



# America Online

## CASE STUDY

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- Challenge** AOL enjoyed rapid growth in the 1990's but began to outgrow many of its project-based processes. PPM was one specific area that AOL wanted to improve.
  - Action** After establishing guidelines and objectives, AOL evaluated tools to complement its methodology and selected Expert Choice as the best solution for their PPM needs.
  - Results** AOL reduced requested project hours by 40%; met a 2004 timeline for a cross-prioritized project list; and improved overall project portfolio ROI.

### [Challenge]

#### Project Portfolio Management

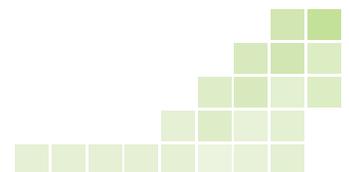
America Online, Inc. (AOL), a wholly owned subsidiary of Time Warner Inc., based in Dulles, Virginia, is the world's leader in interactive services, Web brands, Internet technologies and e-commerce services. Having grown rapidly during the 1990's, the AOL executive team recognized the need to enhance and formalize many of its project-based processes in order to sustain success and growth in the 21st century. This transformation initiative was branded "Integrated Project Development" and included a number of key process enablers and capabilities, to include project portfolio management.

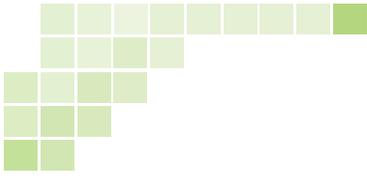
For AOL, project portfolio management needed to bring the right people together at the right time to synthesize and aggregate qualitative judgments and quantitative data from cross-functional business teams to:

- Ensure the project portfolio is aligned with AOL's strategy and objectives
- Ensure the selection of high business value projects
- Achieve and maintain the right mix and balance of projects, and
- Promote greater accountability via fast and binding decision-making

### [Action]

In early 2003, AOL formed a team to define and develop the Portfolio Management capability, which included responsibility for methodology, training, and support tools. Recognizing the importance that adoption of the initial capability would play in the long-term success of the initiative, the team established the following guiding principles:





The AOL Project Portfolio Management capability must:

- Be academically sound and industry proven
- Be “AOLized” – incorporating AOL strategy and reflecting institutionalized measures
- Leverage and reflect AOL internal collaboration
- Be within a manageable level of complexity
- Represent a quantum leap forward – not perfection
- Meet both company level and business level needs
- Be absorbable within the current capability maturity
- Be successfully piloted before full roll-out

While the team was developing the methodology, it concurrently assessed a number of leading support tools in the industry. After careful consideration, AOL selected Expert Choice over its competitors primarily due to Expert Choice’s:

- Use of the Analytic Hierarchy Process (AHP)
- Ability to build models for evaluating the business value of projects
- Ability to collect, synthesize, and aggregate judgments from a group
- Ability to support portfolio optimization, in addition to prioritization
- The decision-maker’s prior demonstrated success with Expert Choice at other Fortune 500 companies

In late 2003, with the methodologies, training, and support tools in place, AOL began to stand up seven Portfolio Management Teams (PMTs), each centered on a line-of-business. One such PMT moved quickly to operationalize the Project Portfolio Management capability, using Expert Choice to collaboratively develop an objectives hierarchy that reflected its portfolio goal and strategy.

## Results

With the new methodology and Expert Choice, the PMT was able to meet aggressive timelines for developing a cross-prioritized project list in time for the 2004 planning cycle. More importantly, the team was able to manage down over 80,000 hours of demand from an initial portfolio of about 200,000 hours that were requested from the business executives. This 40% reduction allowed the PMT to balance resource capacity vs. demand without adding additional head count, and resulted in a project portfolio that has a greater overall return on investment.

Since the initial successes in early 2004, PMT members have been more closely examining business cases and the anticipated contribution that their proposed projects will make. As a result, some project requests have even been withdrawn prior to them ever being vetted by the PMT. In addition, they have embraced the project evaluation techniques and Expert Choice software to the point where they are now actively scoring projects in a team environment with wireless keypads after the project’s business case has been presented, rather than having a Portfolio Analyst alone perform that function. This has enabled the PMT to discuss their different perspectives real-time, arrive at consensus, and hence, accept full accountability for the portfolio and its associated outcomes.

In summary, the Project Portfolio Management capability at AOL, supported by Expert Choice, is helping AOL align its portfolio to its strategy, and return the company to growth. Said simply, Expert Choice is helping AOL “place its bets on the winners”.

Expert Choice brings rational decision making to a complex world. Since 1983, Expert Choice has been a leader in collaborative decision making software, serving more than 100 of the Fortune 500 and 30 U.S. federal agencies. Expert Choice software is taught in over 100 universities and used in 60 countries worldwide. Its solutions are designed for business and government leaders who want to save time and improve the bottom line.

