

Value- Based Strategic Ecosystem Development

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Executive Summary

Situation

- ~\$500 million annual investment pool
- Allocated 50% to “run” IT, 50% to strategic initiatives
- Focused on organic growth and performance improvement
- Company is engaged in broad-based digital transformation
- Portfolio is largely composed of group of projects

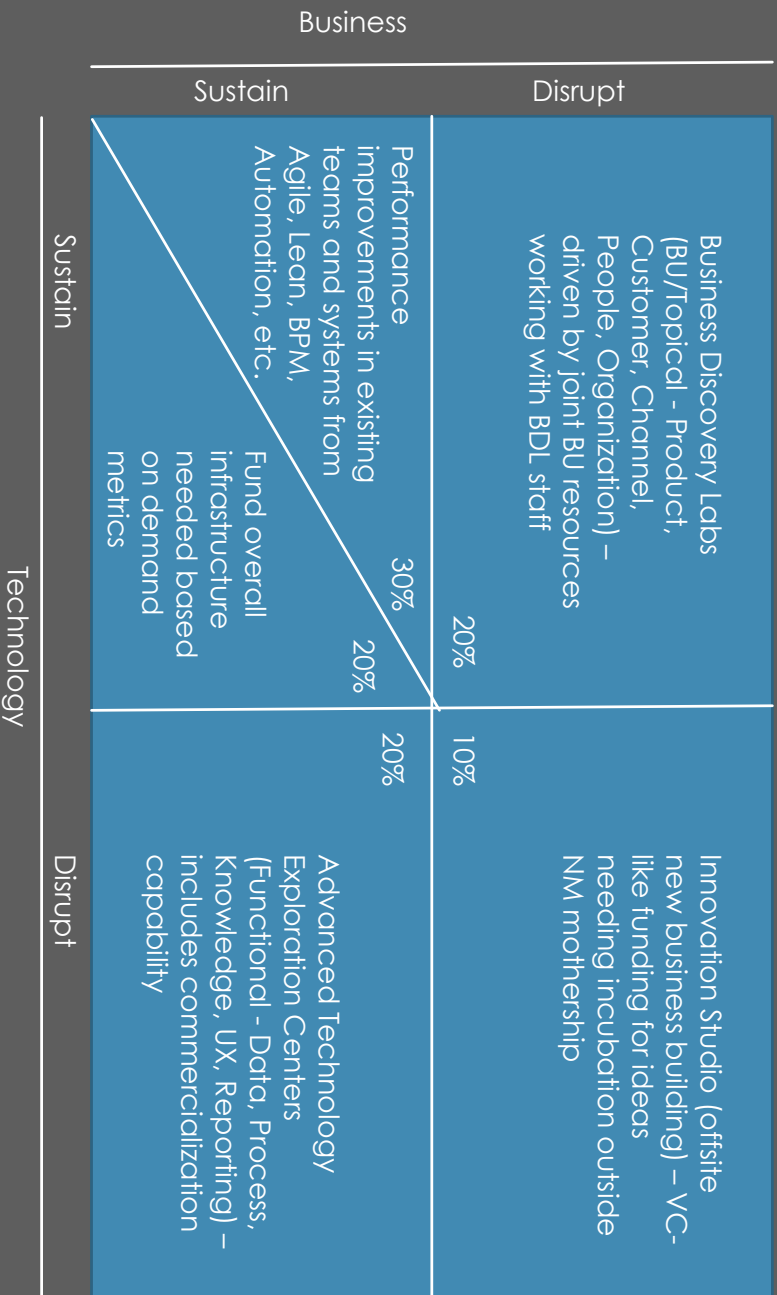
Complication

- Interface with and enable ongoing Agile and corporate digital transformation
- Add product/value-based funding to investing in discrete projects
- Provide additional accountability for investment results
- Continue to support “run” and compliance projects
- Build cross-business information and value sharing

Resolution

Design and build a self-regulating ecosystem that generates innovative ideas, improves delivery impact, and maximizes investment value as part of its’ normal functions but also requires limited top-down direction

Value-Based Portfolio Ecosystem Framework



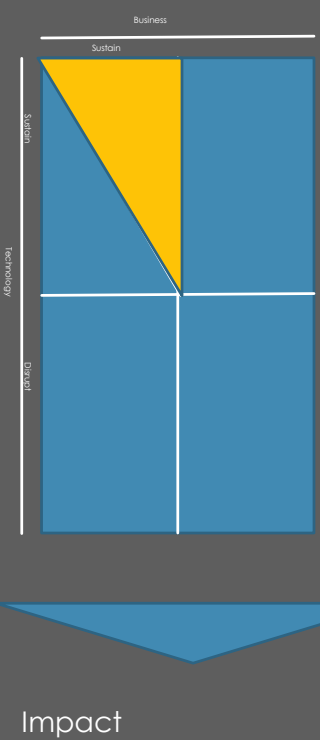
Ideas for discussion

- Gamification of inputs to BDL/ATEC
- Funding main vehicle to manage inputs to BAU/IS
- Ongoing funding for BDL/ATEC/IS support systems, such as space, staff, tools, IT, expert support
- Well-defined enter/exit criteria for each region (e.g., POC, Commercialization plan, re-entry path)
- Market-based disposition of disruptive ideas – bought back by businesses or funded by IS – profits fed back into strategic funding for next year
- Overall management of investments to achieve target returns

180-Day Design Plan



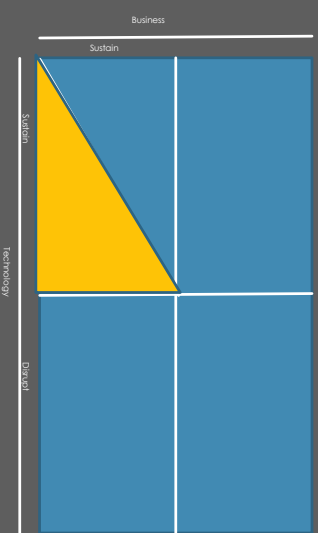
Sample Ecosystem Planning Output: Core Product Backlog Prioritization



Impact

		Low	High
Ease	Low	<p>Residual features/ activities after allocations are not funded: cancel and redeploy resources</p> <p>0%</p>	<p>Good to do: Any features where cumulative PV(impact) >= cumulative PV(cost) – rank vs other areas and fit to pool</p> <p>50%</p>
	High	<p>Maintenance and enhancements: Use formula to allocate funding (SLOC*defect rate*cost/defect = funding)</p> <p>30%</p>	<p>Must do: Any features where PV(impact) >= cumulative PV (cost)</p> <p>20%</p>

Sample Ecosystem Planning Output: Infrastructure Backlog Prioritization



	Low Impact	High Impact
Low Ease	<p>Residual features/activities offer allocations are not funded: cancel and redeploy resources</p> <p>0%</p>	<p>Good to do: Any features where cumulative PV(impact) >= cumulative PV(cost) – rank vs other areas and fit to pool</p> <p>20%</p>
High Ease	<p>Maintenance of environment: Use formula to allocate funding (network usage * cost/minute + CPU usage * cost/CPU + electricity usage * cost/minute + ...)</p> <p>70%</p>	<p>Must do: Any features where PV(impact) >= cumulative PV (cost)</p> <p>10%</p>