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## IT Portfolio Management and Its Relevance

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*Abstract-Project and project portfolios are part of the strategic management of the firm as they lead to successful strategy implementation. Multifaceted benefits and goals of a portfolio must be set before the selection of projects to meet the firm's objectives. Corporate strategy is made on a business level and filtered down to the portfolio and project level. The firm's resources have to be allocated to the portfolio in line with the strategy. Portfolios are analyzed by the consistency of the project portfolio with the corporate and the business strategy. The project evaluation and portfolio selection are addressed by the degree of formalization which analyses the consistent application to all projects. Project portfolio structuring should consist of consistency, integration, formalization and diligence.*

*Keywords- Portfolio, Project, Strategy, Execution.*

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### INTRODUCTION

In today's Information Technology scenario, the role of the portfolio manager depends very much on the structure of the organization is functional or projected though it is much above project manager in the hierarchy. In functional organizations, the portfolio manager simply provides information to upper management so that they can take decisions. In projected organizations, the portfolio manager is given a target mix of investments towards certain capabilities and authorized to prioritize and select the mix of projects.

IT portfolio managers need to report metrics that describe the state of the IT portfolio. Metrics may be related to financial health, resource health, risks, and schedule and investment status of the projects. These managers treat the IT projects that are planned and in progress across the company as individual investments. The goal of the portfolio manager is to maximise the value that can be created through the creation of an optimal mix of IT investments that balance risk and reward. IT Portfolio Manager tracks in progress projects to elevate risks and issues and sometimes even to stop the projects if they are not achieving the value they originally promised. Accordingly, the portfolio manager can divert the funds to capabilities such as business intelligence, collaboration, manufacturing automation, etc. and can consolidate applications to move towards a standard.

IT portfolio management is an enabling technique for the objectives of IT Governance. The advantage of IT Portfolio Management is the agility of investment adjustments. Balanced Scorecards use vision and strategy in investment decisions, but oversight and control of operations budget is not the goal. IT portfolio management allows organizations to adjust the investments based on the feedback mechanisms built into the IT portfolio management. Developing IT portfolio governance and organization and assessing IT Portfolio management process execution is one of the important factors. Implementation methods of portfolio management include risk analysis, diversification of projects, infrastructure and technologies, continuous alignment with business goals and continuous improvement viz lessons learned and investment adjustments.

Benefits of portfolio management include central oversight of budget, risk management, strategic alignment of IT investments, demand and investment management along with standardization of investment procedures, rules, and plans. The purpose of IT portfolio management is the quantification of previously informal IT efforts, enabling measurement and objective evaluation of investment scenarios. IT investments are not liquid like stocks and bonds and are measured using both financial and nonfinancial yardsticks say balanced scorecard approach. Assets in an IT portfolio might include inventory management system for logistics or human resources' system for tracking employees time as applicable to a vertically integrated company like oil field, refinery etc. Thus Information technology portfolio management consisting of application portfolio, infrastructure portfolio and project portfolio as a systematic discipline applies to larger IT organizations to gain agility over investment approaches and methods.

**Author's Information**

JyotiMadabhushi, B.E, M.S. has got more than 25 years of work experience in IT industry with more than one and a half decade experience in project management. She has worked in various capacities from being a hands-on technical person to project manager, program manager, portfolio manager to strategic business unit head mapping her portfolio to the changing trends in IT.