



## TOP STORIES

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### Standish Group Report: There's Less Development Chaos Today

By David Rubinstein

**March 1, 2007** — Software development shops are doing a better job creating software than they were 12 years ago, according to figures contained in the as-yet unreleased 2006 Chaos Report from The Standish Group.

The new report, details of which were previewed with SD Times, reveals that 35 percent of software projects started in 2006 can be categorized as successful, meaning they were completed on time, on budget and met user requirements. This is a marked improvement from the first, groundbreaking report in 1994 that labeled only 16.2 percent of projects as successful; that report galvanized an industry of development tools vendors selling everything from requirements management solutions to modeling tools and turned software architecture into a cottage industry.

Further, the 2006 study shows that only 19 percent of projects begun were outright failures, compared with 31.1 percent in 1994. The 2006 report is the sixth published by The Standish Group, and chairman Jim Johnson said that with the exception of a lapse in 2004, "we've seen consistently better software projects."

Projects described as challenged, meaning they had cost or time overruns or didn't fully meet the user's needs, declined to 46 percent in 2006 from 52.7 percent in 1994.

Johnson cited three reasons for the improvement in software quality—better project management, iterative development and the emerging Web infrastructure.

"There is better project management expertise and technique," he noted. "Managers have a better understanding of the dynamics of a project." Iterative development, Johnson said, makes it easier for people to get what they want. "Part of the education process [for iterative development] is that people are better able to articulate what they want out of a project."

Finally, Johnson added that the emergence of the Web "plays a fairly significant role. The idea that you can get things out quickly and people can learn it, touch it and give feedback creates a more dynamic experience."

The 2006 report also shows what Johnson called a stunning improvement in the metric used to measure project value. If the assets of a failed project can all be considered waste, in 2006, software value was measured at 59 cents on the dollar. In 1998, that figure was 25 cents on the dollar. "You can look at that as a 24 percent compound average growth rate since 1998," Johnson said.

The 1994 report can be read at The Standish Group Web site ([www.standishgroup.com](http://www.standishgroup.com)); the 2006 report is still being completed.

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Phone: +1 (631) 421-4158 • E-mail: [info@bzmedia.com](mailto:info@bzmedia.com)

The 2018 Standish Group Chaos Study shows Agile Project Success rates at 2X higher than traditional projects, and Agile projects were 1/3 less likely to fail. I've been a follower of the Standish Group Chaos Studies for a long time. The Standish Group has conducted surveys of IT project success and failure rates every 2 years since 1994. The data included here is from the most recent report published in 2018. Initially, the success and failure statistics were pretty poor with IT project success rates measured at less than 20%. Thankfully things have improved somewhat. The most recent report (2018) from the Standish Group showing technology project success rates at 36% with agile projects succeeding more frequently. Standish and other groups have published additional reports shedding more light on other factors with IT projects. According to Standish only 16.2% of projects were deemed successful by being completed on time and budget, with all the promised functionality. A majority of projects, or 52.7%, were over cost, over time, and/or lacking promised functionality. The advantages include significant gains and less disruption to your business. Read all about it here. The Standish Group "Chaos" reports have been mentioned in various posts in this blog and elsewhere. The following figure from the 2002 study is quite representative of the data provided in the Standish annual surveys of the state of software projects: The January/February 2010 issue of IEEE Software features an article entitled The Rise and Fall of the Chaos Report Figures. In 1994, Standish published the Chaos report that showed a shocking 16 percent project success. This and renewed figures by Standish are often used to indicate that project management of application software development is in trouble. However, Standish's definitions have four major problems. First, they're misleading because they're based solely on estimation accuracy of cost, time, and functionality. The CHAOS Report 2015 is a model for future CHAOS Reports. There have only been two previous CHAOS Reports, the original in 1994 and the 21st edition of 2014. This new type of CHAOS Report focuses on presenting the data in different forms with many charts. It is also clear that the larger the project, the less valuable the return rate. In many cases larger projects never return value to an organization. The Standish Group has a very specific definition and development method for modernization projects. In fact, we modified "modernization" by adding "in place" so as not to confuse the general modernization of applications by the other techniques such as developing from scratch using modern methodologies or purchasing components.