Complete Guide
on Product Portfolio Management Solutions

As companies are growing and start offering more and more new products or services to stay competitive in the market, they require a reliable solution to make them align with their strategy and reach their business objectives. The challenge of today is choosing between a great number of software solutions for project, product, and resource management, because it's not clear which one is right for your company and what functionality you and your team members require. We've compiled this guide to let you know what to focus on and what to consider when searching for a product portfolio management tool.

Product Portfolio Management Software: Essence and Role

According to the results of the research by Gartner [3],

▶ Today, most companies lack transparency and agility that would increase the efficiency of their product portfolio management.

▶ They lack timely reporting on KPIs, which is considered to be essential for successful product portfolio management.

▶ Traditional ideation processes do not align new product requests with prioritized strategies, resulting in overwhelmed R&D teams and missed deadlines.

All this shows the need for adopting a reliable solution by enterprises that would keep all the related data up-to-date in one place, providing transparency and agility throughout the whole company and processes.

Product portfolio management software is a solution that lets you prioritize products in the portfolio based on their success, demand in the market, and the need for updates or termination, and, together with risk management, collaboration, time-tracking and reporting capabilities makes it possible to allocate your resources accordingly while also providing transparency within the environment.

Product portfolio management solutions improve product strategy decision-making, managing resources and timelines, and managing tasks over traditional project management tools.

Therefore, the adoption of a product portfolio management solution will resolve a lot of issues modern businesses are facing at the moment. Let's consider some points in detail further.

Business Opportunities a Modern Product Portfolio Management Solution Provides
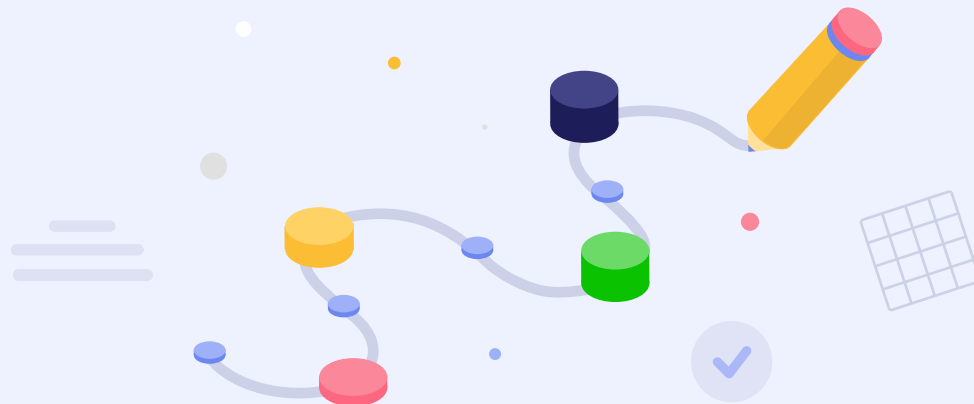
Product Portfolio Management Software Prioritizes Initiatives

Structure your product portfolio according to priorities based on key aspects taken into account: project constraints within the products and the dependencies between them. This means that a solution processes all related data: the number of projects as part of a product, the number of required and available resources, the approved budget, the scope of work, time limitations, and the dependencies between products and projects within them. When changes arise, the software recalculates the priorities accordingly.

Resource (Re)Allocation: Make Your People Focus on the Most Significant Tasks

Resource allocation (and reallocation, if needed) is performed automatically according to product priorities. This means that scarce resources are allocated to the projects that deliver more value to the product portfolio based on the current market needs. For example, if a product is performing well but some critical points have been revealed, the focus from any other project is moved to it. With a PPM solution at hand, you won't ever think about what tasks to assign to what resources. All information about activities in terms of product development is in the system together with critical data on every team member, which is then processed and analyzed properly to provide you with the best resource allocation decisions.

Product Portfolio Management Software Manages Risks and Simplifies Decision-Making

One of the most advanced and probably the most significant capability of a modern product portfolio management solution is the ability to mitigate risks. This is easily achieved with the help of artificial intelligence that allows creating multiple scenarios and comparing them for better decision-making. With this feature, you can create a simulated environment and test different changes to your product portfolio. The system will show you how they will affect the portfolio in the future so that you can make the best decision possible based on the analysis of different scenarios.

Product Portfolio Management Software Predicts Failure

Machine learning is capable of making predictions based on the analysis of current data and historical information. It can foresee bottlenecks as a result of the overload that can be dangerous for the whole product portfolio. This can help take necessary actions to predict failure.
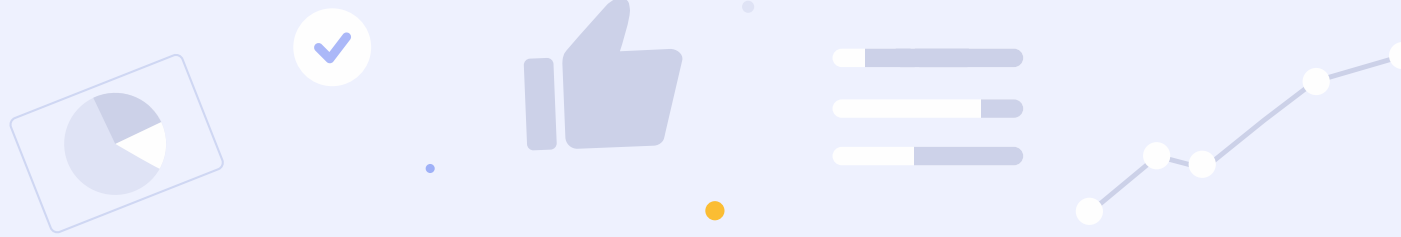
Product Portfolio Management Solution Calculates the Probability of Success

The tool will analyze all current data and let you know whether adding one more product to the portfolio will be crowned with success or will become a disaster for your environment.

PPMS Provides Transparency to Your Organization

Such tools let you access real-time data within the whole company: if any changes in the resource availability or project flow arise, you find out about them immediately. This lets you timely react to these unforeseen events and control the situation. Besides, tracking employees' progress in real-time is another prerequisite of your successful product strategy. Reporting capabilities save your and your resources' time and make it possible to keep stakeholders up-to-date. Last but not least is tracking and understanding dependencies between products and projects within them. This is especially important when you have a shared pool of resources.

Product Portfolio Management Software Allows Tracking Progress and Performance

As was stated above, tracking teams' performance is a necessary part of product portfolio management. You have to be aware of how your people cope with their work: if their workload is balanced, which means they are neither overloaded nor underloaded, your environment is doing good. Besides, seeing how much work has been done and how much is left is also important. A tool will let you know about the state of all your projects within the product portfolio in a convenient format: tables, boards, and graphs.

PPM Software Ensures Efficient Collaboration

Effective communication of team members contributes to more smooth work and a high-quality job: when people are on the same page and when they have an opportunity to collaborate and get immediate feedback, even complex tasks are easier to complete. Besides, as was stated earlier, portfolio transparency is also important: every employee can access both their own and other teams' tasks and track progress. Collaboration opportunities the tool supports also unite globally distributed teams, so you can grow business all over the world.

All this serves the following purposes:
- Lets you reach your strategic goals
- Helps increase profitability
- Makes it possible to grow your business

Technical Side of Product Portfolio Management Software: What Solutions Are the Best?

Trends in PPM Solutions

According to Gartner experts, there are the following trends in the market these days:

▶ **Cloud-based solutions**
Today, most tools for product portfolio management are cloud-based, which is not a surprise. Cloud-based solutions have a number of advantages compared to on-premise software: e.g., higher security, agility, scalability, and many more.

▶ **Analytics capabilities**
Advanced analytics together with AI instruments, such as machine learning tools, open up great opportunities for companies in terms of data analysis. This helps organize and adjust the product portfolio according to the changing market conditions and business needs as well as make informed decisions.

▶ **Composable solutions**
A composable solution is built on open architecture and can be integrated with other product-centric applications as opposed to monolithic solutions. It provides agility to companies as they always have an up-to-date solution tool according to their business needs.
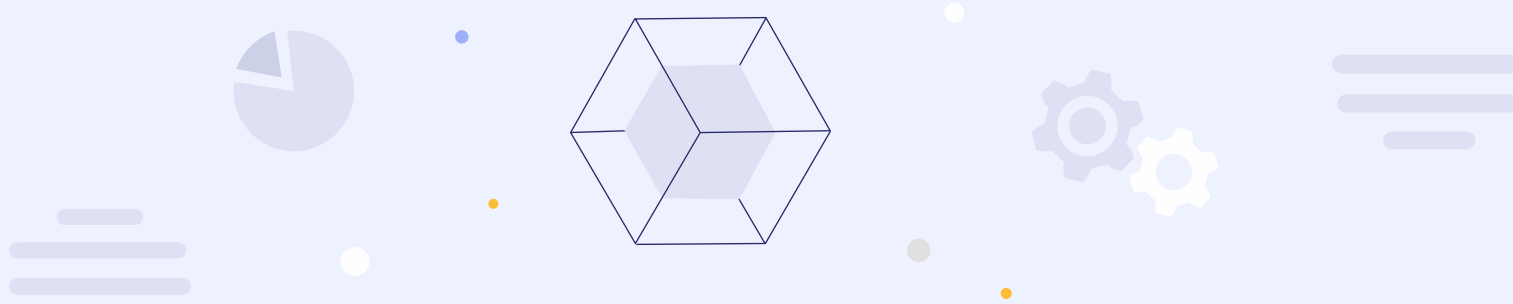
PPM Solution: Main Attributes

The choice of a product portfolio management solution for your enterprise depends on certain factors:

▶ The size of your company,
▶ The current number of products,
▶ The current number of projects,
▶ The current number of resources, and
▶ Growth perspectives.

Based on the review of existing research on the topic and recent trends, we've created a list of attributes you should consider before adopting a product portfolio management solution. Therefore, a modern and reliable PPM solution should

▶ be cloud-based

Why? - Because cloud-based solutions are more secure, can be easily configured and scaled according to business needs.

▶ have integration opportunities

Why? - You can once adopt a solution that supports integrations, and never change it but empower it with additional features while working in your 'native' environment.

▶ support advanced analytics and AI-driven functionality

Why? - AI and particularly machine learning resolves a lot of challenges and has become a must-have functionality of any modern solution. Advanced analytics can rationalize the portfolio by helping quantify technological distinction within the product portfolio [1].

Functionality Checklist

Therefore, you may need your product portfolio management solution to encompass the following capabilities:

- ☐ Automatic planning and scheduling
- ☐ Automatic prioritization of projects and products
- ☐ Automatic resource allocation
- ☐ Advanced reporting
- ☐ Business goal tracking for measuring against business objectives
- ☐ Tracking project, product, and team performance
- ☐ Uncertainty and risk management
- ☐ Bottleneck detection
- ☐ Market demand analytics
- ☐ Portfolio-level corporate strategy outline
- ☐ Forecasting the success of product portfolio based on AI mechanisms
- ☐ Collaboration within a team and between different teams within the organization
- ☐ Product rebranding tools
- ☐ Product team communication features
- ☐ Tools for product development or elimination (measuring product success)

Product Portfolio Management Software VS Product Lifecycle Management Solution VS Composable Enterprise Resource Management Tool: What to Choose?
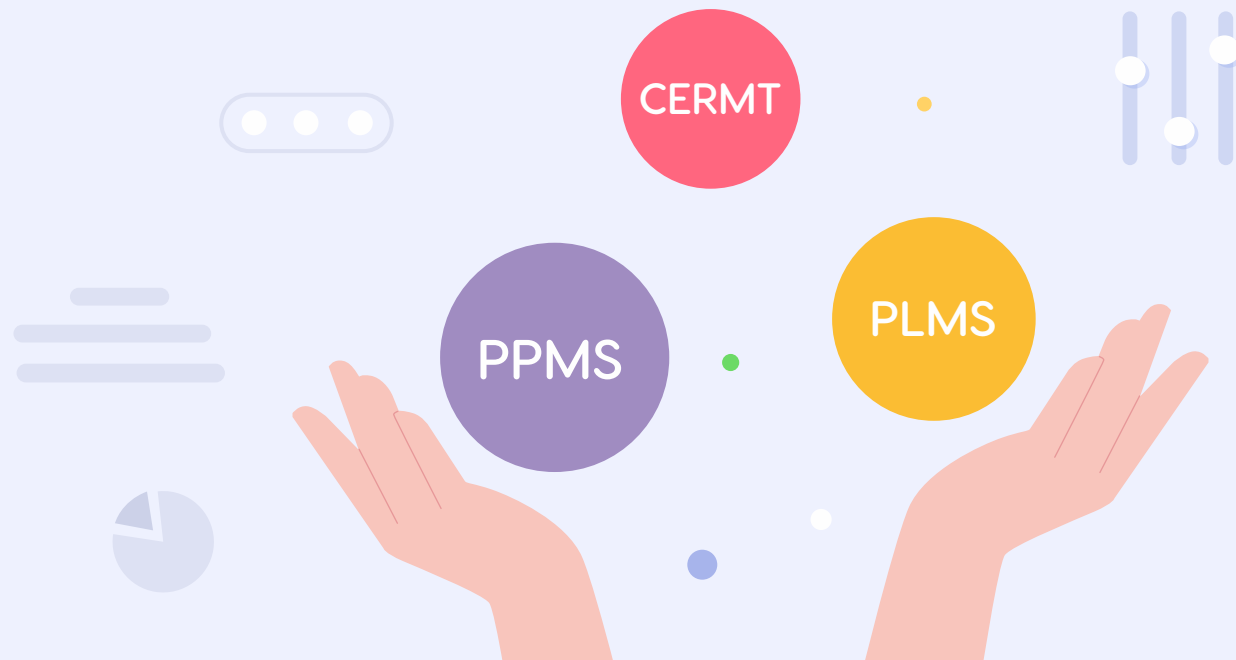
There are many similar-sounding solutions that address product portfolio management (PM), product lifecycle management (PLM), and project management and are used for product-centric activities. They are often confused but one can easily differentiate them by their scope, objectives, focus, user group, and capabilities.

A product PM application cannot replace a PLM application, especially for R&D or regulatory team members. PLM capabilities include the ability to analyze product designs and formulations to ensure regulatory compliance, while the product PM provides visibility to completed product validation.
Product PM enhances manufacturers' ability to manage product portfolios. It augments the digital product lifecycle management (PLM) ecosystem but does not replace it. [5]

As was stated in our previous research on product portfolio management, multi-project resource management solutions can be used for product portfolios. Although product portfolio management tools need more features to perform advanced analytics that resource management solutions don't have, this shortcoming can be easily resolved by integration. At the same time, not all project management solutions are suitable for managing product portfolios.
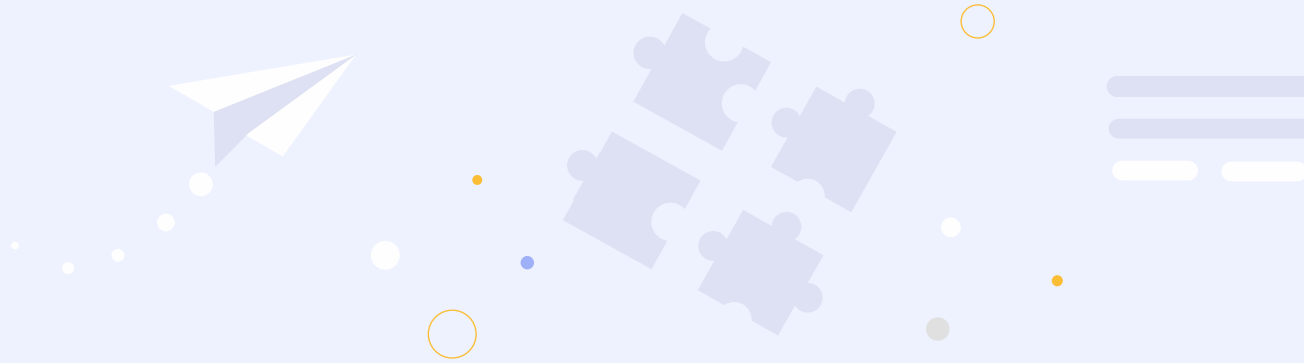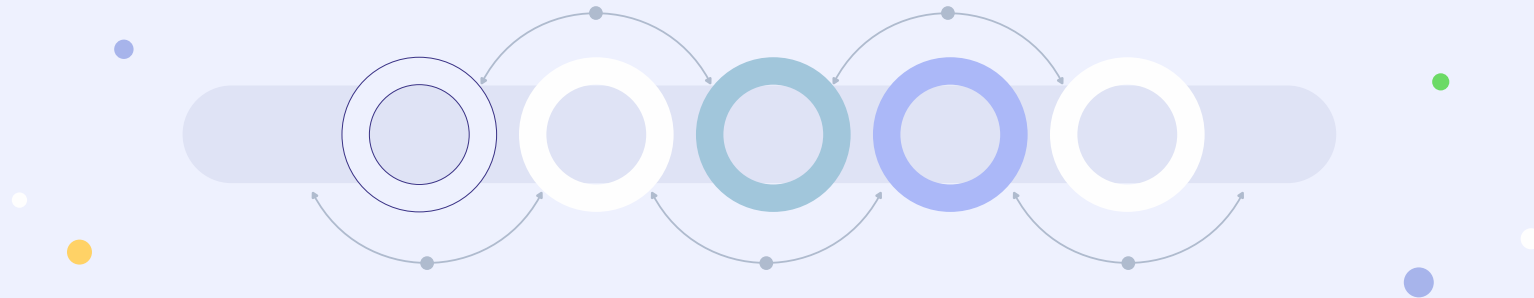
Today's resource management software solutions are all-in-one tools that have functionalities that help manage from a single project to a large product portfolio with an opportunity to enhance the scope of features by integrating them with additional instruments.

Besides, by following the agile approach in your product portfolio management, you treat products as a set of projects. Since agile portfolio management divides each project into a series of tasks, it makes each project more predictable [2]. Also, product portfolio management implies the choice of the right projects compiled into a project portfolio, which transforms the environment into a multi-project setting. All this makes it possible to use a multi-project resource management solution as a single tool for the whole organization. This allows getting rid of additional programs and creating a complex environment where all products and projects as their parts are successfully managed.

Let's take a look at the features that are common for resource management tools and product portfolio management solutions and what capabilities make product portfolio management software different from the multi-project resource management tools:

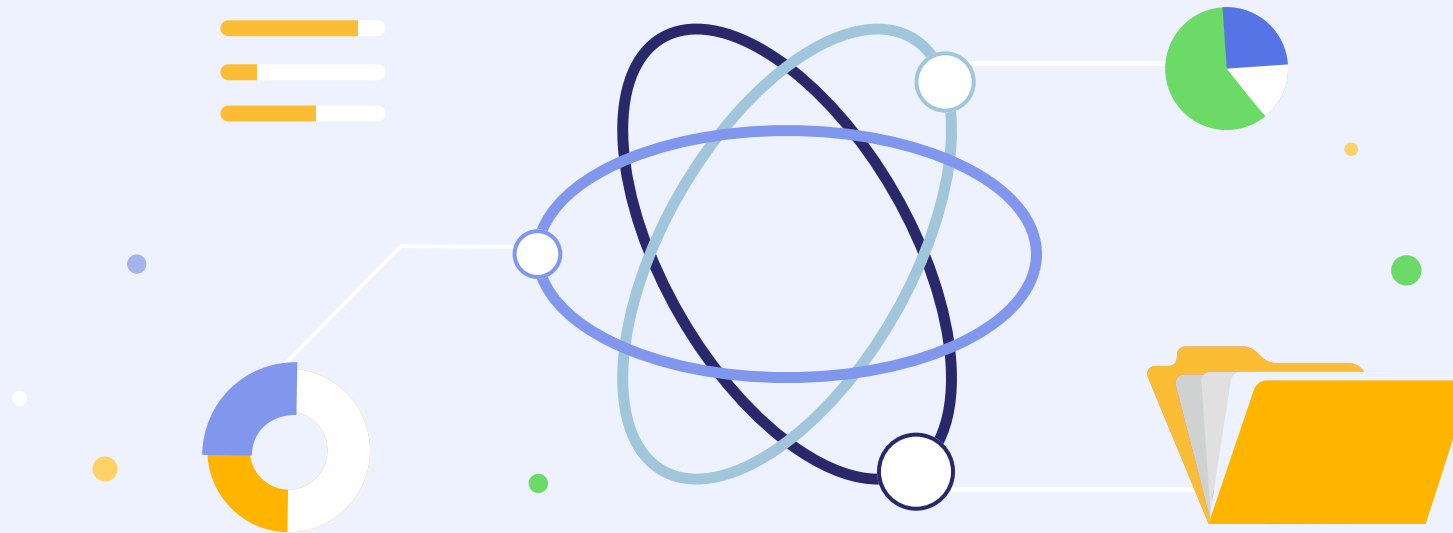| ✓ Features necessary for product portfolio management that resource management solutions have	✗ Features necessary for product portfolio management that resource management solutions don't have, i.e. they must be integrated
Automatic and manual planning and scheduling	Market demand analytics
Automatic and manual prioritization of projects and products	Product rebranding tools
Automatic and manual resource allocation	Business goal tracking for measuring against business objectives
Uncertainty and risk management	Tools for product development or elimination (measuring product success)
Bottleneck detection	Portfolio-level corporate strategy outline
Forecasting the success of product portfolio based on predictive analytics and machine learning	Advanced collaboration within a team and between different teams within the organization
Tracking project, product, and team performance	
Advanced reporting	
Communication tools	

Modern solutions provide a lot of integration opportunities and can be enriched with additional features. Besides, often vendors suggest custom development of features upon a client's request, which makes multi-project resource management solutions universal tools that can be used for both project and product portfolio management.

Software Solution Selection Process: Main Steps

Here's a small roadmap for selecting the right solution to manage your product portfolio:

- ▶ Evaluate the size of your company.
- ▶ Define your business goals (including growth opportunities).
- ▶ Dive into research to examine the software category to know how they differ.
- ▶ Examine the market and vendors.
- ▶ Make up a list of products that meet your requirements.
- ▶ Select top 5 products and make appointments with their representatives (ask for a call/personal meeting/webinar/demo). Don't forget to make up a list of questions you may want to ask a company representative.
- ▶ Engage partners and colleagues to compare the tools and discuss every detail together.
- ▶ Select 2 products and ask for a free trial.
- ▶ Compare them in practice and make a final decision to reach your business goals.

Conclusion

Thus, a product portfolio management solution is a necessary tool for any organization that wants to launch relevant products and services and keep them aligned with the customers' needs. The software helps achieve your business goals by improving decision making and increasing the efficiency of your teams. When searching for the right solution, pay attention to its architecture, integration capabilities, and, of course, functionality. A good idea is to adopt a composable enterprise resource management solution and enrich it with other features by integrating it with other apps. This will provide you with everything necessary for managing your product portfolio from a single place.

References

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3. Market Guide for Product Portfolio Management (2021). Gartner Research.

4. Paul Lopusushinsky (2022). Importance Of Product Portfolio Management.

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6. Vinci Lam (2022). What Is Product Portfolio Management?

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