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SaaS-Based Tools Lower Barriers To PPM Success

Flexibility And Lower Barriers To Entry Enable PPM Across Maturity Levels

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EXECUTIVE SUMMARY

As CIOs face pressure to “do more with less,” project portfolio management (PPM) — with its promises of productivity and better allocation of precious budget dollars — has surged in popularity. It’s no surprise that PPM is moving off of the spreadsheet and into commercial applications — but the cost and implementation of these solutions are hurdles to many IT shops. Software-as-a-service (SaaS) solutions have emerged as a viable option that boasts many benefits: lower cost, faster implementation, quicker time-to-value, no need for infrastructure investment or maintenance, and lower risk of adoption failure. This delivery model is gaining attention in North American and European enterprises.¹ This applies in the growing PPM market as well: Established on-premise PPM vendors are launching their own SaaS versions, and smaller pure-play SaaS vendors are targeting small and midsize opportunities, with some even targeting enterprise opportunities. Forrester researched three of the “original” SaaS PPM vendors and spoke with their customers to find out what options are available and determine if a SaaS solution might be a viable option for firms.

SaaS BUFFERS THE RISK OF INVESTING IN A PPM TOOL

IT executives are always looking to achieve broader visibility into IT costs, better utilization of resources, and improved project outcomes. This may require IT to end the days of spreadsheet project and portfolio tracking and to consider an investment in a PPM software tool. Unfortunately, it’s not as easy as 1-2-3. Traditional PPM deployments require significant investments in: time for implementation; infrastructure updates; and the product itself — which can total an investment in the millions. This is all without any guarantee of successful end user adoption. A recent study by adoption-focused IT management consulting firm Neochange suggests that nearly 65% of deployments see effective usage of less than 50%.² Discussions with Forrester clients confirm this situation. The result is an underpopulated tool that can’t deliver on its proposed benefits.

Smaller Vendors Use SaaS To Lower Entry Barriers And Focus On “Right-Fit” Functionality

Among the most common complaints of PPM tools are that a great deal of the functionality goes unused and that the application is too hard to use. Additionally, some executives are attracted by the complex set of features that a tool provides only to find that their PPM processes are not mature enough to wring the proposed value out of these functions. SaaS providers are shaping their strategies to address these woes, making PPM available via SaaS tools, which are more accessible and realistic than the original PPM tools for the 90% of organizations that aren’t at the higher end of PPM-process maturity. Designed for

end user adoption and collaboration, these SaaS solutions tend to be lighter on functionality than most on-premise solutions. Regardless, SaaS providers are seeing ever-increasing interest — and they are cultivating customer bases and developing their products' functionality as these customer bases mature and grow into their solutions.

SaaS-based vendors help CIOs interested in PPM by:

- **Making it easier to get started.** PPM can be extremely expensive to start, which warrants the question: “How many people is this actually helping?” The lower-cost and more predictable per-seat pricing model of SaaS means that a CIO doesn't need a very large IT organization to justify the investment. Without the need for the allocation of capital funding, a less rigorous business case is required for an initial deployment — and increased funding is easier to substantiate as the adoption levels and benefits grow.
- **Taking the strain off of IT.** The vendor handles updates and bug fixes free of charge and without the need for additional infrastructure, which takes some of the weight off of IT's shoulders. As an added benefit, the tight-knit user community that typically develops in each vendor's forum means that when one firm experiences a bug, the vendor fixes it for all of its customers.
- **Alleviating the risk of trying smaller vendors.** A CIO in an IT organization with a smaller deal size might fear that this will prevent the organization from getting any attention with a larger vendor. One potential solution is trying out a smaller vendor's services, although this in turn brings on a risk of its own. The ability to drop the subscription without losing an enormous initial investment helps counterbalance this risk. Furthermore, many of the customers we talked with noted the exceptional business-partner service and attention from these smaller vendors.
- **Enabling collaboration from anywhere.** Since users access the SaaS application via the Web, team members can update and view information securely from anywhere with Internet access — a benefit for firms with road-warrior project managers.

THREE SMALLER PPM VENDORS SHOW THE FLEXIBILITY OF THE SaaS MODEL

Following the impressive performance of smaller SaaS vendor Daptiv among the giants in our 2007 PPM Forrester Wave™ evaluation, we researched three other smaller SaaS PPM vendors through demos, briefings, and customer reference checks.³

Innotas Provides Cost-Effective PPM While Developing Client Maturity

Innotas recognizes that not only are most IT organizations on the lower end of the maturity spectrum but also that not every project manager is a project management professional (PMP). It is for this reason that Innotas has been focused on user experience and has adopted the “account management” philosophy, where a dedicated account manager guides functionality rollout while

driving PPM maturity. Throughout the lives of contracts, account managers schedule regular meetings with clients to show how the businesses can use the Innotas solution to manage more effectively. One customer reference even noted that he could not live without this account manager.

Innotas is priced competitively at only \$45 per user per month. Innotas focuses on deployments across all verticals with the goal of providing close customer support and continuous development. A typical deployment size is around 100 users, although Innotas has had deployments with thousands of users as well. Following its strategy of developing functionality alongside customer maturity, Innotas focuses its planned enhancements on functionality, specifically in the areas of reporting, dashboards, and what-if scenarios (see Figure 1).

Figure 1 Innotas Provides A Broad Base Of Functionality On The Cheap

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|-----------------------------|---|
| Price | Monthly at \$45 per user per month. Discounts available for longer/larger contracts. |
| Industry verticals | All |
| Main differentiator | Close customer support and continuous development |
| Functionality | Surprisingly broad, given the price, although it lacks more complete in-depth functionality such as what-if scenarios and standard data export to third-party reporting engines. Innotas has released a Web Services API and integrations with PeopleSoft, Salesforce.com, and Microsoft Project. |
| Major upcoming enhancements | What-if scenarios, dashboard integration with third-party tools, and more intuitive functionality |

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Source: Forrester Research, Inc.

PowerSteering Provides Scalable “Just Right” Functionality Across The Enterprise

Rather than targeting the “low-hanging fruit,” PowerSteering Software offers a solution that isn’t necessarily designed just for “the small guys.” As its impressive list of customers shows, PowerSteering has had some success with its strategy pursuing global \$1-billion-plus organizations that have process maturity. Richer in functionality than your typical SaaS vendor, PowerSteering takes on a “just right” configuration approach to avoid functionality overkill, also including a dedicated account manager to provide service, support, best practice recommendations, and ideas to increase utilization. Its enterprise-ready offering extends beyond IT into new product development, mergers and acquisitions, and Six Sigma.

PowerSteering’s solution is priced on the higher end of typical SaaS PPM prices: It costs \$1,000 per user per year. However, reflecting the company’s focus on larger deals and enterprisewide deployment, this price drops down to \$100 per user per year for companies that purchase a contract for 5,000 or more users. PowerSteering has significant experience in the federal government, financial services, and pharma/life sciences verticals. The company centers its development focus on enhanced functionality and integration with other applications (see Figure 2).

Figure 2 PowerSteering Provides Enterprise PPM Functionality

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|-----------------------------|---|
| Price | \$1,000 per user per year or \$100 per user per year for implementations with 5,000 or more users. Average cost is \$35 per user per month with volume discount. |
| Industry verticals | Emphasis on federal government, financial services, and pharma/life sciences verticals |
| Main differentiator | Larger deal sizes and heavier functionality than other SaaS vendors |
| Functionality | Built for enterprisewide use. Functionality is more advanced and is not intended “for the small guys.” Especially notable is the easy-to-understand business-case-driven project creation, which enables informed prioritization. Does not yet include out-of-the-box best practice methodologies. Includes APIs to SAP, Oracle, and third-party reporting engines. |
| Major upcoming enhancements | Enhanced integration, strategy and goal alignment, and business intelligence functions. More automation is scheduled for later releases. |

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Source: Forrester Research, Inc.

AtTask Matches Usability With Functionality

AtTask’s SaaS offering balances functionality with usability. The company has given special attention to the application’s aesthetics and usability. Information is easy to locate and simple to get in and out with the product’s intuitive “drag-and-drop” visual design and dynamic dashboards. Such effortless navigation through data enables the telling of the “full story” within the application.

AtTask’s offering is suitable for use in any industry vertical, as its broad customer base reflects. The company offers two different versions of the product, both with middle-of-the-road pricing — @task Enterprise, which includes more functionality and APIs, and the simpler project-focused @task Professional, which is about half the cost of the enterprise-level application. Typically, AtTask sees implementations with between 100 and 150 users (see Figure 3).

Figure 3 AtTask Makes PPM Functionality Easy To Use

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| Price | \$650 per user per year (@task Enterprise) or \$395 per user per year (@task Professional). Also priced monthly at \$33 for Professional and \$54 for Enterprise. |
| Industry verticals | None targeted. The offering is designed to be a horizontal application. |
| Main differentiator | Effortless operation and a graceful melding of form and functionality |
| Functionality | Complete. It has easy, intuitive reporting and strong scheduling tools and is advancing its functionality to include valuable functions such as prioritization. Out-of-the-box integrations for Salesforce.com, Outlook, SAP, Oracle Financials, and Cognos. |
| Major upcoming enhancements | Workflow integration with external systems, enhanced portfolio management capabilities such as scorecards and additional risk evaluation tools, and more |

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Source: Forrester Research, Inc.

RECOMMENDATIONS

BE MINDFUL OF YOUR NEEDS WHEN CONSIDERING SaaS PPM

Firms are recognizing that balancing business demands with constrained IT budgets and resources requires strong project portfolio management processes. While many firms have adopted PPM tools to support these processes, more firms are still working with spreadsheets and general-purpose tools. Hurdles to adopting PPM tools are cost, implementation and adoption concerns, and less mature project management processes — and this is where SaaS-based PPM tools can help. Beyond the particular features and functions each vendor's solution offers, companies considering a SaaS PPM solution should consider:

- **PPM's importance to the mission.** If PPM is mission-critical to the business, it may be better to keep it on premise, where there is more control over the application. Some SaaS vendors offer their products on premise, as well. But for the majority of firms, the decision of premise-based versus SaaS-based is one of economics, feature sets, and implementation effort.
- **The need to integrate.** Although SaaS vendors are paying ever more attention to making integration easier, they tend to have less out-of-the-box integrations — even with widely used financial and HR applications — than more established on-premise vendors. This may create unforeseen hiccups in the deployment. This is a current challenge SaaS vendors are working to overcome.

ENDNOTES

¹ Software-as-a-service (SaaS) continues its fast-paced growth as buyers seek shorter deployment times, faster ROI, and pay-as-you-go pricing. In a recent survey of 1,017 technology decision-makers, Forrester found that adoption in large enterprises is now at 16%, up 33% from the previous year's 12%. North American companies are the heaviest users of SaaS with approximately double the utilization rate of European firms. SaaS usage also varies by application, with HR, collaboration, and customer relationship management (CRM) showing the highest adoption rates and enterprise resource planning (ERP) and supply chain showing lower adoption rates. The study also shows that the industry still faces barriers to adoption — including concerns around integration, customization, security, and total cost of ownership — that SaaS vendors must address in order to be successful in this hot market. See the March 12, 2008, "[Competing In The Fast-Growing SaaS Market](#)" report.

² Results are based on a survey of 150 firms. Neochange is a San Francisco-based boutique management consulting firm that focuses exclusively on enterprise software adoption.

³ Forrester evaluated 14 leading project portfolio management (PPM) vendors across 95 criteria and found that CA and Planview established PPM leadership — thanks to their wide choice of mature features and functions. Compuware, HP, IBM, Microsoft, Oracle, Primavera, and Serena are leaders with the most complete, suite-ready PPM offerings. Daptiv (formerly eProject) and SAP are Strong Performers but lack

a fully developed integrated IT management offering. Artemis International Solutions and ITM-Software have more PPM vision than current capabilities, while Cardinis has a PPM suite that, while limited in scope, shows substantial promise. See the December 18, 2007, "[The Forrester Wave™: Project Portfolio Management Tools, Q4 2007](#)" report.