The Power of Next-Gen Project and Portfolio Management

Amy Loomis, Ph.D.
Research Vice President,
Future of Work, IDC

Melinda-Carol Ballou
Research Director, Agile ALM,
Quality & Portfolio Strategies, IDC

Table of Contents

CLICK ANY HEADING TO NAVIGATE DIRECTLY TO THAT PAGE.

Introduction

With massive technological and economic disruption, organizations must adapt. With increasing work complexity and the shift to adaptive work models, organizations need clearly defined ways to manage work across projects, teams, and time zones. IDC sees increasing demand for flexible, intuitive, easy-to-use project management platforms that support standardization and scale without compromising user experience. In short, users need adaptive, collaborative project and portfolio management (PPM) that is holistically integrated into the fabric of work.

This IDC survey report explores how PPM and collaborative work management (CWM) solutions help global organizations navigate complex economic, technological, and operational challenges and opportunities. These research insights on the state of PPM, CWM, and the future of work are based on responses from 629 business and IT leaders from North America, Europe, and Asia/Pacific. The respondents come from businesses ranging from small (50–999 employees) to large enterprises (over 10,000 employees) and five core industry sectors: healthcare, life sciences, IT, education, and government (among others).

Key Findings

☑ **Flexible/adaptive work models:**
A total of 47% respondents report having very or extremely flexible work models, and 47% report somewhat flexible work models. Easy-to-use project management platforms that support standardization and scale without compromising user experience are essential for flexible work.

☑ **Priority actions to drive strategic business:**
A total of 44% respondents are investing in PPM, 42% are automating workflows (including ChatGPT and GenAI), and 41% are investing in collaboration and communication tools. Further, PPM, AI-driven processes/workflows, and intuitive collaborative work management are top business drivers/enablers for organizations. Prioritized investments for strategic alignment include setting up a centralized system of record with PPM, standardized process/workflow automation, and data management and collaboration tools.

☑ **Top PPM challenges:**
In total, 47% of respondents cited expense of using PPM tools, 44% cited lack of integration with other systems of record, and 41% cited change management concerns. Additional challenges for successful PPM implementation include poor user experience and rollout, the lack of a single platform for managing data, and data security.

☑ **Workflow automation and ease of use:**
A total of 93% respondents think workflow automation is a priority, but 79% report that less than half of their PPM workflows are automated. Workflow automation is a priority, but organizations struggle to do this. Those who succeeded enjoyed benefits such as reduced process time and operating cost, fewer errors, and increased employee focus on higher-value tasks.

☑ **PPM benefits:**
In total, 70% of respondents say they gain access to the data they need to share valuable insights easily, and 40% say PPM enables them to easily connect and consolidate information and automate processes, reducing data sprawl, time, and effort. Top PPM capabilities to address challenges include smart data analytics, work alignment to strategic and operational goals, and real-time reporting.

☑ **Key business advantages:**
Organizations with a higher PPM maturity level are six times more likely to see strong or unlimited scalability. Core business benefits include higher customer satisfaction, improved operations, and faster innovation, which automated workflows and intelligent data analytics then fuel.

Situation Overview

With each global era of societal, economic, political, or climate disruption, organizations earnestly proclaim that "things have never been as complex as they are today!" In many ways, they are correct. Economic volatility, technological disruption, digital transformation, and the need to react quickly to unpredictability demand dramatic shifts in how we work. Significant transitions for work models are clear from data showing that most (94%) respondents have a flexible approach to work.

Further, flexible work models frequently present common challenges, as they require organizations to establish effective communication and collaboration across teams and provide data security and a centralized platform for tracking and managing work (see **Figure 1**, next page).

FIGURE 1

Challenges in Supporting Flexible Work Models

What are the biggest challenges in supporting flexible work models?
(% of respondents)

Challenge	%
Communication and collaboration between dispersed teams	45%
Data security	41%
No single platform for tracking and managing all work	31%
Lack of IT support	30%
Lack of control/governance	30%
Decentralized data (no single source of truth)	28%

n = 629; Source: IDC, 2023

As organizations transition to flexible, adaptive work, the demand for strategic portfolio management, business alignment, and strong leadership becomes critical. However, most legacy PPM tools don't offer strategic alignment across stakeholders and teams, tending to have poor user experience (a significant adoption barrier that leads to sporadic usage and poor data) and requiring a strong organizational mandate and high expenditure for deployment and adoption.

In addition to these issues, organizations face a shortage of skilled talent to manage the growing volume of work. As a result, although some organizations have pushed employees to return to the office following the pandemic, most cannot afford to alienate their top talent with rigid work restrictions. When asked about their business priorities for the next 12 months, 48% pointed to skills development and people retention (see **Figure 2**, next page).

FIGURE 2

Business Priorities

What are your key business priorities for the next 12 months?
(% of respondents)

Priority	%
Skill development and people retention	48%
Improve customer retention	46%
Operational efficiency (including the use of GenAI and other automation tools)	45%
Digital transformation	44%
Improve project management maturity	42%
Improve organizational adaptability	40%
Drive innovation	38%
Strategy execution	38%
Promote cross-functional collaboration	29%
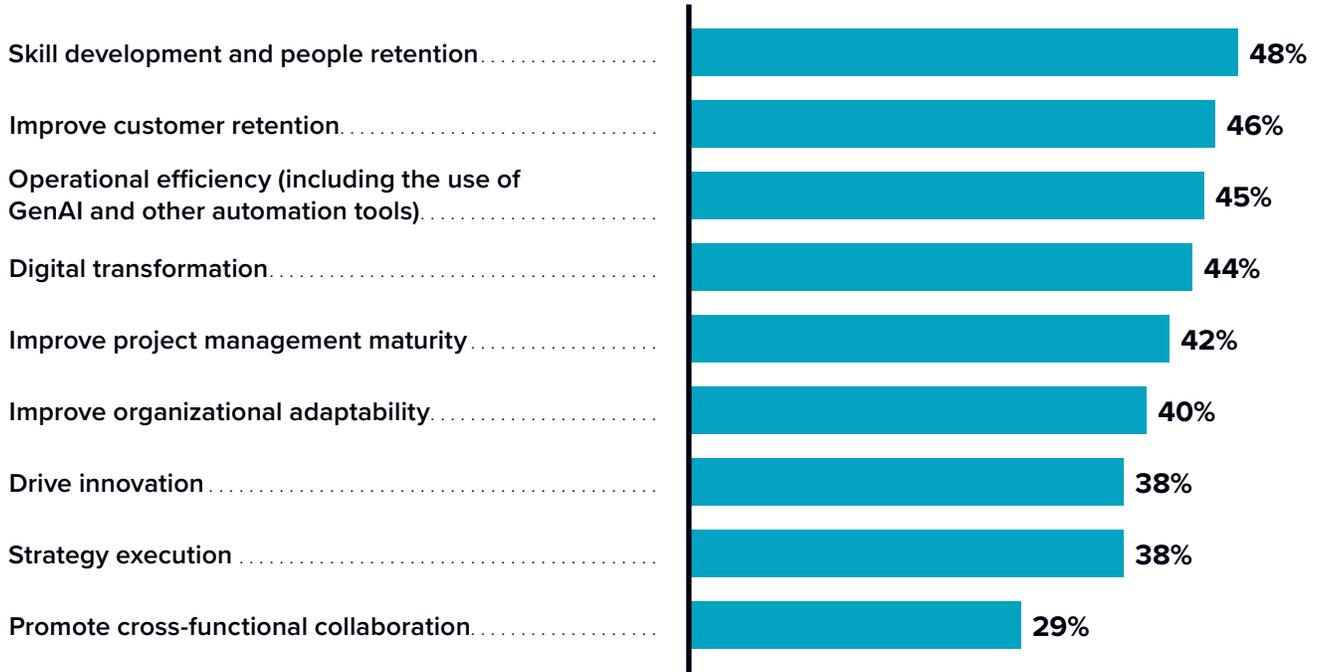
n = 629; Source: IDC, 2023

Even organizations that are fairly mature in creating value through digital transformation initiatives found hiring and retaining talent difficult. They needed to find new, efficient, engaging ways of working to sustain progress and capitalize value with existing staff. In addition to skills development, respondents identified customer retention and operational efficiency — including using GenAI and other automation capabilities and tools — as key business priorities, requiring coordinated data.

Of the IT and business leaders who completed the survey, 31% reported finding it challenging to connect and consolidate information, and 27% pointed to data silos and the inability to work across disparate data sources. Organizations looking to deliver value through better project outcomes expect their PPM platform to centralize data, integrate with key enterprise systems of record, and act as a single source of truth.
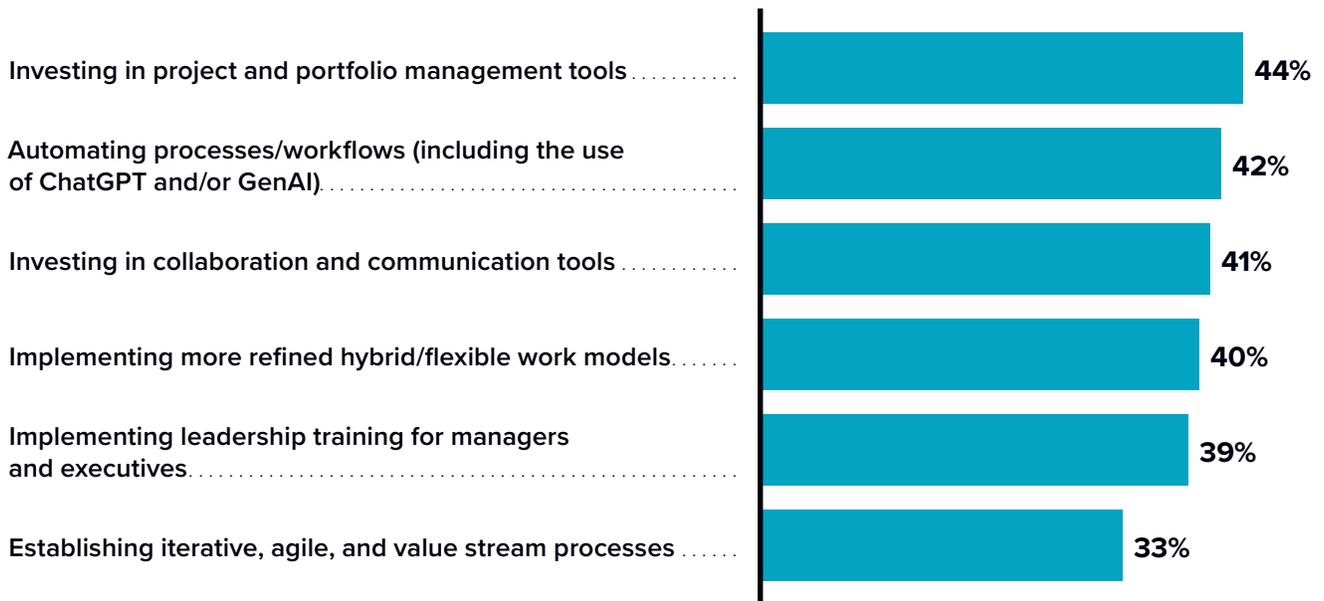
As a result, rather than simply adopting point tools, organizations are increasingly moving to what IDC terms **intelligent digital workspaces** — work/project management platforms connecting people and resources, data, and applications. These kinds of solutions can extend PPM functionality by offering a holistic view of the work being done, helping to empower employees, and supporting flexible work models.

Additionally, to combat the overwhelming volume and complexity of the resource planning and demand that these flexible models require, organizations are seeking to leverage sophisticated PPM tools that use workflow analytics and GenAI to identify patterns, trends, and risks (see **Figure 3**).

FIGURE 3

Actions to Drive Business Results

To the best of your knowledge, what are the top 3 priority actions your organization will likely take to drive strategic business results?
(% of respondents)

Investing in project and portfolio management tools	44%
Automating processes/workflows (including the use of ChatGPT and/or GenAI)	42%
Investing in collaboration and communication tools	41%
Implementing more refined hybrid/flexible work models	40%
Implementing leadership training for managers and executives	39%
Establishing iterative, agile, and value stream processes	33%

n = 629; Source: IDC, 2023

Key Challenges for Leaders

One of the biggest challenges for companies is to define priorities and objectives to align with corporate strategy. Forty-two percent of the survey's IT and line-of-business (LOB) leaders identified this as a top organizational challenge.

Leaders are struggling to drive more integrated and interconnected organizations across distributed workforce models. Alignment and transparency are not just nice to have in this context; they are an essential component of running a successful business. Therefore, it is unsurprising that communication and collaboration across dispersed teams and data security top the list of challenges in supporting flexible work models (along with adaptive, usable, scalable systems and effective analytics).

Biggest challenges supporting flexible work models:

45%
say communication and collaboration between dispersed teams

41%
say data security

31%
say no single platform for tracking and managing all work

n = 629; Source: IDC, 2023

Even though many organizations take these fundamental solutions and governance models for granted, a significant number struggle to adopt common platforms, strategies, and secure protocols to help ensure effective collaboration between divisions, departments, individuals, and resources.
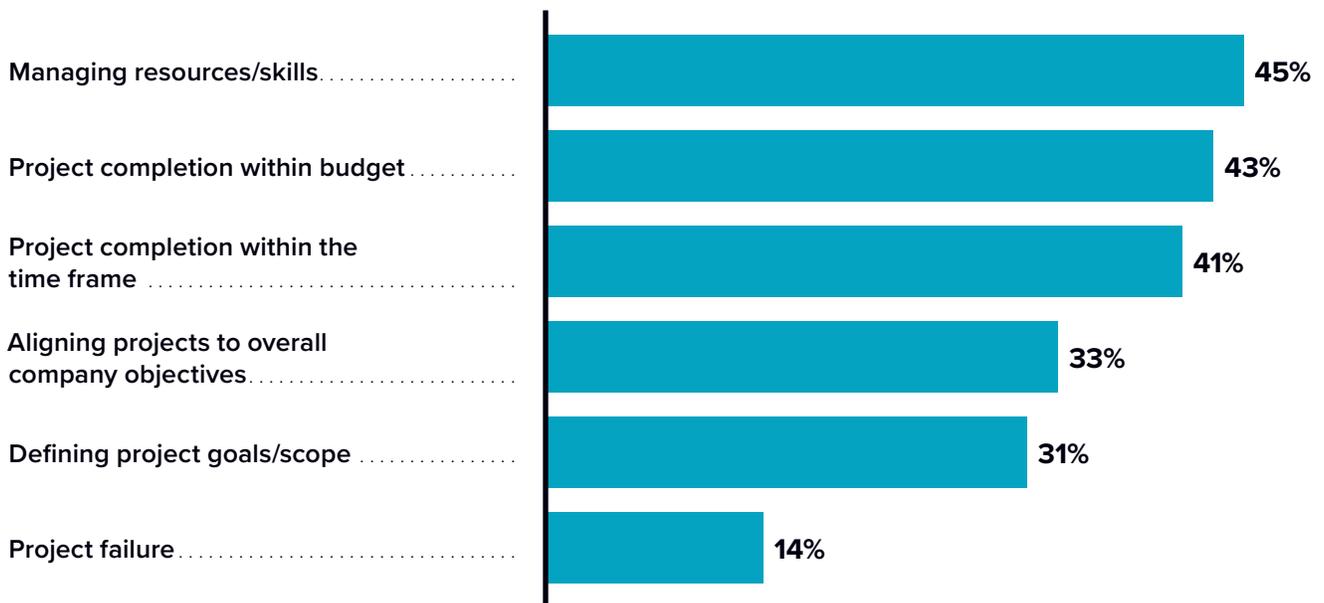
According to IDC's survey data, 45% of organizations say their biggest challenges for project execution are managing resources and skills and ensuring seamless communication and collaboration between dispersed teams. Respondents also pointed to difficulties completing projects on time and aligning with company objectives (see **Figure 4**).

FIGURE 4

Project Execution Challenges

What are the typical challenges your organization faces when it comes to project execution?
(% of respondents)

Challenge	%
Managing resources/skills	45%
Project completion within budget	43%
Project completion within the time frame	41%
Aligning projects to overall company objectives	33%
Defining project goals/scope	31%
Project failure	14%

n = 629; Source: IDC, 2023

For successful companies that created strong support for cross-functional strategic planning,

35%
reported increased employee engagement,

33%
reported innovation benefits, and

31%
reported more streamlined work processes.

Tool-specific challenges are also commonplace. These include overall licensing costs and poor integration with other systems of record (such as ERP and CRM). Yet while licensing costs concern budget-conscious buyers, they must also consider the short- and long-term expenses of poor visibility, lack of employee engagement, and overall time to value. These and other factors can quickly add up to deeper business concerns and impacts, such as higher staff attrition, poor customer experience, delayed innovation, and revenue issues.

Consider companies that lag in their cloud migration, digital innovation, or other efforts that find themselves challenged by poor workflow integration with other enterprise systems of record. They may struggle to stay competitive against more agile organizations that quickly assess the impact of different initiatives across the organization on bottom-line results to prioritize and execute adaptively.

Organizations can succeed at laying out solid technical foundations for PPM initiatives but still find themselves stymied by cultural impediments, such as resistance to new ways of working, lack of trust, poor communication, and misaligned goals and priorities across departments. Process change is key. For successful companies that created strong support for cross-functional strategic planning, 35% reported increased employee engagement, 33% reported innovation benefits, and 31% reported more streamlined work processes.

PPM solutions can be critical in fostering stronger alignment by delivering insights into opportunities for business growth with common data and analytics in conjunction with (and often enabling) organizational change.

The Promise of PPM

Organizations with a higher PPM maturity level are six times more likely to see strong or unlimited scalability.

PPM solutions that are user friendly, flexible, scalable, and support real-time analytics present a significant opportunity for organizations seeking to standardize and evolve their processes without introducing disruptive change to project teams.

When deployed at scale in companies that have clear metrics to drive continuous improvement, PPM solutions hold significant promise for driving and expanding business value. Based on the survey data, organizations at a higher level of PPM maturity are six times more likely to see strong or unlimited scalability.

Strategic Alignment of Goals, Departments, and Projects

Strategically aligning goals across the enterprise is often touted but hard to put into practice, especially for rapidly growing companies. Respondents experiencing a lack of strategic alignment with organizational goals pointed to poor PPM support, leadership challenges, and PPM experiences as their top inhibitors.

In contrast, solutions that support the full PPM continuum, from project intake, demand prioritization, resource management, risk assessment, execution, and reporting, enabled significant value. Having greater visibility across all work is

critical to acting effectively and driving responsive businesses. The ability to curate this data by different departments and regions enhances data governance and helps responding organizations stay focused on both alignment and efficiency.

Top 3 reasons for poor strategic alignment with organizational goals:

1 Poor PPM support

2 Leadership challenges

3 Poor PPM experiences

When asked which PPM capabilities were the most critical, 33% of respondents first pointed to smart data analytics that make information actionable and can measure PPM efficacy. The best PPM solutions help organizations lay the foundation for running profitable and strategically aligned projects. They also offer collaborative project fulfillment and delivery, informed decision making, and value delivery.

To fully realize the benefits of their project portfolios, organizations must:

- Align projects with strategic business and organizational goals

- Enable real-time reporting on project/portfolio status through workflow automation

- Drive employee commitment to common goals

- Automate workflows at the task, project, program, epic, and portfolio levels

- Access accurate resource data for better planning and resource optimization

- Communicate and drive transparency through reporting and analytics

- Offer intuitive, flexible tools to support business-led processes

Agile, adaptive organizations will see this list as part of an iterative journey that responds to changing technology and organizational/business conditions. In that context, what may begin as a checklist of requirements to establish sound PPM practices across the organization can become the pulse of a flexible and innovative enterprise. This adaptive approach strongly differentiates organizations that are more advanced in their PPM maturity. IDC defines maturity models across a series of five stages that begin with an ad hoc implementation of PPM, followed by more opportunistic and then managed stages of deployment.

PPM Maturity

93%

A total of 93% agree that workflow automation is a priority across demand intake, resource scheduling, planning, execution, and reporting.

Organizations vary in their degree of awareness, adoption, or approach to PPM. Some projects are managed ad hoc with few managed processes, whereas others have well-defined processes that are used consistently throughout the organization. A few organizations have established systems of continuous improvement to monitor their PPM solutions to help ensure higher and evolving levels of success. The most mature organizations have optimized approaches that enable business leaders to continuously adapt to market changes using PPM solutions.

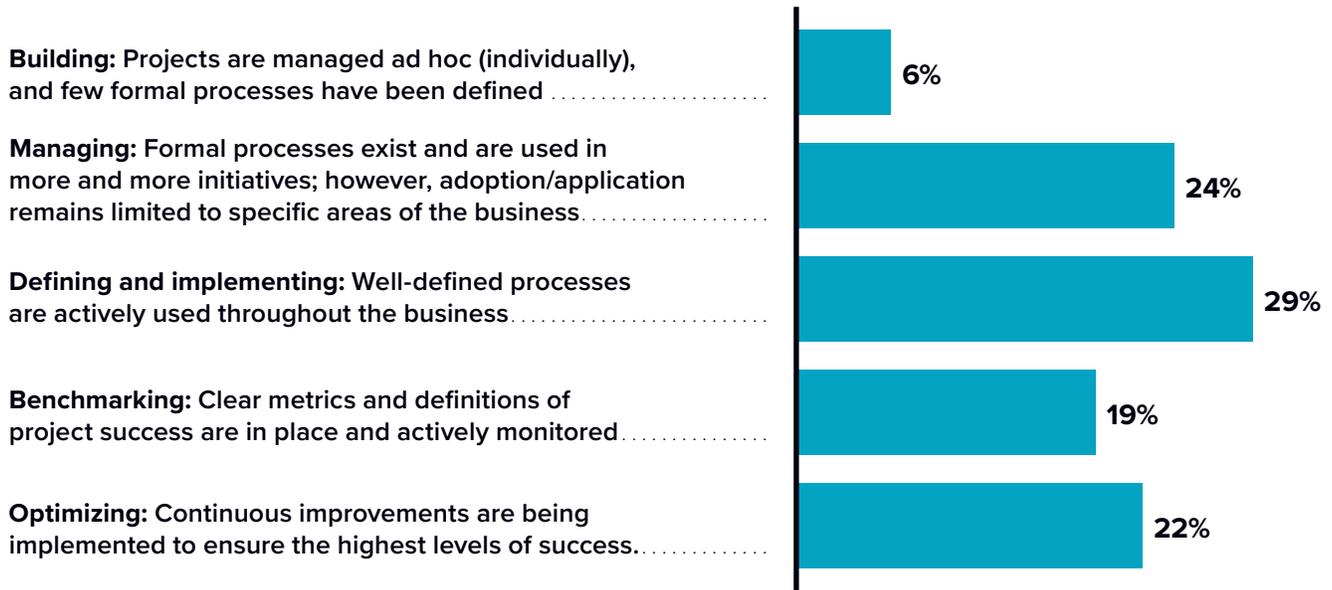In this IDC study, half of the respondents (53%) are either managing or defining and implementing PPM. For more mature organizations, the survey showed that 19% were benchmarking their projects by developing and monitoring clear metrics and definitions of project success. At the most mature levels (22%), the optimization of PPM focused on continuous improvement to ensure the highest levels of success (see **Figure 5**, next page).

FIGURE 5

Levels Of PPM Maturity

When it comes to PPM, how would you rate your current level of maturity?

(% of respondents)

Building: Projects are managed ad hoc (individually), and few formal processes have been defined 6%

Managing: Formal processes exist and are used in more and more initiatives; however, adoption/application remains limited to specific areas of the business. 24%

Defining and implementing: Well-defined processes are actively used throughout the business. 29%

Benchmarking: Clear metrics and definitions of project success are in place and actively monitored 19%

Optimizing: Continuous improvements are being implemented to ensure the highest levels of success. 22%

n = 629; Source: IDC, 2023

PPM maturity strategies can help those such as program and portfolio leaders calibrate where to focus their efforts in developing and scaling their PPM initiatives. Clearly, the expanded deployment of workflow automation has been a tremendous boost for organizations seeking to integrate data with processes across organizations and to help ensure project and portfolio transparency.
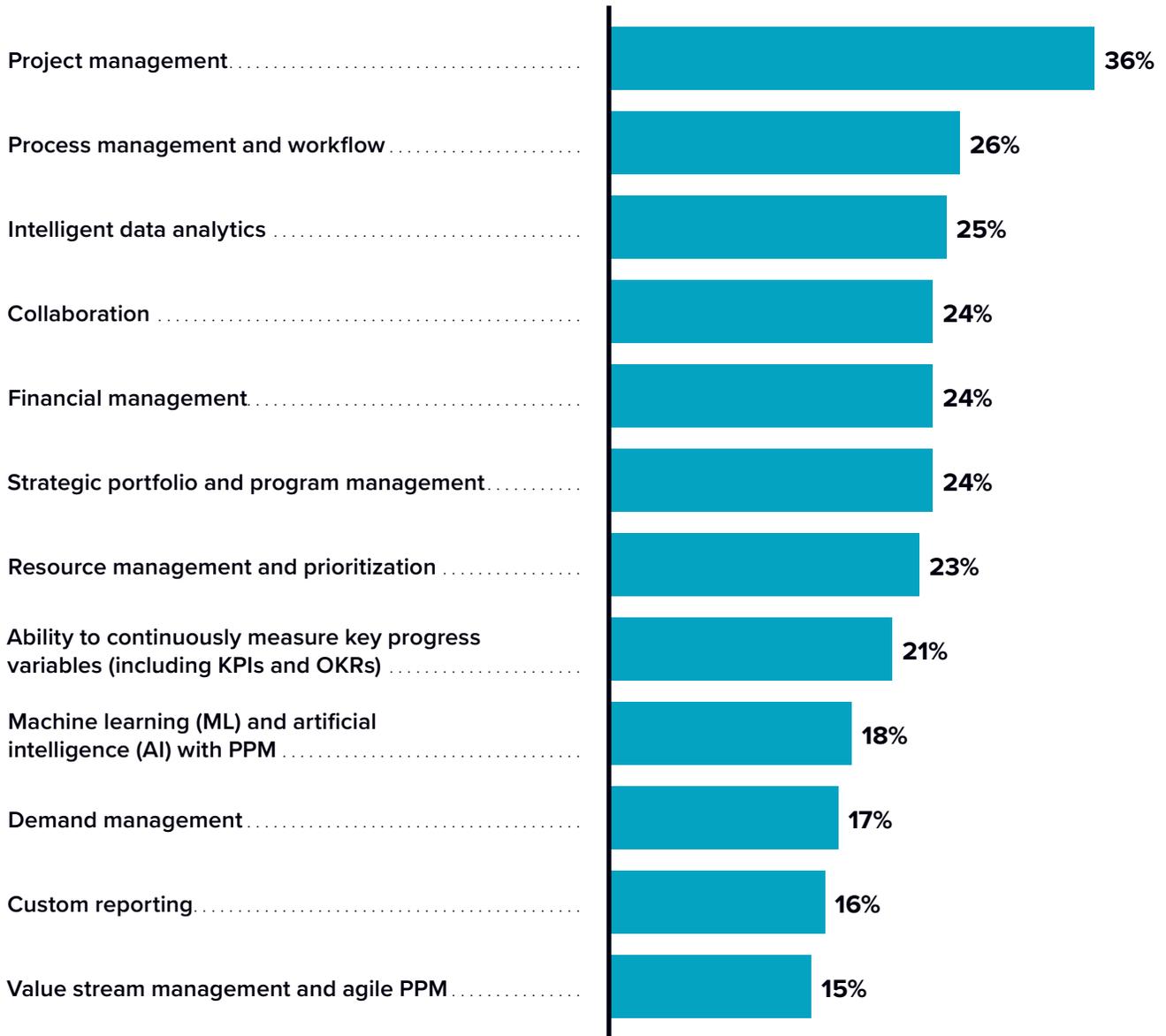
Benefits of PPM Solutions

Organizations effectively deploying PPM solutions witness a broad business impact — from the obvious improvement in project/program/portfolio management capabilities to driving better collaboration, resource management, and strategic alignment. Additionally, IDC's survey respondents cited significant benefits for project and process management, intelligent data analytics, collaboration, and financial management (see **Figure 6**, next page). When well implemented and systemically adopted, PPM solutions provide organizations with deployment maturity, scale, and a dynamic competitive advantage.

FIGURE 6

Most Valuable PPM Business Benefits

Which of the following project and portfolio management features are most valuable for driving business benefits for your organization?

(% of respondents)

Benefit	%
Project management	36%
Process management and workflow	26%
Intelligent data analytics	25%
Collaboration	24%
Financial management	24%
Strategic portfolio and program management	24%
Resource management and prioritization	23%
Ability to continuously measure key progress variables (including KPIs and OKRs)	21%
Machine learning (ML) and artificial intelligence (AI) with PPM	18%
Demand management	17%
Custom reporting	16%
Value stream management and agile PPM	15%

n = 629; Source: IDC, 2023

The successful management of project portfolios requires access to a common, centralized data source. This makes it easier for teams to access, consolidate, and analyze information and can enable automated processes that reduce time and effort in leveraging data. These efficiencies of scale become even more vital during times of economic volatility, rapidly shifting competitive and technological landscapes, and constrained resources.

Implementation of PPM tools and processes improves team, department, and organization visibility into key areas such as:

- Real-time project status reporting (44%)

- Project coordination through cross-team workflows (44%)

- Alignment of individual work with company goals (43%)

- Potential roadblocks or risks (42%)

In particular:

- A total of 70%+ organizations said they could gain access to the data they need and share valuable insights easily (or relatively easily).

- A total of 50%+ point to reduced process time as a key benefit of workflow automation, followed by lower operating costs and fewer errors.

- Approximately 40% can easily connect and consolidate information and automate processes, reducing data sprawl, time, and effort, while 31% find it challenging to consolidate information.
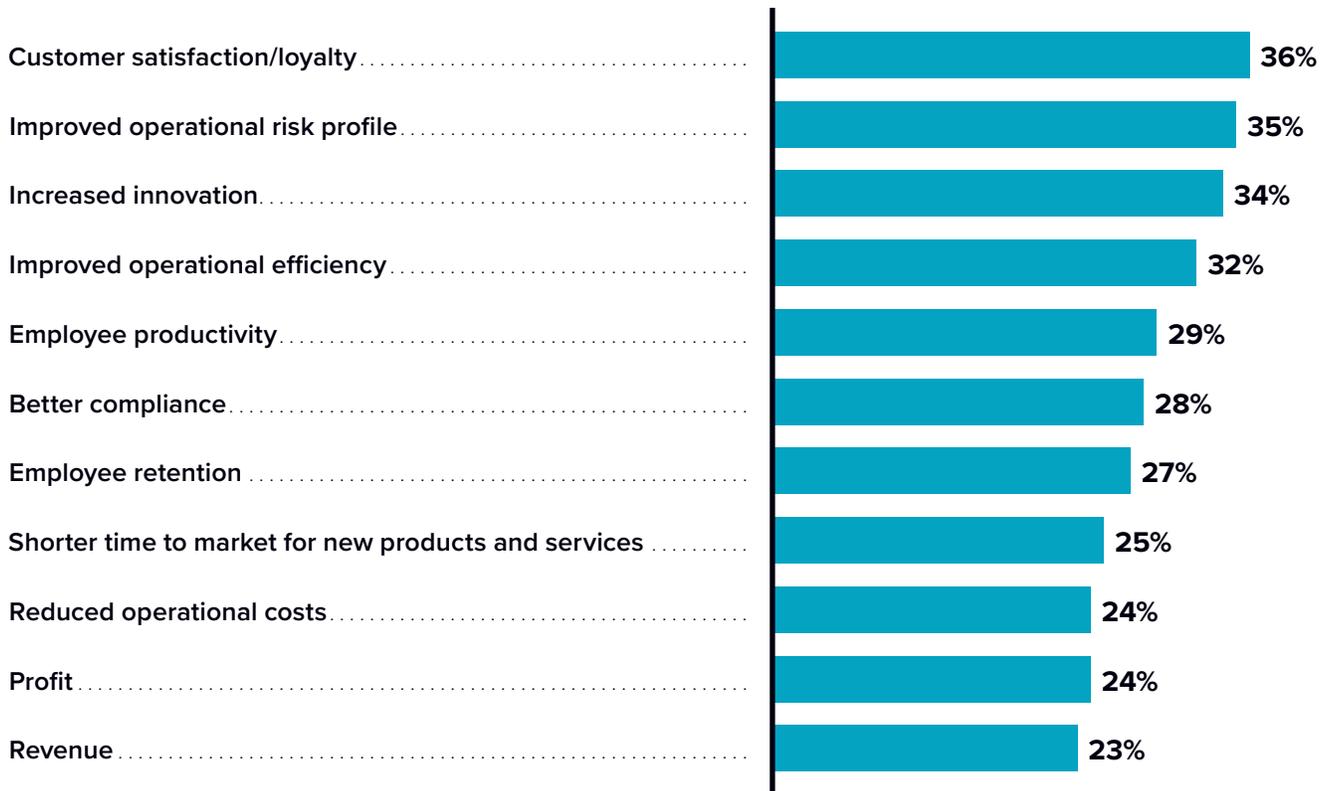
How to Measure Success

Over one-third of the surveyed organizations credit PPM tools/solutions with driving higher customer satisfaction, reducing operational risk, and increasing innovation (see **Figure 7**).

FIGURE 7

Measuring the Success of PPM

Mean summary table: To what degree has your PPM solution/tool improved the success of your project portfolios in line with defined KPIs?
(% of respondents)

Customer satisfaction/loyalty	36%
Improved operational risk profile	35%
Increased innovation	34%
Improved operational efficiency	32%
Employee productivity	29%
Better compliance	28%
Employee retention	27%
Shorter time to market for new products and services	25%
Reduced operational costs	24%
Profit	24%
Revenue	23%

n = 629; Source: IDC, 2023

Gaining insight into these business benefits requires putting key performance indicators (KPIs) in place based on reliable data. Several organizations surveyed are in the process of establishing clear metrics to benchmark progress to help align the use of PPM solutions with results and value. In addition to capturing data, companies need to ensure data accuracy to achieve business outcomes like those above.

So, what do organizations measure?

- A total of 40% of business leaders said they measure overall team results.

- A total of 36% measure completed actions.

- A total of 32% use outcome-based metrics.

- A total of 31% measure teamwork-based metrics.

- A total of 31% measure actions taken.

When asked about the degree to which PPM solutions improved the success of project portfolios in line with defined KPIs, over one-third of respondents pointed to customer satisfaction/loyalty, improved operational risk profiles, and increased innovation, and 32% pointed to improved operational efficiency.
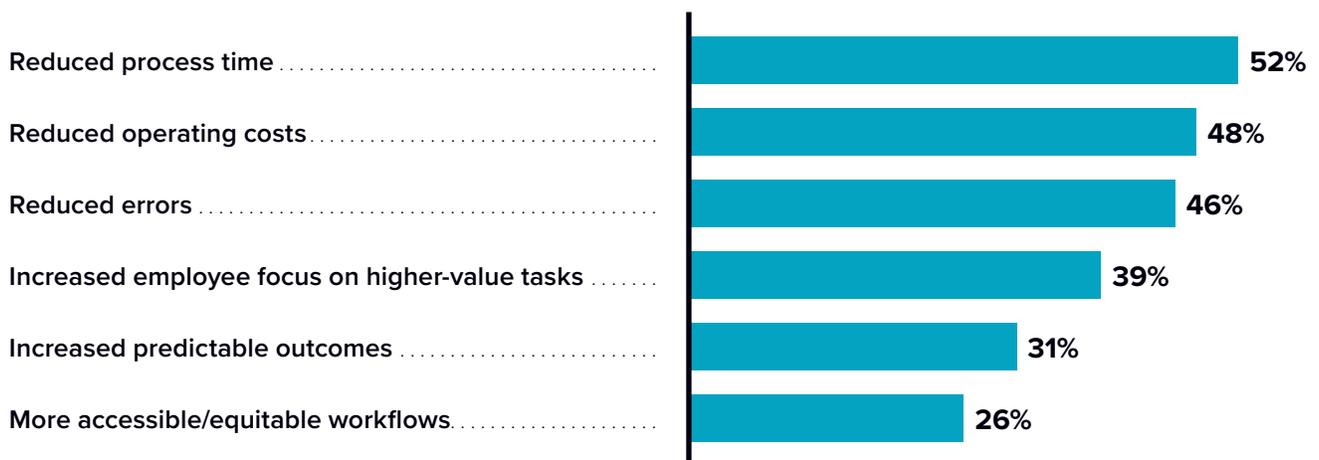
Over 70% of respondents found that PPM adoption enabled them to access the data they needed to share insights easily or relatively easily, and over half found that workflow automation enabled them to reduce the process time. Other workflow automation benefits included lower operating costs, fewer errors, and increased focus on value-oriented tasks (see **Figure 8**).

FIGURE 8

Workflow Automation Benefits

What key benefits do you see from implementing workflow automation?
(% of respondents)

| Benefit	%
Reduced process time	52%
Reduced operating costs	48%
Reduced errors	46%
Increased employee focus on higher-value tasks	39%
Increased predictable outcomes	31%
More accessible/equitable workflows	26%

n = 629; Source: IDC, 2023

Evaluating and Adopting PPM

Why is it important to evaluate PPM solutions for their adaptive capabilities now? IDC sees increased investment in PPM during a time of ongoing demand for flexible, adaptive work environments. PPM solutions support project coordination, collaboration, and strategic prioritization across disparate teams, geographies, and environments.

- A total of 31% of organizations attributed revenue growth of 10%–24% to PPM tool/solution support in line with defined KPIs.

- A total of 29% of leaders indicated investment levels of over $250,000 in the next 12–18 months.

Collaborative work management (CWM) is impacting and transforming the PPM space, driving customers to look for more collaborative and adaptive tools. PPM solutions that offer platform flexibility can be a critical success factor for organizations looking to adapt to the ways people and teams work across distributed environments. They help to deliver initiatives and projects (rather than requiring people to adapt to a specific process that the solution mandates).

When evaluating PPM solutions, leaders focus on factors such as intelligent data analytics with AI/ML and rapidly emerging GenAI, as well as integration strategies, ease of use, and quick onboarding to jumpstart enterprise use. They also seek scalability, breadth of functionality, and process standardization across projects, programs, epics, and portfolios while supporting a stellar user experience. Executive evangelism, grassroots engagement, and foundational investments in organizational and cultural change help enable systemic adoption.
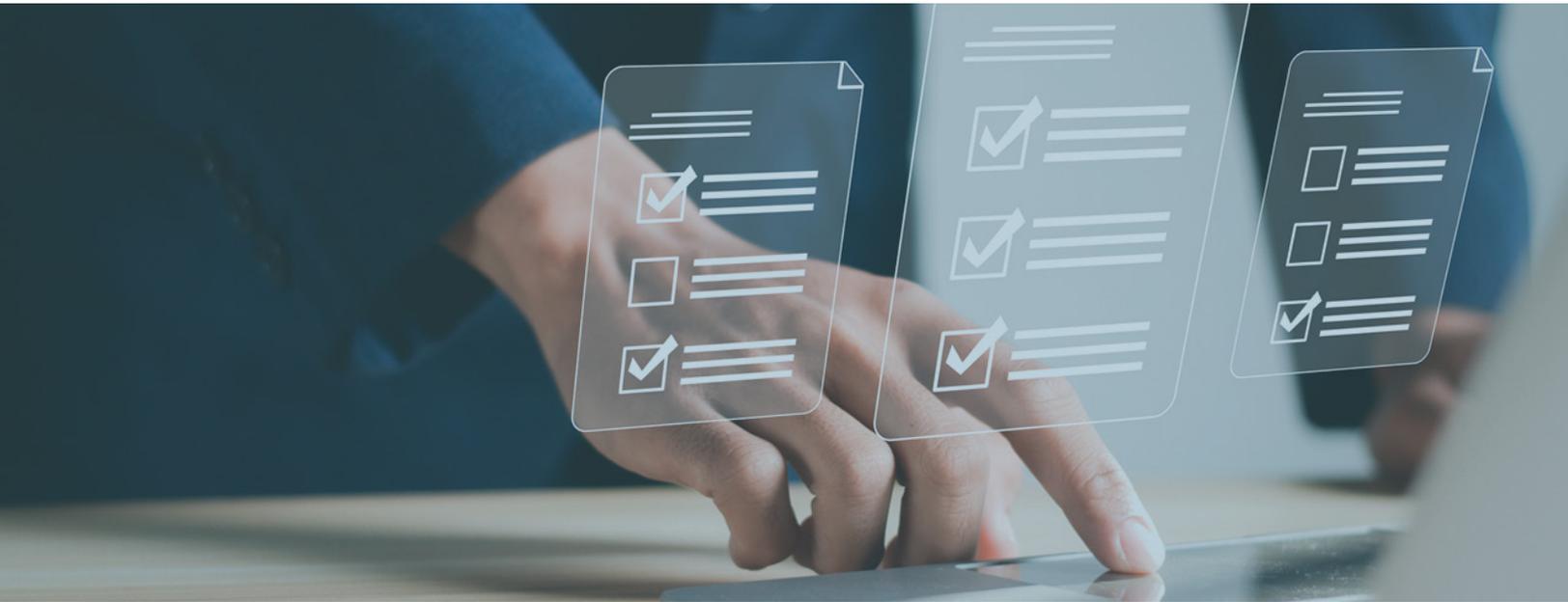
Key Questions When Selecting PPM Solutions

Organizations looking to invest in PPM solutions need to address the following questions:

1 What are the key areas for PPM investment?

2 Do current investments support strategic planning, demand intake, project/portfolio prioritization, resource management, work execution, reporting, and intelligent analytics?

3 Does the organization have strong leadership buy-in and sponsorship?

4 Are the PPM tools easy to use?

5 Do the tools support collaborative work at scale?

6 Are current PPM tools flexible enough to support dynamic internal processes, external changes, and employees' work habits?

7 How will the organization adapt as project portfolios grow in scale and complexity?

Next Steps: Moving Toward an Automated, Adaptive Future for PPM

Based on IDC's research, organizations need to focus on a series of steps to get the best out of their PPM investments:

- ✅ **Assess the current project portfolio management tech stack** to identify gaps/overlaps in the PPM/CWM product portfolio and areas for expansion.

- ✅ **Secure buy-in** from executive leadership to actively support evaluating, purchasing, and adopting a PPM solution that best aligns with strategic goals, needs, and maturity.

- ✅ **Identify AI/ML and GenAI opportunities** to drive benefits and establish governance/guardrails with validated vendor support while being vigilant about GenAI risks.

- ✅ **Invest in training and organizational change** with both top-down executive leadership and grassroots support to encourage broader adoption.

IDC research indicates that project and portfolio management and collaborative work management solutions, such as those from Smartsheet, are pragmatically positioned to help organizations prevail in increasingly disrupted global and business environments. Companies wishing to take full advantage of PPM should look beyond point product functionality and establish a cohesive, integrated strategy to navigate and benefit from evolving technology, organizational, and competitive opportunities.

About the IDC Analysts

Amy Loomis, Ph.D.
Research Vice President, Future of Work, IDC

Amy Loomis is Research Vice President for IDC's worldwide Future of Work market research service. In this role, Amy covers the growing influence of technologies such as artificial intelligence, data analytics, robotics, augmented and virtual reality, and intelligent process automation in changing the nature of work. Her research looks at how these technologies influence workers' skills and behaviors, organizational culture, worker experience, and how the workspace itself is enabling the future enterprise.

More about Amy Loomis, Ph.D.

Melinda-Carol Ballou
Research Director, Agile ALM, Quality & Portfolio Strategies, IDC

Melinda Ballou serves as Research Director for IDC's Application Life-Cycle Management (ALM) program. In this role, she provides thought leadership, expert opinion, and analysis through comprehensive research on end-to-end application life-cycle management — from requirements to quality, testing, security testing, change, continuous release, process, project and portfolio management (PPM), value stream management (VSM), and collaborative work management (CWM) with a focus on agile DevOps software life-cycle strategies across platforms. Melinda-Carol offers competitive intelligence and consulting on key aspects of the ALM market to G2000 end-user companies, software and service providers, and investment firms. She works collaboratively with other teams at IDC to create IDC's application development research, DevOps, PPM and CWM research in the context of ALM, and business/IT governance as related to agile and digital transformation. In addition, she provides special support through a range of custom consulting projects and multiclient research programs.

More about Melinda-Carol Ballou

Message from the Sponsor

☑ smartsheet

Smartsheet (NYSE: SMAR) is the enterprise work management platform. The foundation for managing projects, programs, and processes for millions of global customers, Smartsheet empowers everyone to work better at scale.

The Smartsheet Platform for Modern Project and Portfolio Management allows operational leaders to create replicable project management frameworks while enabling project teams to be more nimble, creative, and efficient.

To learn more, visit here.

IDC Custom Solutions

IDC Custom Solutions produced this publication. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis that IDC independently conducted and published, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. This IDC material is licensed for external use and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.

IDC

IDC Research, Inc.
140 Kendrick Street, Building B, Needham, MA 02494, USA
T +1 508 872 8200

𝕏 @idc   **in @idc**   **idc.com**

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets.
With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives.