

# **Product Portfolio Management**

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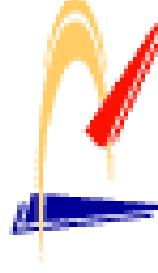
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# Personal Context

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# Introduction

How do you manage and prioritize between multiple projects?

- Highest revenue
- ROI
- Nearest term deliverables
- Strongest advocate
- Executive mandate
- Randomly
- Prioritize?

Product portfolio management balances funding and resources for projects to achieve the business's near and long term objectives

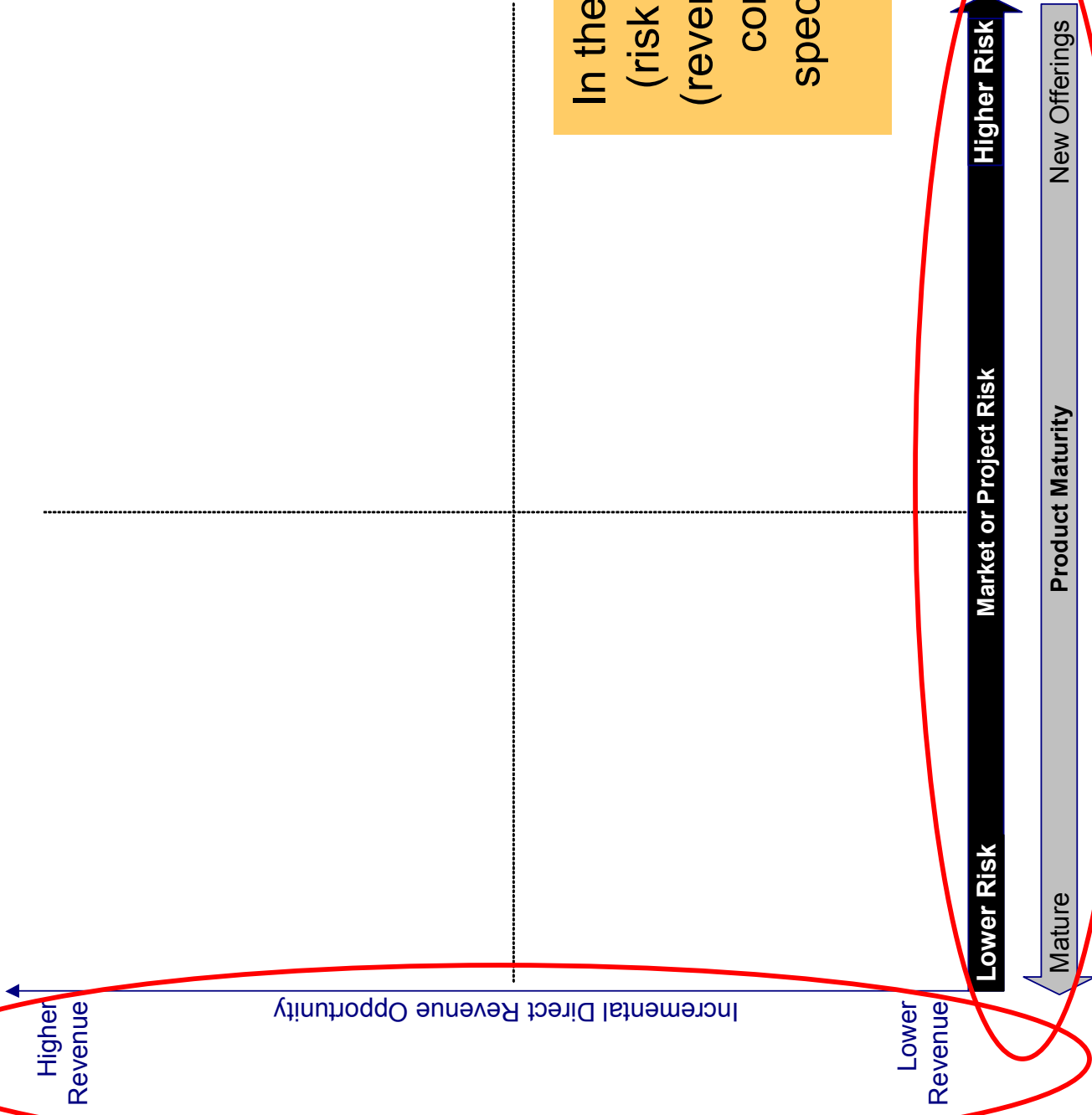
# What is a product portfolio?

- An approach and a visualization
  1. Assess and represent product attributes
  2. More objectively and effectively balance products/project investment
  3. Against both short and long term business needs

# One model

- Need to balance current investments:
  - Near and longer term product deliverables
  - Risk – revenue, market, and development

# Portfolio Template



In the portfolio, the X-axis (risk or other) and Y-axis (revenue or profitability or contribution) should be specific to your business needs.

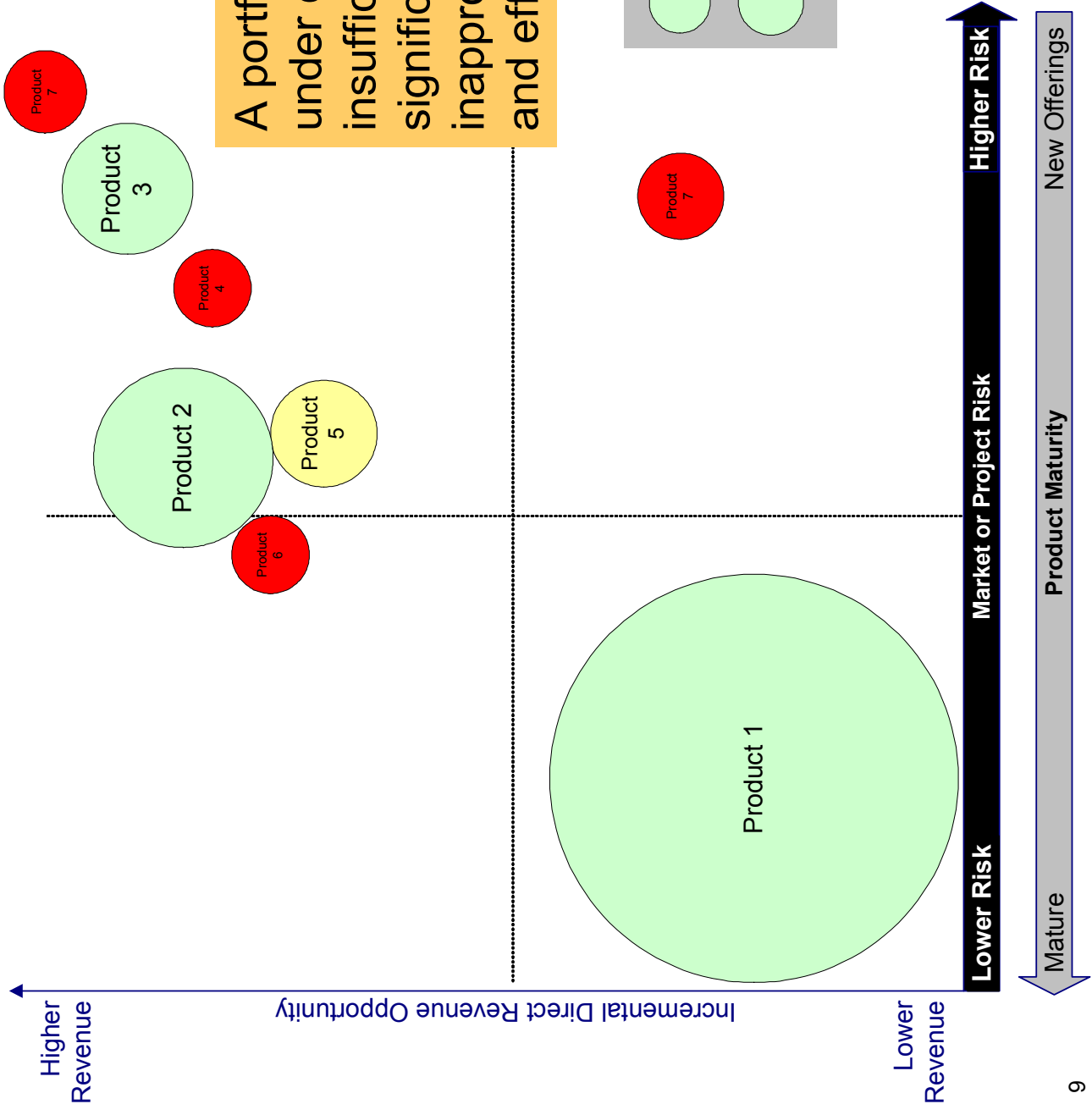
# Attributes for Risk (x)

Product	Project Risk			Market Risk			Total Risk Value
	Time to Market (1, 3, 5)	Dependence on new technology (1, 3, 5)	Potential partner solution available (1, 3, 5)	Current competition in market (1, 3, 5)	Risk of low market adoption (1, 3, 5)		
A	1	3	5	3	5	17	
B	3	1	3	3	1	11	
C	5	1	1	3	3	13	
D	3	5	3	1	3	15	
E	3	5	5	1	1	15	
F	5	3	3	5	3	19	

# Attributes for Risk (x)

Product	Time to Market (<1yr, 1-2yrs, 2+ yrs)	Need for new subject matter expertise (L, M, H)	Infrastructure + other changes required (L, M, H)	Market Risk - Competitive threat	Overall Risk Level (L, M, H)
A	1yr	L	H	L	M
B	2yr	L	L	L	L
C	1yr	M	M	M	M
D	2yr	M	M	M	M
E	3yr	H	L	M	M
F	1yr	H	M	H	H

# Portfolio Representation

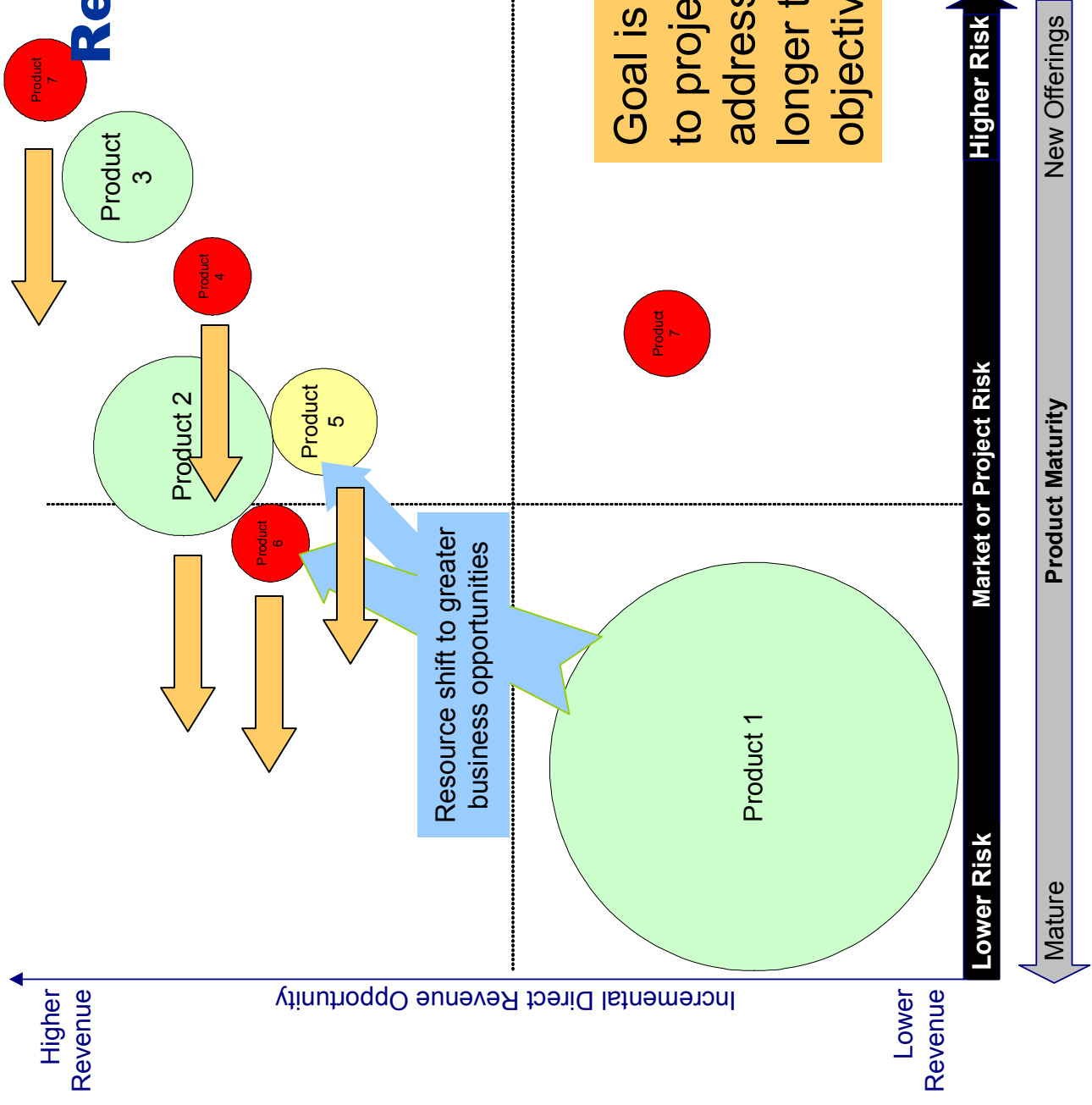


A portfolio with many projects under consideration, many insufficiently staffed leads to a significant amount of inappropriately directed cost and effort.

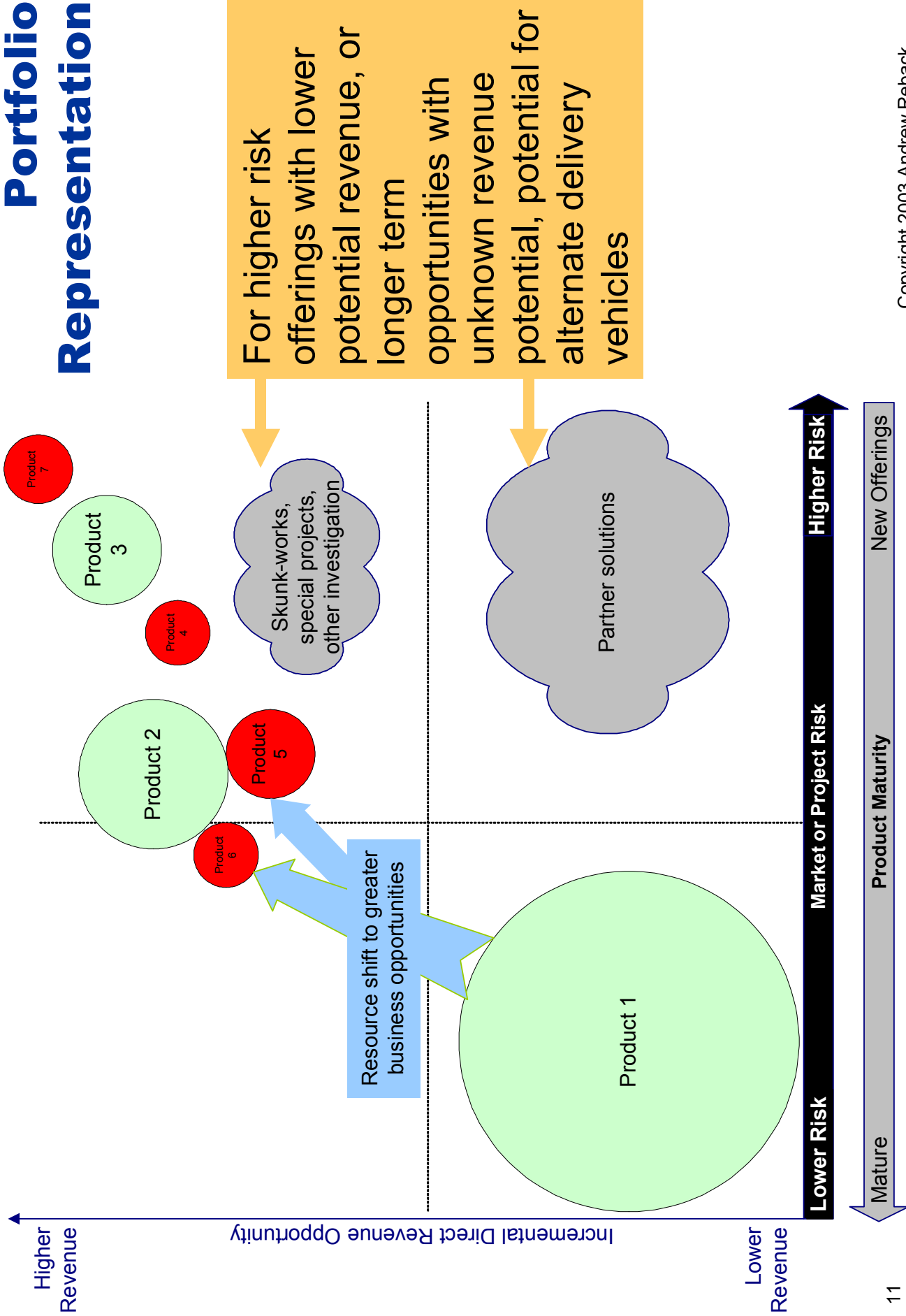
Circle size = approximate allocated resources.  $0.25 \text{ "sq" = } x \text{ PD resources}$

Green = fully staffed  
Yellow = understaffed  
Red = not staffed

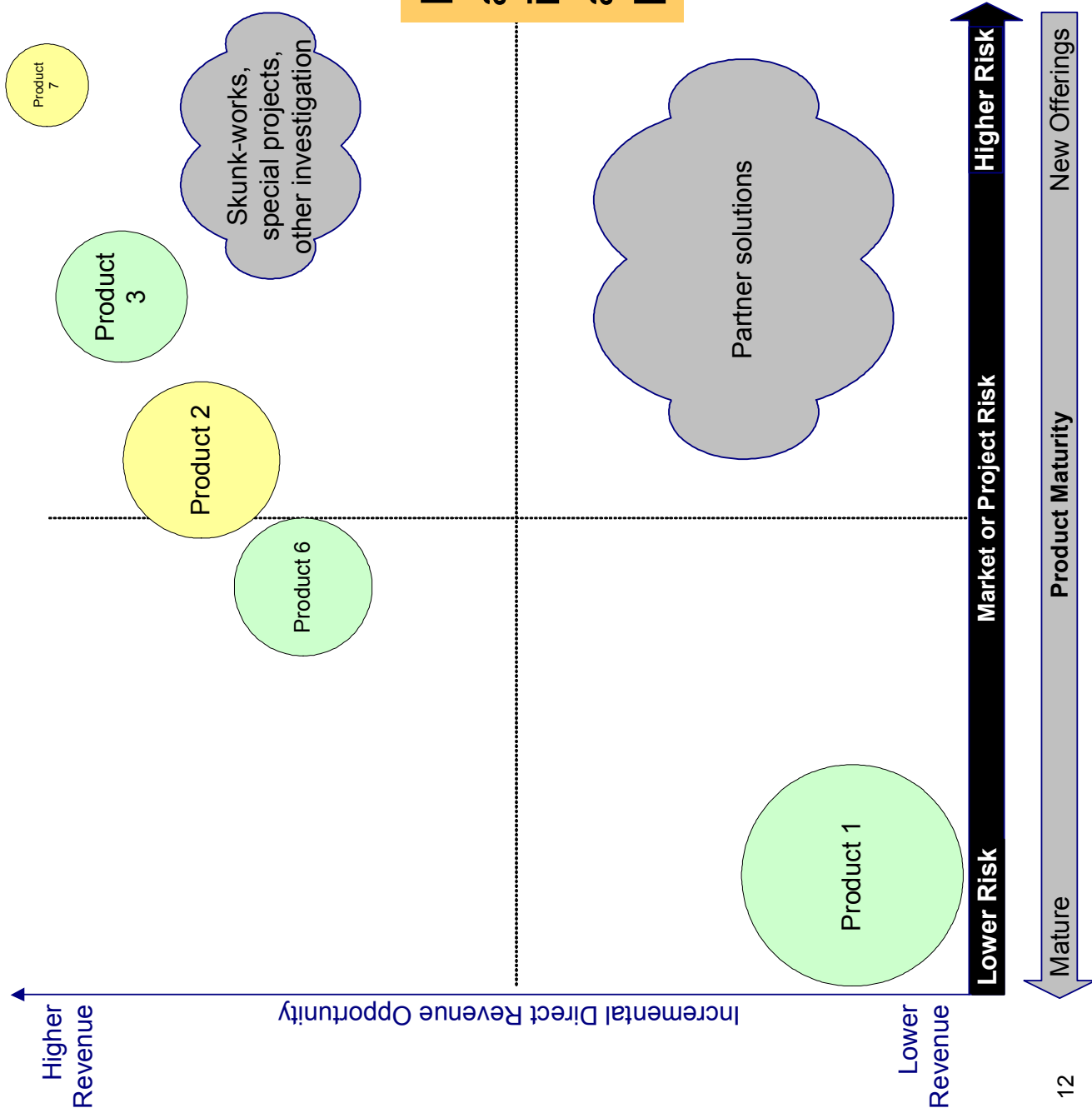
# Portfolio Representation



# Portfolio Representation



# A Balanced Portfolio



Funding and resource allocation should be inline with both short and longer term business objectives.

## 6 Easy Pieces

1. Define key product/project attributes reflective of business requirements
2. Define metrics (qualitative or quantitative) for key product attributes
3. Consolidate metrics as appropriate to drive trade-off between x (risk is this model) and y (revenue in this case) attributes
4. With consideration for both near and long term business objectives, evaluate whether current funding is appropriate to execute against the defined objectives
5. Rebalance current and future funding based on business objectives and shifting product attributes
- 6 Re-evaluate funding decisions on periodic basis (semi-annually, annually)

# What it is not

- The answer to all PM problems
- Still need
  - Smart people
  - To define appropriate attributes
  - To decide specific investments
  - To define execute

Like any tool, product portfolio management requires good inputs, intelligent application, and valid outputs to be useful.

# Future Opportunities

- Long-term financial assessment
  - Success metrics and performance against expectations
- More rigid risk assessment + ongoing risk re-evaluation

# Why use portfolio management?

- Benefits
- Risks of not using a portfolio approach

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