

Scorecard Methodology for Quantitative Management of Digital Transformation Project Portfolios

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01

The Problem: PPM and Project Prioritization

02

The State of the Art

03

The Solution Pipeline

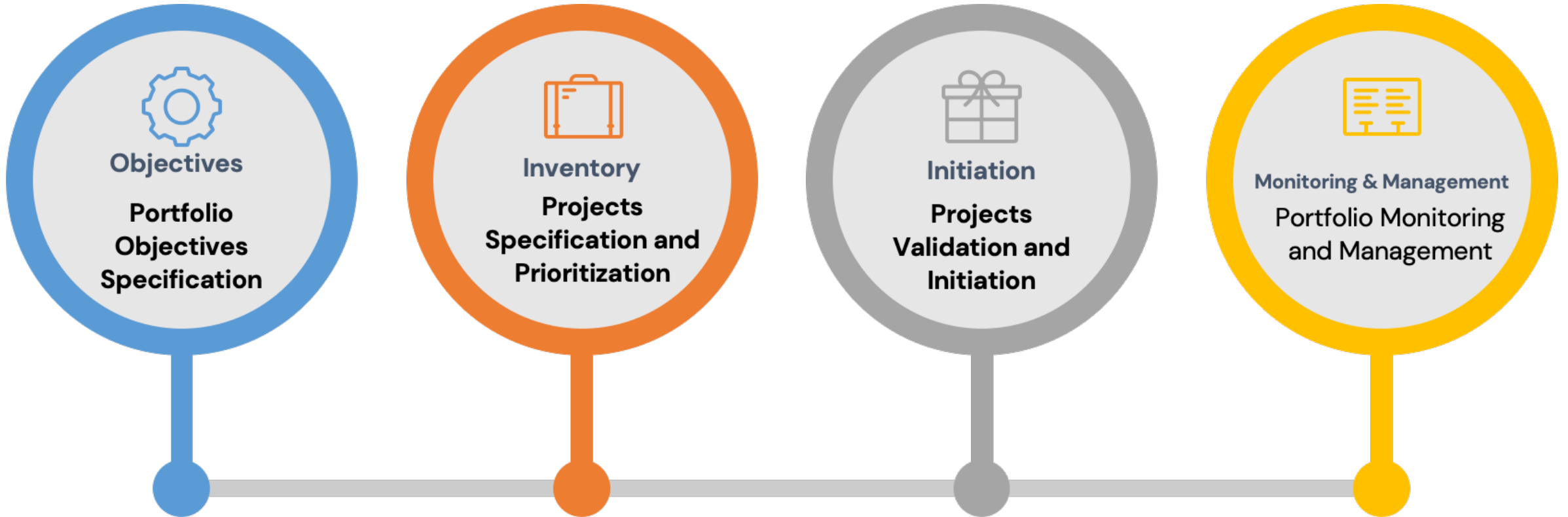
04

The Scoring & Ranking Process

The Problem

How to Prioritize Projects & Actions in the scope of Large Scale Action Plan?

The Solution: Project Portfolio Management

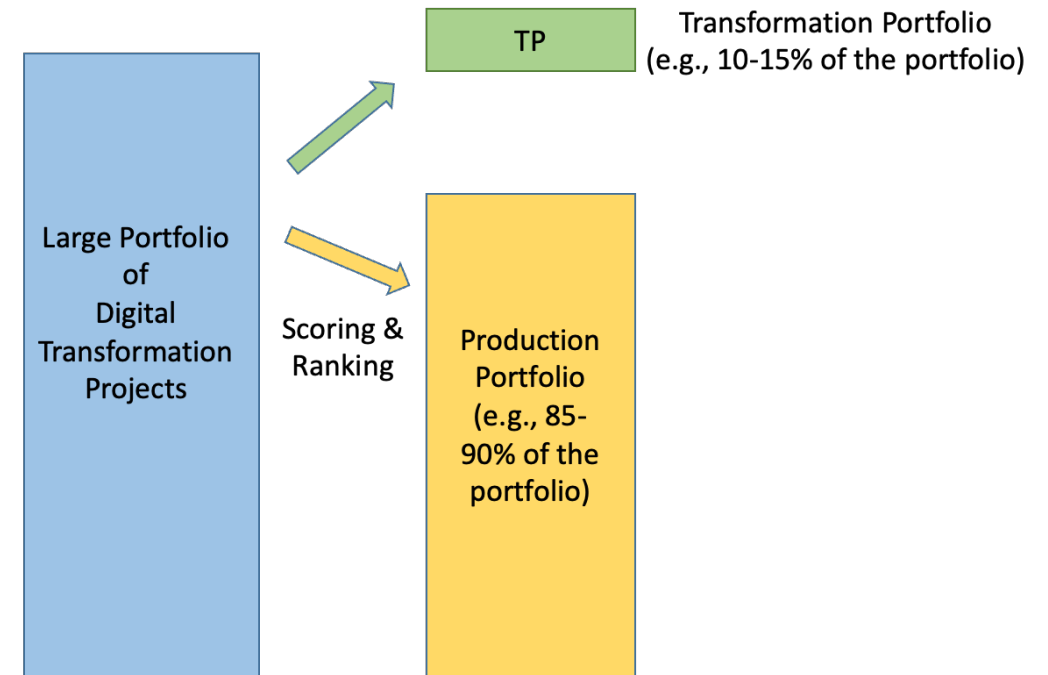


Defining a Transformation Portfolio

Effective portfolio monitoring and management through an objective way for prioritizing monitoring actions.

Lower effort for monitoring the implementation progress of the portfolio and for assessing its impact

Focused interventions and remedial actions concerning strategic projects i.e., actions targeting the projects with the highest potential impact.





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PPM Components

1. Strategic Alignment

2. Project Prioritization

3. Resource Optimization

4. Risk Management

PPM Frameworks: The state of the art

1. Agile

2. Lean

3. Data Driven

4. Hybrid (Combinations of the above)

Project Portfolio Scoring

1. Balanced Scorecards

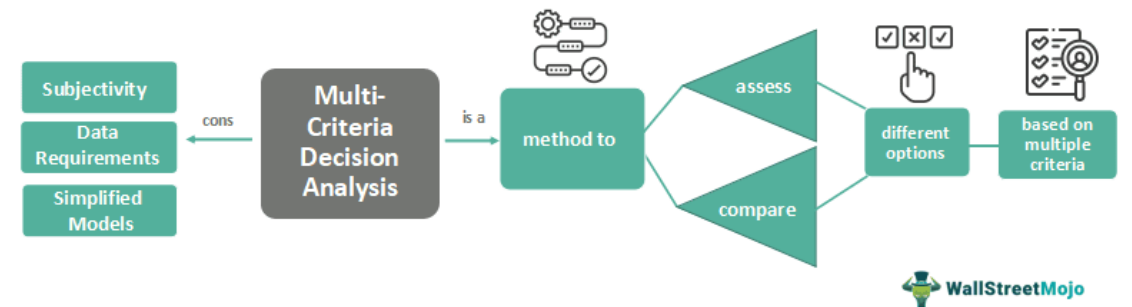
2. Decision Matrices

3. Multi-Decision Criteria Analysis

Balanced Scorecard



Multi-Criteria Decision Analysis



Source:
WallStreetMojo

MDCA/ScoreCard: The Criteria

C1. The intensity of the contribution of each project to the Key Performance Indicators (KPIs) of the Digital Transformation of the Organization

C2. The strategic importance of the project in relation to the implementation of other projects

C3. Project Budget

C4. The relevant importance of the project in the portfolio

C5. The sectoral focus of the project (i.e., the thematic area and the sector concerned by the project).



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The Scoring & Ranking Process

MDCA/ScoreCard: The Process



Scoring each project

Ranking all
projects

Selecting the
“Transformation
Portfolio”



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The Scoring & Ranking Process

Per Criterion Scoring Matrix (Scale 0-5) (Examples)

C1 – Grading the project’s contribution to the impact KPIs of Portfolio

Scale (0-5):

- 0: The project is will definitely provide no contribution to any output or impact KPIs of the digital transformation portfolio
- 1 (Poor): The project is not likely to contribute to any output or impact KPIs of the digital transformation portfolio
- 2 (Fair): The project will most likely provide a limited contribution to one or few KPIs of the digital transformation portfolio
- 3 (Good): The project will most likely provide a moderate contribution to one or few KPIs of the digital transformation portfolio
- 4 (Very Good): The project will most likely provide a considerable contribution to one or few KPIs of the digital transformation portfolio
- 5 (Excellent): The project will most likely provide a considerable contribution to many KPIs of the digital transformation portfolio

C2 – Grading the project’s contribution to developing digital transformation infrastructures

Scale (0-5):

- 0: The project is definitely not developing any infrastructure(s) that will be used by other projects of the digital transformation portfolio
- 1 (Poor): The project will most likely develop infrastructure(s) that will be used by one or few projects of the digital transformation portfolio
- 2 (Fair): The project will definitely develop infrastructure(s) that will be used by one or few projects of the digital transformation portfolio
- 3 (Good): The project will most likely develop infrastructure(s) that will be used by many projects of the digital transformation portfolio
- 4 (Very Good): The project will definitely develop infrastructure(s) that will be used by many projects of the digital transformation portfolio
- 5 (Excellent): The project is developing infrastructure(s) of large scale and significance that will be used by almost all projects of the digital transformation portfolio

Project Scoring

$$S(P) = \frac{W_1 * C_1(P) + W_2 * C_2(P) + W_3 * C_3(P) + W_4 * C_4(P)}{5 * (W_1 + W_2 + W_3 + W_4)}$$

Where $C_n(P)$ is the score of project P in criterion C_n . The score is normalized to the maximum possible score (i.e., the score in the denominator of the equation).

Weights can be adjusted to ensure configurability

Projects' Ranking

Project	Score
P4	0.87
P38	0.79
P234	0.78
...
...
...
...
P321	0.24
P82	0.21

*Transformation
Portfolio*

*Production
Portfolio*

Conclusion

We have introduced a generic, configurable and practical methodology for scoring & ranking project in a portfolio

The method can be used to specify a transformation portfolio and increase the effectiveness of the PPM process