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KPMG's International 2002-2003

Programme Management Survey

Why keep punishing your bottom line?

Information Risk Management

Project and Programme Management is a significant issue in the Asia-Pacific region. We are seeing significant project activity within the region, this level of activity has created more scrutiny on what is being done, how well and why.

Boards are concerned that despite the significant resources invested in projects and programmes, they are still seeing millions of dollars lost each year through poor project performance.

Evidence is now emerging that failed projects can bring organisations to their knees.

Boards and Audit Committees are demanding more transparency around the Project and Programme activity within their organisation.

Competencies in Project and Programme Management are now mandatory to ensure investment dollars channelled into projects meet their desired objectives.

We trust that the insights provided in this Programme Management Survey will provide useful guidance on this critical topic.

Egidio Zarrella
Asia-Pacific Partner in Charge
Information Risk Management

KPMG is committed to working with our clients and leading researchers in the field of Project and Programme Management to explore trends and issues that contribute to an organisation's success and performance.

To this end, KPMG's 2002 – 2003 International Programme Management survey provides valuable insights into the Asia-Pacific regional Programme Management trends and issues, and how these compare to the Rest of the World. The findings from our survey will either confirm what you have been thinking about the state of Programme Management, or potentially surprise you.

From the research undertaken, it is clear that an effective Programme Management Office is an important and integral contributor to an organisation's success.

This survey provides analysis on how the state of a Programme Management Office impacts the success (or failure) rate of an organisation's projects.

Mark Tims
Asia-Pacific Leader
Project Risk Management

CONTENTS

ACKNOWLEDGEMENTS

This survey is the result of a significant investment of time and intellectual property on behalf of our valued clients.

This survey is the first of its kind to be undertaken by KPMG. We are committed to conducting this research on a regular basis, to enable us to develop further insights into this rapidly evolving field.

We thank all participants for their valuable contributions to our research.

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Executive Summary

A CALL TO ACTION

The Asia-Pacific region is lagging behind our international counterparts in embracing Programme Management, according to our survey results.

From a survey of over 230 organisations internationally, the Asia-Pacific region displayed trends illustrating:

- A higher incidence of project failure in the past 12 months across the majority of industry groups; and
- A lower percentage adoption of Programme Management Office ("PMO") across all industry categories and fewer years in operation.

The good news (if you can consider this positive) is that the average cost of project failure in Asia-Pacific for the past 12 months was only USD8.9M, compared with USD11.6M in the Rest of the World.

ONLY USD8.9M?

Why keep punishing your bottom line?

A BOARD LEVEL ISSUE

It is clear that projects are an integral part of business and are a key vehicle to realising business strategy. Projects are not "one-off" distractions, but a core facet of business, hence they are increasingly subjected to a high level of rigour and accountability.

When the average PMO in the Asia-Pacific region is managing a portfolio of USD36.6M (compared to USD106.2M in the Rest of the World), it should not come as a surprise that accountability is key, to a senior executive level at that.

When the average project failure from our Asia-Pacific respondents is USD8.9M, we ask – "what Board can easily accept an unplanned write-off of this magnitude?"

Consider also the stakeholders. In today's business environment, stakeholders are even more unforgiving when it comes to failed projects and the resultant impacts on the bottom line.

Another concerning statistic gathered in our survey was that of the organisations who had experienced a project failure in the past 12 months, 59% of those could not determine the magnitude of this failure.

Greater transparency is demanded regarding project performance, and as a result we are more accustomed to seeing company reputations suffer badly as a result of significant project failures.

The good news, however, is that with the right disciplines, structures and governance, organisations are improving their project and programme performance.

INVESTMENT FOR THE FUTURE

It is commonly acknowledged that "projects" are the conduit for change in an organisation. With the current high incidence of failed projects, some may say the monies invested in projects would be better spent elsewhere.

Abandoning the project portfolio is not a viable option. Therefore, commonly used jargon such as "benefits realisation", "governance" and "portfolio management" are beginning to actually mean something – and these terms are being focussed on and measured against.

Indeed, the day of the bottomless project cost centre, i.e. "the black hole" is over.

THE GOLDEN RULES FOR PROGRAMME MANAGEMENT

To summarise, we view an important key to project performance and success is the establishment and continual development of a robust programme management framework.

Our survey results confirm our belief - that the PMO is an essential component of this programme management infrastructure.

As evidenced in our survey, the more mature the PMO, the higher the likelihood of project success.

Also gathered throughout this survey are the following sentiments on achieving PMO maturity - golden rules of programme management:

Establishing profile

Executive sponsorship and gaining management buy-in and acceptance.

Enforcing accountability

Ensuring the PMO has a clear mandate, and performance against this is continually assessed on a timely basis.

Ensuring whole of business coverage

Ensuring the portfolio includes all projects (business and IT) and that they are managed effectively.

Ensuring robust governance

Enforcing structure and governance through defined standards, disciplines, methodologies and monitoring compliance.

Embracing a "business benefits" culture

Ensuring that project benefits are well understood from the business case, actively tracked and measured through the project lifecycle.

Ensuring adequate project and programme management competencies reside within the business

Establishing a formal and continual training curriculum and equipping personnel with adequate tools.

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Context

CHANGE IS THE ONLY CONSTANT

In today's competitive business environment, organisations cannot afford to stand still. Change is the only constant.

More than ever, organisations are being forced to drive change through their businesses – strategically and operationally. In most cases this necessitates engaging in projects.

A project, in a business environment is:

- A finite piece of work (i.e. it has a beginning and an end);
- Undertaken within defined cost and time constraints; and
- Directed at achieving a stated business benefit.

(Buttrick, R. The Project Management Workout 2nd Edition 2000)

Therefore, a project may encompass initiatives of a diverse nature, including:

- Enterprise wide IT;
- Business transformation;
- Property construction; and
- Implementation of regulatory compliance measures.

Gradually, organisations are beginning to acknowledge that these projects are not conducted in isolation. Rather, they form part of an integrated interdependent programme of change.

As projects represent a significant investment of the organisation, attention is now sharply focused on the value of these projects, and the programme of change as a whole.

With stakeholders demanding increased accountability and corporate governance, executives are faced with an additional complexity to manage. Stakeholders will not tolerate unnecessary impact on the bottom line. Due to the increased focus on project outcomes and benefits realisation, organisations must have the requisite infrastructure and skills to deliver on projects.

Therefore, we see the rise of, and focus on, Programme Management and the PMO.

THE EVOLUTION OF THE PROGRAMME MANAGEMENT OFFICE

The Project Office was the first iteration of the current day equivalent – the PMO.

In business terms, the PMO has had a relatively short career to date. Some circles say that the concept of a PMO has only been around since the early 1990s. The previous Project Office had greater association with IT projects requiring an administrative function. From our observations, the PMO has a broader mandate than that of the Project Office – its mandate now includes enterprise wide business projects.

Many participants in our survey defined the PMO as follows:

> "A function supporting a number of projects with prime responsibility for tracking and reporting on progress."

In essence – an administrative function.

KPMG's definition of a PMO for today and the future is:

> "A strategic function responsible for co-ordinating, prioritising, planning, overseeing and monitoring an organisation's projects to achieve business strategy and benefits."

In essence – a strategic function.

Today, leading organisations are re-defining the role of the PMO in response to market sensitivity to project failure and stakeholder intolerance to poor project delivery.

The PMO is here to stay.

Given the continuing trend of increased project activity and the proliferation of PMOs, we initiated our International Programme Management Survey 2002-2003.

SURVEY OBJECTIVES

The primary objective of this survey is to provide an insight into the Programme Management trends in the Asia-Pacific region, against that of the Rest of the World.

To achieve this, a 51 question survey was produced with a focus on:

- Assessing the current state of the PMO;
- Determining the occurrence of project failures and contributing factors;
- Assessing the impact of PMO maturity on project performance; and
- Ascertaining keys to project and programme success.

METHOD OF RESEARCH AND ANALYSIS

In conducting this survey, KPMG professionals conducted face-to-face interviews with organisations in over 15 countries.

Verbatim responses were captured as part of data collection.

In presenting our results, we have divided our analysis into two geographical segments - the Asia-Pacific region, and the "Rest of the World" – comprising participants from Europe, the Americas and Africa. Organisations surveyed included government bodies, public and private entities.

Analysis was conducted both on an international and regional basis, using KPMG proprietary data analysis software, in compiling these statistics, data has been rounded to one decimal place. For ease of comparison all financial statistics have been provided in USD.

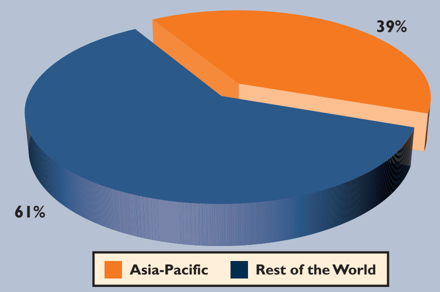
The definition used for billion (B) is one thousand million (M).

All analysis contained within this survey has been performed on responses received from participants surveyed.

INTERNATIONAL SURVEY PARTICIPANTS

In conducting the survey, KPMG interviewed over 230 organisations in over 15 countries including the Asia-Pacific region. The split of responses is depicted in the following graph.

Survey respondents

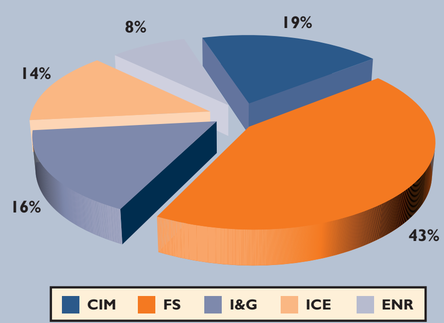


We achieved a representative spread of organisations from key commercial and government sectors. For ease of comparison we have grouped the results into the following industry categories:

- Financial Services (FS);
- Consumer and Industrial Markets (CIM);
- Infrastructure and Government (I&G);
- Information, Communications and Entertainment (ICE); and
- Energy and Natural Resources (ENR).

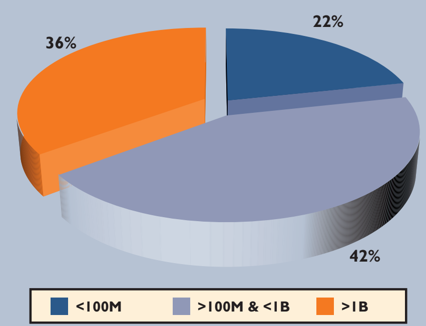
The proportion of respondents by industry categorisation is illustrated as follows:

Participants by industry group



By organisational size defined in revenue terms, the survey sample is dissected as follows:

Participant by revenue (USD)



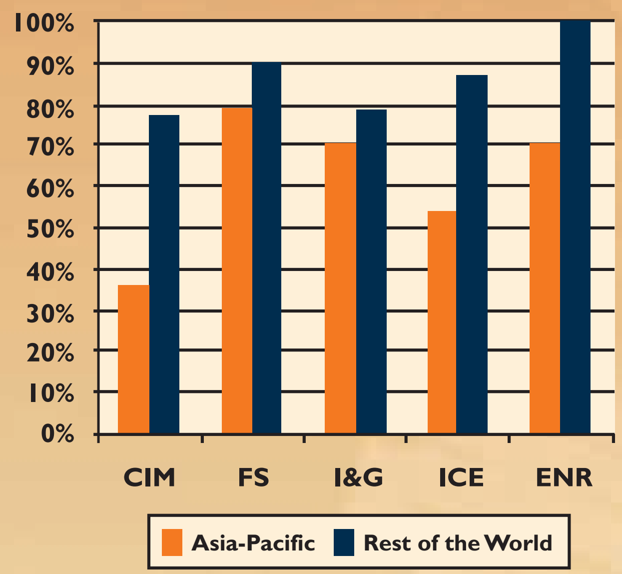
The state of the PMO

Survey results indicate that the Asia-Pacific region has been slow in adopting the PMO concept, lagging behind our international counterparts.

Only 64% of organisations surveyed in the Asia-Pacific region had a PMO, compared with 86% in the Rest of the World. With the increased level of accountability and focus on risk management and governance, we would expect the adoption of PMOs in the Asia-Pacific region to increase significantly over the next couple of years.

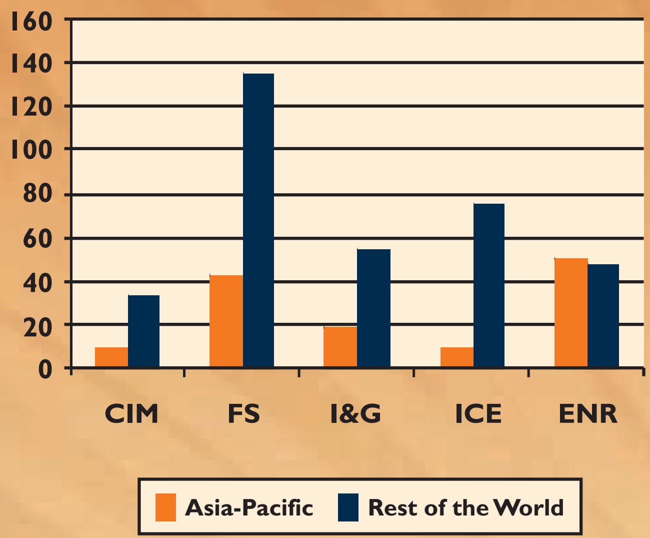
The percentage of adoption by industry sector compared to the Rest of the World is depicted below:

PMO adoption



Our participants estimated that for the coming year, the average number of projects to be managed by the PMO is:

Average number of projects to be managed in the coming year



The value of the average project portfolio managed by the PMO is:

Asia-Pacific - USD36.6M

Rest of the World - USD106.2M

All participants - USD81.2M

As some PMOs did not manage all projects in the organisation (e.g. only IT projects) and some organisations had more than one PMO, the average project portfolio per organisation will be higher.

PMO FUNCTIONS

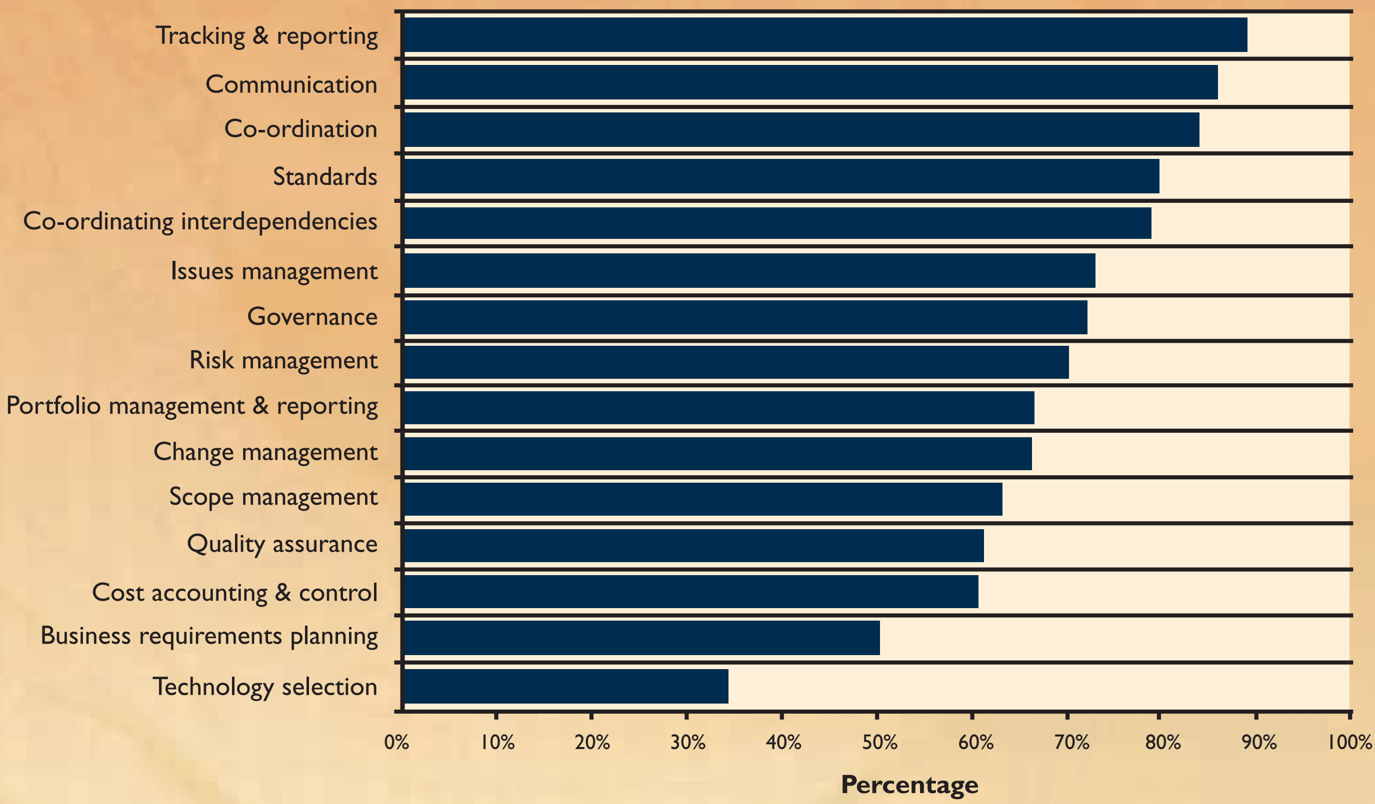
From the information gathered, a common theme is that today's PMO has evolved from the project-oriented nature of IT. Almost 90% of PMOs managed the IT projects within their organisations, with 60% of these PMOs also focussing on business or capital works projects.

The functions performed by the PMO are as follows:

The functions depicted below are consistent with functions provided by the traditional role of the Project Office. As the PMO evolves further, we would expect the functions of the PMO to have greater emphasis on:

- Governance;
- Risk management;
- Quality assurance;
- Benefits realisation; and
- Portfolio management.

Functions provided by PMO



Key message:

- **The Asia-Pacific region is generally lagging behind the Rest of the World in its adoption of the PMO concept. This includes the number of projects being managed and the average value of these portfolios.**

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So why are projects still failing?

In the past 12 months, 57% of organisations surveyed internationally have experienced at least one project failure (using their own definition of success/failure). Geographically, this was split by:

Asia-Pacific - 59%

Rest of the World - 56%

A disturbing observation was that the majority (59%) of those participants who had experienced a failed project in the last twelve months, could not determine how much the project failures were costing their organisation.

Of those organisations able to determine the magnitude of the project failure(s), the average cost of a project failure was:

Asia-Pacific - USD8.9M

Rest of the World - USD11.6M

Across all participants - USD10.4M

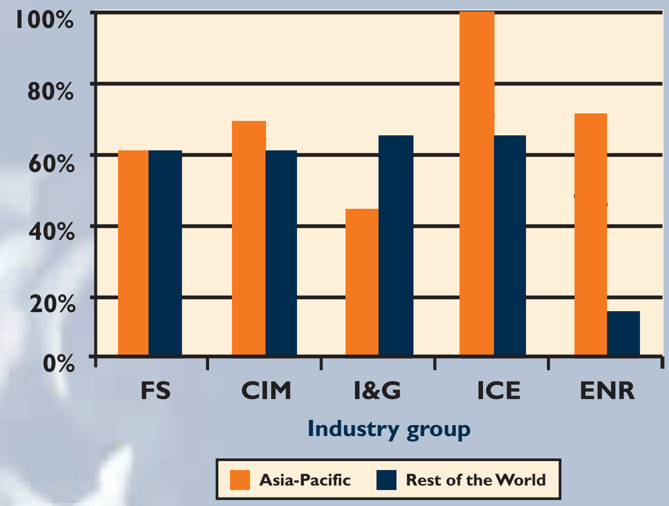
The major reasons for failure were described as:

- Unclear/changing scope requirements;
- Poor project management;
- Poor resource management; and
- Poor cost management.

It is alarming to note that "poor project management" is frequently given as a reason for project failure. Project management is no longer a "nice to have", it must be a core competency of an organisation. However, organisations cannot simply expect their staff to acquire project management skills on-the-job. As we move towards an increasingly project oriented business environment, there will need to be a significant investment in up-skilling staff entrusted with the delivery of successful projects.

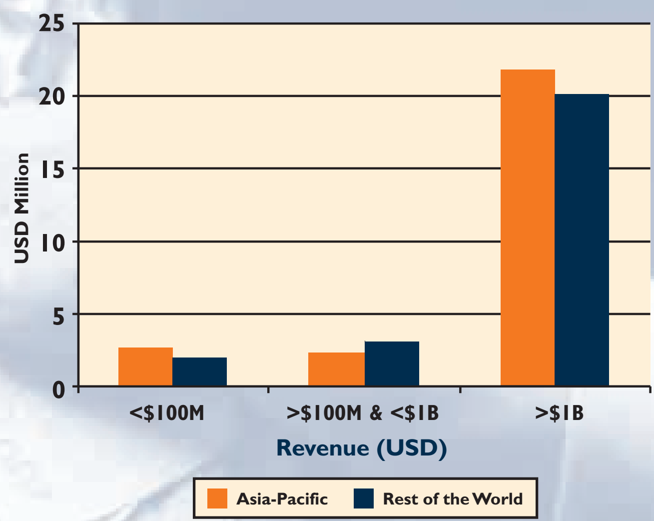
It is interesting to note the relative project failure rates across the various industries:

Organisations with at least one project failure in the last 12 months



Based on the sample surveyed, organisations in the ICE and ENR industries in the Asia-Pacific region are clearly behind the Rest of the World when it comes to project success, with our I&G industry group performing better than the Rest of the World.

Average cost of project failure by organisation size



Organisations in the Asia-Pacific region compared to the Rest of the World appear consistent when it comes to the average cost of failure by organisation size.

Furthermore, based on our analysis, participant organisations with revenue greater than USD1B experienced project losses to the value of one quarter of the total organisational project portfolio value in the past year.

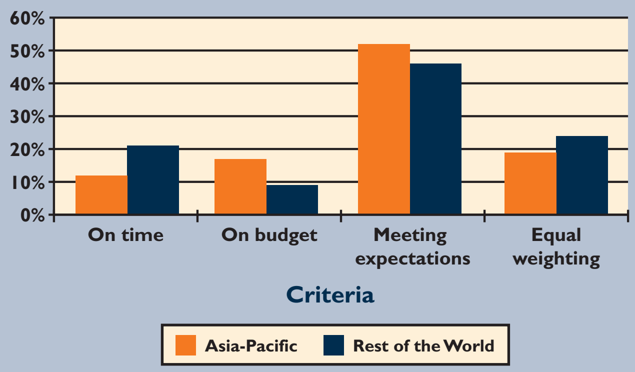
This indicates significant potential savings for these organisations through increasing the project delivery capability.

IT'S TIME FOR CLARITY

In evaluating the outcomes of a project, a clear definition is required for determining and measuring "success". Today's leading Project Managers and Programme Managers, have vastly differing, and sometimes rather subjective measures.

The percentage of participants who evaluated project success using the criteria: on time; on budget, meeting expectations, and an equal weighting of the above three criteria, is shown below:

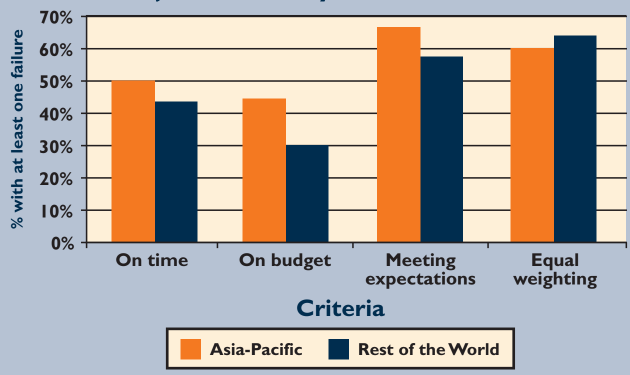
Project success by success criteria



Again, it should be noted that a large number of organisations we interviewed struggled in defining success for projects. This may indicate that success criteria are not established at the outset of the project, but rather, are used to describe project failure at the end of the project.

The following graph illustrates the percentage of organisations that have experienced a failed project within the last twelve months defined by their measure of project success.

Project failure by success criteria



As demonstrated above, the highest percentage of organisations experiencing project failure occurred when project success was defined by the project "meeting expectations", commonly referred to as "benefits realisation".

This is not surprising - meeting expectations is commonly a subjective measure, and to improve the rate of success, organisations need to increase the rigour around establishing the success criteria, ensuring that outcomes are clearly defined and measurable.

After all – how can a project be successful if it does not meet the expectations of the stakeholders?

This emphasises the need for an increased focus on process and governance around the development of the business case. It is important for the definition of success to be agreed with all the stakeholders and this must be done at the outset of the project and tracked through to completion. Meeting stakeholder expectations is generally the most important success measure, however, also the hardest to achieve.

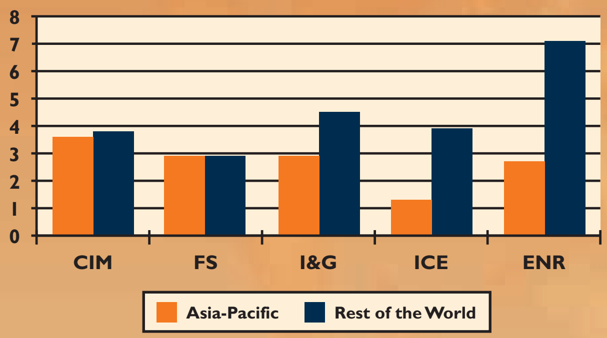
Key messages:

- **The majority of organisations experience project failures – the value of these is significant.**
- **The majority of organisations who have had a project failure within the last 12 months could not determine the total cost of project failures within their own organisation.**
- **Clear definition of project outcomes is vital in evaluating project success or failure.**

PMO maturity and project performance

When considering the average number of years the PMO has been in operation, it can be seen from our survey that the Asia-Pacific region is substantially behind the Rest of the World, in I&G, ICE and ENR.

Average years in operation for PMO



A common theme noted was that the lifespan of the PMO operation correlates with the number of years experience the PMO staff possess.

BUT DOES MATURITY RESULT IN SUCCESS?

Well – that depends on your definition of maturity.

It was apparent, that the number of years the PMOs had been in operation did not affect project outcomes. It is fair to say that the number of years a PMO had been in operation is not, by itself, a valid measure of PMO maturity.

Based on the survey results, the number of organisations who have had a project failure is largely consistent regardless of how many years the PMO had been around.

On this point, a European participant noted . . .

> "…despite our PMO being supposedly "mature" after six years, the failure rate is still high. Where's the learning curve in that?…"

We believe the answer lies elsewhere.

SO WHAT DEFINES MATURITY?

When questioned on the most important elements of PMO maturity, our participants largely agreed on the following:

- Executive sponsorship;
- PMO buy-in/acceptance; and
- An established programme governance framework.

Essentially, to be viewed as mature, the strategic focus and accountability of the PMO must increase from that of the traditional Project Office operation.

DEFINING PMO MATURITY

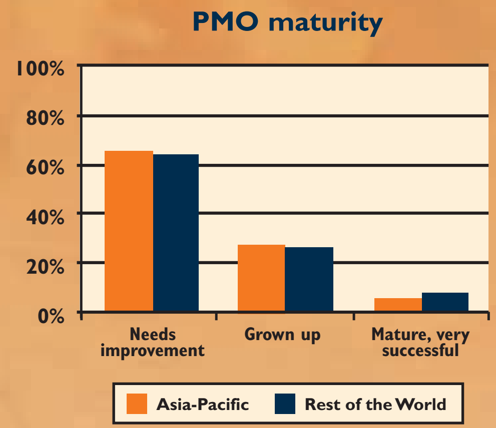
One definition of PMO maturity (which is based on the Project Management Institute's Organisational Project Management Maturity Model) is:

> ". . . fully developed capabilities and characteristics that enable an organisation to implement business strategy through the identification, prioritisation, co-ordination and oversight of successfully, consistently and predictably delivered projects."

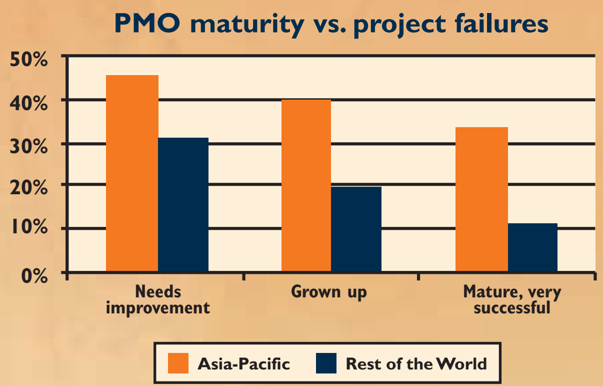
These capabilities and characteristics include:

- Methodology, tools and processes;
- Mandate and authority;
- Human resource factors such as core competencies, training and communication;
- Organisational support for projects such as procurement and quality assurance;
- Involvement in business planning and alignment of projects to business strategy;
- Timely, accurate and relevant reporting; and
- Organisational learning.

Asked to assess their PMOs maturity, 64% of the Asia-Pacific region respondents rated them as in need of improvement/immature - a concerning statistic. Only 6% of total respondents in the Asia-Pacific region rated their PMO as mature.



When considering the relationship between PMO maturity and project success, some vital statistics arise:



Of those organisations who have rated themselves as having a mature PMO, only 33% in the Asia-Pacific region and 11% in the Rest of the World, have experienced a failed project in the past 12 months. As the PMO maturity levels decreased, failure rates increased in both the Asia-Pacific region and the Rest of the World.

While the Asia-Pacific region experienced higher rates of failure compared to their international peers, it is clearly evident that success and maturity go hand-in-hand.

We ask why the Asia-Pacific region is not reaping the same magnitude of benefits of PMO maturity as gained by our international participants? We acknowledge that a multitude of factors may be contributing to this.

SO PMO MATURITY BECOMES THE AIM

Achieving PMO maturity is an iterative process. It is unlikely to happen overnight, and importantly, it will require commitment to enhancing infrastructure, investment and people.

The key to achieve maturity is to adopt a "continuous improvement" ethos, with processes established to learn from mistakes, capitalise on successes, conduct best practice research and make use of technological advancements.

The crux of the matter is that when you look at the average cost of project failure, the current economic climate and the increased focus on corporate governance - there is a pressing need to increase the maturity of the PMO in the short term.

Key messages:

- **PMO maturity is an important factor in project success.**
- **Most PMOs are not mature.**
- **The number of years a PMO has been in operation is not, by itself, a valid measure of PMO maturity.**
- **Executive sponsorship is an important element of PMO maturity.**
- **Even in mature PMOs, there is room for improvement in project outcomes in the Asia-Pacific region compared with the Rest of the World.**

How to ensure success

The most important ingredients contributing to PMO success, as rated by our participants, were:

- Executive sponsorship and buy-in;
- Project team member capabilities and experience; and
- Consistent approach.

Not surprisingly, these are similar to the criteria given for PMO maturity.

Although it can be argued that PMO buy-in and acceptance are directly related to the past successes/failures of the PMO, it is undeniable that executives play a large role in increasing the profile of the PMO.

The PMO needs to perform a strategic role by spending more time focussed on the evolution of program governance and portfolio management. This will ensure that the right mix of projects are being undertaken, with more scrutiny placed on tracking the benefits arising from projects rather than simply tracking the day-to-day project tasks.

EXECUTIVE SPONSORSHIP

The relatively immature status of the PMO is evident in who the PMO reports to within the organisation. Only 17% of PMOs in the Asia-Pacific region who reported to an executive, report directly to the CEO, with the majority reporting to an executive below the CEO.

In the Rest of the World, a proportion of 20% reported to the CEO.

However, when considering the failure rate, only 11% of all CEO direct reporting PMOs reported a project failure in the past 12 months, compared with 53% below the CEO.

A potential reason for this increasing success rate through direct reporting to the CEO is that the PMO has organisational positioning, profile and authority to drive the right behaviour in an organisation. A CEO in these situations may be more inclined to become involved with projects if things are not working out.

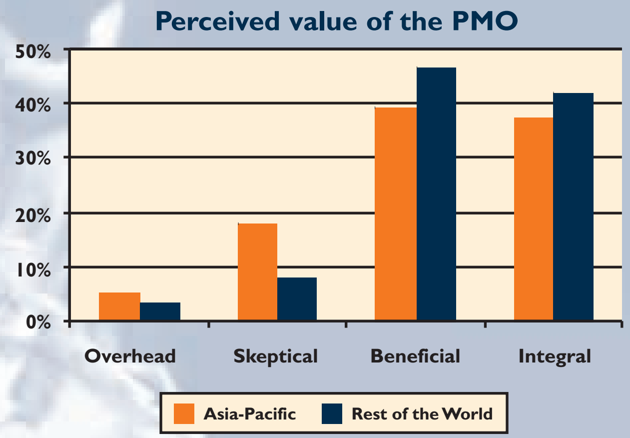
By reporting to the CEO, the PMO takes on a strategic role within the organisation, and rightfully so if it is managing a portfolio of projects worth USD81.2M.

On this point, an American executive noted that:

> “When our newly appointed Chief Executive elevated the PMO to a direct report, the (executive team) thought it was micro management. Since he's been there (two years), the PMO has had greater visibility on what's going on with projects.”

MANAGEMENT BUY-IN AND ACCEPTANCE

When asked how senior management valued the PMO, the results were as follows:



This result indicates that in the vast majority of cases, the PMO is getting more buy-in from senior management (indicated earlier as a major element in PMO maturity and effectiveness). This is positive news for the PMOs aiming to increase their maturity. With senior management acceptance and support, it may be inferred that the PMO is well positioned to further evolve and increase its structure and governance for the benefit of the organisation.

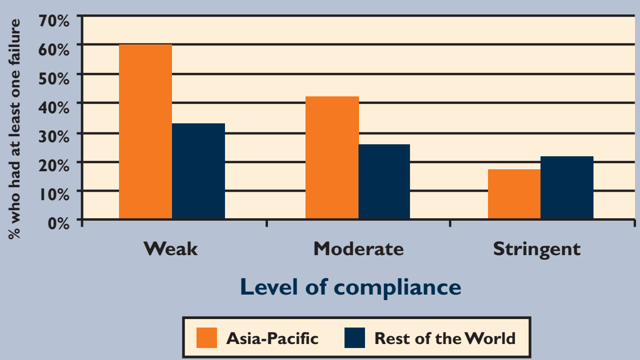
GOVERNANCE

When it comes to monitoring compliance with PMO policies and methodology, only 23% of respondents stated they were stringently monitoring compliance. The majority of respondents (54%) reported moderate compliance monitoring, with the remaining reporting weak compliance monitoring. These results are supported by the fact that only 30% of respondents have compliance tied to a reward system.

There are effective ways to increase compliance, such as through independent project health checks or the use of Internal Audit.

It appears that compliance and project success are related.

Relationship between compliance and project failure



During an interview, an Asia-Pacific CFO admitted to:

> "... being horrified that many projects were doing whatever they wanted, in their own little way. When I asked for a cost to date report I got three different numbers."

From our discussions with the survey respondents, those who rated their level of compliance as "weak" stated that this was due more to a lack of standards and policies rather than a lack of monitoring. The good news is that this is relatively easy and cost effective to remedy.

PORTFOLIO MANAGEMENT

We see portfolio management as a major function of the PMO. By centralising responsibility of the oversight of all the organisation's projects to the PMO, a complete picture of project activity arises. This includes business case approval, project selection, project prioritisation and resource allocation.

Decisions are made in the context of the organisation's overall business and IT strategies, rather than in isolation.

An Australian executive noted that:

> "We had no control over our projects. Business executives would lobby for their own pet projects to get funding. It was a case of "who shouted loudest" got their projects approved. Once they got the approval, it was like a runaway train – there was no stopping the project, even if it was out of control."

We were surprised by the high proportion of respondents (70%) who reported that they performed a formal portfolio management process, with all of these organisations stating that Go/Hold/Cancel decisions were made during this process (in conjunction with an Executive). A widely held view is that portfolio management is still relatively immature.

Note: the survey did not seek to confirm the underlying methodology employed in portfolio management, for example, economic value added (EVA).

The majority of organisations reported that an Executive Committee or Executive made the Go/Hold/Cancel decision with only 35% stating that the decision is taken at a business unit level.

The three major criteria used to make the Go/Hold/Cancel decision were as follows:

- Strategic alignment – 75%;
- Commercial value – 72%; and
- Portfolio balance – 43%.

We note that while a high proportion (75%) of organisations analyse their projects against the organisation's strategic objectives, portfolio balance was a factor in less than half (43%) the respondents who performed this analysis. A potential implication of this finding is that organisations may not be optimising their portfolio, in terms of risk balance and keeping the wheels of the organisation turning over via infrastructure type projects.

13% of organisations surveyed reported there were no formal criteria used to make Go/Hold/Cancel decisions. Without any formal criteria, it questions the rigour of an organisation's business case and project proposal process as well as their project risk management and monitoring processes. It also presents some interesting questions for these organisations:

- How easy is it for a project to get approved?
- How easy is it to stop a project?

Many organisations get the answer of "easy" or "hard" in the wrong order.

POSITIONING FOR THE FUTURE

For PMOs to play a more strategic role within the organisation, there needs to be a focus on managing the portfolio of projects to achieve strategic objectives. This is the first step in achieving a project governance framework.

We questioned participants on how they felt their PMO could achieve greater effectiveness.

The most common responses were:

- Improve the profile of the PMO;
- Adopt and monitor compliance with prescribed standard methodology/approach and definitions; and
- Increase project management effectiveness.

These were the common themes across all the responses we received. In general, most PMOs believe their current processes are ad-hoc and success is attributable to the skills of individuals, rather than good process and governance.

To be more successful in managing projects respondents identified the top priorities as:

- Training of project managers and staff;
- Improved executive reporting;
- Consistency of approach; and
- Improved communication.

Key messages:

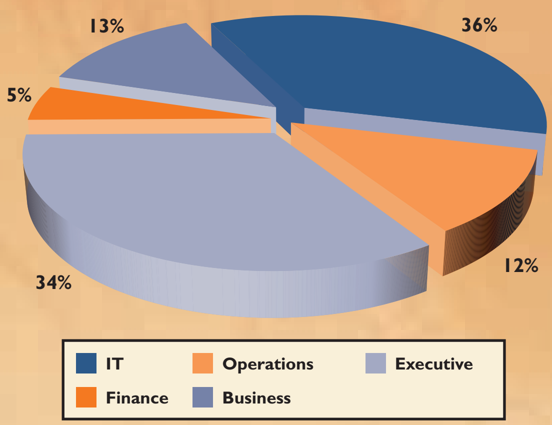
- **PMO success is attributable to a combination of factors. Significant influences include: executive sponsorship, strong compliance procedures, portfolio management and a structured governance framework.**
- **Most organisations with PMOs find them beneficial to their organisation.**

A typical PMO

The typical structure of a PMO could be described as follows:

> "A small department (approximately 6 staff) with 2-5 years of experience, reporting to a senior executive (not necessarily in IT) and responsible for establishing a framework for the successful delivery of approximately 70 – 80 projects worth USD 80M per annum."

PMO reporting lines



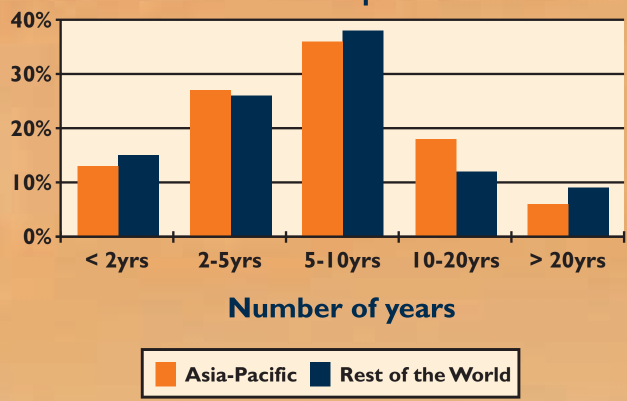
Although the PMO has evolved from the management of IT projects, discussions with participants indicated a strong theme that PMOs are increasingly responsible for non-IT, whole of business projects. This is reflected in the diversity in reporting across organisations.

PERSONNEL

From our sample, over 40% of PMOs are staffed with five or less people and only 15% have more than 20.

The project related experience of staff in the PMO is comparable between the Asia-Pacific region and the Rest of the World.

PMO staff experience



One survey participant made the observation that

> "It comes down to the individuals really. It makes no difference if they've got ten or twenty years experience – it all depends who you get on your assignment (project)."

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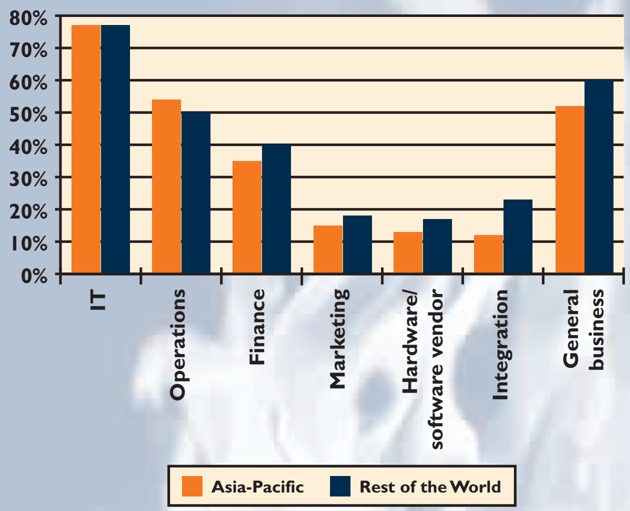
Again, when looking at the background of staff within the PMO, the IT origins are clearly evident.

Background of PMO staff*



**Note: it is possible for a staff member to have more than one background.*

TRAINING AND CERTIFICATION

As PMOs evolve to be more strategically focussed, PMO staff need to match these changing requirements. When asked about their current training, respondents report the following:

	Asia Pacific	Rest of the World
Trained in their discipline	65%	65%
Curriculum exists	50%	49%
Average hours training per year	25.6	48.4

Certification is an option available to PMO staff through the Project Management Institute ("PMI") or similar organisations. The majority of organisations (61%) stated that none of their staff were PMI certified, with only 16% saying that all or most of their staff were PMI certified.

These statistics reflected the value our participants saw in having PMI certification. In the United States, 78% saw value in being certified compared with 48% in the Asia-Pacific region and 28% in Europe. Our participants nominated a number of other organisations for providing value, in terms of both training and certification, however, there were no significant consistencies.

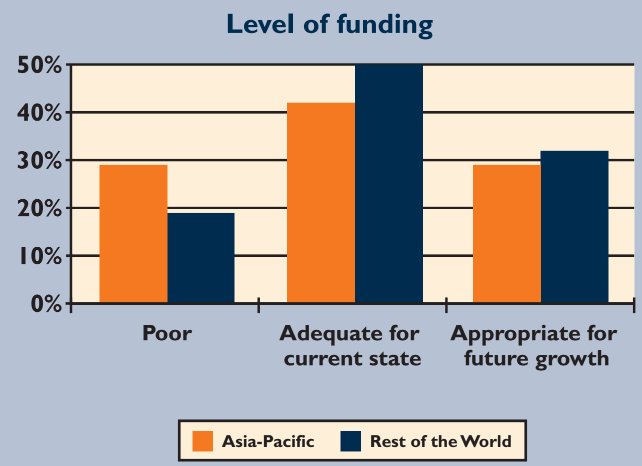
Based on discussions held with participants, it is commonly believed that investment in a structured project and programme management competency framework, and training program would contribute positively to any organisation's project success rate.

It is acknowledged that with a small resource base and responsibility for a significant portfolio of projects, there is limited scope for investment and continual improvement to process and structure. However, the common view expressed by many participants was that organisations will need to strike a balance between managing the portfolio and enhancing the credentials of the PMO, to ensure the PMO is adequately equipped.

COST OF PMO

Approximately 50% of the organisations surveyed will spend less than USD500,000 on their PMO over the next 12 months. Less than 30% of organisations will spend over USD1M, of these, the majority are large Financial Services organisations.

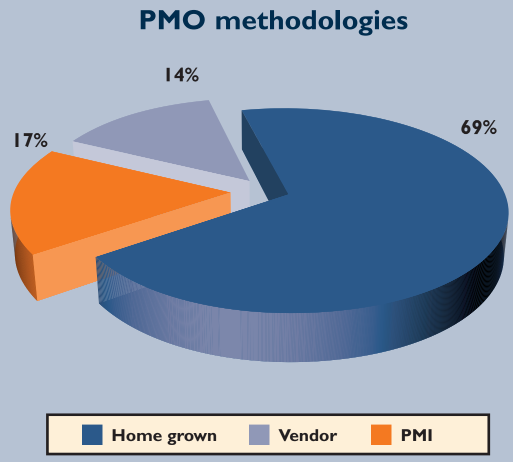
At first glance, the statistics below appear to state that the majority of PMOs are adequately funded. However, approximately 30% of participants stated that the PMO had enough funds to sustain strategic worth and increase maturity for the future.



If organisations are serious about the role of the PMO in the future, organisations will need to acknowledge that investment is required in the short-term to increase the long-term likelihood of success of delivering projects.

METHODOLOGY

The most common methodology used in PMO is a home grown methodology. A few PMOs have adopted the methodology of their vendor, while only 14% used a methodology that was based on PMI, although it is conceivable that some of the methodologies adopted by vendors are also based on PMI.



Consistent with the functions performed by the PMO, the three most important components of respondents' methodologies were:

- Tracking and reporting;
- Project management; and
- User-friendly framework.

PMO TOOLS

The most popular tool used by the PMO is Microsoft Project with more than 50% of respondents using this as their preferred tool.

Only 35% of PMOs used web-based tools, and of these, only one-third found their web based tools to be effective. Overall, respondents were happy with the effectiveness of their tools (web based or other), with only 5% saying they were unhappy with their tools.

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KPMG Information Risk Management

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KPMG is the professional services firm whose aim is to turn our understanding of information, industries and business trends into value for our clients.

With more than 100,000 people worldwide KPMG provides assurance, tax and legal, risk and financial advisory services from more than 750 cities in 152 countries.

Our professionals combine local and global experience with the latest technical and industry knowledge to help clients meet their reporting and regulatory obligations, and to achieve sustainable superior business performance through improvement advice.

INFORMATION RISK MANAGEMENT

KPMG's Information Risk Management practice is recognised as a leader in providing information technology risk advisory services. We work with clients across all industry segments to leverage technology in achieving superior business performance.

In broad terms KPMG's Information Risk Management practice offers the following suite of services:

Project Risk Management
Working with our clients to enhance individual project performance, project governance and the programme environment.

Information Systems Governance
Working with our clients to enhance the value derived from investment in IT through alignment with strategic objectives and a robust governance framework.

Information Systems Security
Providing integrated security assessment and design measures to help minimise vulnerability to security threats and protect information assets.

Information Risk Management in External Audit
Identifying financial and operational risks embedded in business systems and processes, through a financial statement audit and providing advisory on risk mitigation.

IT Management Assurance
Identifying financial and operational risks embedded in business systems and processes through internal audit or review engagements. The control framework and environment is evaluated – including efficiency and effectiveness of processes as well as risk mitigation strategies.

Business System Control
Assistance in understanding risks associated with technology implementations and associated risk mitigation advisory.

Business Continuity Management
Assistance in improving the availability, reliability and recoverability in the event of a serious service discontinuance caused by failures or interruptions.

Future Technology Services
Research and advisory on emerging technology issues and trends and their impact on business – today and in the future.

We are committed to assisting our clients to maximise the value from their investment in technology – in a risk aware environment.

Our professionals bring technical excellence to business challenges. Importantly, we are committed to providing independent, practical and actionable advice.

PROJECT RISK MANAGEMENT

Our Project Risk Management practice works with clients to identify and manage risks in significant business projects (both IT and other), and in programme environments.

Historically, project and programme performance have been an area needing improvement in even the most structured environments.

Project failures and programme inefficiencies generally result from inadequate project prioritisation, projects conflicting with day-to-day operations and with each other, scope creep, lack of project governance, poor definition of expectations and success criteria and the absence of experienced project management resources.

Our specialist Project Risk Management professionals offer organisations the following services to help organisations identify project risks and confirm the adequacy of risk mitigation strategies through:

- Project governance advisory;
- Project prioritisation reviews and facilitated workshops;
- Project Management advice;
- Programme Management Office, or Project Office advice; and
- Quality Assurance and project health checks.

We provide project risk management services across all phases of the project lifecycle from inception to completion. Therefore, providing comprehensive guidelines for effective project management and administration of projects, while providing sufficient flexibility to meet the needs of individual projects and project managers. Equally important, our approach tackles the "softer" side of project management – people focussed areas such as team and stakeholder management, as well as communication and organisational change.

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