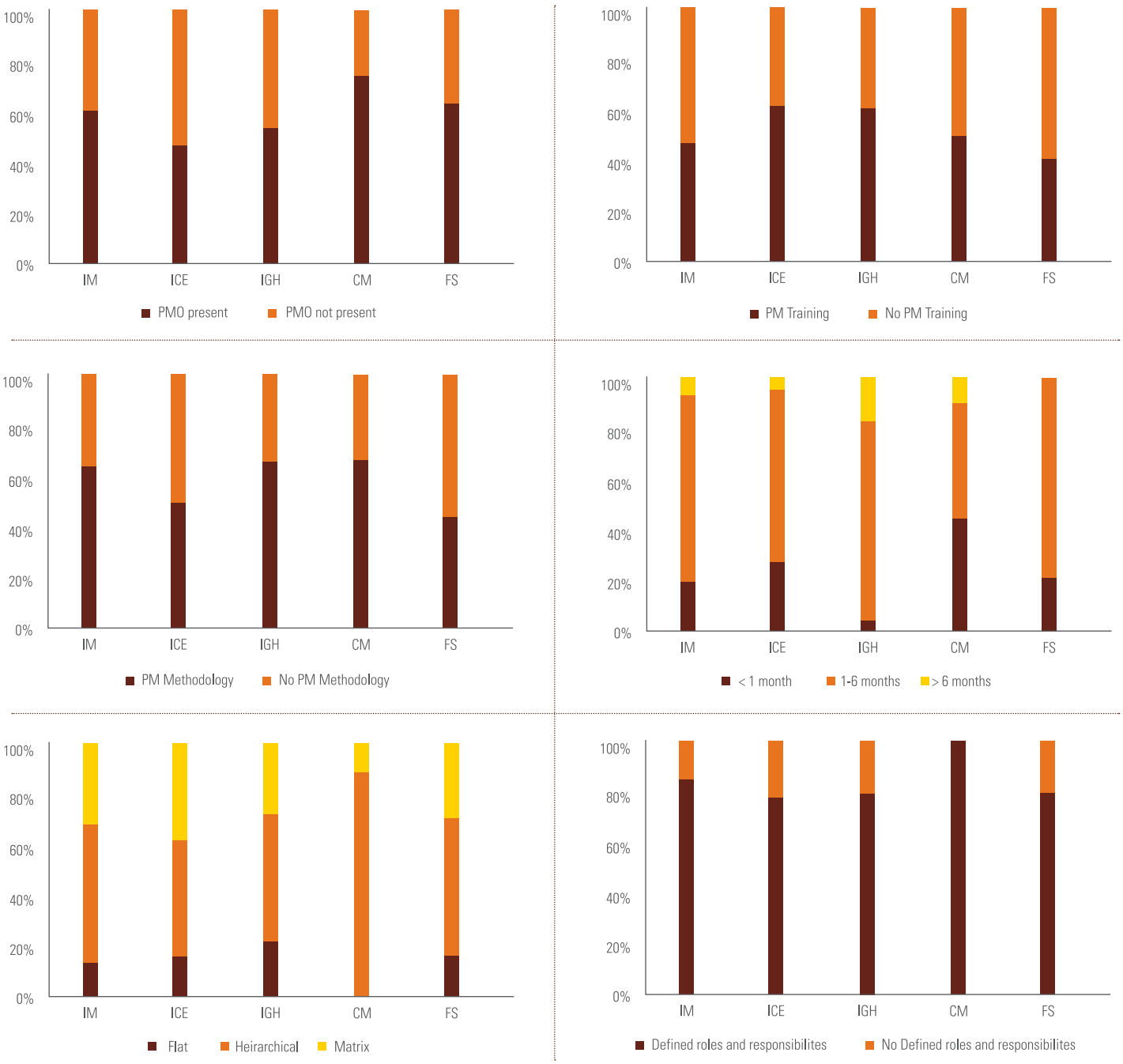


Source: KPMG Business Unusual Survey

Organizations within the ICE LOB falls majorly into the Improvement Required and Fair PM maturity level buckets and gradually reduces to the exceptional level. Organizations in the IM sector show a steady and positive increase from the Improvement Required level to the Exceptional level.

On closer look, we find that there is no single factor contributing to the exceptional maturity levels of organizations in Industrial Markets sector. It is a combination of various factors, like establishing project management offices for IT projects, having formal project management training for their managerial staff, following a defined project management methodology, having an optimal approval lead time for IT projects, having a well-defined project organization structure and roles and responsibilities that contribute to the better performance of Industrial market segments.

Figure 75: Analysis of factors contributing to better PM maturity for Industrial Markets



Source: KPMG Business Unusual Survey

12

About Business Unusual

About Business Unusual

The intent of this initiative is to capture insights and trends in IT Project Management practices across industries in India from a practitioner's perspective. Hence the entire survey was designed to capture the data from primary sources as far as possible rather than relying on secondary research. This has been achieved by conducting face-to-face interviews with the IT heads or CIOs of over 140 organizations based in India. The discussions were focused on IT Project Management practices within their respective organizations. In order to make the discussions comprehensive a structured questionnaire was used to capture the responses. The data collected from these questionnaires was analyzed to arrive at the analysis and conclusions provided in this report.

Business Unusual questionnaire

The starting point of the exercise was formulation of a set of hypothesis around IT project management practices in Indian companies. These hypothesis were based on KPMG in India's project advisory experience across multiple clients and numerous project management engagements. They reflect the latest issues and dilemmas that the organizations are facing. The hypothesis were grouped together into 9 areas of focus that form the main structure of the findings section in this report.

The questions in the survey were structured to prove or disprove these hypotheses.

The overall questionnaire was divided into 4 sections:

- Header questions
  - Section one capturing the basic organization details
  - Section two capturing the IT initiatives undertaken by the organization
  - Section three capturing the project management practices and
- Main questionnaire
  - Section four having a set of 54 questions based on a 5 – level Likert scale* covering all the facets of Project Management

* Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree

In addition, the questionnaire also had a separate section on IT initiatives where the information on areas of recent IT investment were captured along with the initiatives where the organizations have been investing or are planning to put significant focus in future.

Figure 76: Business Unusual Questionnaire

KPMG

Business Unusual Questionnaire

Organization Parameters

Name of the organization:

Group Entity:

CxO Name :

CxO Designation :

CxO Contact Details *Email :*

Landline Number: *Mobile Number:*

Headquartered at :

Legal Entity Structure :

☐ Listed Indian entity ☐ Unlisted Indian entity ☐ Subsidiary of a foreign firm ☐ JV

☐ Partnership

Other Details

☐ Public Sector ☐ Captive ☐ Government

☐ NGO ☐ Associations ☐ Pure Internet business

LOB:

☐ Financial Services ☐ Industrial Markets ☐ Information, Communication, Entertainment

☐ Consumer Markets ☐ Private Equity ☐ Infrastructure, Government, Healthcare

Sector:

☐ Conglomerate

FS	☐ Banking	☐ Insurance	☐ Mutual Funds	☐ NBFC	☐ Other FS
IM	☐ Automotive	☐ Pharma/Biotech	☐ Consumer/Off Electronics	☐ Textiles	
	☐ Metal & Mining	☐ Engineering	☐ Chemicals	☐ Cements	
	☐ Other Manufacturing				
CM	☐ Retail	☐ FMCG	☐ Gems & Jewellery	☐ Logistics	
ICE	☐ IT/ITES	☐ Telecom	☐ Media and Entertainment	☐ Hospitality and Leisure	
IGH	☐ Government	☐ Infrastructure	☐ Power & Energy	☐ Real Estate	
	☐ Defense & Aerospace	☐ Transport	☐ Social (NGO)	☐ Healthcare	
	☐ Education	☐ Clinical Research Organizations			

☐ Other services

Type of Organization

☐ Functional ☐ Projectized

Survey **participants**

As part of this survey, we covered 140 organizations across 23 sectors. All the interviews were administered face-to-face by KPMG IT advisory teams across India, using the survey questionnaire. The survey participants included a wide range of industries- large, medium, small, government and private, conglomerates, captives and internet only businesses.

The analysis **framework**

The hypotheses were linked to one or more questions in the questionnaire with each question carrying a specific weight (contribution to the hypothesis score) and a direction (-1 if it opposes the hypothesis, +1 if it supports the hypothesis).

By combining the scores for questions mapped to each hypothesis, the validity of the hypotheses could be established for a particular response. By combining the result for all responses (140 organizations), the overall validity of the hypothesis could be ascertained; a negative score indicating disproving of the hypothesis and a positive score indicating the validity of the hypothesis.

For further insights the results could be grouped using one or more filters like organization size, line of business, maturity etc. Also a multi-variant analysis was performed to arrive at 2nd and 3rd level of correlation between various parameters.

The final **report**

The insights obtained from the survey analysis have been presented in this report. For each focus area the report looks at the key outcomes and the trends observed. In addition, based on the qualitative inputs received during the interviews, a maturity framework has been formed for each of the focus areas.

The Unusual **Team**

Project Sponsorship

Kumar Parakala

Guidance

Monesh Dange
Atul Gupta
Shanmugam Nagappan
Kunal Pande
K K Raman
Ravishankar S
Akhilesh Tuteja
Ashvin Vellody

Project Leadership

S Vijay

Project Management

Anish Kartha

Conceptualization

Annapurna Alladi
Naresh Audukoori
Brunga Bahubali
Abhinav Chaturvedi
Merril Cherian
Varun Gulati
Mandar S Joshi
Anas Junaid
Srijit Menon
Shyjesh Poduval
Surendra Ramaiah
Vishvas Rao
P Srinivas
Sricharan Saripalli
Shyam Shreyas

Content Development

Nirmalya Banerjee
Abhinav Chaturvedi
Merril Cherian
Abhishek Gupta
Mandar S Joshi
Ajay Krishnan
Sanjay Nivargikar
Nisha Padaki
Mitushi Pitti
Sarvesh Pradhan
Arjun Reddy
Sricharan Saripalli
Shreyashi Sengupta
M V Shiva
Shubhi Sood
Sankara T Subramanian

Analysis

Abhinav Chaturvedi
Ramya Ganesan
Anindya Ghosh
Esther Jayadevi
Mandar S Joshi
Tejaswini Marathe
Shubhajit Mazumdar
Satyajeet Navale
Sanjay Nivargikar
Syamala Raju Peketi
Neethu Ram

Questionnaire Administration

Sameer Anja
Naresh Audukoori
Avinash Bendke
Ravi Bhushan
Glyn Castro
Abhinav Chaturvedi
Merril Cherian
Arun Chillara
Vaibhav Gunjal
Abhishek Gupta
Deepak Gupta
Rahul Gupta
Vidur Gupta
Mandar S Joshi
Shweta Kapoor
Ashwin Kelkar
Sonia Kudchadkar
Gururaja M N
Pallavi Mantrao
Arnab Mitra
Priyanka Nagesh
Mayuran Palanisamy
Vishnu Pillai
Mitushi Pitti
Keith Prabhu
Sushant Rabra
Karan Rai
Nitin Rai
Priya Rajaram
Deepak Rajgopaul
Bharath Ram
Balachandran Ramachandran
Surendra Ramaiah
Sundar Ramaswamy
Jayanth Rao
Vishvas Rao
Moushumee Basu Roy
Arvind S
Nitin Shah
Mubin Shaikh
Rahul Singhal
N Subramanian
Sheetal Subramanian
Abhijit Varma
Sameer Vartak
Sankaran Venkataramani
Harish Warrier
Sajit Jacob
Rajkumar Solomons
Sony Anthony
Sudhanshu Fadnis

13

Annexure

Annexure

List of tables

List of figures

14

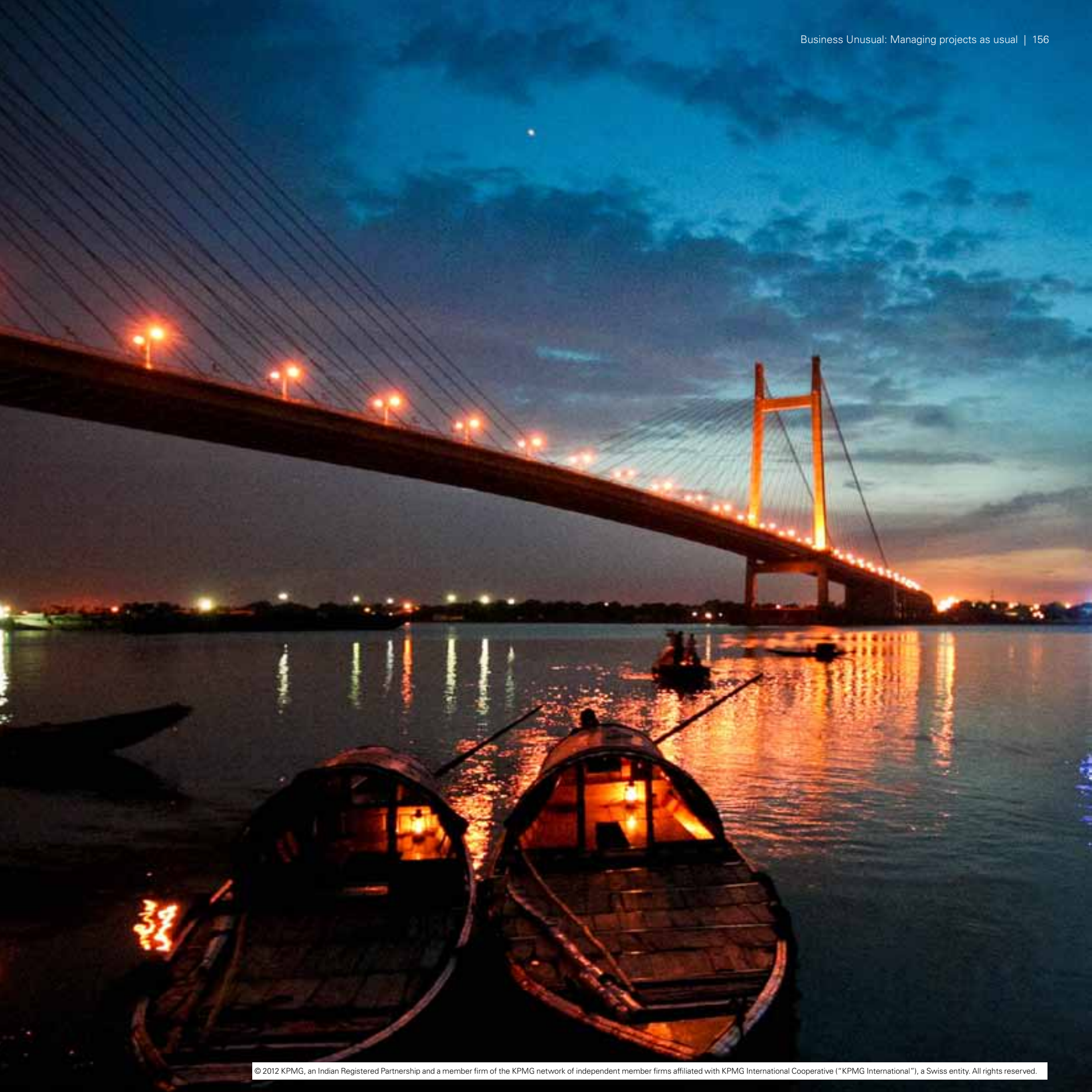
About KPMG in India

14

About KPMG in India

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 152 countries and have 145,000 people working in member firms around the world.

KPMG in India, a professional services firm, is the Indian member firm of KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG in India provide services to over 4,500 international and national clients, in India. KPMG has offices across India in Delhi, Chandigarh, Ahmedabad, Mumbai, Pune, Chennai, Bangalore, Kochi, Hyderabad and Kolkata. The Indian firm has access to more than 5,000 Indian and expatriate professionals, many of whom are internationally trained. We strive to provide rapid, performance-based, industry-focused and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.



Contact us

Rajesh Jain
Head
Markets
T: + 91 22 3090 2370
E: rcjain@kpmg.com

Akhilesh Tuteja
Co-Head
Management Consulting - IT Advisory
T: +91 124 3074 800
E: atuteja@kpmg.com

S Vijay
Partner
Management Consulting - IT Advisory
T: +91 80 3065 4321
E: vsubramanyam@kpmg.com

Kumar Parakala
Chief Operating Officer - Advisory
KPMG in India
Global CIO Advisory Leader
T: +91 80 3065 4600
E: kumar@kpmg.com

Prasad Kulkarni
Co-Head
Management Consulting - IT Advisory
T: +91 22 3090 1780
E: pkulkarni1@kpmg.com

www.kpmg.com/in

Printed in India.