

4 May 2011

Beyond Projects: Creating A Winning Product Portfolio

PREPARED FOR SVPMA

Agenda

Introductions

Portfolio Management Overview

Key Elements of Effective Portfolio Management

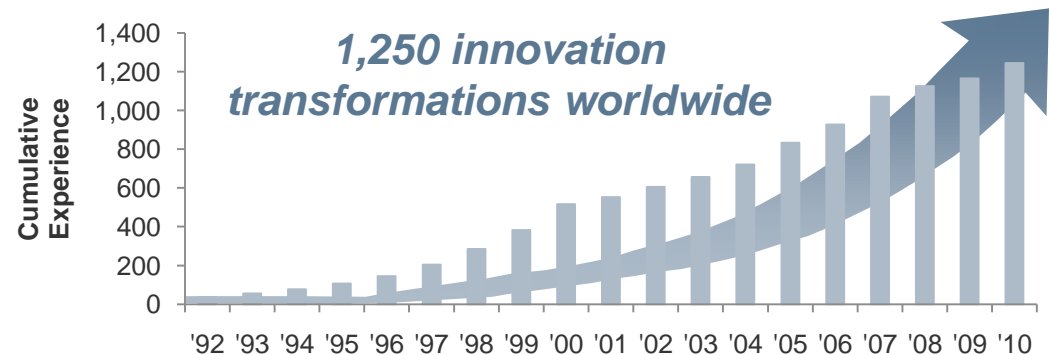
Common Implementation Challenges

Benefits of Portfolio Management

PRTM Overview

- Over 35 years of operational strategy and innovation
- 600+ consultants worldwide
- 19 offices worldwide
- Major commercial and government sectors:
 - Aerospace and Defense, Automotive
 - Chemicals and Process Industries
 - Consumer Goods
 - Financial Services
 - Government
 - Life Sciences and Healthcare
 - Private Equity
 - Energy
 - **Electronics, Computing, and Software**
 - **Communications and Media**

Product Innovation Thought Leadership



Portfolio Management – A Process For Prioritizing Across Broad Range Of Competing Opportunities

Maximize long-term portfolio value—deliver near-term commitments

Product strategy

Align to strategic vision
Characterize markets

*Portfolio
management*

Maximize value
Achieve balance
Maintain strategic fit

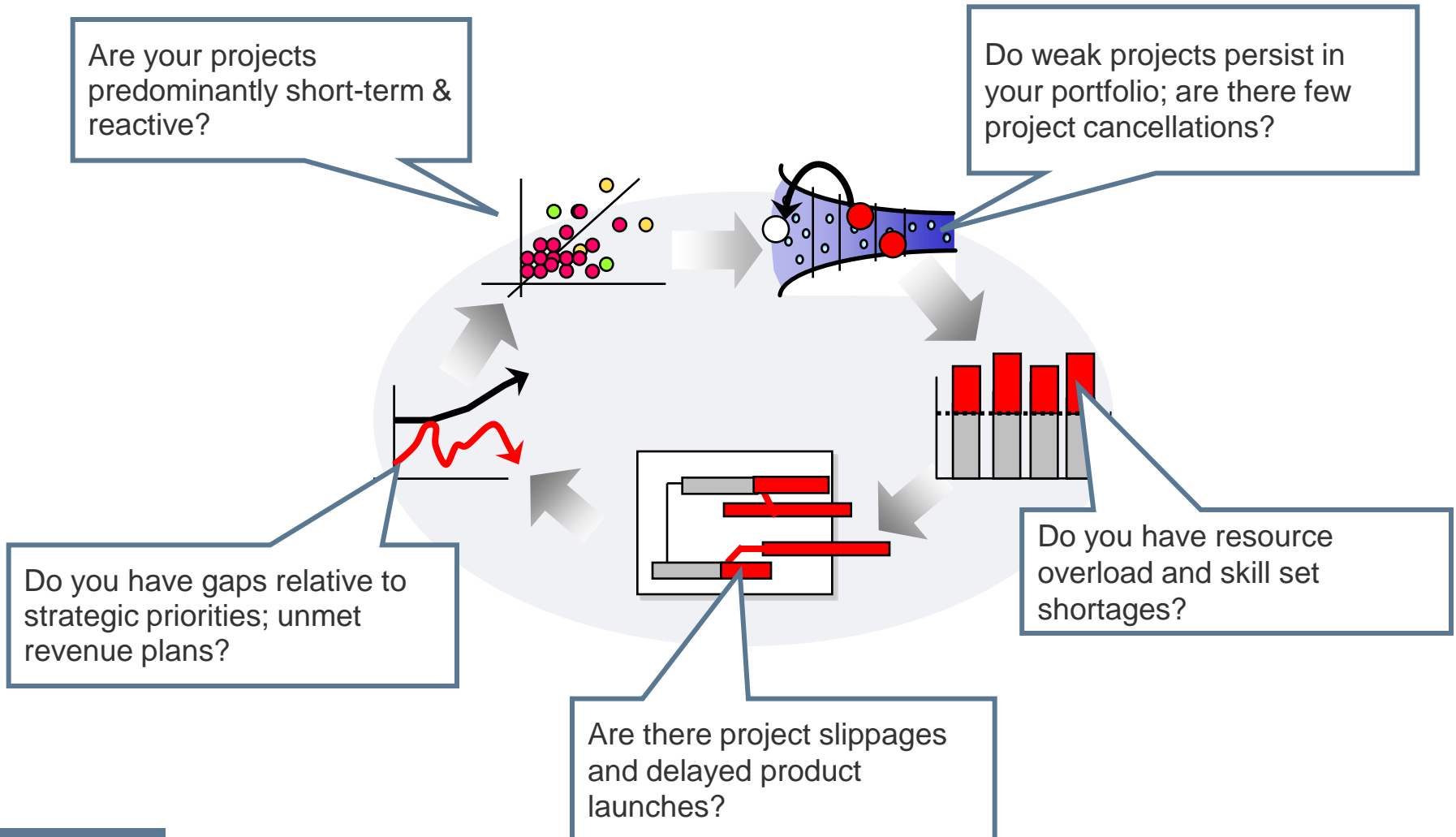
Pipeline management

Assign resources
Manage bottlenecks

Product development

Drive from concept to market

Poor Portfolio Management Can Lead To Chronic Problems In Product Development



What Does Portfolio Management Accomplish?

Identifying high-priority product development opportunities

Aligning product pipeline with business strategy

Assessing the impact of product launches on revenue and profits

Managing the R&D investment mix

Assessing the revenue impacts of changing the R&D investment mix

Making shifts in strategic allocations of funding across markets and/or businesses

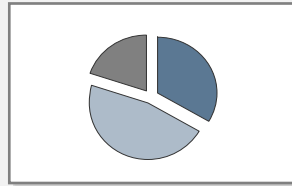
Six Key Elements of Effective Portfolio Management

Each element must be carefully considered and implemented

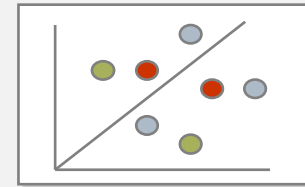
1. Governance



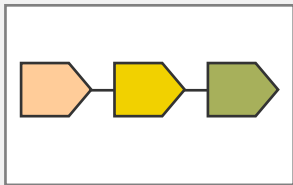
2. Portfolio Architecture



3. Decision-Making Framework



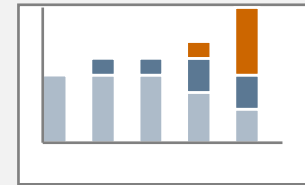
4. Process and Linkages



5. Resource Balancing and Pipeline Loading



6. Decision Data and Systems





1. Governance

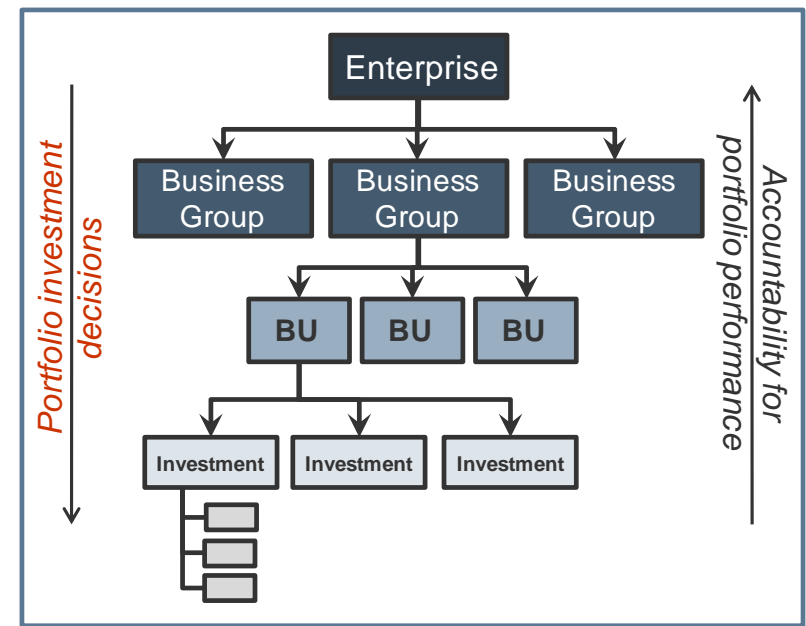
What is Portfolio Governance?

- Agreement on the roles and responsibilities of various participants in the portfolio management process to execute objectives and optimize outcomes

Effective Portfolio Governance is characterized by the following attributes:

- Multi-level cascading decision-making
- Organizationally aligned with P&L accountability and/or decision authorities
- Clearly defined decision points
- Tops-down portfolio investment decisions
- Bottoms-up management of portfolio performance
- Bi-directional interactions to inform decisions

Example:

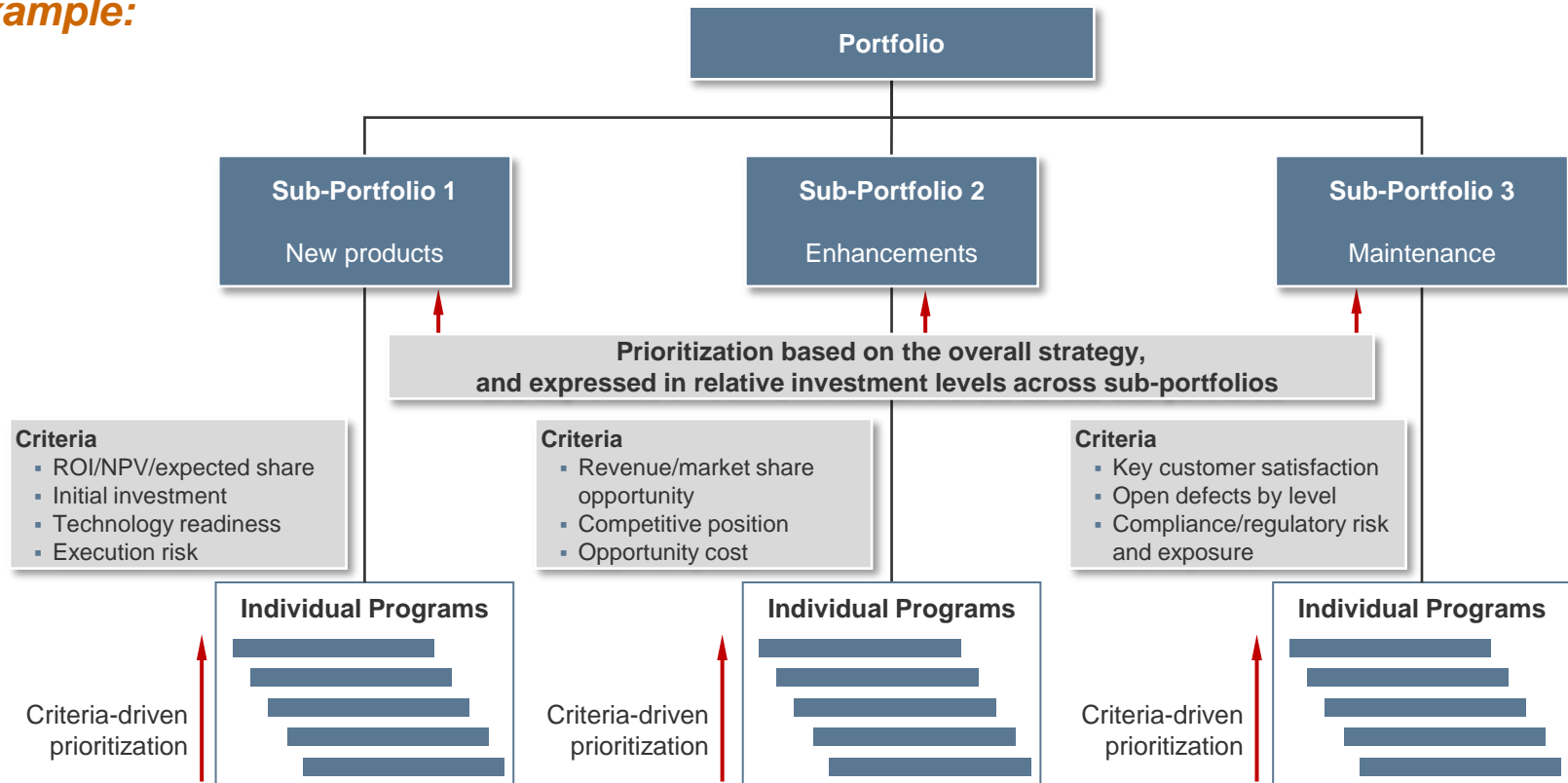




2. Portfolio Architecture

Different portfolio segments are generally driven by different priorities; therefore, a structure of sub-portfolios is used to allocate investments

Example:





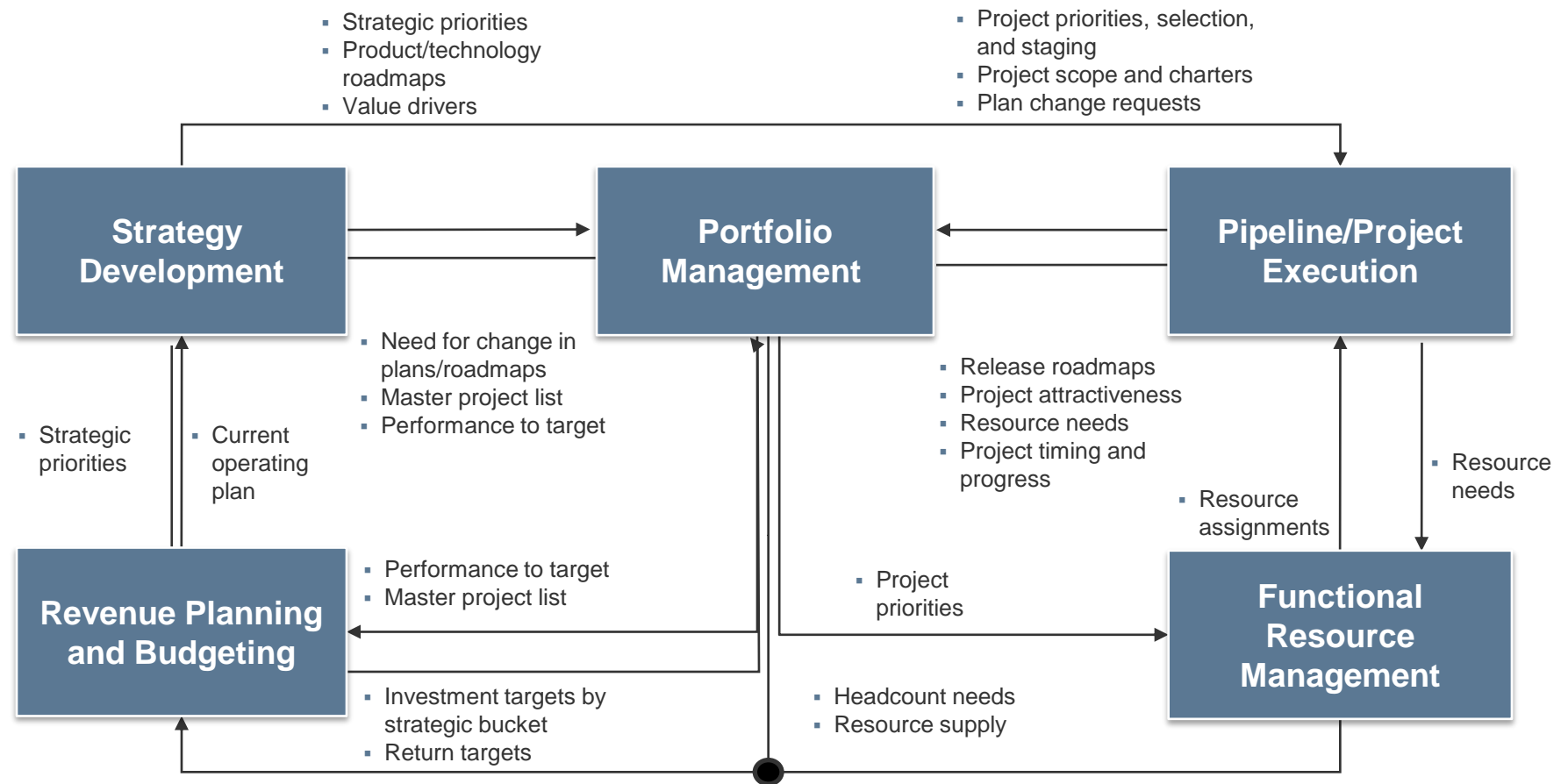
3. Decision Making Framework

Effective portfolio analysis relies on three complimentary techniques

	PURPOSE	EXAMPLES
Strategic Buckets	Ensures strategic alignment	
Portfolio Views	Ensures investment balance	
Scoring Models	Maximizes value through prioritization	

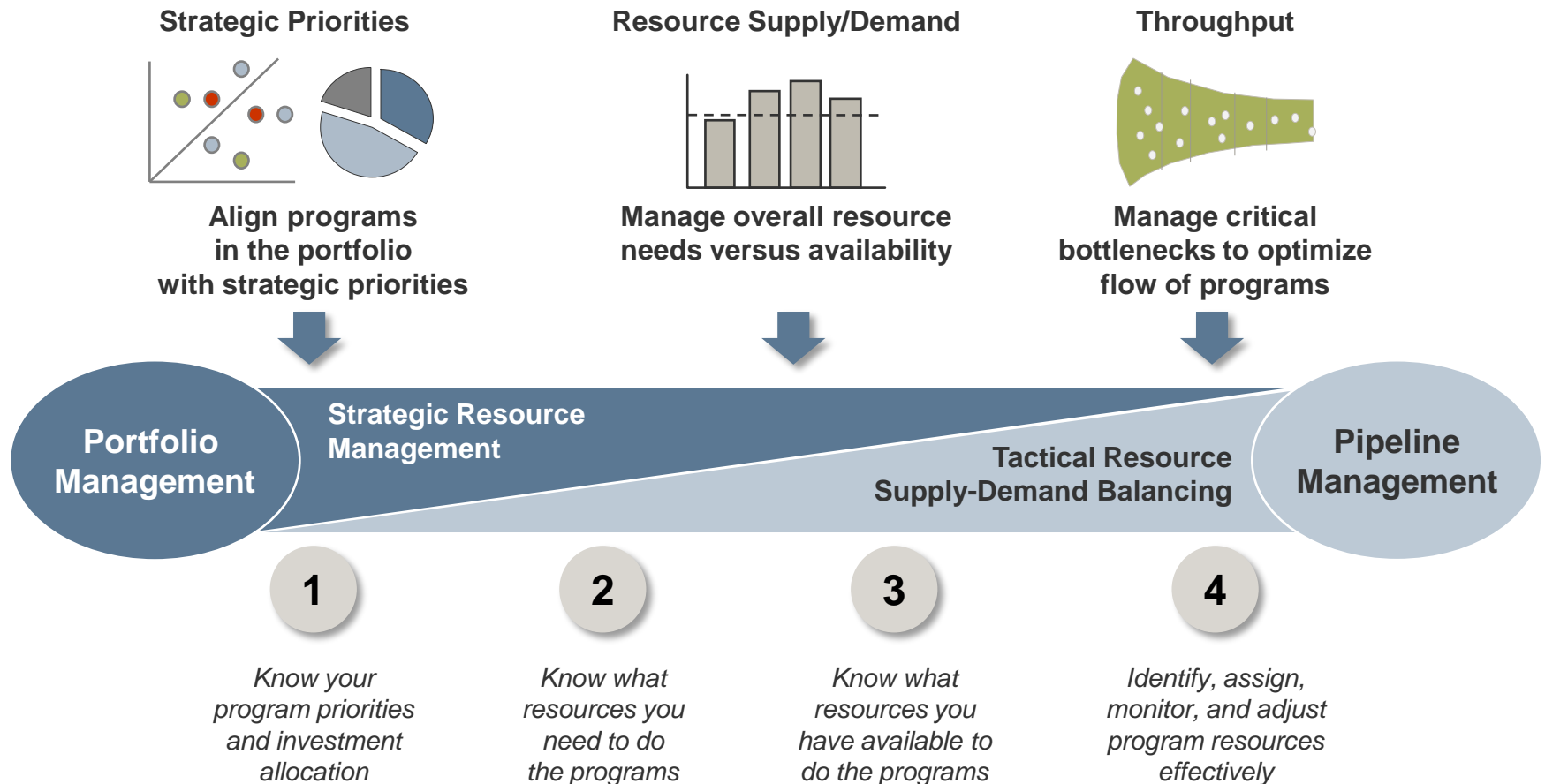
4. Process and Linkages

Integrate the portfolio management process with other key business processes and establish a regular cadence of portfolio reviews



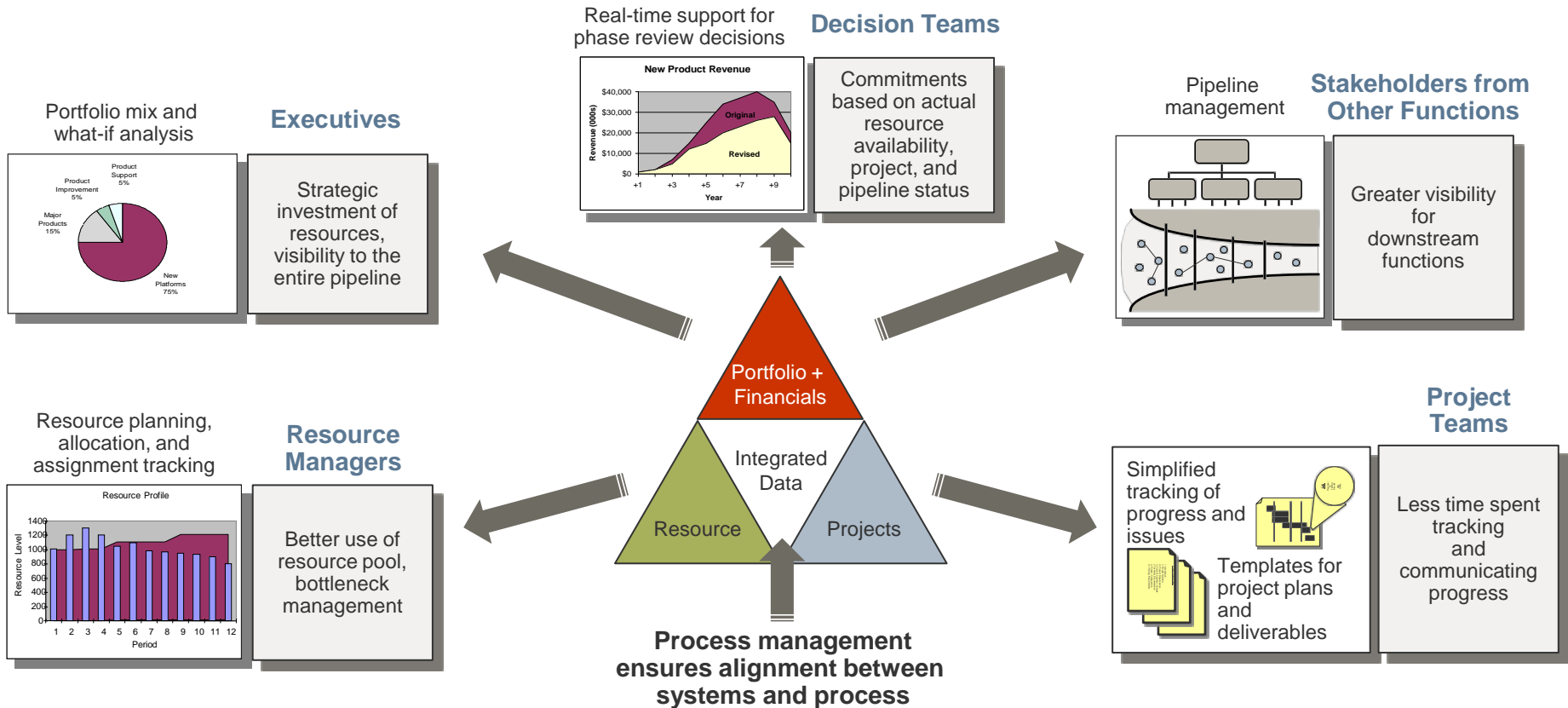
5. Resource Balancing and Pipeline Loading

Resource balancing and pipeline management picks up where portfolio prioritization leaves off



6. Decision Data and Systems

Project and Portfolio Management (PPM) systems—key elements



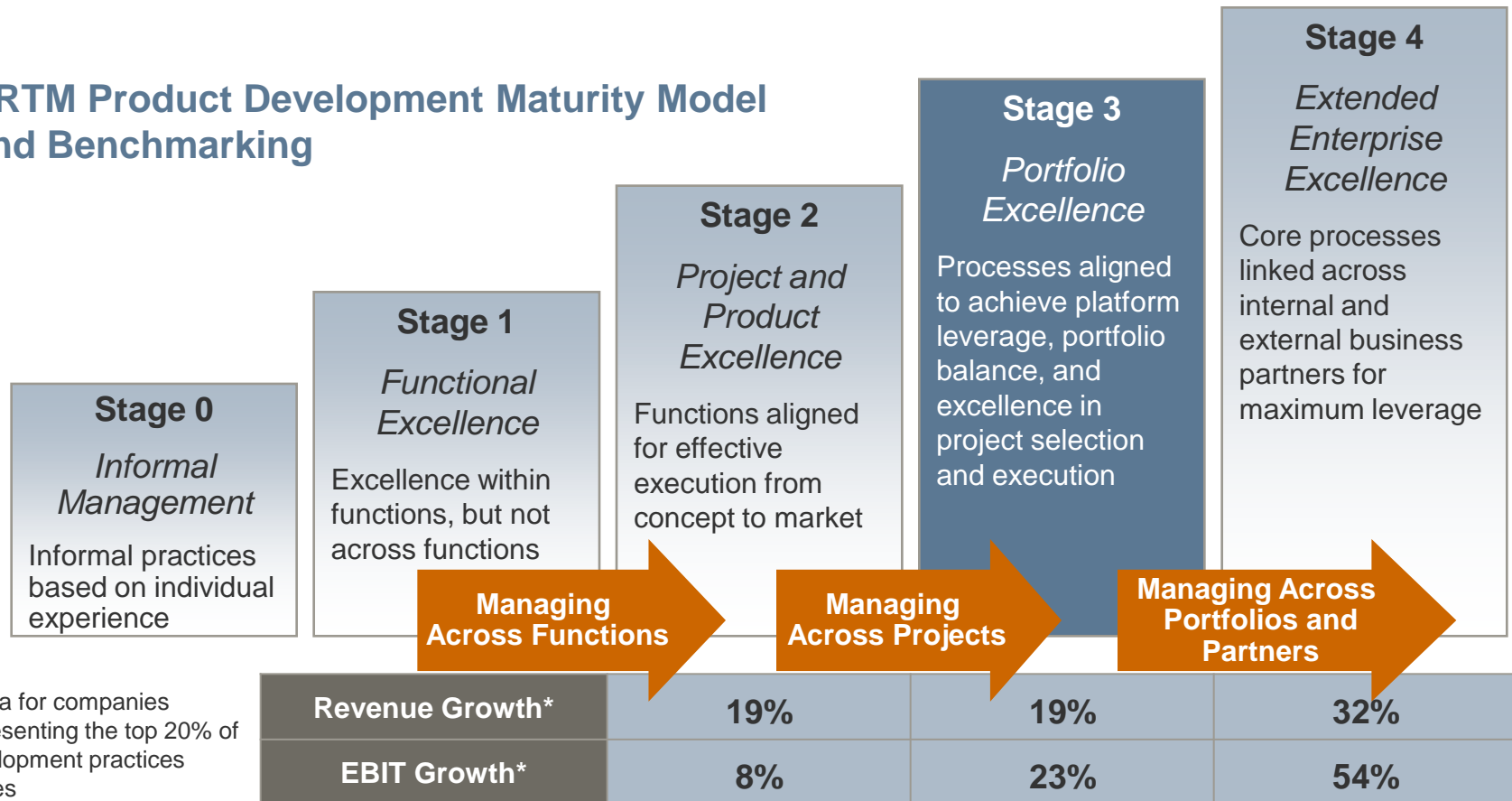
Common Implementation Challenges



Benefits of Portfolio Management

PRTM's benchmarking show that improvements in product development practices drive top- and bottom-line growth

PRTM Product Development Maturity Model and Benchmarking



* Data for companies representing the top 20% of development practices scores

Source: PRTM's Global Product Innovation Benchmark

PRTM Contacts

Walter Sun
Principal

PRTM

T +1 650.864.3545
F +1 650.967.6367
M +1 510.366.1151

444 Castro Street
Suite 400
Mountain View, CA 94041
USA

wsun@prtm.com

www.prtm.com