

# Now on Now: How ServiceNow delivered the promise of a business-focused PMO

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### Getting down to business

Given ServiceNow's rapid growth, on-time, on-target project delivery is critical. That's the role of our [business focused PMO](#): to ensure that portfolio investments actually achieve their expected return and add business value. Building that PMO didn't happen overnight; it was a journey. Like many businesses, we had our challenges when it came to implementing Organizational Change Management (OCM) and aligning our portfolio strategy, investments and team structures to business outcomes.

*“The PMO also acts as a ‘one-stop shop,’ allowing the business to review everything from budgets, resources and project status to scope, quality, benefits and time to market.”*

### Our journey to success

While process is critical for organizational change initiatives, success starts with people—from leaders who own and champion the program to team members who drive projects to completion. Senior director Rani Pangam joined ServiceNow two year ago to transform the PMO and oversee [Agile transformation](#) and OCM methodologies. At that time, the team was struggling to connect the work they were doing with the intended business outcomes. As Rani puts it, “we had the same problems that most people struggle with.”

Pangam identified four key challenges:

- A lack of alignment between strategic planning, annual budgeting, and project planning
- Inconsistent portfolio governance by strategy, benefits, budgets, and time to market
- Inconsistent project and program management processes
- A lack of alignment from business case through outcomes for value

Using the Now Platform® and [ServiceNow ITBM](#), we built a single, end-to-end process that encompassed everything from demand intake to the integration of project outputs with running, growing, supporting, and innovating the business processes on our ITOM and ITSM products. Many of the sources feeding our demand funnel are now automated as part of our digital transformation program.

We then focused on engaging the PMO with all strategic planning work across the company. PMO visibility and interlock with the business groups and functions provided the context for effective planning. For example, the first wave of proposed investments is often based on assumptions that would likely change, but we now have a framework to baseline and fund the portfolio. That funding includes [a sanity check](#) that aligns top-down strategic planning with bottom-up estimating, which is reviewed and adjusted quarterly based on shifting business environments and priorities.

*“All metrics are tied to delivering value for the business.”*

Project delivery uses both Agile and waterfall methods with clear guidelines as to when a certain approach is best suited to a particular project. Ultimately, we allow our teams to make that determination. The project plans then drive our release calendar and allow us to produce a quarterly forecast of not just releases, but also benefits. Our PMO is accountable for meeting a minimum target percentage of those benefits—a target we expect to tighten over time.

Today, all our demands and resources are tied to strategic priorities and business goals. Rani and the PMO team use the [ServiceNow Investment Portal](#) to review projects and the demand pipeline regularly—as frequently as weekly if necessary. The PMO also acts as a “one-stop shop,” allowing the business to review everything from budgets, resources and project status to scope, quality, benefits, and time to market.

## A closer look at benefit management

At ServiceNow, our overall company strategy feeds the departmental strategies and capability maturity. The work at the top drives the portfolio investments that are funded in a given period and comprise the portfolio roadmap to help ensure strategic alignment is being maintained.

The PMO invests a great deal of time and effort mapping strategy to benefits, which involves connecting four areas:

- The company and departmental strategies that provide directional guidance
- The measurable, top-down goals and objectives and the mapping of investments to those goals
- The types of investment with a focus for the PMO on grow-the-business investments (as opposed to run-the-business) and the allocation of funding between grow and run initiatives
- The benefit forecasts with a breakdown of quantitative and qualitative metrics, as defined by the business with input from the PMO

Once that mapping is in place the PMO uses ServiceNow’s enhanced portfolio analytics functionality to track key performance metrics. These include absolute performance metrics, for example, more than 80% of initiatives delivering on benefit, and improvement metrics, such as a 76% reduction in time to market. All metrics are tied to delivering value for the business and are aggressive, reflecting the need to keep pace with business growth.

Pangam also needs to ensure that the PMO itself is delivering value, not just enabling value to be delivered through specific portfolio investments. Five Key Performance Indicators (KPIs) are tracked:

- **IT Investments** – Are they yielding forecast benefits, as measured by actual vs. forecast benefits for initiatives?
- **IT Resources** – Are they assigned to the right strategies and investment types, as measured by allocation metrics and trends?
- **IT Projects** – Are they delivered within budget, as measured by comparing planned with currently estimated financials?
- **Change Management** – Is the organization ready to accept changes, as measured by customer adoption maturity for key projects?
- **Features and Releases** – Are usable features being delivered more frequently, as measured by story points and time between releases?

*“Value doesn’t just come from metrics for ServiceNow’s PMO. We also help our business areas evolve how they deliver work.”*

At ServiceNow, our targets are aggressive for these metrics. Pangam explains “we have 95% targets for on time and on budget; those are the table stakes for us now.”

## Three metric levels driving value

At ServiceNow, the PMO looks to business owners to gauge each portfolio investment's risk, cost, and complexity. There are three levels of metrics, each level supporting the next. They go beyond the five KPIs above and show the value delivered by our [business focused PMO](#):

- First, Pangam and the PMO are accountable for **operational metrics**, which include time to execute, defect rates, and employee satisfaction.
- These metrics then drive the **functional metrics** for which VPs are accountable, for example, percentage productivity increase.
- Finally, functional metrics enable C-suite accountability of **enterprise metrics** such as cost savings.

## Closing thoughts

In the space of two years we have transformed from a tactically focused, execution governance PMO to a strategic, [business focused PMO](#). By implementing disciplined methodologies, leveraging our own suite of solutions—notably [ServiceNow ITBM](#)—and being laser-focused on business outcomes, we're helping position the company for continued growth and success.

## About ServiceNow

ServiceNow is making the world of work, work better for people. Our cloud-based platform and solutions deliver digital workflows that create great experiences and unlock productivity for employees and the enterprise. For more information, visit [www.servicenow.com](http://www.servicenow.com).

Now on Now is about how we use our own ServiceNow solutions to work faster, smarter, and better. With Now on Now, we're achieving true end-to-end digital transformation. To learn more, go to [www.servicenow.com/nowonnow](http://www.servicenow.com/nowonnow).