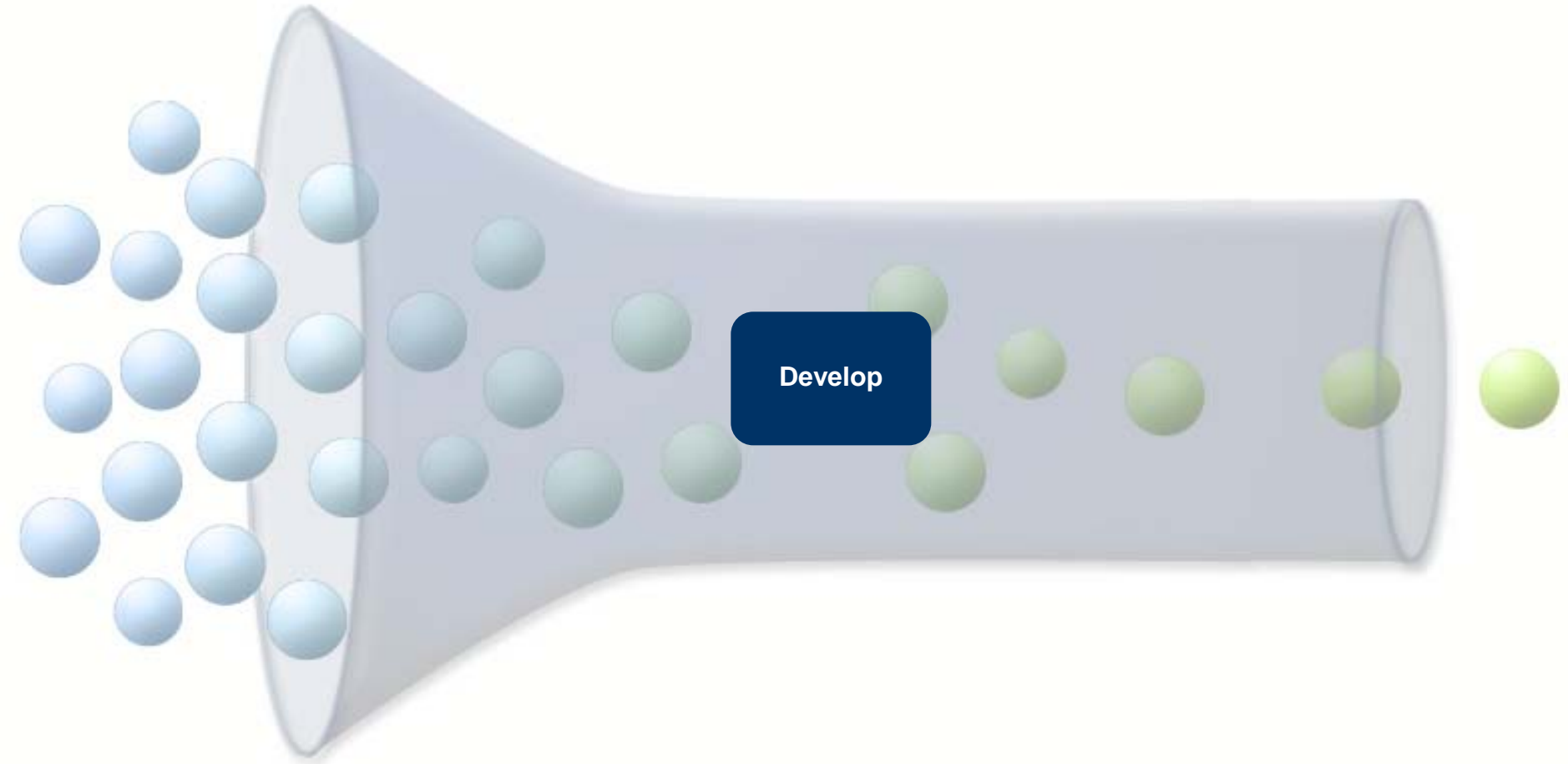


# Value Driven Development

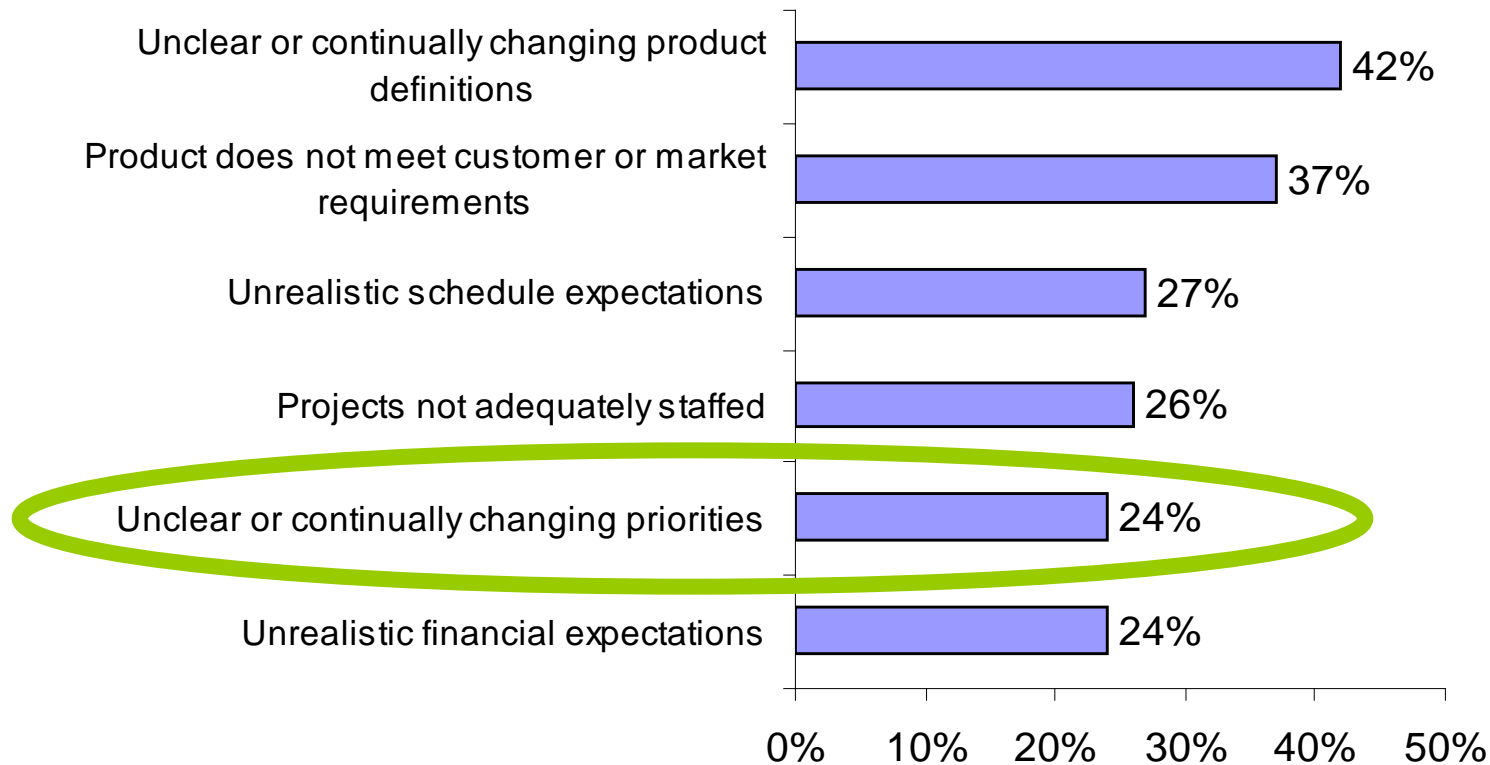
***John MacLeod***  
***Consulting IT Specialist, IBM Rational Solutions***  
***john.macleod@au1.ibm.com***



# Development - The Simple Theory



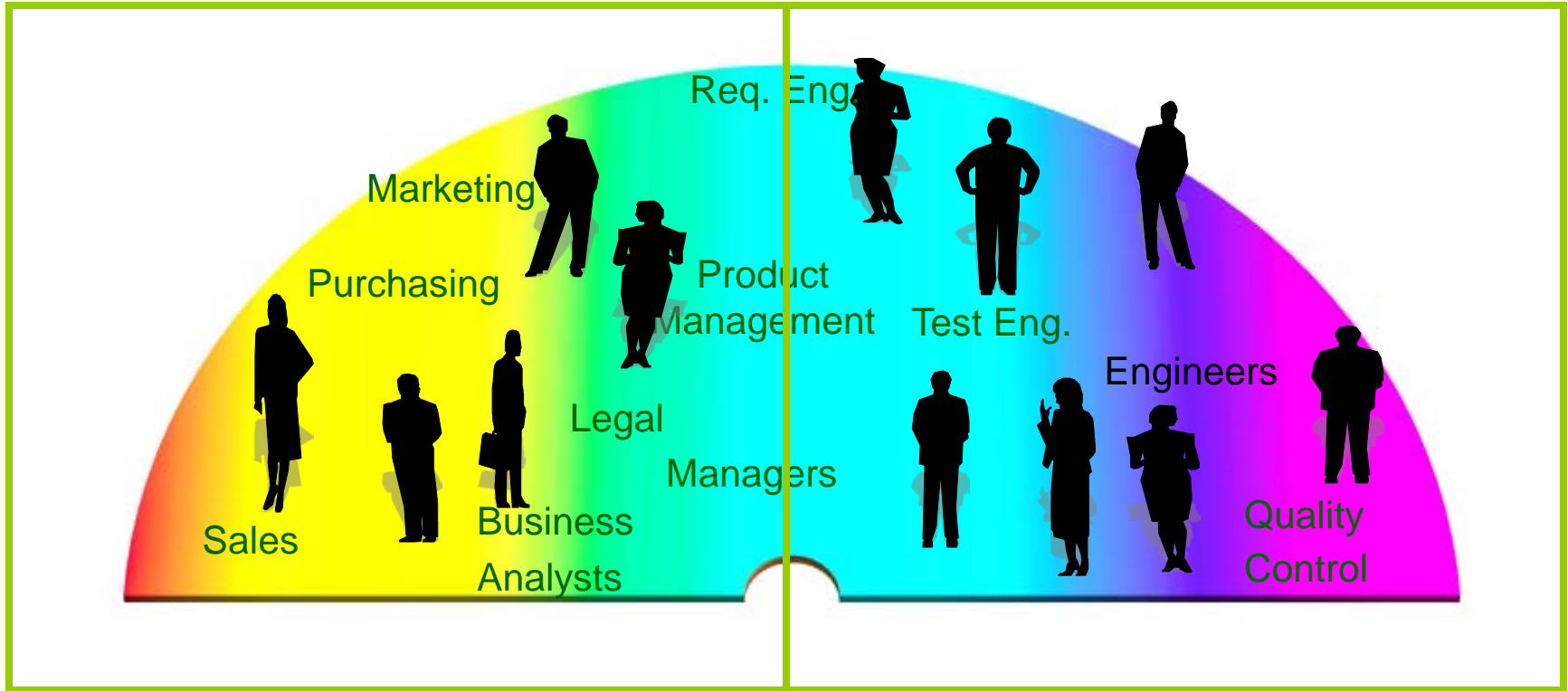
# Why do products/projects fail?



Source: [AberdeenGroup](#), August 2006

**Most products fail due to self-inflicted problems**

# Who We Are Determines Our Needs

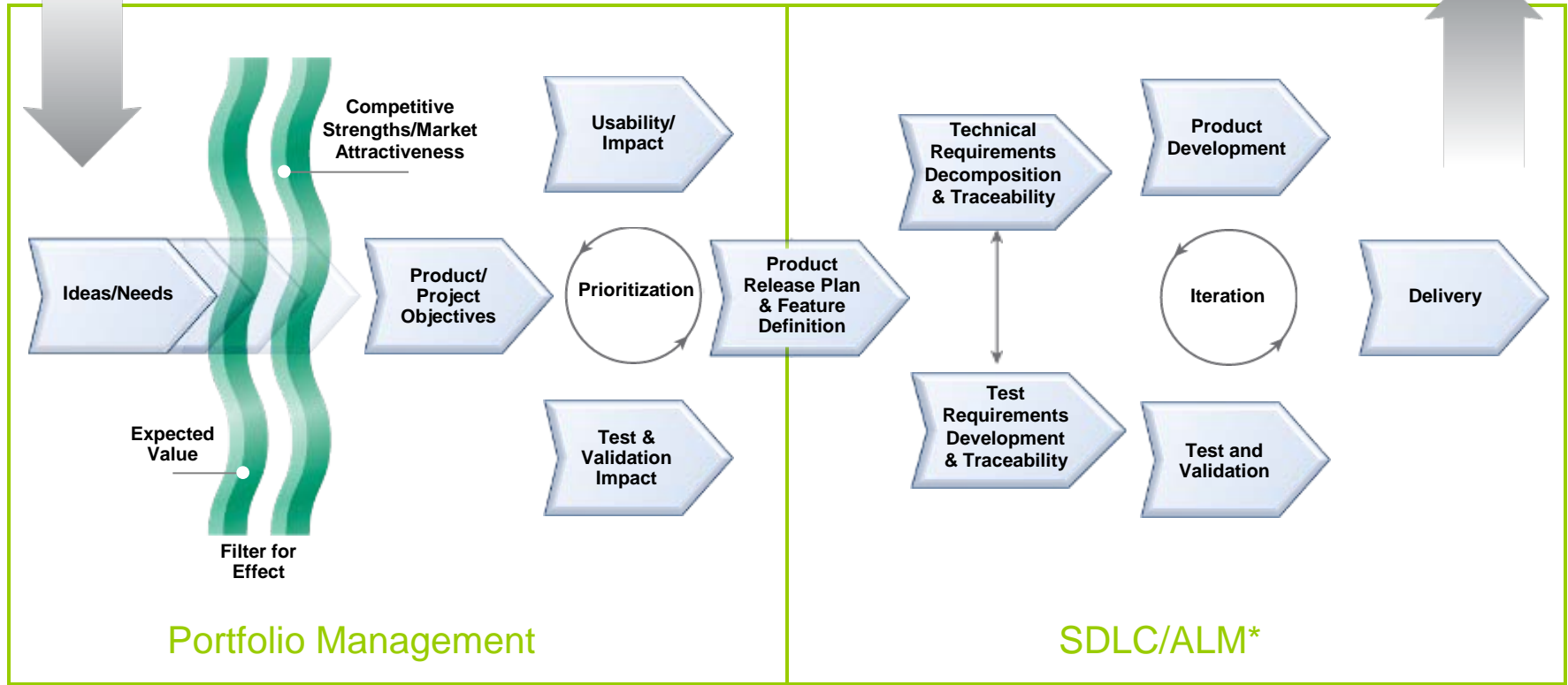


What we should do

How we should do it

# Business/Development Alignment

Delivering Maximum Value with High Quality

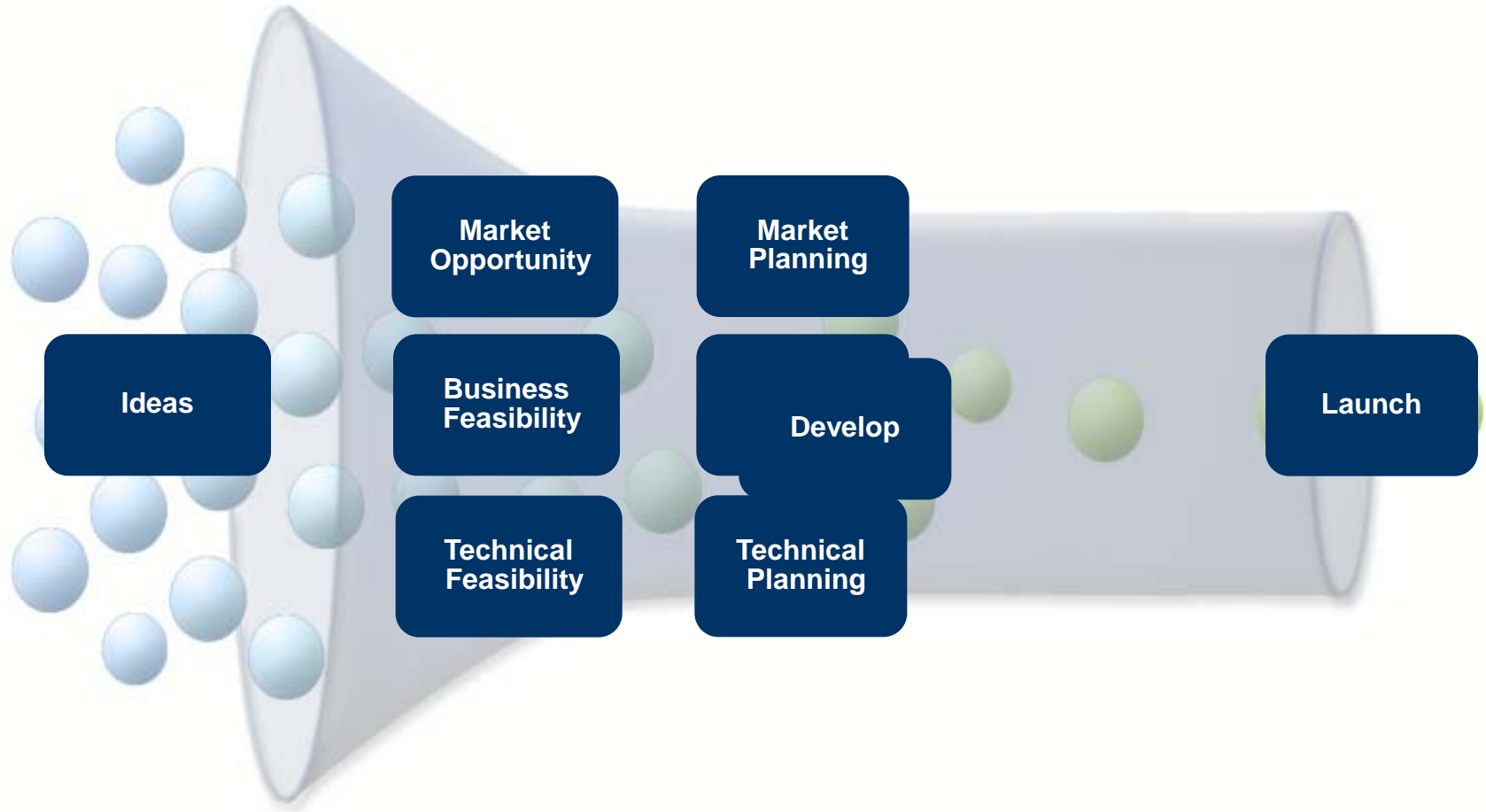


What We Should Do

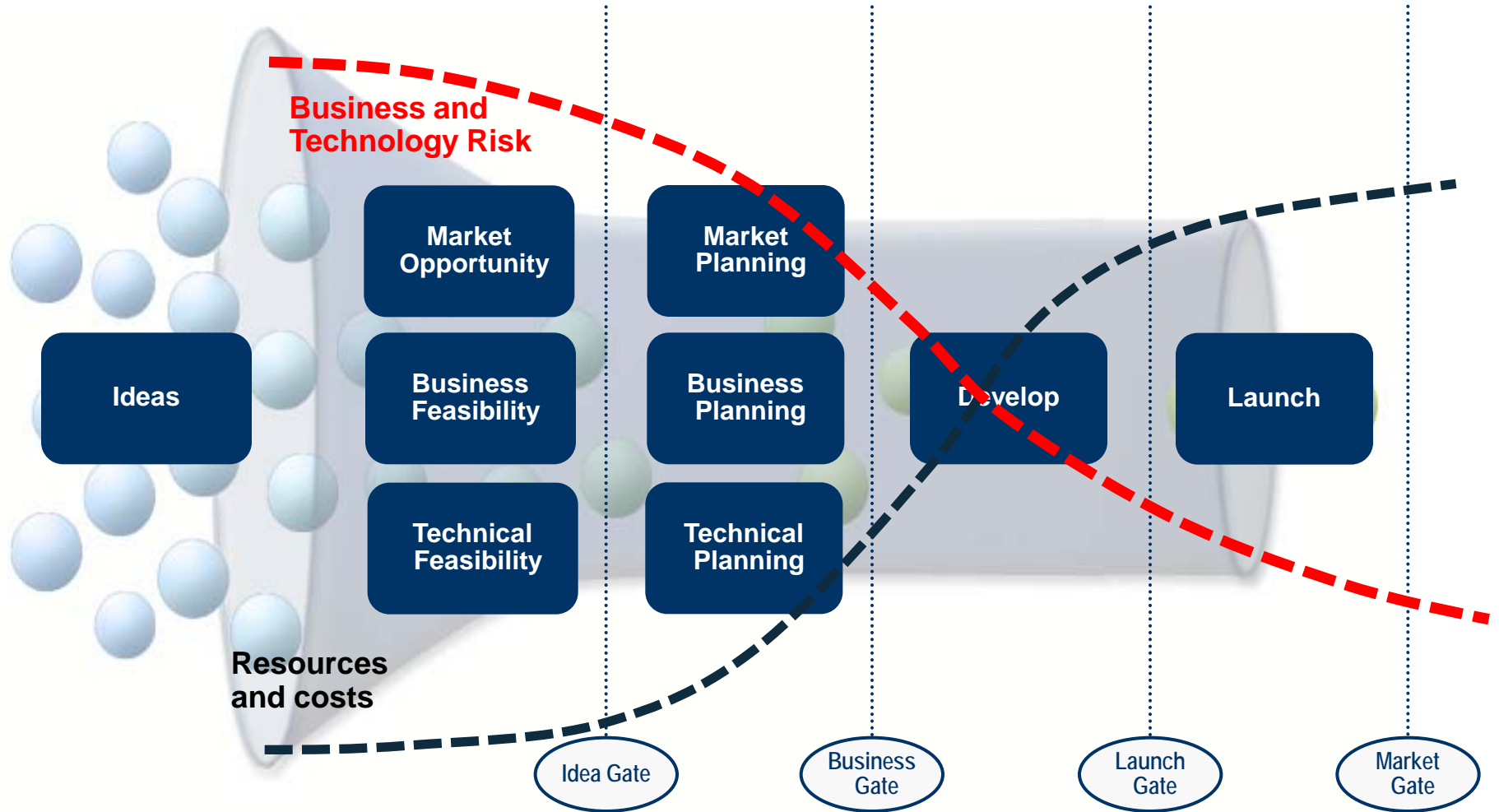
How We Do It

\*SDLC/ALM: System/Software Development Life Cycle/Application Lifecycle Management

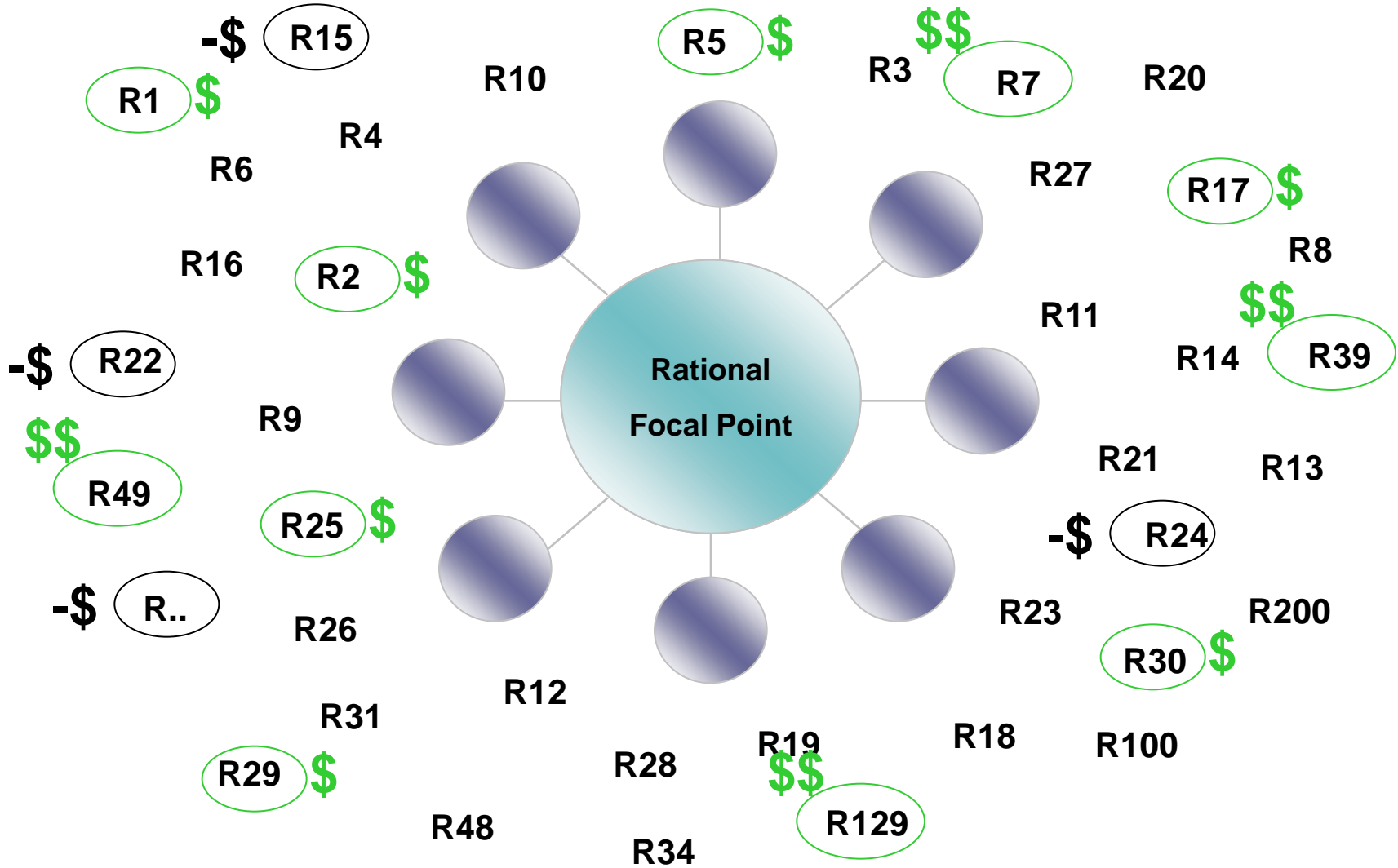
# Value-Driven Development



# Value-Driven Development



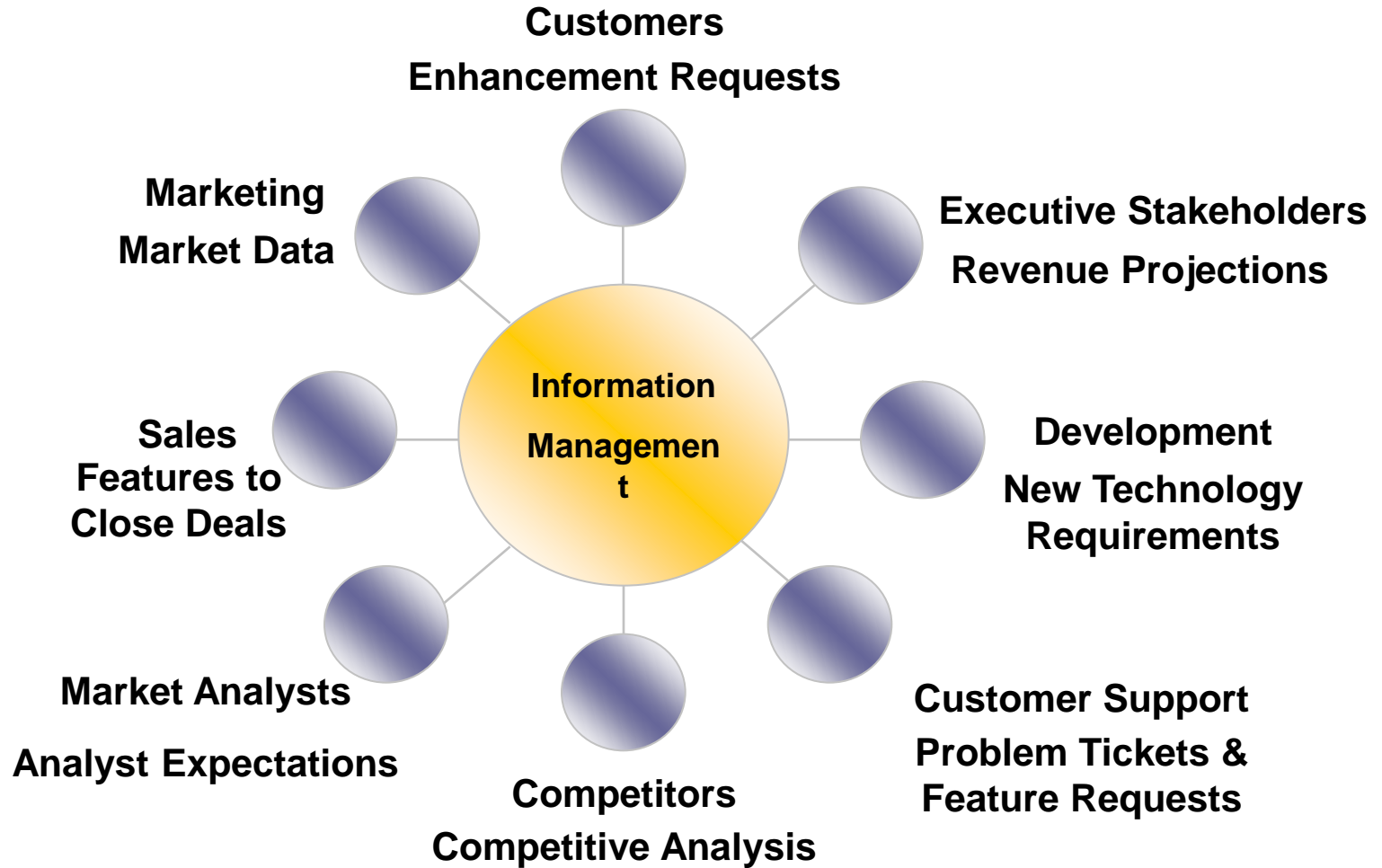
# Value-Based Selection



*"Management is doing things right, leadership is doing the right things"* Peter Drucker



# Management Hub



## Prioritisation has a Broad Application

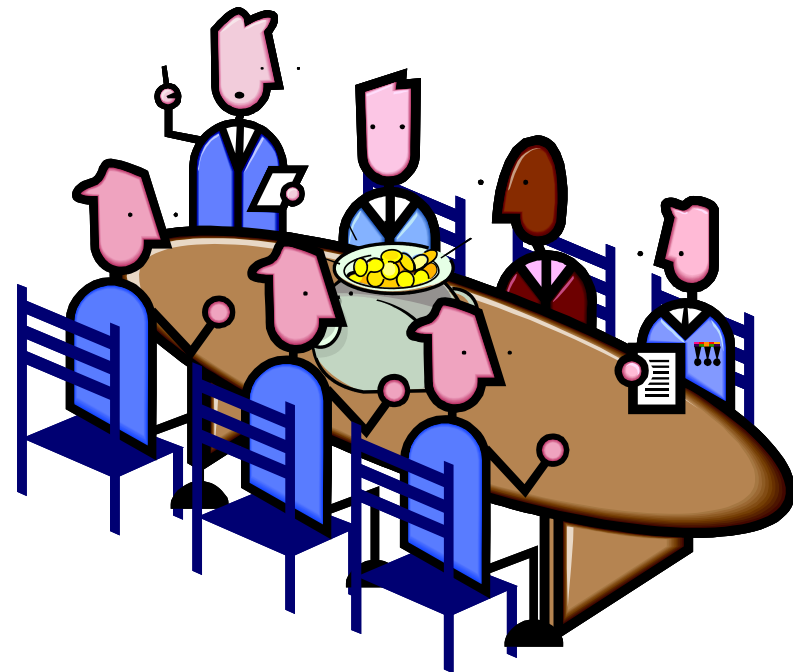
- **Strategy**
  - Which markets should we be investing in?
  - Which market segments have the most potential & align with our corporate strategy?
- **Projects**
  - Which projects should we allocate money to?
- **Products**
  - Which products in our portfolio should we invest in?
  - What new products are required?
- **Applications**
  - Which applications deliver the most value to the business?
- **Requirements**
  - Which are the most important requirements to include in our project?
- **Change Requests**
  - Which change requests should we be working on?

## How do you make decisions today?

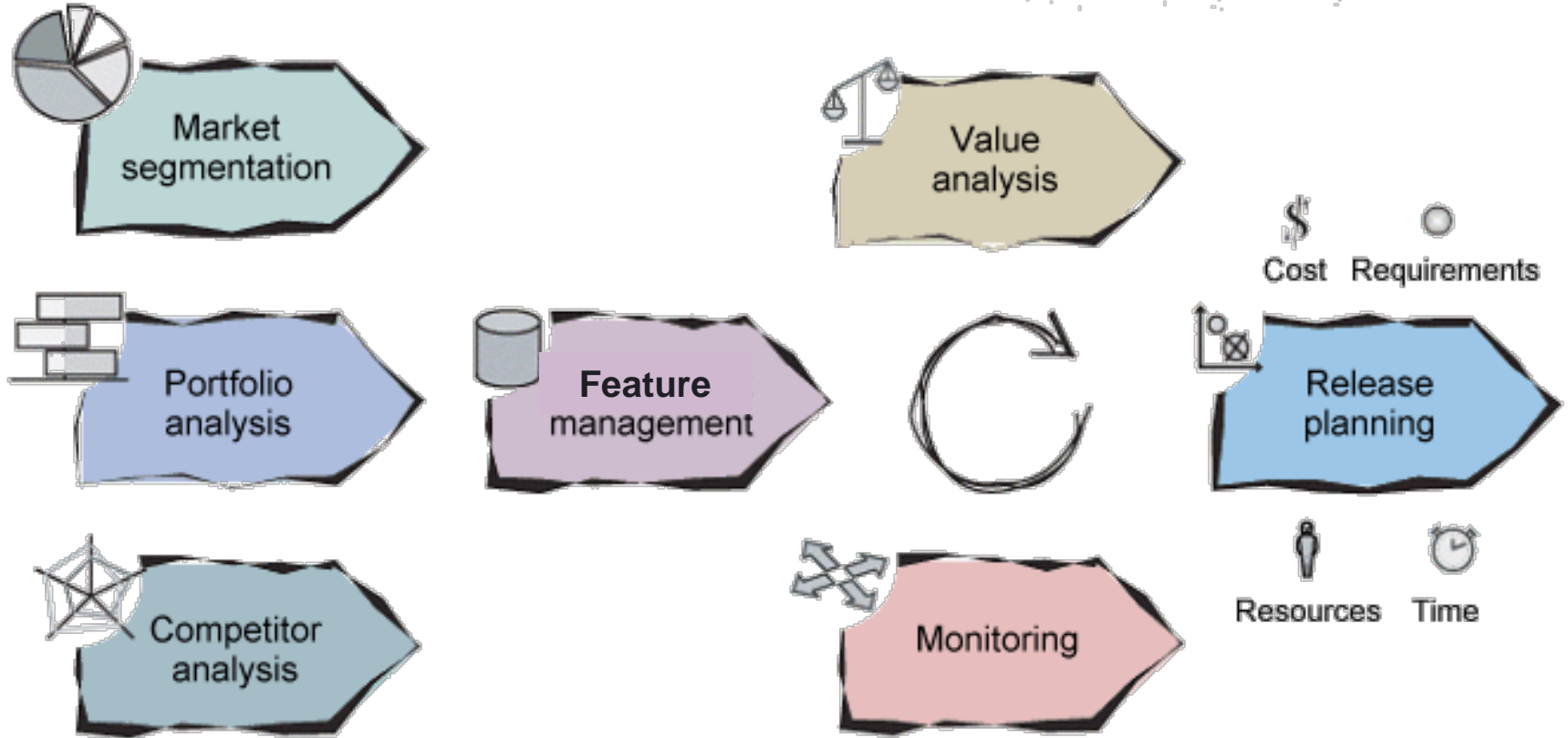
There are basically 2 approaches to decision making:

- ad-hoc, informal, intuitive reactions to immediate or relatively short term conditions – or,
- calculated, formal decisions based on on critical business issues such as market size, competitive landscape, time to market and customer value.

*What separates tomorrow's winners from losers is a superior decision-making capability that lets them navigate swiftly through features, release time, and resources to deliver surpassing customer value.*



# Focal Point – Decisions Through the Lifecycle



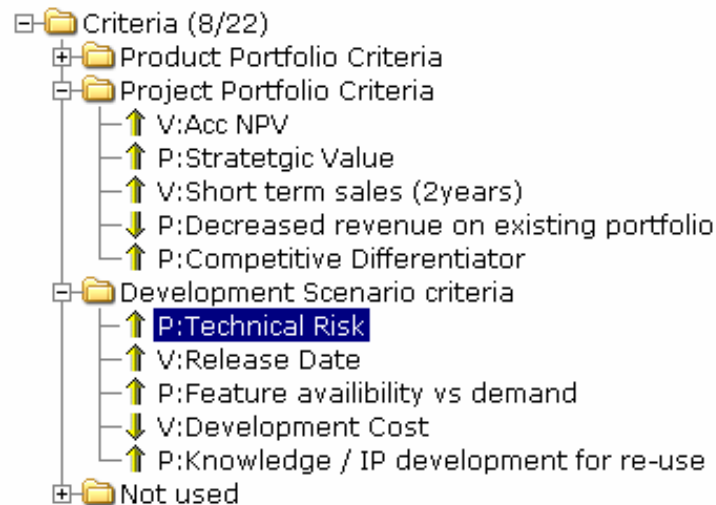
## We humans have limitations when it comes to decision-making

- **Humans are good at comparing two alternatives according to one criterion**
  - Which one is cheapest? The apple or the orange?
  - Which one is more nutritious?
  - Which one is simpler to peel?
  - Which one goes best with icecream?
- **But we have trouble dealing with all criteria at the same time**
  - Which one is best? Apple or orange?
- **And when we have more than two alternatives it gets worse**
  - Rank: Apple, banana, orange, carrot, pear, pine...
- **Not to mention if they have dependencies**
  - You can only get an apple if you have eaten your potatoes.
  - You can have a carrot even if you didn't eat your potatoes.
- **Or if there is more than one opinion**
  - We'll only serve one of the fruits/vegetables to all of you.





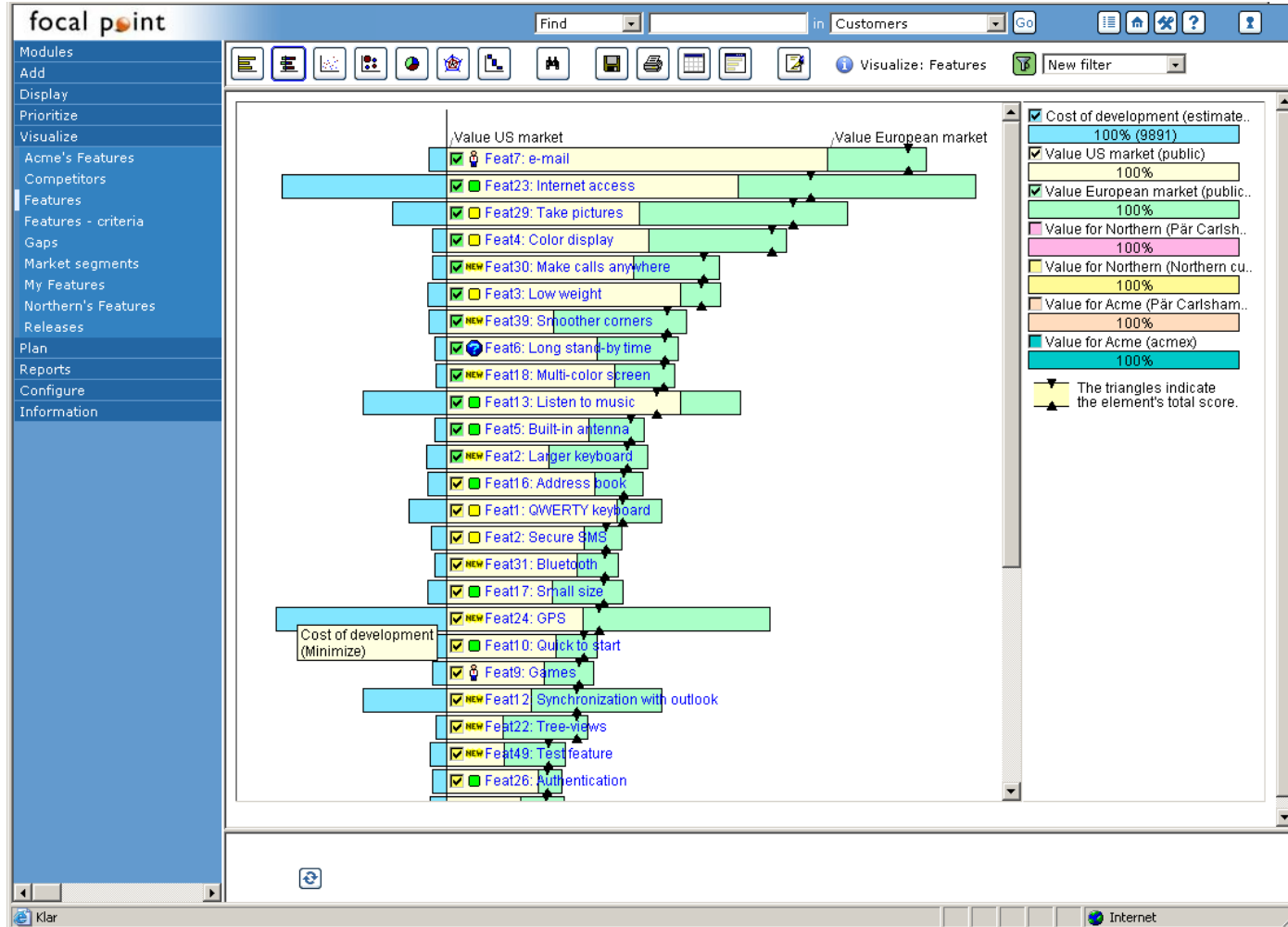
## Example of evaluation criteria



### Technical Risk

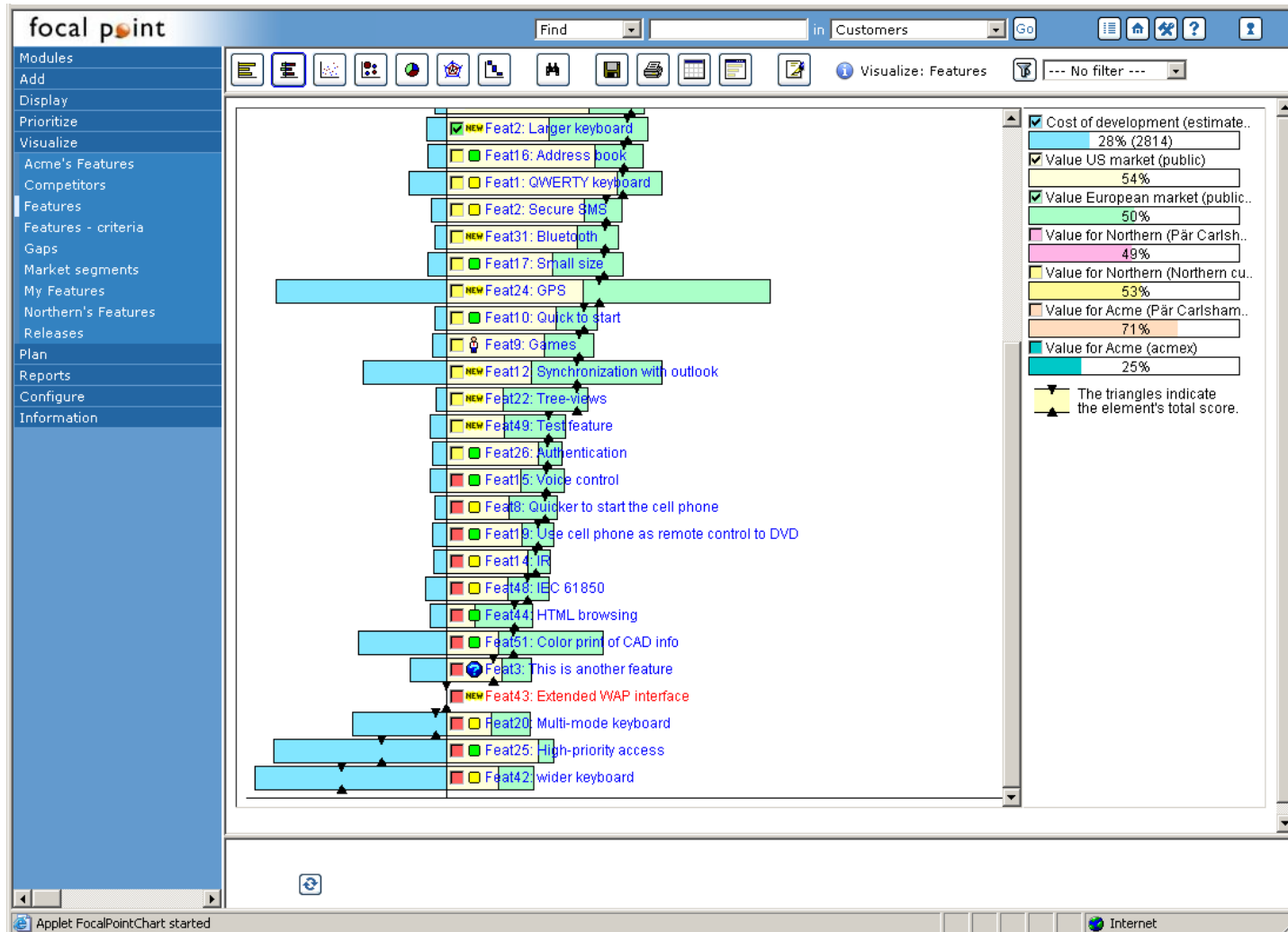
Prefix	P
Title	Technical Risk
Description	Probability of a successful launch of the pro quality, against specification, in time, agair expected price and cost).  Probability Technical Success (PTS) is dete three factors: - Cost price - Time to market - Technical Performance risk
<b>Mandatory Attributes</b>	
Objective	↑ Maximize
Question	Which Implementation proposal has higher technical success?
Estimate	-
Type	Public
Include	Yes

# The result: Bar charts





# Scenario analysis



# Advanced scenario analysis

The screenshot displays the 'focal point' software interface. The main window shows a feature analysis chart with two columns: 'Value US market' and 'Value European market'. Features are represented by horizontal bars of varying lengths and colors (green, blue, yellow). A legend on the right lists criteria with their respective values and percentages.

**Criteria Legend:**

- Cost of development (estimate..): 29% (2884)
- Value US market (public): 56%
- Value European market (public..): 53%
- Value for Northern (Pär Carlsh..): 55%
- Value for Northern (Northern cu..): 70%
- Value for Acme (Pär Carlsham..): 71%
- Value for Acme (acmex): 25%

**Criteria Scenarios Dialog:**

Drag the scrollers to change the criteria priorities

Lock	Criteria	Value
<input type="checkbox"/>	Value US market (public)	23%
<input type="checkbox"/>	Value European market (public)	47%
<input checked="" type="checkbox"/>	Cost of development	16%
<input checked="" type="checkbox"/>	Value for Northern (Pär Carlshamre)	3%
<input checked="" type="checkbox"/>	Value for Northern (Northern custom)	3%
<input checked="" type="checkbox"/>	Value for Acme (Pär Carlshamre)	4%
<input checked="" type="checkbox"/>	Value for Acme (acmex)	4%

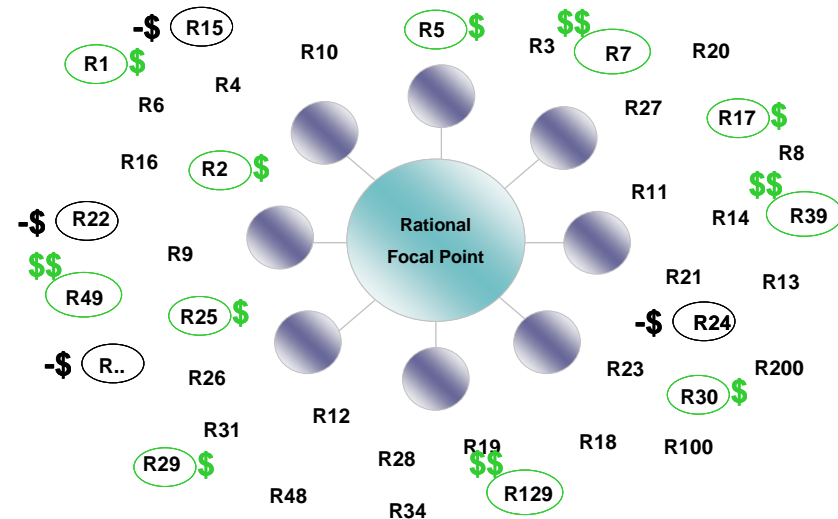
Back Go back to the original priorities

The criteria scenarios are not stored on the database. When the Visualize frame is closed, the data is lost.

Java Applet Window

# Value Driven Development

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# Questions



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