PLANVIEW

CONSTRUCTING A RFP FOR A PORTFOLIO MANAGEMENT SOLUTION	A PLANVIEW WHITE PAPER

Background

The successful implementation of a portfolio management solution can drive remarkable results within a department, as well as across an enterprise. When such an application is properly mapped to processes and successfully adopted by the user community, one can expect innovation, improved decision-making, large-scale cost savings, increased ROI, and mitigated risk. All this is contingent on finding the right vendor to deliver a portfolio management solution. The ideal candidate will show an understanding of process definition, organizational buy-in, and the full range of requirements outlined by an organization.

Issuing a request for proposal (RFP) to a select group of vendors is a sound method for organizations seeking information in a product evaluation cycle. This white paper provides a brief overview of considerations when constructing a RFP for a portfolio management solution and gives organizations the tools they need to start developing productive RFPs.

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I. Guidelines for a Productive RFP Process

The RFP process can be an efficient outlet to seek out vendor and product information. In its simplest form, the RFP is a standardized communication tool used to clearly define an organization's objectives and challenges and evaluate proposed solutions. By establishing consistent guidelines for the RFP, an organization ensures it will receive an accurate comparison of selected vendors.

As a first step, confidentiality clauses are often used to protect critical information shared throughout the RFP process. Many organizations enter into a non-disclosure agreement (NDA) with participating vendors. The introduction of a RFP generally contains an overview of the requestor's line of business, its marketplace, and the purpose for the RFP. Next, requestors should develop a logical format and a reasonable timetable for the completion of the process. Below is an example featuring such information, including a single point of contact, due dates, and the requestor's rights throughout the exercise.

A. Sample RFP Introduction

SAMPLE RFP INTRODUCTION
Vendors should respond within [X] days of distribution of this RFP to acknowledge to ACME Corp. receipt of the RFP and their intent to respond. Proposals must be submitted no later than [date]. Responses should be submitted in electronic format to the following contact: <u>Name and Contact Information</u> Please submit any questions specific to this RFP by phone or email by ____. The RFP manager will attempt to respond to inquiries by ____. Responses to questions will be provided to all RFP vendors accordingly. All supporting materials and documentation must be included with the proposal. All submissions will be date and time recorded. Extensions may be granted on a case-by-case basis. At ACME Corp.'s option, a formal product demonstration in the context of our requirements may be scheduled after receipt of proposals. ACME Corp. may also request that the vendor participate in both high-level and detailed technical sessions. ACME Corp. may request clarification of the proposal or request supplemental information. ACME Corp. reserves the right to reject any proposal or accept or reject portions of a proposal.

RFP TIMETABLE	
EVENT	DEADLINE
ACME issues RFP to selected Vendors	###
Vendors notify ACME of intent to bid	###
Vendors send questions to ACME	###
ACME sends answers to Vendors' questions	###
Vendors send RFP responses to ACME	###
ACME and Vendors conduct one-on-one conference calls / Q&A sessions	###
ACME evaluates RFP responses from Vendors	###
Vendors give product demonstrations to ACME	###
ACME notifies Vendors of evaluation results	###
ACME and Vendors participate in Q&A session **	###
ACME conducts reference checks on Vendors**	###
ACME announces the successful Vendor	###
ACME and Vendor sign a contract	###
Vendor starts the project and delivers the software on-site to ACME	###
** Relates to those Vendors that have successfully passed the initial evaluation process	

B. Communicating Needs for a Solution

The ability to clearly communicate what the organization needs can make the difference between a relevant, productive RFP process and a drawn-out, misaligned exercise that consumes valuable resource time. When constructing a portfolio management RFP, organizations should clearly and comprehensively describe, account for, and communicate:

- The business drivers for the initiative, which should tie directly to functional requirements for a solution
- The current infrastructure supporting their portfolio management processes as well as legacy applications that will be phased out with the move to a single system of record
- The current effort and costs required to integrate and report on data needed to run existing portfolio management processes
- The results desired from a successfully implemented portfolio management solution, which generally represents a combination of business goals at designated milestones and the combination of functionality and training required to meet these objectives
- The individuals and roles that will make up the immediate and longer-term user community

II. Considerations for Evaluation Criteria

In simpler times, portfolio management vendors were evaluated by three simple factors: the ability to satisfy all functional requirements, the total effective cost of implementing the proposed software, and the cost and process of ongoing maintenance. However, today's organizations face a more complex set of challenges.

As portfolio management initiatives become more mission-critical, organizations are putting greater emphasis on finding vendors that can act as a partner to help achieve both short- and long-term objectives. Successful portfolio management vendors must help their customers leverage technology through a sound implementation approach, proven organizational adoption tools, and business process expertise.

EVALUATION CRITERIA CONSIDERATIONS
BUSINESS DRIVERS • Extent to which the proposal meets all functional and technical requirements as defined in the RFP • Total Cost of Ownership (including initial and maintenance costs) • Degree of modifications required for a complete solution • Acceptability of license agreement terms and conditions
BUSINESS PARTNERSHIP • Approach to implementation and proven ability to execute on plans • Quality of user documentation and training options • Proven track record for success in implementing current product with a scope similar to ACME's requirements and on a similar scale • Focus and quality of service and support from vendor • Examples of success in current customer partnerships
COMPANY VIABILITY • Financial stability and degree of established business presence of the vendor in the portfolio management marketplace • Long-term corporate strategy • Reference checks

A. Functional Requirements

Portfolio management solutions offer a comprehensive decision-making platform that drives performance by delivering transparency into the trade-offs involved in key business decisions. The end goal for organizations applying this technology is to successfully balance goals and risks with money and resources to make better decisions regarding strategies, programs, projects, products, services, and applications. Therefore, when gathering functional requirements, organizations should seek out a single system of record that seamlessly integrates these process areas. Top-tier solutions will also offer both flexible reporting and powerful administrative functionality.

As portfolio management initiatives cover a broad spectrum of process areas, it is important that organizations examine the interoperability of solutions being evaluated. Portfolio management solutions can become deeply embedded within business processes, and integration with financial systems, HR systems, help desks, and asset management systems are common prerequisites.

Below is a high-level summary of some of the most commonly sought-after requirements in today's portfolio management evaluations. Vendors that respond favorably to requirements should also be able to prove native functionality in the form of a product demonstration.

B. Common Requirements Summary – Strategic Planning

STRATEGIC PLANNING
WHY IS THIS IMPORTANT? Strategic Planning can increase revenue by aligning work, programs, products, applications, and services with overall business objectives and strategies. Organizations can mitigate risk and respond with agility to market opportunity, competition, and regulatory changes by adjusting investment decisions. They can also deliver the optimal product portfolio and reduce expenses by consolidating applications, products, and services and eliminating misaligned work, products, and services.
KEY REQUIREMENTS The system must provide the functionality to: • Create investment portfolios according to funding sources, specific programs, resources, or other criteria • Determine long-term plans based on strategically-aligned business objectives and priorities • Support top-down and bottom-up planning within the organizational planning structure • Define strategic lifecycles, which keep programs on track and provide a gated approval process • Match the organization's capacity to business demands • Produce unlimited alternative "what-if" investment scenarios based on financials, capacity, and schedules • Provide decision modeling, ranking, prioritization of investments, and audit trails • Analyze and measure risks of alternate investment opportunities • Measure performance of investment portfolios and offer enterprise-wide dashboards and analytics

C. Common Requirements Summary – Investment Analysis

INVESTMENT ANALYSIS
WHY IS THIS IMPORTANT? Having the ability to perform investment analysis promotes well-informed decisions by carefully examining the goals, risks, and funding of all investments within a portfolio and aligning business objectives and priorities with investment decisions. Investment analysis and optimization capabilities provide automated ranking, decision modeling, and investment prioritization based on key criteria such as benefits, timeframes, costs, and risks.
KEY REQUIREMENTS The system must provide the functionality to: • Produce unlimited investment scenarios based on financial metrics, organizational capacity, and shifting project schedules to assist in evaluating investment portfolios • Perform predictive decision modeling to maximize financial return and business impact • Consider wider range of possible portfolios, which are recommended by analyzing investments against user-defined criteria in order to achieve investment optimization • Employ advanced optimization algorithms, including Efficient Frontier logic, to quickly identify a wide variety of possibly optimal solutions • Rank and prioritize investments via user-defined metrics for better funding allocation • Use the powerful tools of business intelligence to build complex ways to analyze investments and summarize data for real-time investment reporting

D. Common Requirements Summary – Capacity Management

CAPACITY MANAGEMENT
WHY IS THIS IMPORTANT? The ability to connect resource capacity to the business objectives of the company facilitates improved planning and decision making and makes possible the capture and communication of the total cost of a business service or product. Having a singular view into the resources and capacity of an organization helps determine if the right people are working on the right job at the right time and makes it possible to balance internal and external demands with available resources.
KEY REQUIREMENTS The system must provide the functionality to: • Connect resource capacity to the business objectives of the company • Balance demand with capacity through a resource-centric approach to managing workloads • Combine top-down planning with bottom-up execution, leveraging automated lifecycles to manage the process from start to finish • Dynamically monitor resource utilization and availability with drill-down dashboards • Receive automatic notifications on work-slippage, capacity issues, and other concerns while extending the planning horizon, enabling capacity planning months in advance

E. Common Requirements Summary – Demand Management

DEMAND MANAGEMENT
WHY IS THIS IMPORTANT? Having a single place to view demand gives visibility into changing programs, new project or product work, services, and operational requests. This single view brings clarity to how time, resources, and money are utilized by incoming demand and facilitates making intelligent trade-offs.
KEY REQUIREMENTS The system must provide the functionality to: • Capture complete demand in a single location • Use form-driven templates based on request- and investment-type to enter work demand • Attach supporting documentation for requests • Qualify the feasibility for various work types • Prioritize demand to optimize business results • Create interactive "what-if" trade-off scenarios • Handle backlogs and cancelled, duplicate, or disapproved requests • Track all necessary information, such as when requested, start/finish dates, opportunity category, urgency of request, etc. • Drill down to get current reports on demand and the capacity to respond to the demand

F. Common Requirements Summary – Project Management

PROJECT MANAGEMENT
WHY IS THIS IMPORTANT? With a portfolio management framework, users can scope, schedule, and execute work and speed time-to-delivery by ensuring that projects are completed on time and on budget. They can track and analyze projects costs and work and measure performance with the use of flexible and customizable dashboards and analytic tools, which provide quick visual indicators of the health and status of portfolios, projects, and resources. A common, user-friendly interface improves enterprise-wide communication and increases stakeholder visibility. Users also benefit from automated time records and billing and time and expense reports.
KEY REQUIREMENTS The system must provide the functionality to: • Quickly access information and processes related to a user from a central location. This enables the user to view and respond to email notifications, enter time and expenses, review assignments, add projects and tickets, manage customers and contracts, and review and update grants. • Participate in discussion groups and message boards and access content related to the portfolio • Store a copy of the planned effort and project schedule for comparison and variance reporting to accurately measure progress and assist an earned value assessment • Provide key health and status information related to the project manager's portfolios • Display portfolios and information to focus attention by job function through configurable, role-based dashboards and allow easy drill-down to view the underlying metrics and variances • Exhibit performance information on a variety of portfolio metrics, including earned value and schedule, for use in a balanced scorecard • Give an accurate evaluation of work completed and progress of work by means of various metrics on projects throughout the lifecycle • Provide the ability to submit expenses and time reports against planned and unplanned projects and efforts, ensure that they are reported correctly, and help managers track and control expenditures and time spent on projects • Generate extensive audit trails for better regulatory compliance

G. Common Requirements Summary – Financial Management

FINANCIAL MANAGEMENT
WHY IS THIS IMPORTANT? The integration of financial planning and portfolio management drives efficiency, accountability, and business results by aligning the budget with the strategic plan. Having transparency into the true costs of projects, programs, products, and services enables organizations to improve financial governance and mitigate the financial and operational risks associated with changing priorities, regulatory requirements, and/or strategies.
KEY REQUIREMENTS The system must provide the functionality to: • Work from the desktop with familiar tools such as Excel • Allow collaboration between financial managers, product managers, and project managers in the creation and management of forecasts, baselines, and project financials • Dynamically plan programs, projects, strategies, products, services, and assets/applications with the right level of financial information for the right process • Converge and monitor top-down and bottom-up financial plans, making adjustments where necessary to stay aligned with the overall organizational objectives • Link execution activities, costs, and organizations • Associate project financials to products, brands, and platforms for establishing Total Cost of Development • Instantly access analytics and be able to compare budgeted costs to actual/forecast costs • Produce audit trails for governance compliance • Create ad-hoc, custom, and distributed reports

H. Common Requirements Summary – Resource Management

RESOURCE MANAGEMENT
WHY IS THIS IMPORTANT? A portfolio management approach to resource management—the planning, managing, and controlling of resources—can help determine resource availability, if the right person is being assigned to the job, project performance, effective work prioritization, and operational bottlenecks that are affecting productivity. Assigning work based on roles rather than individuals improves forecasting, resolves conflicts, and ensures that short-term changes in personnel do not impact strategic goals.
KEY REQUIREMENTS The system must provide the functionality to: • Determine the correct resource for a project based on background, skill set, and abilities • Request resources as needed for specific periods of time • Identify resources with free capacity and find qualified work • Track all work that resources are doing, such as project work, service work, standard work • Indicate which resources are being over-utilized and creating bottlenecks • Perform automatic resource leveling on work to eliminate resource overloads and ensure the highest priority work gets the resources • Speed and improve scheduling, staffing, and status reporting • Drill down to get real-time details of resource utilization and capacity (current versus forecast) • View future resource demand by role, skill, location, division, or any other resource attribute in graphical or numerical format for resource forecasting • Develop a skills pipeline, cultivate staff interests, and document, track, and manage resource profiles, which contain rates, start dates, past projects, roles, skill sets, proficiency levels, titles, and areas of work interest • Allow authorized users to drill into details about work and resource grants

I. Common Requirements Summary – Change Management

CHANGE MANAGEMENT
WHY IS THIS IMPORTANT? A portfolio management solution provides visibility into the health of a project, the ability to understand and mitigate risk, and the facility to effectively track and manage issues and changes to schedules and costs.
KEY REQUIREMENTS The system must provide the functionality to: • Track and handle changes and issues to mitigate risks and handle the possible impacts of changes on schedules and costs • Generate an approval cycle for any necessary change to authenticate its necessity • Assign an issue to a specific owner who is responsible for its resolution and documentation

J. Common Requirements Summary – Benefit Realization

BENEFIT REALIZATION
WHY IS THIS IMPORTANT? In order to drive change with process modeling and portfolio management, it is essential to measure the benefits and assess the Return on Investment (ROI). An organization can become more innovative and market-responsive and drive efficiencies by repeating cost- and time-efficient and effective projects, products, programs, and services.
KEY REQUIREMENTS The system must provide the functionality to: • Manage complex processes that span across multiple business applications • Automate routine process tasks to streamline workflows • Quantify benefits and establish governance against forecasted versus actual returns • Enable continuous process improvement through user-friendly access to easily measure and report on process effectiveness • Re-integrate benefits of high ROI investments and repeat successful processes

III. Additional Portfolio Management Requirements

The development of a portfolio management discipline can fuel large-scale returns for organizations willing to invest in technology. However, even the best solution is worthless if its users do not properly embrace it. That is why it is crucial for a vendor to have a proven, well-articulated plan for non-functional requirements such as implementation, user adoption, and training. Here are some factors to consider:

A. Implementation Approach

- Does the vendor provide a structured methodology to implement the proposed solution?
- Does the vendor have experience supporting an initiative with a similar scope/scale?
- Does the vendor provide trained resources for the duration of the implementation, or will third-party support be necessary?

B. Adoption Tools

- Does the vendor offer a structured adoption process?
- Does the vendor offer a single and accessible user interface to model and manage processes?
- Can the user link and access pages throughout the portfolio management solution and to third-party applications?
- Can documents (Microsoft® Word, Excel, etc.) be directly linked to processes for immediate access?
- Can email be integrated with the solution?
- Does the portfolio management solution enable tracking the level of compliance to processes and report information about adoption?
- Does the vendor offer services to aid in organizational adoption?

C. Process Expertise

- Does the vendor deliver best practices broken down by process area?
- Does the solution include templates for areas such as work breakdown structures, example documents, collaboration workspaces, and business intelligence?
- Can the solution provide customized information on which process areas provide the fastest ROI and which mature management methods fit an organization?
- Does the portfolio management solution monitor what decisions were made when and by whom and record and report the justifications for the decisions?
- Does the portfolio management solution keep an audit of who charged what and when?

D. Ease of Use

- Does the vendor provide a drag-and-drop process editor, component editor, and templates to allow for easy definition, modeling, and modification of processes?
- Does the solution provide a customizable, user-friendly interface that provides a centralized place to quickly access information and processes related to the user?
- Does the solution allow collaboration between users?
- Does the vendor deliver configurable, interactive, and drill-down analytics and dashboards that provide quick visual indicators of the health and status of portfolios and trend analysis?
- Does the solution provide content management capability?
- Does the solution include role-based security?
- Does the vendor offer integrated reporting, out-of-the-box reporting templates, and ad-hoc report-building capabilities?
- Does the portfolio management solution integrate with Microsoft SQL Server and Oracle databases?

E. Customer Support

- What support options are available from the vendor?
- Does the vendor provide online product documentation?
- Does the vendor offer online, self-directed training as well as formal classes?
- What training options are available for initial and ongoing product/process education?
- Does the vendor maintain a support focus on portfolio management products?

F. Approach to Partnering

- What level of commitment does the vendor have in helping a customer to leverage the technology successfully?
- Has the vendor partnered with leading third-party companies to provide solutions that interoperate with applications the requestor uses?
- Does the vendor have and support an active customer community?
- Does the vendor work with its customer community to educate and develop administrators, end users, and sponsors through events and peer-to-peer interactions?
- Does the vendor engage the active customer community to help develop and bring to market relevant and user-driven products?

The final section of a RFP should include a requestor's need for reference checks to validate both functional and non-functional responses. Portfolio management initiatives are mission-critical, and a partner with proven success in all areas covered by the RFP can make a material difference in both the time-to-value ratio for a solution as well as the success of a long-term partnership.

IV. About Planview

For 20 years, Planview has been advancing the discipline of portfolio management, helping customers change the way they manage people and money to make better business decisions. With a singular focus on portfolio management, Planview is the only company that combines customer-driven software, unmatched domain expertise, and proven best practices to solve each customer's unique business problems.

Planview Enterprise® is the market-leading portfolio management solution from Planview®. Portfolio management helps optimize a business by balancing strategy against scarce resources – people and money. Planview Enterprise components include:

- **Enterprise Portfolio Managemen**t for aligning programs to strategy and managing projects and resources across the enterprise
- **Insight Analytics** for interactive analytics shared across and beyond the enterprise and accelerating informed business decisions
- **Product Portfolio Management** for maximizing the market impact of products
- **Ideation Management** for capturing and managing new product and enhancement requests
- **Service Portfolio Management** for managing the total cost of business service delivery

Planview Enterprise makes it possible to:

- Align strategies with resources and funding
- Easily share mission-critical information for better decisions made faster
- Enhance control of project delivery and resource assignment
- Capture and manage total cost of services and provide cost transparency
- Optimize product portfolio roadmaps and delivery

Supporting Planview Enterprise are:

- **Planview Process Builder**™, for extensible process management integrated into your portfolio management framework
- **Planview OpenSuite**™, for enterprise-ready interoperability that extends the value of your current IT and business systems investments
- **Planview PRISMS**®, for ensuring enablement success with comprehensive enablement offerings, including a process library of 200+ best practices

To learn more about the comprehensive solutions Planview offers, and for a detailed breakdown of requirements (functional, technical, and more), please contact Planview at:

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