Integrating Strategic Planning with Portfolio Management

Michael Tulaney & Craig Bangham, Sopheon

September 28 from 10-11 a.m. EST

masterclass |

INNOVATION LEADER & SOPHEON

	>75% Increase in Portfolio Value	50% Increase in Product Success		250+ IMPLEMENTATIONS WORLDWIDE	Double-Digit YoY Growth	BLUE CHIP CUSTOMER BASE
15-30% TIME TO MARKET REDUCTIONS	>10% Cost Reduction			15 _{YR} Domain Expertise	GLOBAL FOOTPRINT	ACCOLADE EXPRESS BEST PRACTICE ACCELERATORS
	ISO 27001 AND SKYHIGH CERTIFICATIONS	50+ Gartner/ Forrester Reports		Connecting Strategy to Execution		21 Best Practice TEMPLATES
Stage-Gate Ready	Top 10 Microsoft Solution Provider	CGT "BEST IN CATEGORY" NPDI SOLUTION	Best-In-Class Software & Consulting Services	FASTER, BETTER DECISIONS		Delivered: On-Premise Cloud SaaS

What We'll Cover Today



How best to align new product investments with the corporate strategy...



The challenge we see



What you experience in your organisation

Lessons learned from our experiences



Why Aligning Portfolio with Strategy Matters



- Only 13% of companies successfully execute their strategy ⁽²⁾
- Strategies are defined but not translated into action
- Quickly out-of-date due to constant market changes



- Only 56% of strategic initiatives are considered successful⁽³⁾
- 71% workforce not engaged, don't understand ⁽⁴⁾
- AOP is spreadsheet exercise, disconnected from strategy



Digitalization and **consumerization** are driving **urgency** to act



Sopheon Sopheon



¹ Yale School of Mg ² Daniel F. Prosser

© Copyright Sopheon plc. Sopheon Confidential

Average lifespan in

Average lifespan in

years of an S&P 500

Percent of S&P 500

will be replaced by

new firms by 2027⁽¹⁾

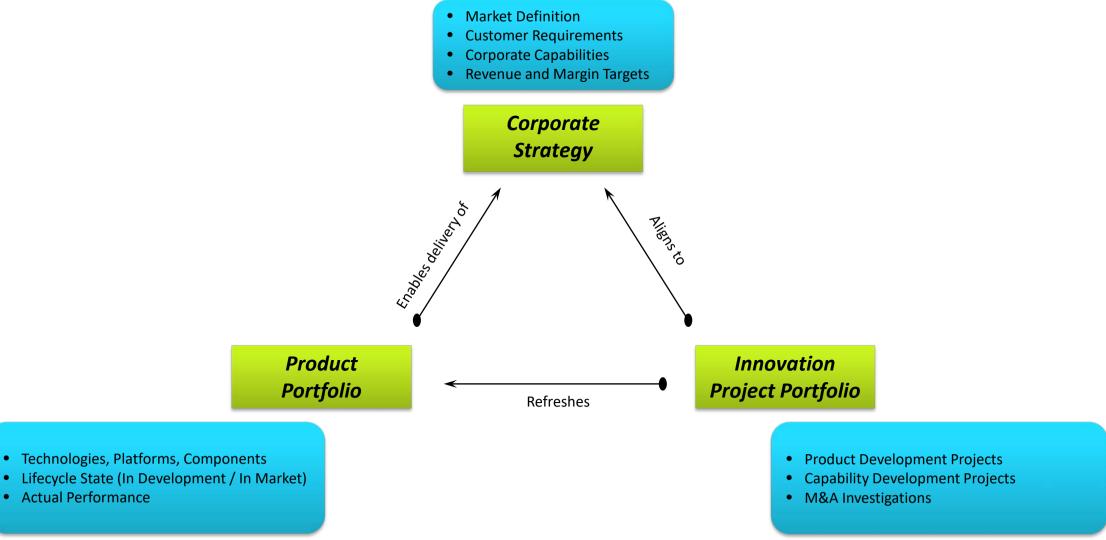
company today

vears of an S&P 500

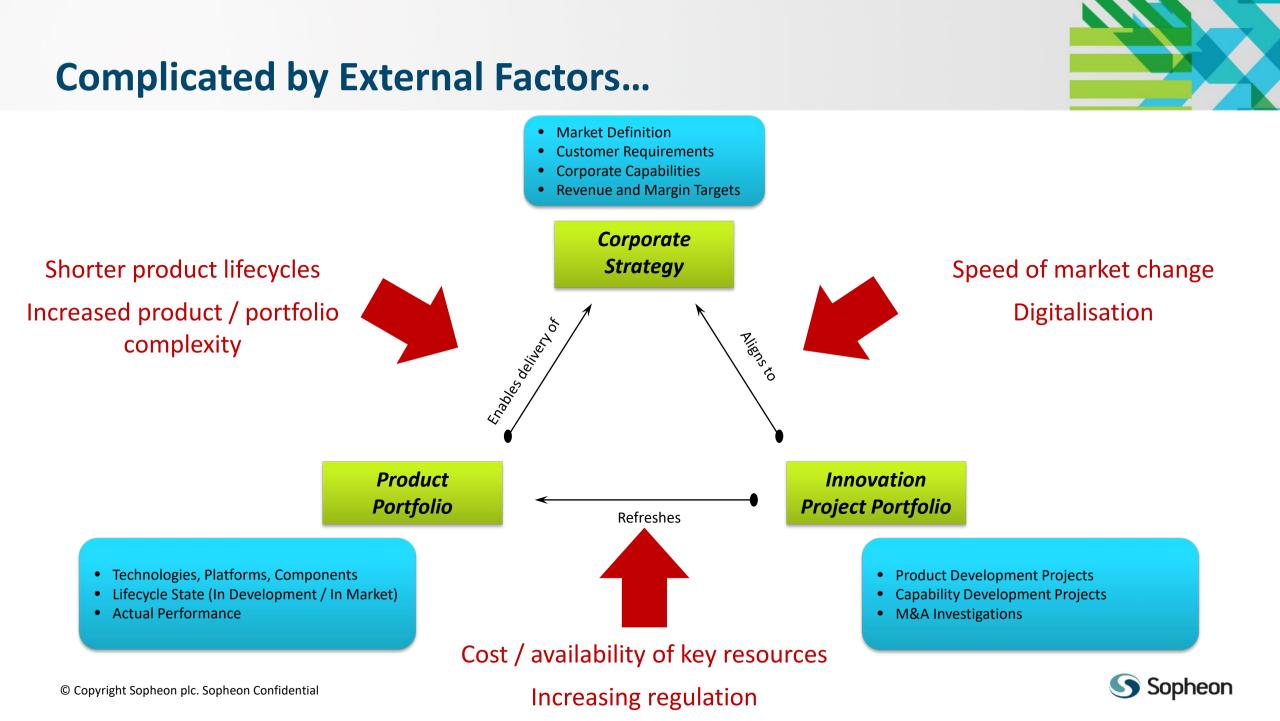
company in the 1920s

The Internal Landscape...









The Key: Integrated Portfolio Definition Market Definition **Customer Requirements** • Corporate Capabilities • • Revenue and Margin Targets **Corporate** Strategy Shorter product lifecycles Speed of market change Increased product / portfolio Digitalisation Enables olevier or higns to complexity Integrated Portfolio Definition **Product** Innovation Portfolio **Project Portfolio** Refreshes Technologies, Platforms, Components **Product Development Projects** • Lifecycle State (In Development / In Market) **Capability Development Projects** Actual Performance M&A Investigations ٠ Cost / availability of key resources

© Copyright Sopheon plc. Sopheon Confidential

Increasing regulation

🕥 Sopheon

Poll Question



What is your greatest challenge in aligning corporate strategy, product portfolio and project portfolio?

- Consistently evaluating solution alignment to strategy
- Getting accurate data on the current portfolios
- Consistent definition of strategy/portfolios company-wide
- Clarity over who makes which decisions
- Understanding the impact of decision options in advance



A Framework for Integration

•

•



Integrated Strategic Planning and Innovation Portfolio Management Integrated Portfolio Definition Process Governance • Structure / Hierarchy • Strategic Performance Targets • Ownership / Accountability • Performance-to-Target Analytics Decision Making Process Analysis and Optimization Product Decision Making • Financial Optimization • Scenario Planning Calendar Strategy Balance of Risk and Reward Investment Authority **NPI** Reporting • Requirements Resources • Shared Resource Reconciliation Competitive • Aggregate Benefits • Operating Budget Analysis • Aggregate Cost Capital Budget • Projected Cash Flow Over Time • Ramp-Up and Sunset Plans • Facility Bottlenecks • Multi-Horizon Value Status • Forecast Benefits • Pipeline Shape • Forecast Costs • Risk and Readiness • Forecast ROI • Dependencies

© Copyright Sopheon plc. Sopheon Confidential

9



Product and NPI Data Model



Product Strategy • Segmentation	 Analysis and Optimization Financial Optimization Balance of Risk and Reward 					
Requirements	NPI Rej	Resources				
 Competitive Analysis 	 Aggregate Benefits Aggregate Cost Projected Cash Flow Over 	 Operating Budget 				
 Ramp-Up and Sunset Plans 	Value	Status	 Capital Budget 			
 Multi-Horizon Roadmaps 	Forecast BenefitsForecast CostsForecast ROI	 Pipeline Shape Risk and Readiness Dependencies	Facility Bottlenecks			



Process Governance

Process Governance

- Decision Making Process
- Decision Making Calendar
- Investment Authority
- Shared Resource Reconciliation





Integrated Portfolio Definition



Integrated Portfolio Definition

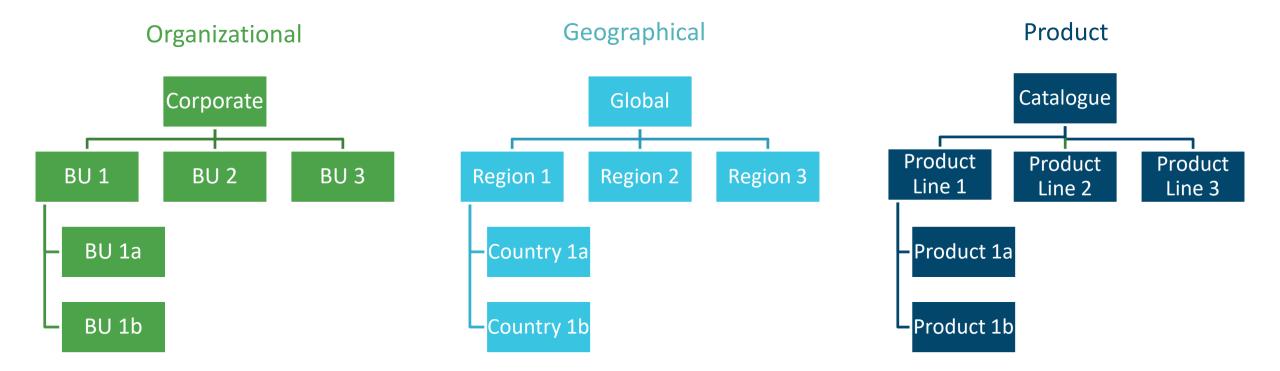
- Structure / Hierarchy
- Ownership / Accountability

- Strategic Performance Targets
- Performance-to-Target Analytics



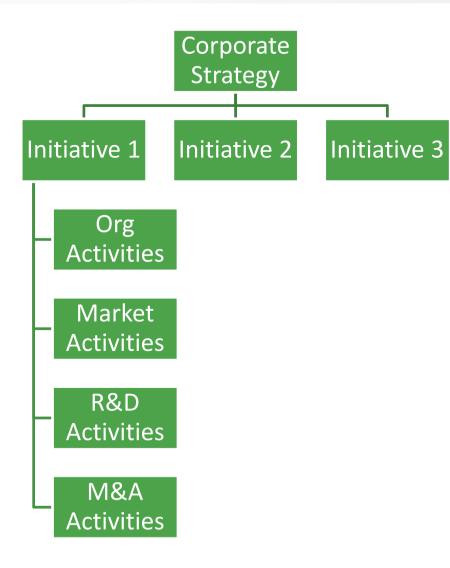
Examples of Classic Portfolio Hierarchies







A Stronger Link to Corporate Strategy May Be Strategic Initiative Portfolios



There is no single best portfolio definition, as long as it contains:

- 1. Structure / Hierarchy
- 2. Ownership / Accountability
- 3. Strategic Performance Targets
- 4. Performance-to-Target Analytics



Poll Question



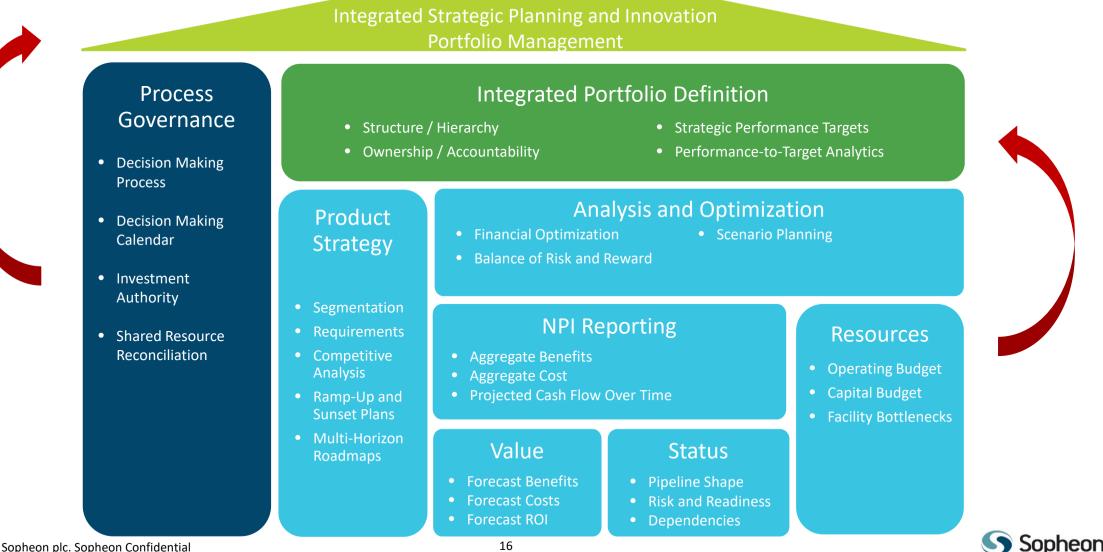
To what degree does your company align to this framework?

- No elements of framework
- Some elements of framework
- Similar framework but not leveraged effectively
- Similar framework used to drive critical decisions
- Similar framework fundamental to our corporate culture



Building the House: Stories from the Field





© Copyright Sopheon plc. Sopheon Confidential

16

Thank you for your attention Any questions?



Craig Bangham craig.bangham@sopheon.com



Mike Tulaney michael.tulaney@sopheon.com



Your Partner for Innovation Performance

© Copyright Sopheon plc. Sopheon Confidential

> What's next for Innovation Leader

Our next Master Class: Partnering with Startups to Drive Innovation Online, October 4 at 3 p.m. ET

Our next in-person event: Impact 2018, Innovation Leader's annual member conference that gathers 300+ innovation executives annually. Boston, October 16-18

For more information visit innovationleader.com

