CASE STUDY

intellilink

Client: **Global Pharmaceutical Firm**

Function: **IT Department**

Project: **Develop Strategy for Portfolio Management**

Overall Project Mission

Develop a vision that encompassed people, process and tools for improving the service offering of a Portfolio Management group.

The Research and Development (R&D) IS department of a global pharmaceuticals company created a new organization to conduct Portfolio and Resource Management. The new organization had initial success in creating a project portfolio to track capital spending.

However the organization did not have the internal expertise to evolve beyond their initial data gathering and reporting mission to a value added position of providing analysis and guidance to the business and IS leadership.

Challenges

Analysis

Determining which projects deserve funding within a R&D organization is difficult. Typical business cases cannot accurately capture the potential Return on Investment or the potential costs that innovative new technology/drugs can require. Detailed tracking of current capital and operational expenditures was available to the IS leadership team only on a quarterly basis, which was far too infrequent and limited in scope to make good tactical judgments about the likely success or failure of a project.

Lack of Investment Control

Projects, resources and capital funds were treated as if they were owned by the individual departments within R&D not by the overall R&D IS organization itself. Projects requiring capital investment were reviewed and approved by the R&D IS Leadership team however their decisions were not accurately relayed down the chain of command resulting in IS resources to continue working on cancelled projects.

Incomplete Portfolio Views

The original portfolio tracked only IS projects that required capital funding. This is because the original need from project tracking originated in the Finance department. This completely ignored any projects that required only operational resources or projects with capital expenditures in previous years but no capital expenditures in the current financial year or application support. The governance team could not accurately analyze and prioritize their capital projects because they were trying to do so in an information vacuum. Without tracking these other portfolios of projects/applications the governance team couldn't properly prioritize the projects within each department let alone the entire organization.

Lack of Common Process and Language

Each group within the R&D IS organization used their own unique process for starting, approving, tracking and reporting projects. There was no uniform process across the organization for reporting or a

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common language to understand what various terms in the organization meant. This resulted in confusion about the status of projects and the allocation of resources.

Merging with a competitor
The client was in the process of being acquired by another pharmaceutical company. All research and the resulting analysis had to be carefully crafted to maintain relevance in a changing political and organization landscape at the same time be compelling enough to influence the incoming IS leadership of the value of Portfolio Management to the R&D IS organization.

Addressing the Challenge
The only way to clearly overcome these challenges was to create a detailed vision that highlighted each challenge and provided detailed guidance on how each issue should be resolved. Interviews with Portfolio Management team and members of each R&D IS organization resulted in a complete picture of where the process and control breakdowns were occurring. Because the organization was in the process of being reorganized the vision focused on the final operating model and what was needed sustain a successful Portfolio Management function within an R&D organization.

Solution – Strategy Development

The solution was to conduct a rigorous analysis that included the input from key people in the organization. To develop a strategy for evolving the Portfolio Management group, the team conducted the following.

Current Assessment
Review and document existing processes for data gathering, analysis and reporting to determine where breakpoints within the Portfolio Management process exist. Then analyze the financial, process and organizational impacts of each breakpoint to highlight the need for a new way of doing business that would address all of these concerns.

Vision Operating Model
Create a new operating model that clearly illustrates the additional and changed functions of the Portfolio Management group and how these functions relate to the overall R&D IS organization to address the breakpoints uncovered in the Current Assessment. Stressing the need for the IS Leadership team to have immediate and accurate information regarding the resources allocated and requested, the current and expected costs and investment horizon of every project (capital or not) and application in order to make informed decisions regarding how to maximize their investments to provide the highest returned business value.

Road Map
Implementing the new vision would require more than thirty new projects. For each initiative a suggested timing was developed based on project scope, dependencies and cost in order to help guide the Portfolio Management team in their implementation planning for the next few years.