

What Role – If Any – Should a Program Management Office Play in Your Next SAP Upgrade?

Q&A with SAP's Keith Johnson



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SAP customers frequently tell us that one of the key factors of a successful SAP implementation, especially an upgrade, is a structured and disciplined project management capability. Project management provides the critical link between the goals established by the steering committee and the activities executed by the project team. In this executive interview, SAP's Keith Johnson, vice president of SAP Consulting's North America Program Management Office (PMO), advises readers on how to establish a thriving PMO, which can actively manage and balance scope, quality, resources, risk, and schedule throughout an application's life cycle — and then track progress against the organization's program plan.

Q. When you look across upgrade projects today, where do you see customers struggling the most?

A. On the whole, customers lack an effective mechanism to manage the upgrade process in a deliberate manner. One of the best ways to maintain, control, and derive full business value from your upgrade project is to manage it through a program management office (PMO).

In many organizations, a PMO is a function that supervises a portfolio of projects. The PMO has staff dedicated to supporting the strategic objectives within the organization. Specific to the SAP landscape, a PMO should oversee — and provide governance for — business value realization throughout the entire application life cycle.

The important role of a PMO does not subside when implementation ends. While an upgrade project has a beginning and an ending point, the PMO works from the business value perspective. This means PMOs must concern themselves not only with a project, but with how that project fits into the organization's business strategy and technology roadmap, looking ahead two to five years. It is the PMO that must examine the value of an upgrade, measure and quantify it, and communicate how it fits into the larger IT roadmap.

Q. What role, if any, should SAP play in the PMO of a customer?

A. The truth is that it varies by customer. The determining factor, from my experience, is the customers' maturity regarding the program and project management processes and how they approach an upgrade.

Some customers with very mature PMOs have their own SAP Center of Excellence and, in many cases, there is no need for SAP to be directly involved with the PMO. Conversely, there are companies, especially where an upgrade poses a sizable business impact, where SAP is involved from the beginning, on a daily basis.

It may come as a surprise that, in certain PMOs, companies have given SAP a seat at the table. With many large customers, SAP helps steer the PMO to aid customers in deriving the fullest benefits from their SAP systems.

Inside

The following solution and service providers are highlighted in this supplement:

- S3 VMware**
Experience Smooth, Efficient SAP Application Upgrades with VMware Infrastructure
- S4-S5 Atos Origin**
Upgrade with an Eye to the Future
- S6-S9 BackOffice Associates, LLC**
Upgrade Your Data, Not Just Your Software
- S10-S11 BearingPoint**
Upgrade and Prosper: Treat SAP Upgrades as Opportunities, Not Just Business As Usual
- S12-S13 HP Software**
Mitigate and Control the Risk of Application Upgrades
- S14 Newmerix**
The Only Thing Constant Is Change
- S15 SITA CORP**
Take the Guesswork Out of Your Next SAP Upgrade
- S16 Sun Microsystems**
Downsize Your System Downtime

Q. What about customers new to SAP, or those who have struggled in the past with implementations and upgrades? How can they increase SAP's participation?

A. Those customers who want SAP to have a bigger role may request our involvement directly by contacting their SAP Client Partner, or through a formal RFP. We review

How It Fits: The PMO and the Project Organization

The PMO is one of five major components within a traditional project organization (see chart below):

- **Steering committee:** The executive sponsors of a project who define strategy, determine budgets, and set overarching timelines
- **Program management office (PMO):** The organization that operates on behalf of the steering committee to maintain the IT roadmap and associated business case(s); charters and governs projects; and assures the consistent application of project management standards
- **Project office:** The organization that

manages the project's particulars, reporting to the steering committee

- **Advisory team:** An advisory council brought in as needed, sometimes representing a country or region, or specific industries or roles
- **Project team:** The employees responsible for executing and delivering a project

Company leaders designate the steering committee, which then must realize the business case for a technology implementation. The committee's job is first to obtain, then to maintain, investment in the project and to ensure that the project achieves a certain business benefit.

The PMO operates on the steering committee's behalf. While the steering committee charters the PMO to achieve a certain outcome based on limits of time and budget, the PMO accepts that charter and establishes the program roadmap to realize the business objective, then recommends the chartering of specific projects to the steering committee. The PMO will then charter specific projects. The project office manages the creation of a detailed plan that executes and monitors predefined objectives; it then reports back to the steering committee on the objectives' progress. Finally, the PMO notifies the steering committee on the alignment and achievement of the business objectives.

Governance Levels	Role	Organizational Affiliation	Processes
Steering committee	<ul style="list-style-type: none"> ■ Defines and approves strategy ■ Determines budgets ■ Performs milestone reviews ■ Has unwavering sponsorship 	<ul style="list-style-type: none"> ■ Senior leadership ■ Global representation ■ Cross functional ■ Program management 	<ul style="list-style-type: none"> ■ Budget approval ■ Strategic ■ Communications ■ Scope approval process
Program management office (PMO)	<ul style="list-style-type: none"> ■ Manages program projects and resources ■ Has a strong relationship with the steering committee ■ Enables cross-team integration 	<ul style="list-style-type: none"> ■ Middle management ■ Cross functional ■ Global exposure ■ SAP 	<ul style="list-style-type: none"> ■ Program reporting ■ Resource management ■ Scope management ■ Budget management ■ Issue management and escalation ■ Release planning
Project office	<ul style="list-style-type: none"> ■ Responsible for delivering the business value of the project per the project charter ■ Plans and manages the project or release ■ Controls changes to protect the business objective ■ Escalates trade-offs to the steering committee 	<ul style="list-style-type: none"> ■ Middle management ■ Both IT and business project managers ■ Recognized leaders in their areas 	<ul style="list-style-type: none"> ■ Project planning, execution, and reporting ■ Project controlling (i.e., managing the scope, budget, timeline, and resources) ■ Risk and issue management and escalation
Advisory team	<ul style="list-style-type: none"> ■ Represents country-specific processes, system organization, and data requirements ■ Participates in workshops ■ Coordinates with other teams 	<ul style="list-style-type: none"> ■ SAP Solution Enterprise 	<ul style="list-style-type: none"> ■ Process design ■ Data definition ■ Trade-specific knowledge ■ Solution-specific knowledge
Project team	<ul style="list-style-type: none"> ■ Manages project delivery ■ Produces project deliverables 	<ul style="list-style-type: none"> ■ Cross discipline ■ Global 	<ul style="list-style-type: none"> ■ Project delivery ■ Scope management

The key players in a traditional project organization

