

# The Definitive Guide to **Strategic Portfolio Management**



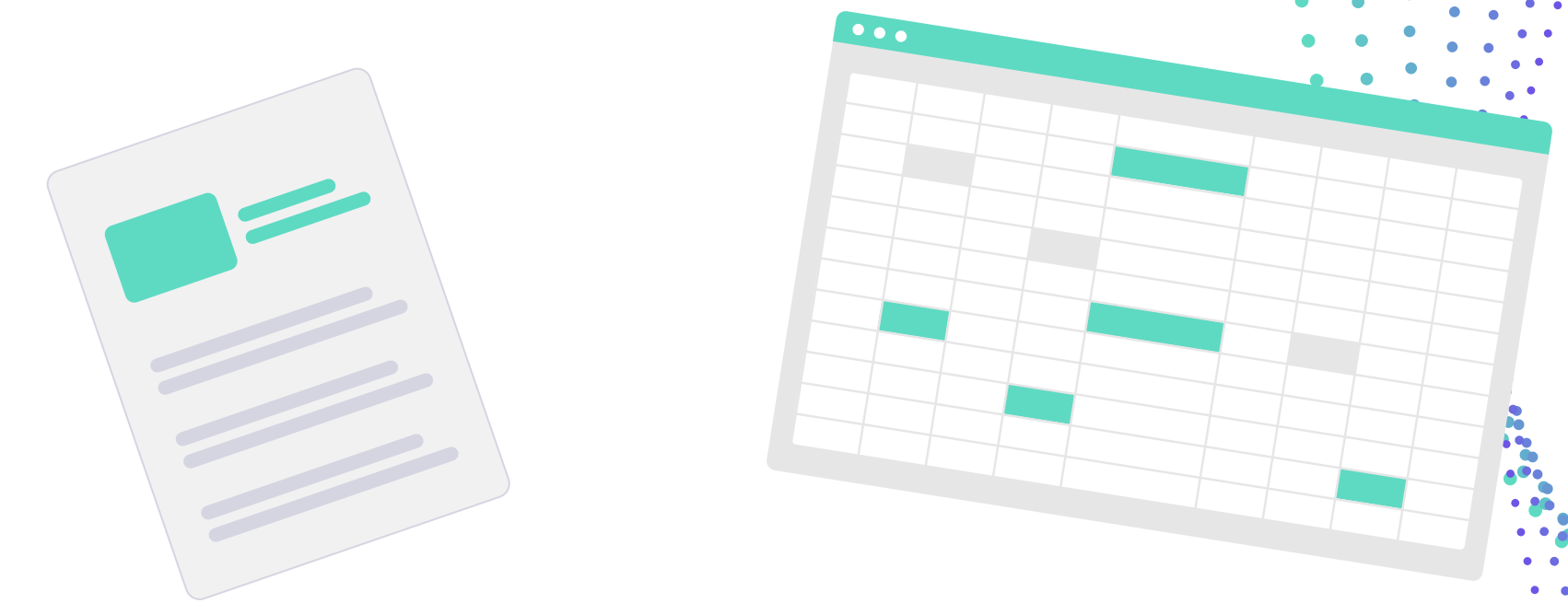
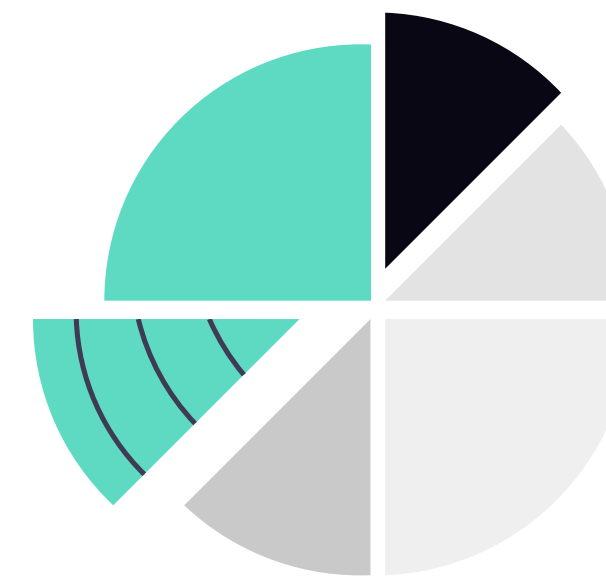
Strategic Portfolio Management (SPM) is one of the main tasks required of enterprise architects, **but it is often overlooked.** Given how many of an enterprise architect's tasks could rely on effective portfolio management, it is important to have a full understanding of the topic in order to maximize performance.

Before we dive into things, we should stress that SPM has a very wide remit and is not always going to belong to an Enterprise Architecture (EA) department. Enterprises can choose to utilize an Enterprise Portfolio Management Office (EPMO), rely on Project Managers, or even leave it to senior executives. This guide will focus on SPM from the viewpoint of EA, which may not necessarily cover the concerns of project management or other functions.

## Key Stats

Organizations whose portfolio components are explicitly linked to strategic objectives show **2.5 times** more chances of achieving those strategic goals than others that have not linked.

**Source:** International Journal of Professional Business Review



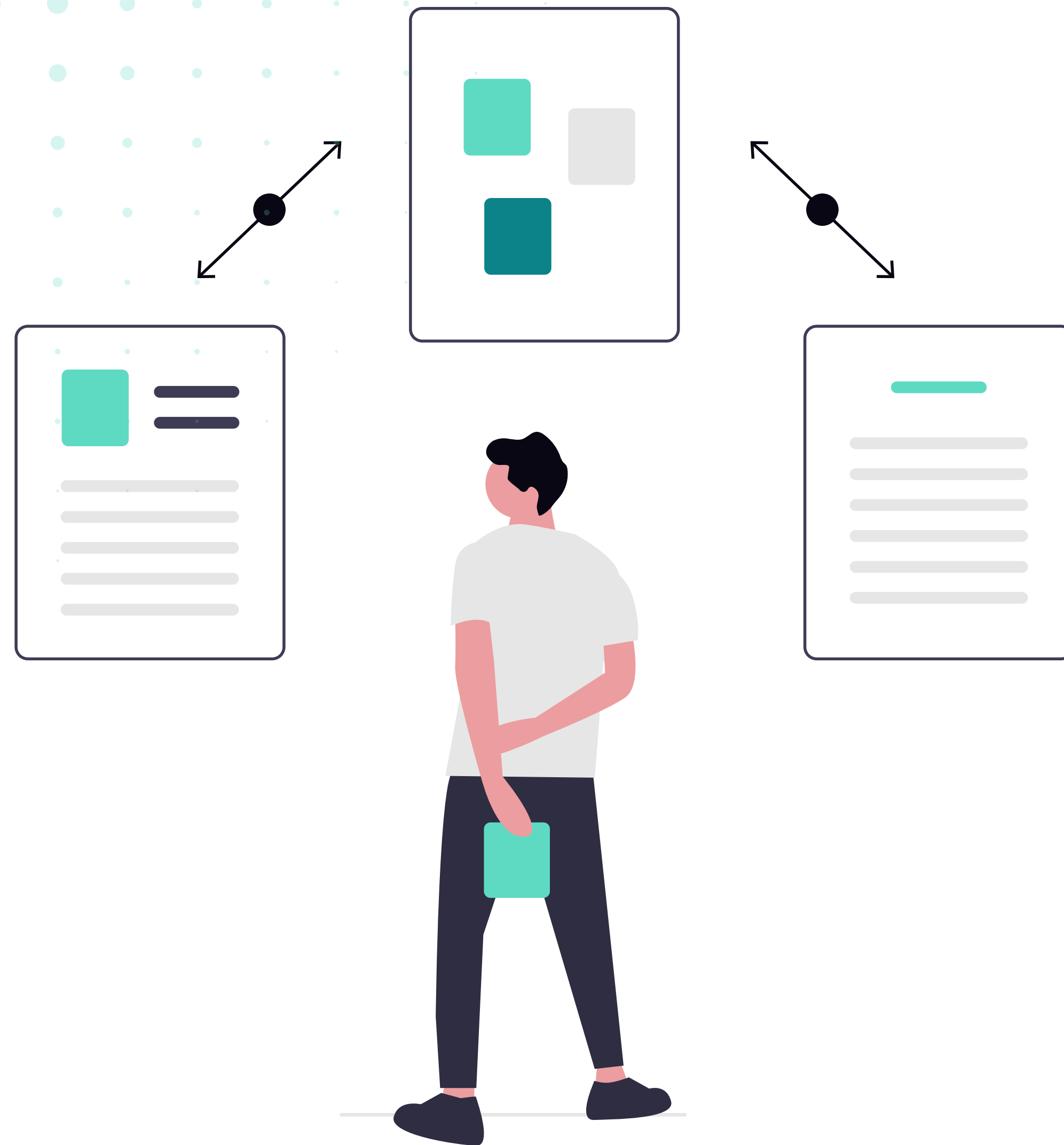
# What is Strategic Portfolio Management?

As just mentioned, there are a number of approaches to SPM, which means we can find a number of different definitions. The Association for Project Management defines the following:

*Portfolio management is the selection, prioritization, and control of an organization's programs and projects, in line with its strategic objectives and capacity to deliver.*

Here at Orbus, we would use the following:

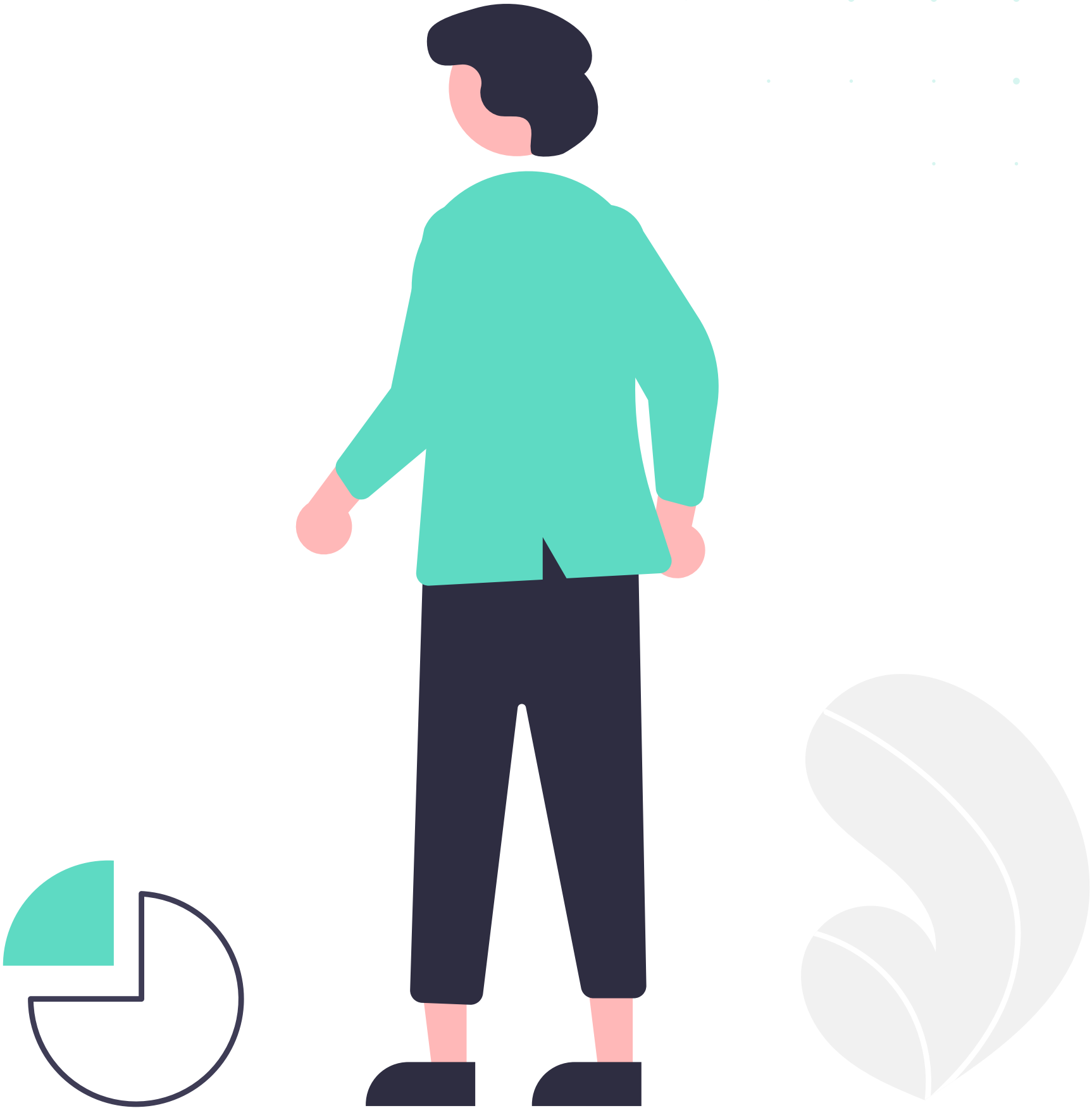
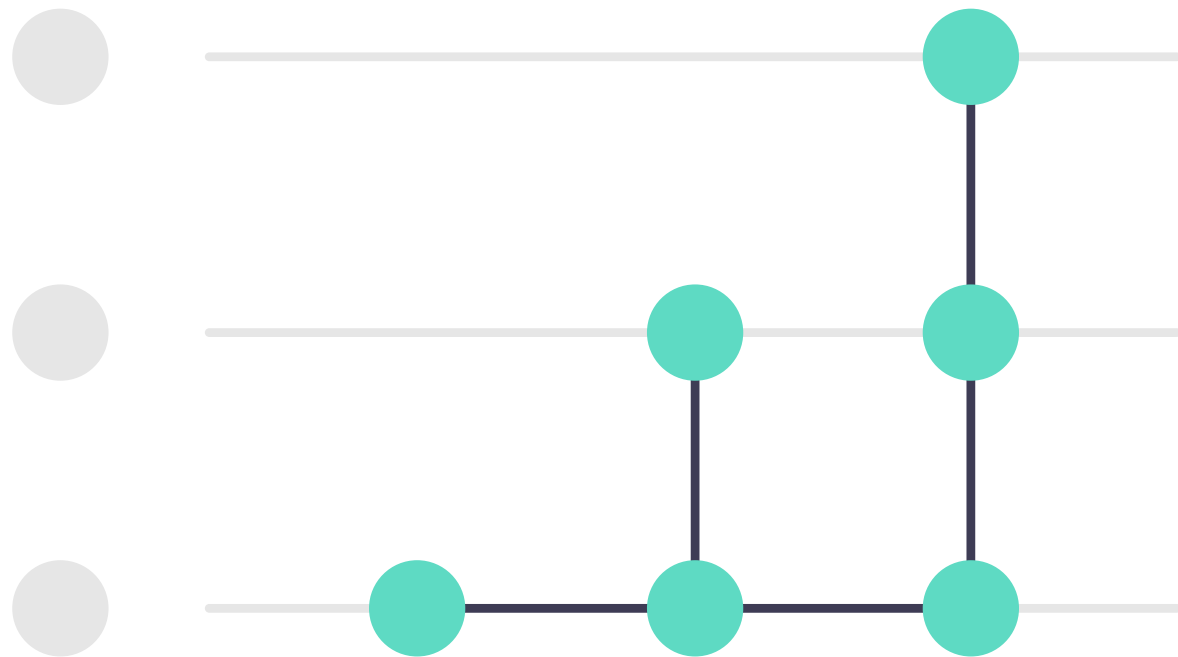
*SPM considers the business as a set of separate portfolios, such as Applications, Technologies, and Projects. These help stakeholders decide where best to focus the organization's finite resources in order to meet strategic objectives, rationalize costs, reduce risks, and increase operational productivity.*



A definition from the Project Management Institute, meanwhile, defines SPM as more of a forward-looking process, that encompasses all current and future investments a firm might make:

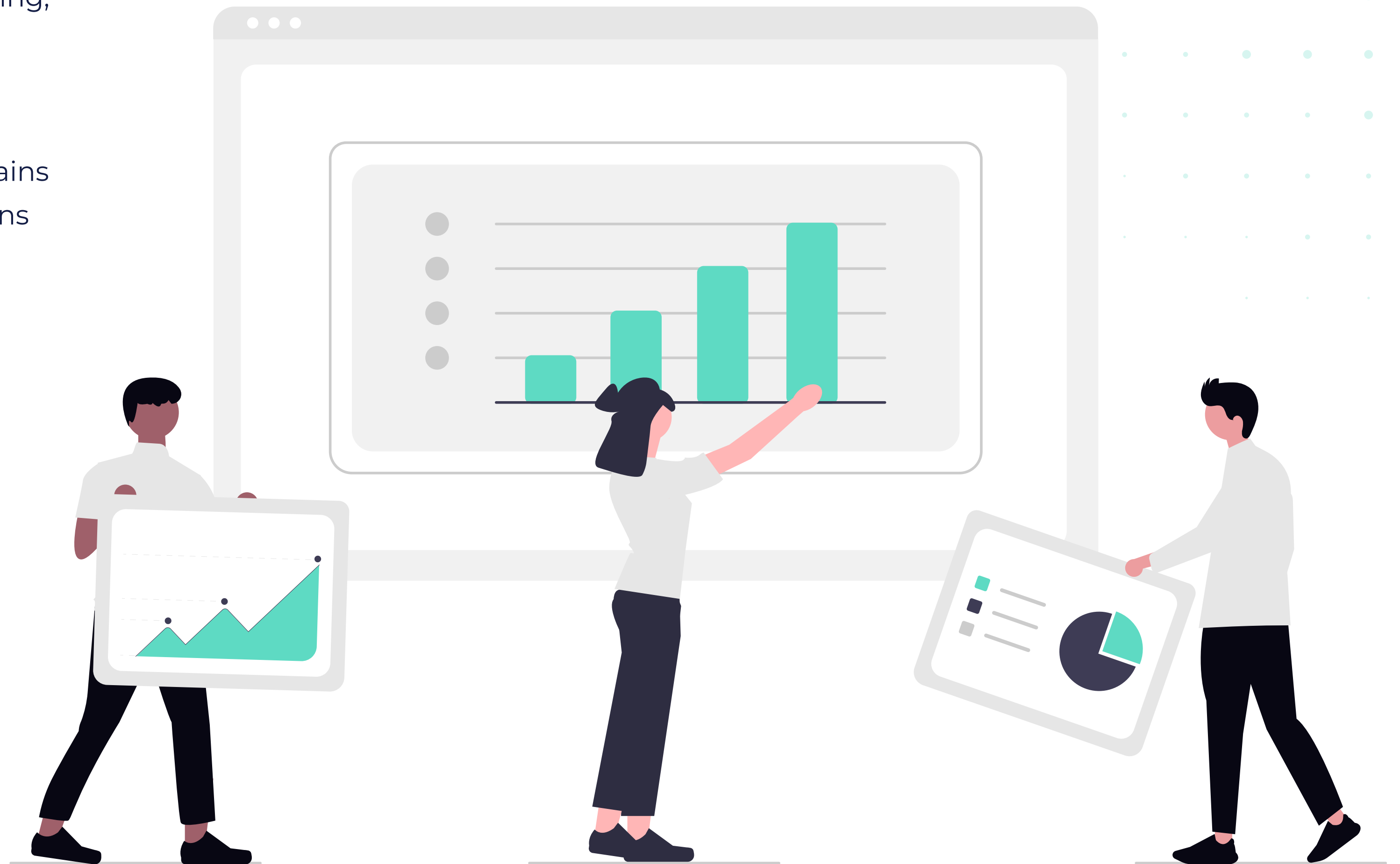
A company's portfolio options might include funding internally generated ideas, buying other companies, returning cash to stockholders as dividends, modernizing facilities... and paying down debt. Deciding which of the options to invest in is a core responsibility of company's executive leadership team.

Though these definitions differ, it's clear there is enough common ground to gain a proper idea of what SPM should be and what it should aim to do. SPM attempts to summarize what a company does across a variety of areas, which are then aligned with the overall strategic objectives of the firm to decide future investment and focus. By considering a business as a portfolio of activities, leaders are better able to make decisions about where resources are needed, and where they are not.



# The Benefits of SPM

What does SPM bring to an organization? We have already listed one major advantage above: SPM helps businesses to decide which components of the business should be invested in to support strategic goals. More than anything, SPM is a decision-making aid, driving resources across the business to the areas which need them most, and subsequently monitoring the effectiveness of these processes on the portfolio. Beyond that, many of the gains from SPM will accrue indirectly, through its sub-domains or the impact that SPM has on other use cases. Let's take a look at the subdomains now.





# The Domains of **SPM**

At Orbus Software, we define five potential subdomains of SPM. This does not necessarily mean that these are the only sub-domains of SPM or that an enterprise has to use these, but we find they are a useful divider:

-  Application Portfolio Management
-  Technology Portfolio Management
-  Business Portfolio Management
-  Project Portfolio Management
-  Data Portfolio Management

# Application Portfolio Management

Successful Application Portfolio Management (APM) requires an inventory of your company's applications together with metrics to understand their fit and value to the business. Essentially, the APM is an understanding of every application in use in an enterprise and how they add (or do not add) value to the business.

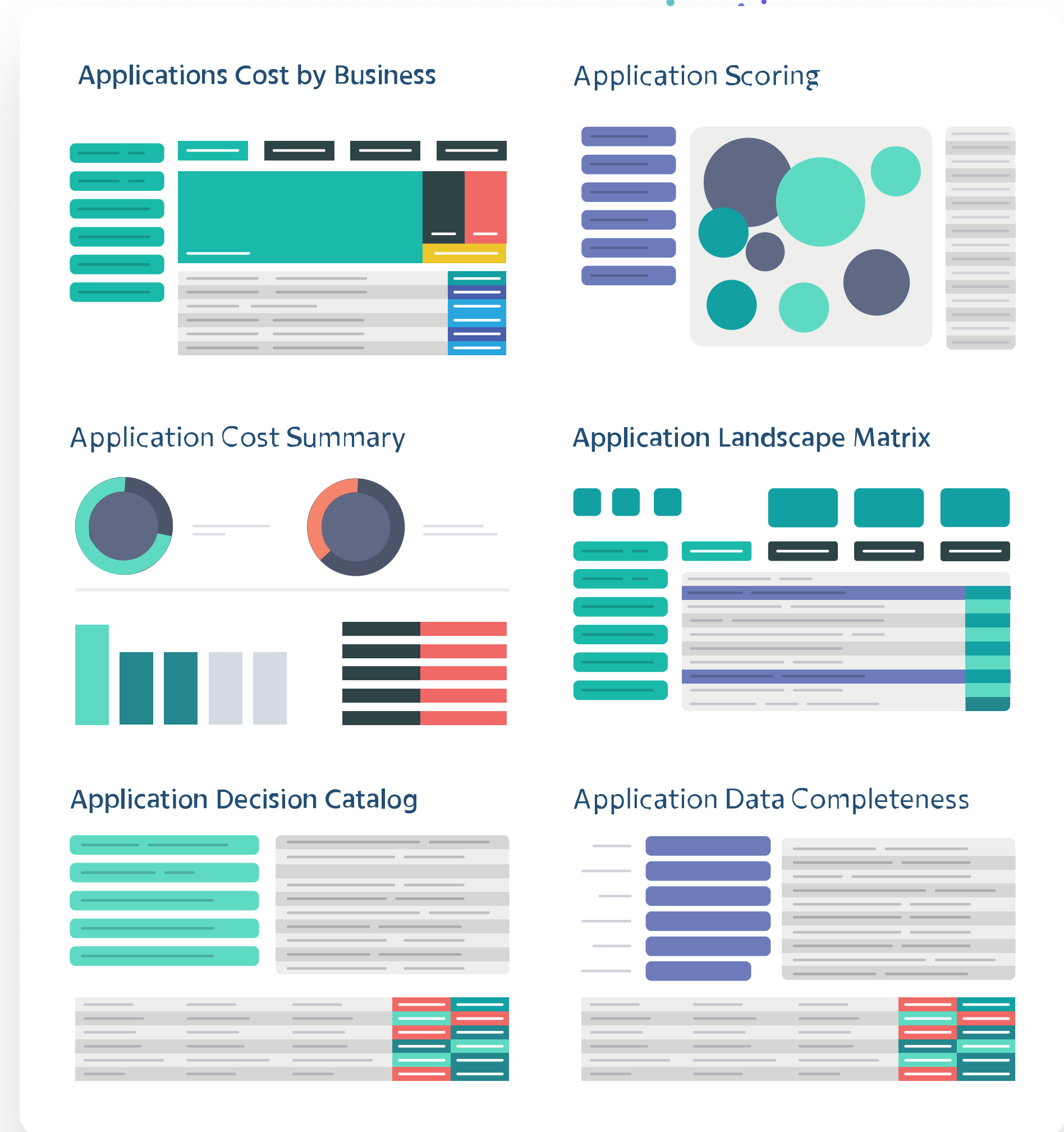
## APM can have the following benefits:

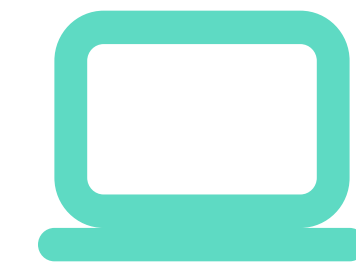
- ✓ Get a quick understanding of impacts and dependencies for applications with respect to other elements in the architecture, across domains
- ✓ Visualize applications in interactive charts created from a variety of filters
- ✓ Understand how applications support business capabilities, processes, organization units, and locations
- ✓ View a breakdown of application costs and roll-ups for areas of the business

## Key Stats

Organizations use an average of **897 applications**.

Source: MuleSoft





# Technology Portfolio Management

Technology Portfolio Management (TPM) seeks to understand the entire technology stack and provide 360-degree visibility of the technologies in use in an organization. Much like APM, TPM is concerned with technologies fitting with business goals and delivering clear value for the company.

## TPM can have the following benefits:

- ✓ Understand the impacts and dependencies for technologies with respect to other elements in the architecture, across domains
- ✓ Understand how applications are supported by technologies, and those threatened by technology end of life
- ✓ Understand the composition of the technology catalog with respect to enterprise standards
- ✓ Visualize technologies in interactive charts created from a variety of filters

### Technology Catalog



### Technology Gantt Chart



### Technologies by Application



### Standards Gantt Chart

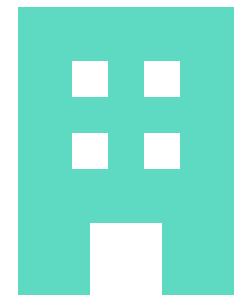


### Vendor Lifecycle Gap



### Technology Data Completeness



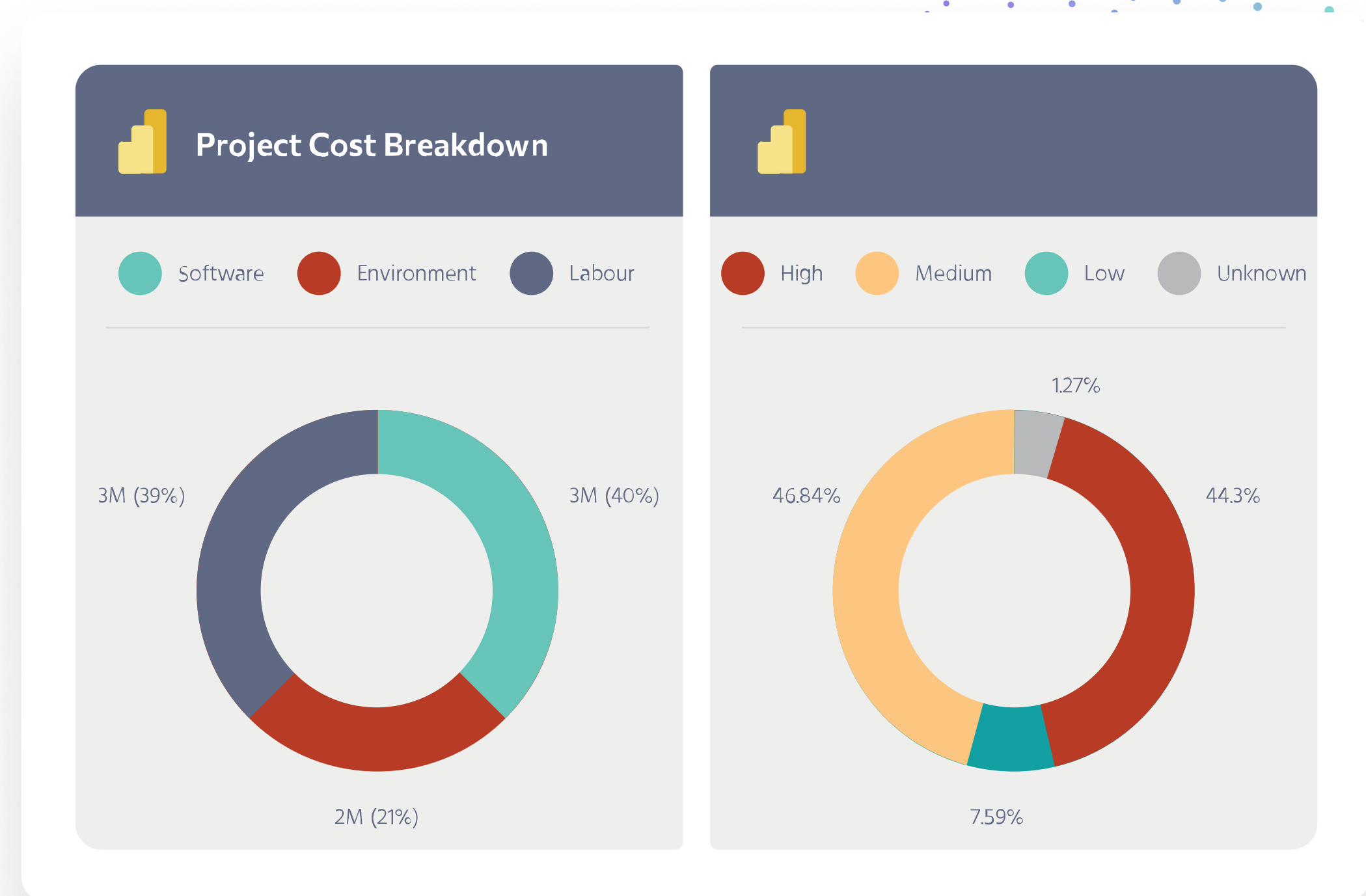


# Business Portfolio Management

Business Portfolio Management (BPM) is quite similar to the management of business capabilities, but can be considered as a slightly more abstract, high-level view of what a business does compared to business capability models. In one sense, BPM tries to bridge the gap between business capabilities and business processes. Tools that enable BPM, such as OrbusInfinity, will provide visualizations of business capabilities, but also how those capabilities match to individual projects, or how business processes are controlled and disseminated through an organization.

## BPM can have the following benefits:

- ✓ Understand the portfolio of business processes and key details
- ✓ Understand and visualize capability scorings for maturity, criticality and strategic importance
- ✓ Understand process ownership, geographical, distribution, and how processes support business capabilities





# Project Portfolio Management

Project Portfolio Management (PPM) initiatives aim to evaluate which projects to pursue, how they contribute to the enterprise strategic goals, and how they fit in with the rest of the portfolio. This is the domain in which enterprise architecture will most come into contact with the project management approach to SPM. It can be easy to forget, but enterprises can easily have hundreds—if not thousands—of projects at one time, which may be interrelated or connected with each other. PPM aims to visualize the project landscape and make clear which require focus and which can be de-prioritized.

## PPM can have the following benefits:

- ✓ Understand the portfolio of projects and key details such as status and timelines
- ✓ Understand how projects support business capabilities and strategy
- ✓ See how project costs break down and how costs roll-up for different areas of the business
- ✓ Navigate project requirements and determine their alignment with strategic objectives
- ✓ Understand the impacts and dependencies for projects with respect to other elements in the architecture, across domains



### Capabilities by Strategic Importance

1. Poor    2. Below average    Fair    Good    Very good

Wealth Management

Financial Planning

Retail Banking

Cards / Unsecured Loans

Deposits and Liability

Non-life Insurance

Personal & Business Casualty

Investment Banking

Corporate Finance

Custody Services



# Data Portfolio Management

Data Portfolio Management (DPM) provides an essential overview of the composition and usage of enterprise data. This provides insight into the risks associated with data, understanding what systems are handling data, and how access control is enforced.

## DPM can provide the following benefits:

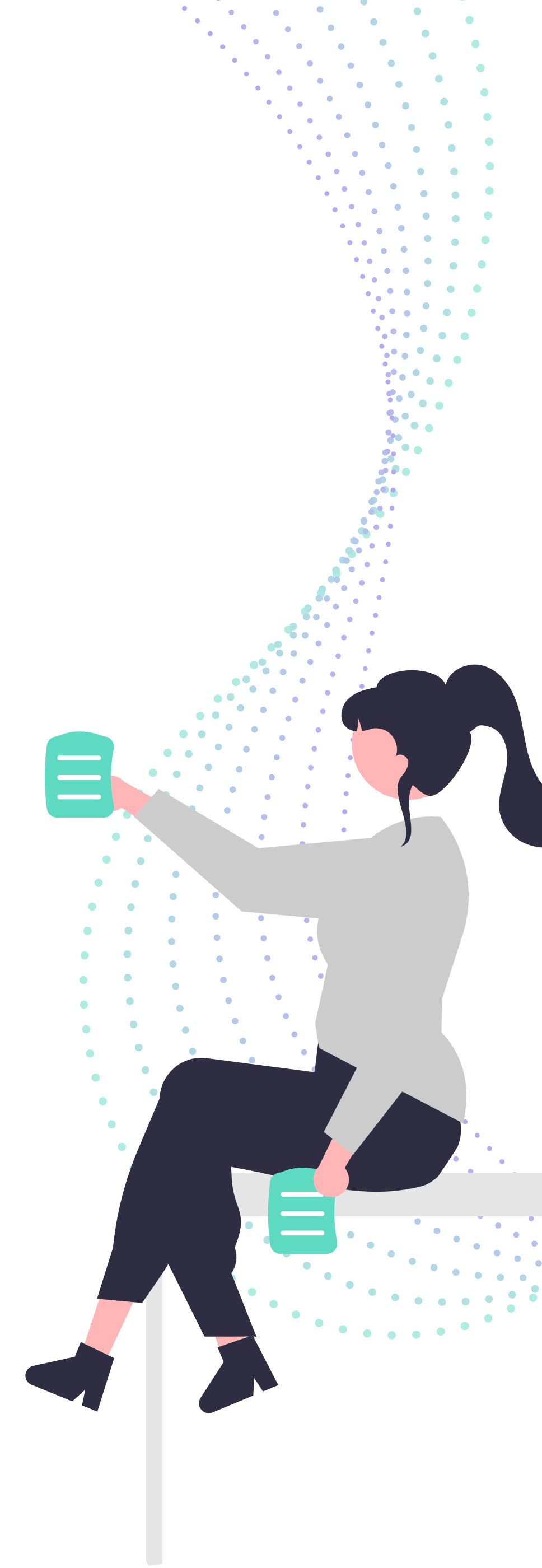
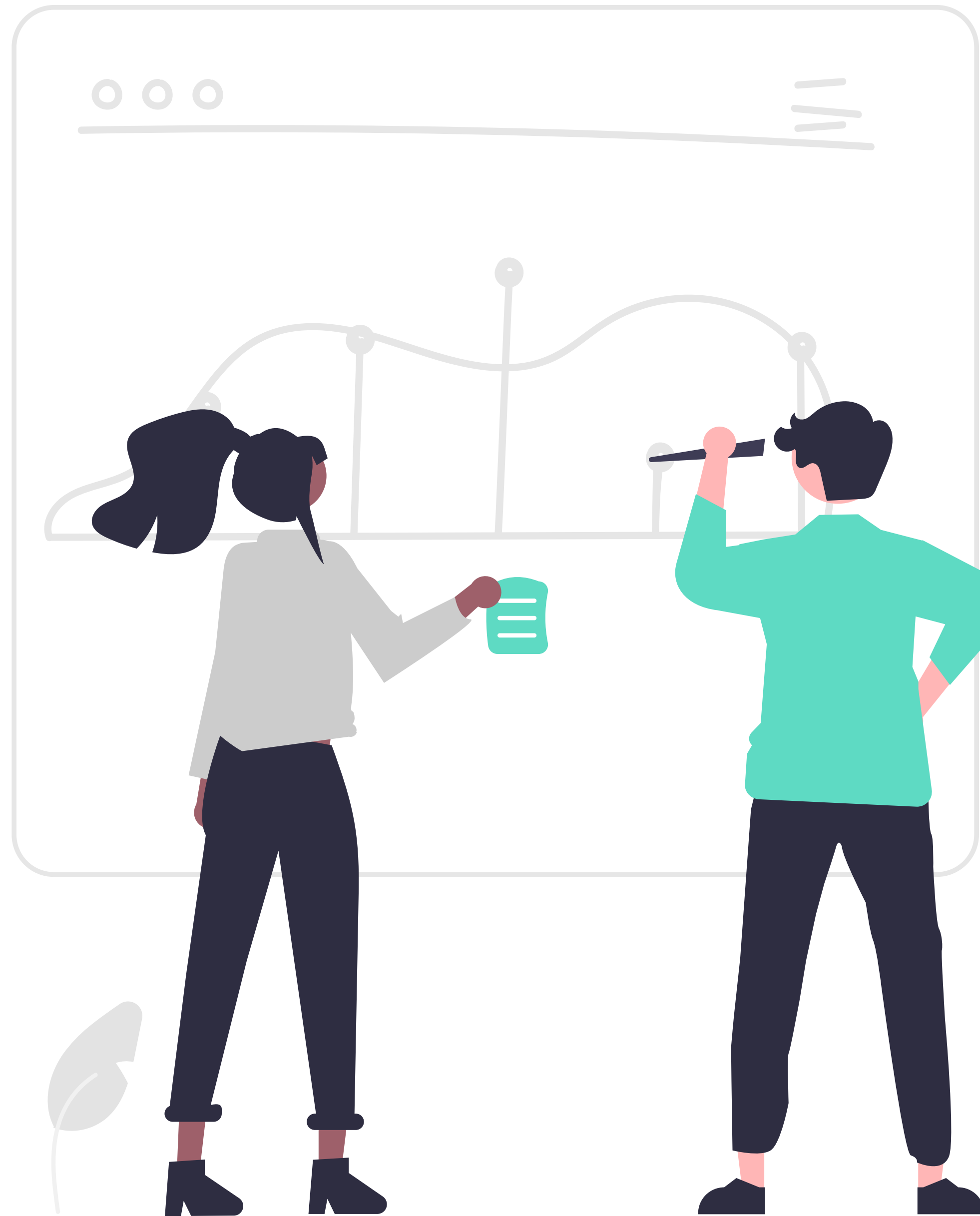
- ✓ Understand how data is processed by systems and business processes
- ✓ Get an understanding of impacts and dependencies of data with respect to other elements in the architecture, across domains
- ✓ Address questions surrounding the usage and location of confidential or sensitive data
- ✓ Understand data ownership and stewardship



# Summary

How should a business invest their resources is arguably the founding question of the entire field of business management, so it is curious that one of the more popular approaches in SPM remains overlooked. Of course, SPM cannot literally tell a business what to do, only simplify the information necessary to make decisions, but that is still an incredibly useful endeavor.

How a business approaches SPM is an open question. As with most business dilemmas, there isn't going to be a right answer. OrbusInfinity encourages enterprise architects to incorporate SPM, APM, and more to ensure a joined up approach to strategy and architecture, which can help with many of the goals of EA. At the same time, many aspects of portfolio management can be taken up with a well-maintained central repository and the right tool, such as OrbusInfinity. As such, Portfolio Management represents a no-brainer for EA teams, providing a huge upside with little extra effort required.



# Take Control of Your Strategic Portfolio

Book a tailored demo today to find out how OrbusInfinity empowers enterprises to derive value from their strategic portfolio

[BOOK A DEMO](#)



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## About Orbus Software

Orbus Software is a leading global provider of enterprise transformation solutions. We aim to empower customers with a strategic decision-making platform to successfully manage complex change. Our OrbusInfinity platform enables leaders to deliver business objectives, innovate faster, and ensure enterprise resiliency, while supporting them to make more informed, responsible, and sustainable business decisions.

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