

Portfolio Navigator® FAQ

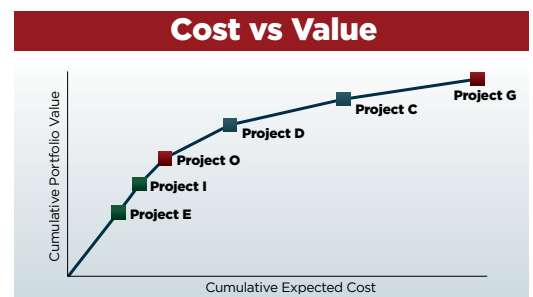
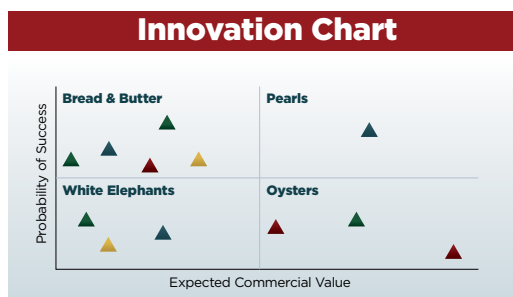
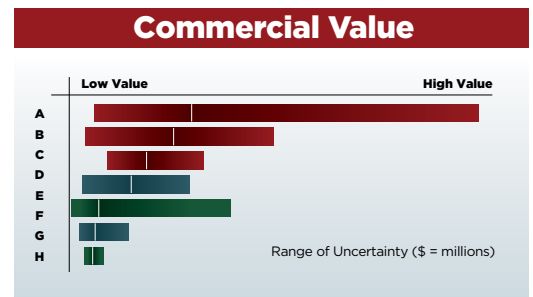
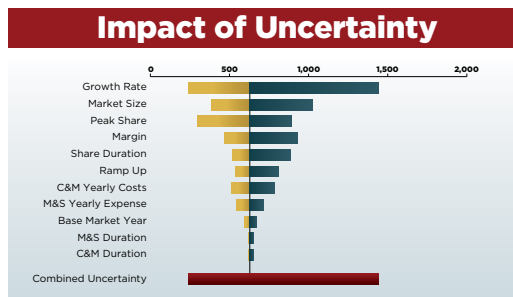
What is Portfolio Navigator?

Portfolio Navigator web-based software supports the economic and risk/uncertainty evaluation and management of investments in R&D, product development, innovation and capital investment projects and project portfolios. [Download](#) the Portfolio Navigator product sheet.

Portfolio Navigator can be hosted, installed on company servers as a stand-alone solution, or integrated with project/portfolio management software. [Download](#) the PPM Optimization Workbench product sheet.

Portfolio Navigator supports “value-based management” decisions — what is value-based management?

Value-based management, as it relates to investments in R&D, NPD and other strategic business opportunities, is based on the principle that a company’s decision making needs to focus on creating economic value (EV). The best measure of EV is “expected Net Present Value (ENPV).” ENPV is net present value weighted for the impact of risk and uncertainty on the key factors that drive value.



Who uses Portfolio Navigator?

The software is used to support decision making at various levels and roles.

Portfolio Managers

- Balance risk/reward to optimize returns
- Identify projects that are not improving (i.e., tracking value throughout development)
- Identify projects that need to be refocused or killed

Product Development Managers

- Select most valuable projects
- Identify key risk factors
- Allocate resources to concentrate on key value drivers
- Allocate resources based on value potential

Project Team Members

- Collaborate and participate in evaluation process; the web-based system can be accessed via a company intranet or over the internet (if firewall permits)
- Identify alternative paths for adding value
- Monitor forecast value vs. value delivered

Strategic Planning Managers

- Create and evaluate alternatives
- Develop and assess “what if” scenarios
- Assess impact of uncertainty

Marketing Executives

- Evaluate new product potential
- Identify critical commercial factors

Finance

- Monitor return on investment in R&D/NPD
- Evaluate capital investment alternatives
- Evaluate M&A candidates

General Management Executives (high-level summaries)

- Oversee management of investments in R&D/NPD/Innovation, capital investments and M&A

How does Portfolio Navigator differ from typical project/portfolio management software?

Most project/portfolio management software is used to manage projects and portfolios at the “operational” level; that is “doing projects right”. This includes such tools as budgets, resource management, stage and phase gate and other related tools. This software typically relies on check lists, various kinds of scoring rules, etc., to select projects for development and prioritization.

Portfolio Navigator adds value-based pre-defined analytics to support making choices based on expected economic value—“doing the right projects.” Decision analysis-based analytics help determine where to best invest capital and other resources to optimize the economic value of projects and portfolios. The software deals explicitly with risk and uncertainty and its impact on key factors that drive economic value.

How many users can Portfolio Navigator accommodate?

The number of users is unlimited.

How many projects can Portfolio Navigator accommodate?

An upper limit has not been reached in practice; one current client manages some 2500 to 3000 concepts (projects/items); 300 sub-portfolios and a master portfolio 24/7.

It is important to note that simple, “every day” projects seldom require the depth of economic analysis required by projects that involve high levels of investment and that have a major impact on revenues, costs and profits. Typically an 80/20 rule applies: that is if you have 500 projects, only 100 may require full economic analysis.

All economic evaluations may be stored for further evaluation and future reference within Portfolio Navigator and high-level results returned to PPM applications to guide project/portfolio-level management decisions.

Can Portfolio Navigator set up various levels of “permissions”, e.g., Read Only, Read/Write, Selected Views, etc.

Yes, this is configurable.

What level of IT support is required to bring up a new Portfolio Navigator installation?

Support is minimal, requiring installation on company servers, which usually takes less than one-half to one day.

- If Portfolio Navigator is hosted there is little or no IT involvement
- If Portfolio Navigator is to be integrated with PPM and other applications, assistance of a systems integrator is required.

Are hosted versions available?

Yes – via secure servers.

You make a big deal about uncertainty – why is this; don't people always have to make assumptions about forecasts and data?

Yes they do and these assumptions are frequently very subjective and amenable to politicization. We use a management science methodology called Decision Analysis, which deals explicitly with the impact of uncertainty on key factors. A primary benefit is that the business model structure is transparent to everyone involved in the decision process, including ranges around each value that identify the degree of uncertainty.

How does Portfolio Navigator handle “what if” scenarios or plans?

Users can develop any number of scenarios, alternatives or plans, saving versions that can be compared to each other on dozens of factors, e.g., NPV, probability of development success, cost, P&L, etc.

“Baselines” and “Datasets” enable comparison over time and of various versions. Datasets can be saved for future reference.

Does Portfolio Navigator support multiple levels within an organization?

Yes. An example would be concepts (projects or items) rolled into sub-portfolios and consolidated in a “master” portfolio.

The software can support various organizational levels, for instance department, group, division and corporate.

What industries typically benefit from “value-based management” and Portfolio Navigator software?

Portfolio Navigator is typically used by companies that develop, manufacture and market products and services and that have major investments in R&D, NPD, Innovation and other business opportunities.

The system has also supported portfolios of acquisition candidates for a company whose strategy is based on growth through M&A.

Portfolio Navigator is less useful where companies face little uncertainty, have short business/sales cycles, or are too small to justify an investment in enterprise-level software.

Portfolio Navigator improves forecasts

If you are dealing with the future, there is no such thing as an “accurate” forecast since the future by its very nature is unpredictable. This is why it is important to deal with the risks and uncertainties that are inherent in any business model or forecast. Portfolio Navigator’s analytics help you develop defensible forecasts that provide a realistic appraisal of the impact of uncertainty on each forecast variable.

Does Portfolio Navigator need to integrate with other systems, e.g., ERP systems?

Portfolio Navigator does not need to physically integrate with other systems but it can be integrated with SAP ERP, PLM and other applications.

How is Portfolio Navigator priced?

Pricing includes:

- Consulting and professional services to develop evaluation templates, configure and install the system. These fees depend upon the complexity of the system and range from vanilla “out of the box” solutions to systems needing extensive modification to meet customer requirements.
- Software subscription fees are based on the maximum number of active projects in the system.

How long does a typical installation take?

It all depends.

- Standard systems and systems that require minimal modification can be implemented in 60 to 90 days
- If system requirements demand extensive modification of the software, installation time will by necessity take longer. Factors that influence this time:
 - Scope of requirements
 - Availability of customer staff

Do you provide training and consulting?

- We provide consulting services around innovation, NPD and R&D strategy
- We offer training at various levels, from executives to software users

Who supports this application after installation and go-live?

Portfolio Navigator is supported by SmartOrg.

Has Portfolio Navigator been certified?

Portfolio Navigator has been evaluated against other project/portfolio management products and has been certified by the Technology Evaluation Centers, an independent organization specializing in enterprise software. SAP has certified an integration of Portfolio Navigator with SAP Project/Portfolio management software. [Download](#) the report.



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