

TECH CHOICES



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IBM Is Finally Focusing On Strategic Planning In The PPM Market

The Forrester Wave™ Vendor Summary, Q1 2006

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EXECUTIVE SUMMARY

IBM's acquisition of Systemcorp's portfolio management office enabled it to introduce planning and tracking functionality to complement its set of development tools. IBM's Rational Portfolio Manager continues to evolve and shows promise. Tactical functionality remains developer-oriented. However, with the latest enhancements to portfolio management, Rational Portfolio Manager shows signs of expanding beyond its focus on the development team into a product that can bring value to IT management.

GOT RATIONAL? GET RATIONAL PORTFOLIO MANAGER

IBM's acquisition of Systemcorp took no one by surprise. It had a 30% stake in the vendor, and the redesign of the product was initially used for internal project management. Following the acquisition, the product was further developed and introduced as part of the Rational Suite of applications to act as the conduit for delivering project and development management information. The re-architected product is a relative newcomer to the project portfolio management (PPM) market.

Forrester evaluated IBM's Rational Portfolio Manager product and strategy for PPM against 94 criteria (see Figure 1). Overall, the product has strong methodology creation and workflow management, rapidly improving portfolio management, and competent resource management. Its core functionality shows much promise. However, its usability must address more user needs beyond the development team. This means that the product is an especially good fit for buyers whose:

- **IT work includes a high percentage of internal development.** Even with the portfolio methodology enhancements, the core strength of Rational Portfolio Manager remains its integration with development tools. When used in conjunction with the Rational Team Unifying Platform or the IBM application life-cycle management tools, the product enables project managers to access artifacts that give insight into development project status.
- **Methodology development is a high priority.** Rational Portfolio Manager includes Rational Method Composer as the methodology engine. Companies have access to Rational Unified Process practices and project-related Summit methodology, as well as the ability to build and configure their own role-based processes and methodologies that encompass project management and develop team members.



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There are other things to consider when evaluating IBM's Rational Portfolio Manager application:

- **Its portfolio management functionality is surprisingly robust.** Companies considering Rational Portfolio Manager should look beyond the development-centric UI and “tone” of the application. Rational Portfolio Manager can do a lot more than just manage a portfolio of development projects. Portfolio functionality includes individual investment polling and ranking for cross-portfolio comparisons. Drag-and-drop investment creation helps users to quickly define investment proposals, while 140 predefined graphic views and 17 OLAP pivots provide comprehensive views for all but the most mature organizations.
- **Configurability is comprehensive — and highly complex.** Rational Portfolio Manager supports numerous types of work management support and role-based accessibility. The application allows users to configure role-based views and associate workflows and to create measurements to evaluate productivity. All of this leads to considerable flexibility, but it can require considerable administrative overhead.

A North American hospital services executive told us: “[The product’s] strengths are its weaknesses. It’s highly configurable; however, the challenge with it is that it’s so highly configurable; [it]has a lot of complexity with that. It’s true of any enterprise tools, but more in IBM’s case — it absolutely takes that kind of support. We have a team of three working on it.”

- **Resource management functionality can cover a wide range of organizational needs.** Rational Portfolio Manager supports multiple calendar types. Base calendars establish projects and resources, and each project has its own calendar to establish project planning policies. The application also supports individual resource calendars that are used for nonproject scheduling to establish availability. Resource management is robust, with multiple levels of resource searching, and the skills inventory allows users to build resource profiles that contain things such as resource skills, skill levels, organizations, regions, proficiencies, and performance history.

To see how IBM stacks up against 12 other competitors, see the Forrester Wave™ evaluation of the PPM market.¹

Figure 1 IBM Evaluation Overview

CURRENT OFFERING	
Demand management	IBM provides the ability to enter different types of work requests into the application using entry from a drop-down that brings up a template for the specific work request type and allows users to drag and drop a request object or create a request in a Microsoft Excel-like template.
Portfolio management	The vendor provides the ability to create multiple portfolios leveraging similar functionality to that of demand management. The product supports four analytic views that allow users to view multiple portfolios with like criteria; the product also provides out-of-the-box analytics and methodology for quick-start portfolio analysis.
Project management	The product offers native scheduling functionality as well as Microsoft Project integration. It supports multiple baseline capability and project and nonproject work tracking in a highly scalable environment.
Resource management	The product's resource management supports multiple calendar types, multiple levels of resource searches, skills development, and flexible timesheet work reporting in a highly scalable environment.
Financial management	The product supports project budgeting and forecasting at the portfolio level; it supports multiple currencies, API and Web-services integration to third-party financials applications, and reporting for chargeback purposes.
Methodology	The product offers a range of standard methodology as part of the product, as well as the ability to create custom practices using Rational Method Composer (RMC).
Workflow	The product provides standard workflows as part of a process library, as well as the ability to build custom workflows via the automated graphical workflow engine within the application.
Reporting	The product ships with predefined charts and pivots for tabular reporting, as well as standard reports. RPM has an integrated report writer to create custom reports.
Integrated IT management	The product does not yet have an IIM solution but does allow users to integrate help desk requests for demand management.
Application technology	The product is supported on a wide variety of databases, application servers, and operating systems. It is 100% Web-based.

Source: Forrester Research, Inc.

Figure 1 IBM Evaluation Overview (Cont.)

STRATEGY	
Product strategy	The vendor’s strategy is to provide further integration with other IBM applications in areas of development, operations, and infrastructure, as well as additional methodology support via RMC.
Corporate strategy	IBM has dedicated 10% of the Rational team to Rational Portfolio Manager and is focusing on large corporate customers.
Financial resources to support strategy	IBM is profitable and has a positive cash flow and revenue stream.
Cost	The product is available in three configurations: <ul style="list-style-type: none"> • Portfolio Manager: \$2,000. • Console Edition (Executive Dashboard): \$600. • Time and Expense Edition: \$80.
MARKET PRESENCE	
Installed base	IBM does not provide information about installed base or new sales and upgrades. However, the vendor does report that 95% of existing customers are on maintenance agreements.
Revenue	IBM’s total revenues for Q4 2004 and Q1, Q2, and Q3 2005 were \$27.7 billion, \$22.9 billion, \$22.3 billion, and \$21.5 billion, respectively, for a total of \$94.4 billion.
Revenue growth	Total revenue for Q3 2005 was \$21.5 billion, down 8% versus Q3 of 2004, but up 4% without the impact of the divested PC business.
International presence	Based on IBM’s Q4 2005 financial statement, 43% of the company’s total revenues were generated from the Americas.
Systems integrators	There are two integrator partners with three or more deployments in the past 18 months and four others with at least one deployment.
Services	IBM Global Services provides training services and support; classroom training is under development but is not yet available.
Employees	There are approximately 100 engineering resources focused on project and portfolio management.
Technology partners	In the 12 months since the acquisition of Systemcorp, IBM has developed a strong partner community to support the product, with more than 60 partners worldwide selling and supporting it.

Source: Forrester Research, Inc.



Go online to download additional in-depth data and scores for this vendor and other vendors included in this Forrester Wave evaluation.

SUPPLEMENTAL MATERIAL

Online Resource

The underlying spreadsheet for Figure 1 is available online. The spreadsheet includes more detailed data and scores for this vendor.

This detailed data and scores for this vendor are also available online through an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Project portfolio management (PPM) is a critical enabler for IT work delivery. For successful delivery, IT organizations must be able to visualize the requirements to meet objectives, determine the best combinations of new projects and existing systems to achieve the correct resource balance, and control unnecessary investments. To assess the state of the market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top PPM vendors across 94 criteria. The result: Best-of-breed still reigns. Primavera's and PlanView's functional depth, breadth, and work-specific or industry-specific solutions far outweigh generic IT work management requirements. Included in this report is an interactive vendor comparison tool that provides detailed product evaluations and customizable rankings. See the March 13, 2006, Tech Choices "[The Forrester Wave™: Project Portfolio Management, Q1 2006](#)."