

## Percentage successful IT projects worldwide is still too low

It is of course well known to everyone. Executing IT software projects is difficult matter. Time and again, we hear about the billions that went down the drain. Everywhere: at the government, in the administrative sector, at banks, telecom, etc.

The well-known Standish benchmark makes it clear. Apparently there is little improvement. Still, approximately 20% of all projects fail, and about 50% of all projects are challenged: costs and/or time running substantially out of hand, accompanied by unsatisfactory results. Only 30% of the projects are successfully completed. See the table below.

MODERN RESOLUTION FOR ALL PROJECTS					
	2011	2012	2013	2014	2015
SUCCESSFUL	29%	27%	31%	28%	29%
CHALLENGED	49%	56%	50%	55%	52%
FAILED	22%	17%	19%	17%	19%

Source: Standish Group 2015 Chaos Report - Q & A with Jennifer Lynch.

This simple table has a worrying meaning. If only 30% of the projects are completed successfully, then 70% is not successful. Quite something. Imagine also what this means in money. Overall, about 50% of the budget of your entire project portfolio is **at risk!**

In addition, we have not even mentioned the decreased competitiveness of your company. And also significant: IT losses usually fade in comparison with the much higher lost earnings of the business that have to get along without the desired IT support.

Why?

One important reason is that the initial budgets of projects are often insufficiently substantiated. As a result, the project already has a problem at the start. This problem usually is recognized quickly, but mitigation usually proves to be more difficult. Internal clients have no understanding for the situation. IT tries to perform the work as well as possible, but the project remains problematic. The result is predictable and makes no one happy. We are bringing it on ourselves!

It is also very difficult to set a good initial budget if you do not know enough about what the result should be. Agile improves the situation by postponing that decision. Agile allows scope changes during the project. That works. Agile projects have a clearly lower failure rate. What does not work in the Agile approach is that you do not know in advance how much budget is needed. And what you get for it.

How to solve it?

There are no ready-to-use solutions. But there is a mindset. To begin with, make sure to improve your initial budgets so the projects do not get a false start. In addition, make sure to follow the projects during the execution. Of course everyone already does that. But how many companies use objective ISO-certified methods like function points? Still a minority. One would rather work with story points and then compare apples with pears, and then be surprised that they are not in control. One should realize that the cost of counting function points does not exceed 1% of your total project budget, usually a lot less. Compare that with the 50% of the entire project portfolio budget that is at risk. For that 1% you get

objectivity and transparency in return. By using function points you can improve your budgeting based on your own historical experience, and you can benchmark quotes against the market. This will prevent you from getting a pig in a poke. And during the execution of a project, using function points helps by determining the actually realized productivity, and allows for calibrating your story points and comparing teams and projects.

## Agile projects succeed more often than Waterfall projects

In the 2015 Chaos Report the Standish Group also examined how Agile relates to Waterfall projects. The results are hopeful. For all projects, it looks like this:

CHAOS RESOLUTION BY AGILE VERSUS WATERFALL				
SIZE	METHOD	SUCCESSFUL	CHALLENGED	FAILED
All Size Projects	Agile	39%	52%	9%
	Waterfall	11%	60%	29%

Source: Standish Group 2015 Chaos Report - Q & A with Jennifer Lynch.

The number of failing projects falls from 29% to only 9%. Successfully rises from 11% to 39%!

So, Agile works. But why does it work? Partly because the budget has been determined and limited in advance. Partly because at the moment 80% of the functionality is realized, the project can be stopped. Partly because Agile's products are more in line with the customer's needs. Definitely a good result!

Breaking it down to project size creates a somewhat more nuanced image:

CHAOS RESOLUTION BY AGILE VERSUS WATERFALL				
Large Size Projects	Agile	18%	59%	23%
	Waterfall	3%	55%	42%
Medium Size Projects	Agile	27%	62%	11%
	Waterfall	7%	68%	25%
Small Size Projects	Agile	58%	38%	4%
	Waterfall	44%	45%	11%

Source: Standish Group 2015 Chaos Report - Q & A with Jennifer Lynch.

Larger projects have a significantly worse success rate than smaller ones, including Agile. However, the success rate of Waterfall is dramatic: down to only 3%.

Conclusion: Agile works better than Waterfall on all fronts. But beware making IT projects too big. Then also Agile goes down mercilessly, leaving you holding the usual baby. Without the IT support you need so much, but with the bill.

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Hans Bernink – Metrieken.nl

René Notten – Metrics Quest



