

# The Next Generation PMO



# ABOUT THIS REPORT

Capgemini Government Solutions has partnered with PMI to explore the impact of disruptive technologies on the next generation project management office (PMO). *The Next Generation PMO* report highlights and analyzes key findings from PeriscopeIQ's online survey of 529 PMO directors across a breadth of industries and a smaller qualitative study among senior-level functional managers who work with PMOs or equivalent project manager teams not technically referred to as PMOs.

The online survey gathered data from PMO directors around the world, including North America, Europe, the Middle East, Africa, Asia Pacific, and Latin America.

The PMO directors also represented organizations of diverse sizes, with 51% of the respondents from organizations with revenues under US\$250 million, 17% with revenues between US\$250 million and US\$999 million, and 32% with revenues above US\$1 billion.

The surveys were completed in July 2018.

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## ABOUT CAPGEMINI

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## ACKNOWLEDGEMENTS

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**Ricardo Vargas**  
Executive Director,  
Brightline Initiative

## Strategy delivery is just as important as strategy design—but too many leaders don't seem to realize it.

Organizations invest substantial resources, creative time, and energy into developing and designing the right strategy, only to see it unravel in the execution phase. On average, organizations fail to meet 20% of their strategic objectives because of poor implementation, and only 1 in 10 organizations can deliver all of their strategic initiatives successfully, according a recent survey by The Brightline™ Initiative.

Those shortcomings show up in bottom line results. Nearly 10 percent of every dollar is wasted due to poor project performance, according to PMI's 2018 *Pulse of the Profession*®. Applied to the level of global capital investment as calculated by the World Bank, that's nearly US\$1 million wasted every 20 seconds—and our society can't afford to squander those resources.

The next generation project management office (PMO) can help solve this execution problem. By partnering with the C-suite, it can help to close the gap between strategy design and implementation, and work to align employees who are skeptical of change.

The time is now. As you will see in this report, disruptive technologies such as artificial intelligence and the cloud are shifting how PMOs work, with whom they work, and even how they measure the project success. PMOs in high-performing organizations see this digital transformation as an opportunity to evolve their role and reach. They are aligning strategically, leading change management efforts, and building new capabilities.

As waves of disruption reshape the world, turning strategy into reality will become a more complicated process—more circuitous than linear. The PMO must become mission control.

# Executive Summary

**Disruptive technologies are reshaping markets at an unprecedented and extraordinary velocity—rendering many traditional business models obsolete.**

**The project management office (PMO) is no exception.**

The massive ripple effect of disruptive technologies is proving to be a powerful catalyst in accelerating how PMOs adapt to new methods of value delivery and assert their relevance. High-performing PMOs are embracing the disruption—reimagining their mission with a keen eye on bridging the costly gap between strategy design and delivery. And they're already reaping the benefits: 66% of stakeholders at high-performing organizations say they fully or mostly understand the potential value a PMO that has (or can) become more strategic in its roles and contributions brings to the organization.

This points to a long-overdue PMO evolution, or even a revolution in some cases: As next generation PMOs lead the way in the adoption, expansion, and implementation of disruptive technologies, they're also taking on a more strategic role across the organization. PMI has long been a staunch advocate for this transformation, as the role and reach of the PMO has not achieved its potential. While countless organizations around the world have certainly realized the ROI of their PMO, PMI has seen both quantitative and

anecdotal evidence to suggest the PMO's influence is in danger of waning. For example, PMI's 2018 *Pulse of the Profession*<sup>®</sup> found the number of organizations with a PMO, particularly an enterprise PMO, has been flat since 2012. Also, the percentage of projects with actively engaged sponsors—the top driver of project success—has declined over time among organizations with a PMO and increased among organizations without a PMO. These trends are troubling and demonstrate that without intervention, the PMO is ripe for disruption.

The cornerstone of this paper is a look at the effect disruptive technologies have on the world in which we live. PMOs are part of that world, of course. And as they are charged with implementing transformative technologies, the most successful PMOs are also transforming themselves to drive value creation in new ways. PMOs that have evolved and elevated their purpose and become the organizational engine that successfully bridges strategy design and delivery are those valued in organizations. It is that fundamental evolution that this paper will explore.

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EXPERIENCED GLOBAL PMO LEADERS SURVEYED

# The PMO in a Disruptive World

The digital future has arrived—right here, right now. Ushered in by a wave of disruptive technology that includes artificial intelligence (AI), cloud computing, and the internet of things (IoT), this new era is transforming the business landscape and forcing a wholesale redefinition of what it means to be a leading organization.

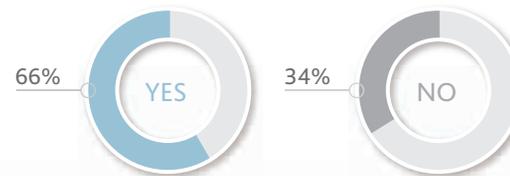
One thing is clear: Organizations that fail to develop a competency that allows quick response to significant change will not survive. Technology is leveling the playing field, empowering startups to enter—and shake up—the market faster, while pushing incumbents to drive continuous innovation to quickly capitalize on opportunities and maintain a competitive edge. The recent fall of several brick-and-mortar brands exemplifies what can happen when companies fail at innovating and integrating with emerging technologies.

They are fundamentally reshaping every level of every organization. AI, for example, is helping some organizations simulate risk assessment and improving dashboard management and control. A majority of PMO leaders recognize the shift: 66% of the 529 PMO directors we surveyed for this report say that disruptive technologies are affecting their PMO (Figure 1). That impact is being felt not only on project deliverables, but also on how PMOs get things done (Figure 2).

**Organizations that fail to embrace significant change will not survive.**

“There’s no doubt that the Fourth Industrial Revolution is having a direct impact on the traditional PMO,” says Bill Mabry, Director of the Customer Success Group Digital Transformation PMO at Salesforce. “Unless PMOs recognize the change, they will be left in the background wondering what happened.”

**Figure 1: Has the operation of your PMO been affected by any disruptive technologies?**



**Figure 2: For the disruptive technologies that have affected you, has the impact on your PMO been:**

About the same	24%
Exclusively or mostly on your project deliverables	34%
Exclusively or mostly on how you get things done	40%

*Base: PMOs affected by disruptive technologies.*

While disruptive technologies of every shape and form are propelling this PMO shift, those technologies at the top of the list—cloud solutions, digitalization, and AI—are more established (Figure 3).

Most disruptive technologies exist on a continuum, which results in differences in their adoption having an impact on specific industries and associated PMOs. For example, cloud solutions and digitalization have advanced at a faster pace in recent years and have a near ubiquitous impact. However, genomics, gene sequencing, and large-scale robotics have more industry-specific impact at this point.

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BILL MABRY // Salesforce

Figure 3: Which disruptive technologies have impacted the operation of your PMO the most?

Cloud solutions	66%
Digitalization	54%
Artificial intelligence	25%
IoT	24%
Building information modeling	24%
5G mobile internet	17%
Non-cloud storage devices	14%
Blockchain	11%
3D printing	11%
Voice-driven software	10%
Large-scale energy storage	9%
Advanced robotics	9%
Autonomous vehicles	5%
Genomics	3%
Gene sequencing	3%

Base: PMOs affected by disruptive technologies.

# The Disruption Reverberates

The rapid emergence of disruptive technologies combined with short times to market will certainly continue to reorder the rankings of top disruptors. But what remains constant is the need for PMOs to:

- > Adapt swiftly to the changes brought by these technologies
- > Support initiatives grounded in disruptive technologies
- > Learn how to apply these technologies to PMO functions themselves

The majority of PMO changes resulting from disruptive technologies focus on how the work is done, with whom the PMO works, and adapting new measures of progress, success, and risk that reflect new approaches, stakeholders, and technologies (Figure 4). The biggest impact is on work processes, with 75% of high-performing PMOs—those whose stakeholders grade the PMO’s performance as an A or A+ (12%)—reporting a redesign of their work processes. This indicates that more successful PMOs identify work processes that need to be adapted faster or more effectively than other PMOs.

**Figure 4: How have disruptive technologies impacted your PMO?**

Redesigning some of your PMO work processes	59%
Collaborating more with other functions	54%
Requiring new measures of progress, success, and risk	50%
Using more advanced technologies for project management	46%
Joining strategic projects at earlier stages	44%
Responsible for more projects of high importance	36%
Acquiring a more enterprise-wide scope of activity	35%
Responsible for a greater number of projects	35%
Having a bigger role securing project resources	25%

*Base: PMOs affected by disruptive technologies.*

Yet, overall, most PMOs remain slow to adapt in the wake of disruption. Only 30% of the PMO directors surveyed say their PMO has undergone reconfiguration as a direct result of disruptive technologies. These reorganizations most likely involved innovative tools, products, and services, new skills required within the PMO, and modifications to the scope and/or methodologies of conventional project management (Figure 5). And for those PMOs that have made progress, PMO directors reported uncertainty about the reconfigurations, with only 18% characterizing them as “very successful.”

**Figure 5: How has your PMO been affected by the reconfiguration?**

Use of tools and innovative products and services	62%
Specific project management or other skills required within the PMO	51%
Modified scope and/or methodologies of traditional project management	48%
Relationship with any other internal office or group	43%
Relationship with an office of strategy management (or equivalent unit) created or strengthened	35%
Project manager engagement/morale increase	35%
Headcount decrease	21%
Outsourcing (entire PMO or components)	20%
Headcount increase	19%
Project manager engagement/morale decrease	14%

*Base: PMOs that have been formally reconfigured in response to one or more disruptive technologies.*



of respondents say it's either **themselves** or **another PMO director** leading the PMO reconfiguration for their organization.

## The High-Performing PMO

Of the organizations surveyed for this report, 12% rank as high performers. These are the PMOs whose stakeholders grade the PMO’s contributions to achieving their organizations’ strategic initiatives as A+ or A. They are differentiated not only by what they do and how they do it, but also by how the PMO is valued by the organization. High-performing PMOs tend to:

- Closely align their work with the organization’s strategic initiatives
- Lead (or play a significant role in) the implementation of strategic initiatives
- Fulfill important change management functions
- Adapt and adopt new skills

These high performers are leading the way in designing the next generation PMO as they embrace disruptive technologies with the purpose of achieving organizational strategic goals. Gaining more insight into how these PMO directors are adapting to the disruptive changes and reshaping the PMO is an important step in reinventing the identity of the PMO as a strategic enabler.

# Next Gen PMO Skills

As this research shows, PMO directors and organizations are ready, willing, and able to work in new ways to make the most of disruptive technologies. Nearly half report “new or different ways of thinking about the work” is in greater demand than “new or different specific skills” in the face of disruptive technologies (Figure 6).

**Figure 6: Thinking specifically about disruptive technologies and their impact on the PMO, which of these have you found is now in greater demand?**



Skills, however, are still crucial, with 51% of respondents reporting that the specific project management or other skills required within the PMO have been affected as a result of PMO reconfiguration. What’s in the most demand? Our research indicates that the frequency of actual or requested use of waterfall, minimum viable product, scrum, statistical analysis, and scheduling has not been as high as other skills. Instead, PMO directors say agile and change management were the top skills used by or requested of their PMO in the previous 12 months (Figure 7).

**Figure 7: For each of these skills/activities, has its frequency of actual or requested use increased in the past year or so?**

Agile approaches	67%
Change management	66%
Dashboards	56%
Leadership	55%
Communications (informal)	54%
Risk management	54%
Stakeholder interfacing	51%
Budgeting	51%
Reports/presentations	50%
Forecasting	49%
Analytical objectivity	48%
Project management software/apps	47%
Requirements management	42%
Scheduling	40%
Scrum	39%
Statistical analysis	33%
Minimum viable product	29%
Waterfall	10%

The increased use of change management reinforces the enhanced role the PMO is playing—and is expected to play—in the adoption of disruptive technology. Nearly 50% of all PMO directors say their PMOs are either the “sole driver of” or are “very involved in” change management intended to leverage disruptive technologies on behalf of their organization (Figure 8). And it’s notable that a majority of respondents say they experienced an “actual or requested increase in use” with nine of the 18 skills/activities over the past year, indicating a high level of adaptation to new ways of doing things. Strong change management is important because these initiatives often involve an expanded number of team members and stakeholders, making it more difficult to obtain agreement on specific goals, particularly from senior managers who may have legacy perspectives and priorities.

**Figure 8: Compared to other parts of your organization, to what extent is your PMO engaged in change management for the purpose of leveraging disruptive technologies on behalf of the entire organization?**

PMO is the sole driver	6%
PMO is very involved	41%
PMO is moderately involved	29%
PMO is only somewhat involved	13%
PMO is only minimally or not at all involved	11%

Base: PMOs that have been formally reconfigured in response to one or more disruptive technologies.

The broad impact also suggests PMO knowledge is expanding and deepening as new approaches are added and combined with traditional project management fundamentals. For example, risk management now requires well-defined strategies and tools adapted to rapid, product-driven, highly collaborative implementations.

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## The PMO Evolves—Slowly

**PMOs have notoriously been slow to change even in the wake of sweeping economic or industry transformation. But the rise of disruptive technologies, against the backdrop of shifting global market priorities and the drive for continuous innovation, may finally be spurring a true transformation of the PMO.**

More than half (55%) of PMO directors say the charter for their PMO changed in the past five years, with the majority saying they expect to have closer alignment with strategic initiatives in the future. And 63% indicated their PMO had already shifted toward this important alignment (Figure 9). These PMOs understand that in today’s disruptive landscape, an organization’s success depends on both an effective and dynamic strategy as well as a creative and resilient execution of that strategy by an empowered PMO.

And while strategy development largely remains a C-suite function for high-priority initiatives, nearly 60% of respondents indicated the PMO is responsible for implementation of those initiatives (Figure 10). Already, 37% of PMO directors say strategic initiatives within their organization are being managed by the PMO, while 36% say that strategic initiatives are being managed with significant PMO involvement as well as other leadership.

“PMOs need to be seen as transformational and leading edge rather than a support system or an administrative body,” says Mr. Mabry of Salesforce. “The smart ones are repurposing to align to customer experiences and ensuring that the vision, the means of achieving it, and all of its success metrics align with and support the broader business strategy.”

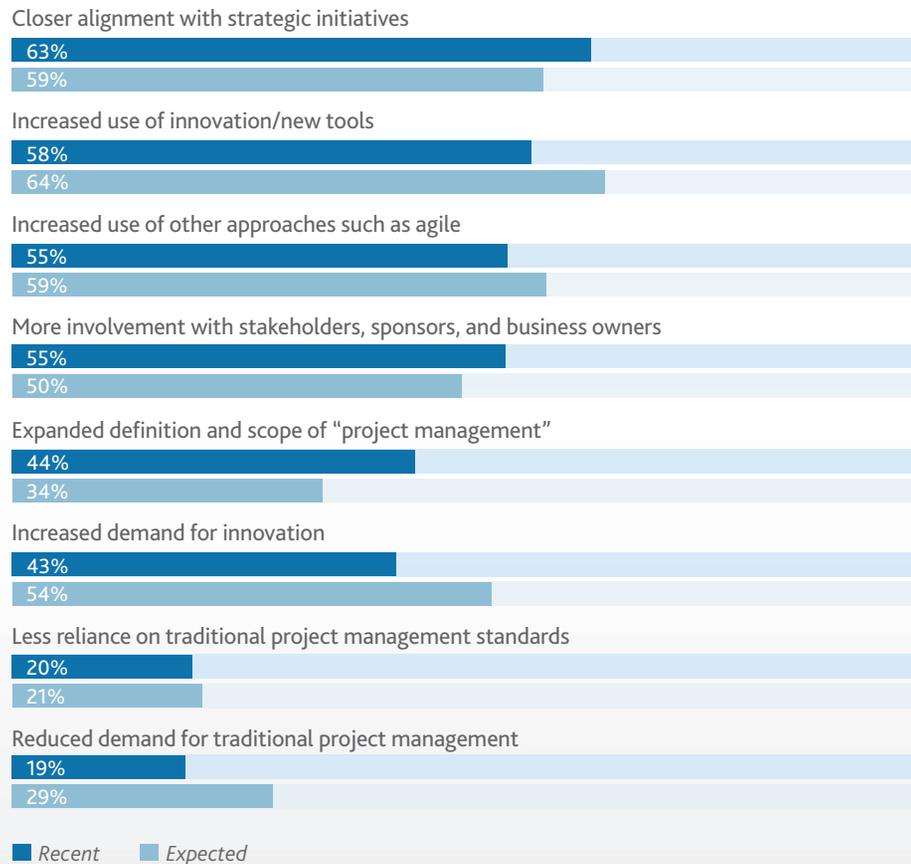
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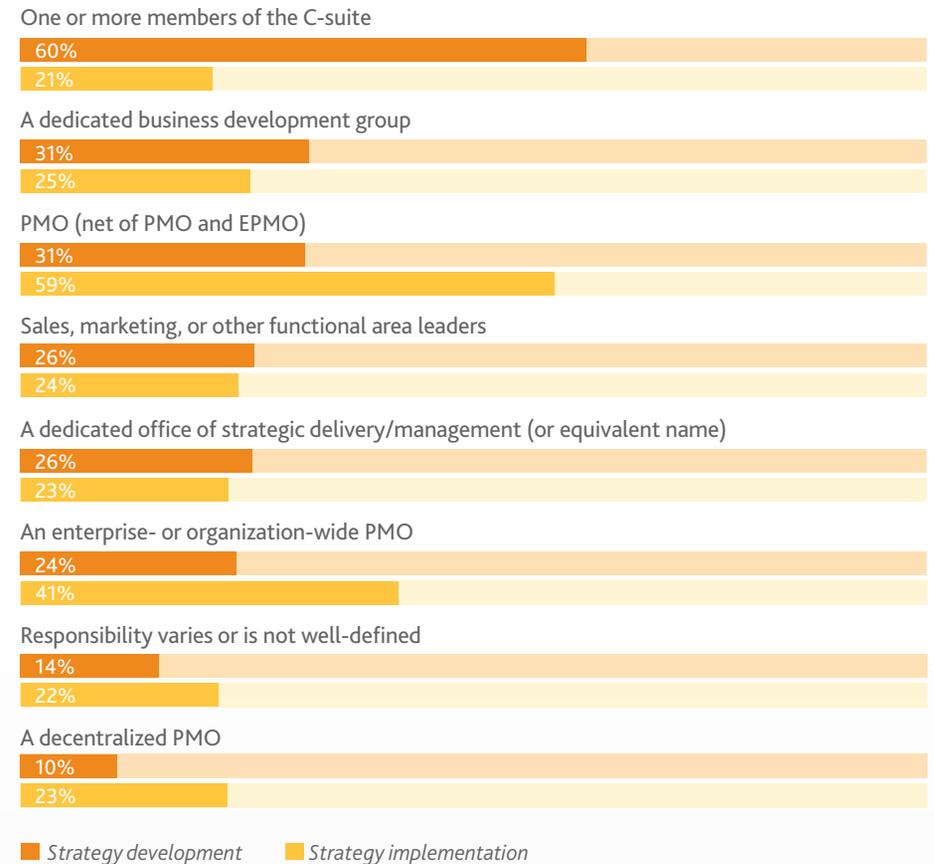
Appropriately, PMO contributions to strategic initiatives are assessed more in terms of outcomes (57%) than traditional measures such as schedule (55%) and costs (49%). Though slight, this shift in measurement is an important part of the PMO’s strategic evolution. As disruptive technologies create new models and strategic opportunities, the next generation of PMOs are evolving from passive entities that manage scope, costs, and schedules to active, adaptive partners that lead and execute strategic initiatives.

And the stakeholders of high-performing PMOs are buying in. Sixty-six percent of directors of high-performing PMOs say their stakeholders fully or mostly understand the potential value a PMO that has (or can) become more strategic in its roles and contributions can bring to the organization. That's compared to just 46% of the rest of the group. And 77% of directors of high-performing PMOs say their stakeholders acknowledged the ability of project managers to be at the forefront of value creation when working on strategic initiatives, compared to just 44% of the rest of the group.

**Figure 9: How has your PMO charter changed?**



**Figure 10: Who does responsibility for strategy development and strategy implementation for high-priority initiatives and projects primarily lie with?**



As disruptive technologies create new models and strategic opportunities, the next generation of PMOs are evolving from passive entities that manage scope, costs, and schedules to active, adaptive partners that lead and execute strategic initiatives.

# A Call for Action

## **It's a brutal business reality: The PMO must evolve.**

No longer inextricably tied to traditional success measures like schedule and budget, this next generation PMO must be a strategic enabler—bridging the gap between a company's vision and how that vision comes to life. Not only will this evolution ensure the organization is ready to make the most of disruptive technologies, but that it can withstand future challenges and capitalize on future opportunities.

Higher-performing PMOs are leading the way—changing their charters, adjusting approaches, and reinventing processes in ways that allow their organization to thrive in the new age of disruption.



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