

# Reliable overview of all projects



## Hamburg Airport



For the current year alone, Hamburg Airport is planning more than 400 measures as well as a multitude of projects with a total volume of several 100 million Euros. What is the start/end date for each project? How many measures are running at the same time? Which employees are assigned to the individual projects? And most important of all: How to keep a clear overview? The answer is: Only with a sophisticated portfolio management tool such as Unit4 FP&A.

### Industry

Aviation

### Location

Germany

### Size

1,800 employees (FHG Group)

### Product

Unit4 Financial Planning & Analysis (FP&A, formerly known as Prevero)

### Restructuring portfolio management at Hamburg Airport

The range of projects and measures at Hamburg Airport is broad and includes construction, development, IT and organization projects as well as procurement measures. First of all, it's necessary to make a distinction between the two concepts: Projects (e.g. building a new apron) are unique occurrences, while measures (e.g. pavement coating for parking decks) are recurrent. According to their size and strategic importance, projects are divided into A, B and C projects. Project selection and progress are influenced by many different factors. One of them is a risk/benefit analysis, which (in case of a certain risk potential) can turn an ordinary construction project into an urgent mandatory project. Regulatory requirements are also among the aspects that need to be taken into consideration during project planning.

### Challenges

Faced with a multitude of projects and measures in different areas and a large number of people involved in project performance management, Hamburg Airport was looking for a flexible new solution.

### Independent customization as a decisive criterion

Udo Steinwandel, responsible for portfolio management, project performance management and group financing at Hamburg Airport, describes the initial situation: "Faced with a multitude of measures and a large number of people involved in project performance management, we had clearly reached our limits. As we are pursuing a variety of projects in many different areas, the new solution we were looking for had to be extremely flexible.

### Key figures

400

measures per year

100%

data consistency

**“Apart from the exceptional software functionalities, the team and its comprehensive operational knowledge were a decisive factor. I have never seen software architects quite like that.”**

**Udo Steinwandel**

Head of Portfolio Management and Treasury, Hamburg Airport

Therefore, we collected our internal requirements for portfolio management, planning and project management, used it as a basis to develop a requirement specification and extended an invitation for a pitch presentation. Then we made a preselection of the providers based on a predefined ranking system in which the price of the products only made up 40 percent of the assessment. For us, one of the most important aspects was a customization option as we wanted to work with the software independently.”

Julian Jirsak, project manager during the entire implementation phase, confirms the large variety of project areas: “Many of our measures are related to construction, but not all of them. We are talking about development and IT measures as well as construction and organization projects. In this context, it’s also important to know that cost effectiveness isn’t the only crucial factor in airport projects. In many cases, the focus is also on complying with legal provisions or securing operational processes. Moreover, qualitative criteria play a big role for us when scoring projects or, in other words, determining the order in which they are to be carried out. Therefore, we wanted to know in advance to what extent the software could meet our requirements.”

### Efficiency analysis

According to Jirsak, one of the aforementioned qualitative criteria is the assessment of an opportunity risk, i.e. an evaluation of what would happen if certain deficiencies were not eliminated. For example:

The air duct of a passenger bridge is broken and the urgency of repairing this defect must be evaluated. Is it possible to assess the risks of not repairing the air duct and potentially having it crash onto the apron border road where it could injure passengers? If there is a potential hazard for passengers, a project can quickly turn in to a mandatory project in which cost effectiveness takes a backseat. The same goes for operational issues: “If the broken air duct puts the functionality of the passenger bridge at risk, this also affects operations.” When weighing qualitative criteria, another crucial question is in what way the respective project contributes to the company strategy, for example regarding issues like innovation, efficiency, politics, law, neighborhood or environment. Jirsak continues: “If a project, for example, contributes to reducing aircraft noise – which is an important factor for a city airport – this offers particular benefits for the areas of environment and neighborhood.” He explains that there are detailed specifications for the criteria that must be evaluated in the respective areas. Projects score points depending on the contribution they make to achieving certain strategic objectives and are then moved up in the scoring accordingly. The result is a multi-stage efficiency analysis, which is something none of the other providers was able to offer or realize.

### A two-stage process for project evaluation

The decision whether to implement a measure immediately or later is made in a two-stage process. Steinwandel: “The project manager assesses the risk, and the divisional

head decides whether it is serious enough to make the respective project mandatory.”

According to Steinwandel, the human factor is also a critical aspect in this context. Someone who has a more relaxed way of dealing with risks is more likely to give a project the green light than someone who is risk-averse by nature. To avoid such a subjective and heterogeneous evaluation, it was decided that the status of a project would only be set to “mandatory” in the software if both the project manager and the divisional head gave the same assessment. “If this is the case, the respective measure is also accepted by the controlling department without being questioned any further.”

### No more “guesstimates”

All evaluation criteria necessary to decide whether a project gets the green (or red) light have been integrated into the software and now constitute the basis for a digitally established ranking of the planned projects and measures. Steinwandel: “If we have projects that would take up 150 % of the available budget, we have to give up one third of the planned projects and measures. In the past, we often made this decision based on ‘guesstimates’. Now we have a set of objective criteria to be confirmed in the aforementioned two-stage process. We no longer have to fret about which projects can still be implemented without exceeding the 100 % limit after the mandatory projects have been determined – the list is generated automatically by the software.” However, there is one special feature they requested:

“Our CEO can use a wildcard independent from the project scoring. This means: If the 100 % limit is reached and a certain measure is taken from the list, the CEO can use his wildcard to keep this measure and reject another one instead.” This final selection process is carried out in the course of a meeting that includes an extended Portfolio Board as well as the Management Board. There, the respective measures are reviewed and either included or excluded from the list. “In the portfolio planning process, this is an extremely helpful tool. It is, so to speak, the core of the planning process. After all, project management is all about carrying out the right projects in the right way.”

### Green, red or yellow light

In general, there is never a lack of projects and measures at Hamburg Airport. At the moment, these include building a new apron, an airfreight center and two new office buildings as well as doing reconstructions at the pier, extending the fire station building and developing a new software for airport base data. How are actual/budget figures reconciled when budgeting and implementing these projects and measures? “There is a quarterly forecast as well as a project report with a qualitative status report including aspects like contracting and construction progress. In the course of this process, we also have a look at the traffic lights for budget, deadlines, risks, resources, benefits and scope. For all of these six criteria, the overall evaluation of a project is displayed in red, green or yellow like traffic lights.”

Currently, reports are still created in Excel, which takes about half a day for each report. However, the responsible persons have already started to collect all data relevant for reports in the new software. As a result, the respective evaluations will be available at the push of a button in the future.

### Structuring complex workflows

Using Unit4 FP&A, it was even possible to map Hamburg Airport’s most complex workflow in a remarkably structured way. Jirsak: “We succeeded in building a tool that meets all our requirements regarding portfolio planning and management. Moreover, we set up electronic workflows which we can use to digitally design portfolio processes.” When someone procured the necessary funds for a project in the past, he had to type up the information in a Word form, print it out, have it signed, scan it and forward it via email. Then the document was uploaded on the central server and a summary list was created manually and printed numerous times for the next meeting. In the current process, the project manager requests a release of funds, the superior receives a corresponding email and forwards a recommendation to the project committee. The committee is then responsible for making a decision and can automatically access all relevant information on the respective project that are stored and linked in the new software. “This is not only a much faster, leaner and less error-prone process, we also save a lot of time we previously spent filling out 400 Word forms per year.

These resources can now be spent on other tasks,” says Jirsak. Steinwandel adds another groundbreaking change: “For me, the key word is data consistency. In the past, the quality of our data was not very good. Information was stored redundantly in different versions and the error rate was critical. Every single figure had to be double-checked, which took a massive amount of time. All divisions were working with individual sub-systems, there were ‘home-made’ databases, and it was simply not possible to rely on any statement regarding figures. This has now changed 100 %.”

### Operational know-how

What are the medium-term plans? “We will completely finalize the project management module. It will be set up according to our specifications in a very accurate but also rather abstract way to be able to use it for a variety of projects, for example regarding road or terminal construction as well as software development and organizational issues. This project will again be carried out in a largely independent way by our three Power Users, which was also one of our conditions.” Last but not least, were there any other decisive factors for selecting Unit4 apart from independent customization options? Steinwandel immediately responds: “Apart from the exceptional software functionalities, the team and its comprehensive operational knowledge were a decisive factor. I have never seen software architects quite like that.”