

Opportunity Assessment

November 1, 2005

Opportunity Assessment Goals and Drivers

Goals

Provide a tool that...

- *Supports the assignment of an importance, size, or value to an opportunity*
- *Supports evaluation of the opportunity's risk*
- *Evaluates opportunities in a consistent way that allows opportunities to be compared relative to each other and enables portfolio management*

Constraints

- *The information used for the assessment is high-level and largely unsubstantiated at early milestones*
- *Details are developed and substantiated as the opportunity moves through later milestones*
- *The framework must support an assessment at each stage of the opportunity development whereby the level of precision calculated by the tool is not greater than the level of accuracy of the underlying information*

Opportunity Assessment Goals and Drivers

Continued

Additional Criteria

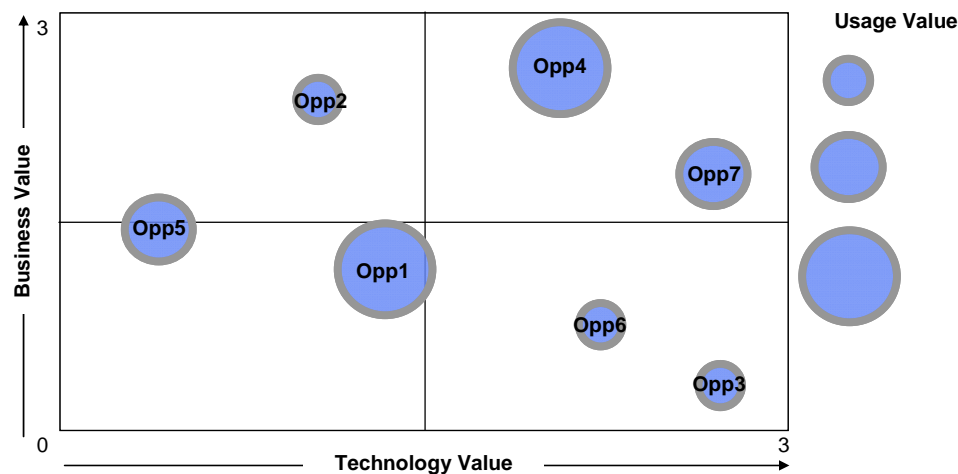
The tool should:

- ***Be fairly straightforward and easy-to-use***
- ***Ensure that the analytical thinking, assumptions, and supporting evidence behind any kind of calculated value is not buried in details where those assumptions cannot be easily examined and questioned***

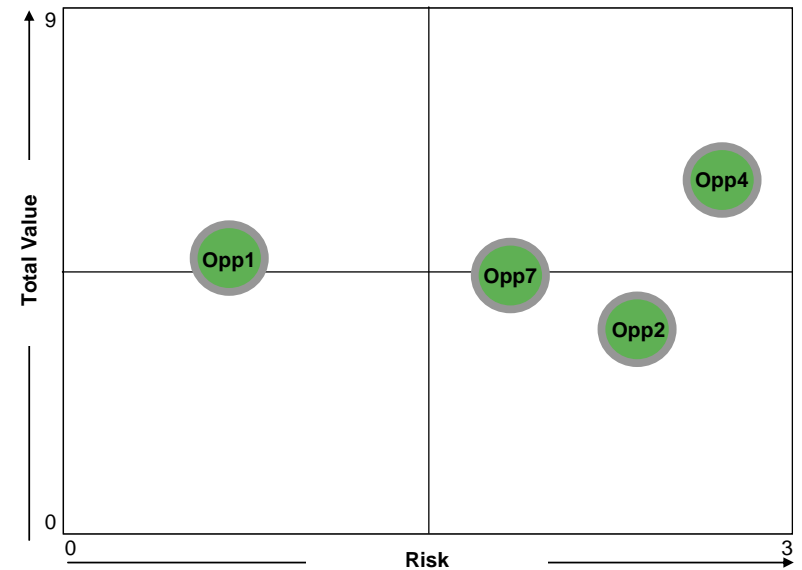
Opportunity assessment tool

Opportunities assessed along usage, business, and technology dimensions at appropriate level based on maturity

- Goal: Assessment's precision is no greater than its level of accuracy



Plot of value along business, usage, technology dimensions for a set of opportunities



Plot of total value (B+U+T) versus risk for a set of opportunities

- Initial gates: High-level, qualitative, less substantiating evidence
- Later gates: Details flushed out, assumptions proved/disproved with research, more quantifiable
- Key assumptions and supporting data visibly documented and provided for discussion – decisions not solely via calculated numbers
- Gaps in supporting data clearly called out and used to drive research plan for next stage to confirm/disprove assumptions
- Assessed value and risk used together *with supporting data and judgment* to identify opportunities with the highest value for

Opportunity assessment tool dimensions

Business

- **Financial impact** (e.g., Payback period, ROI, NPV, profitability)
- **Market Impact** (e.g., TAM, MSS, SOW, ASP; strength of demand, immediacy of opportunity; potential to grow or cannibalize existing markets, enable new markets, grow ecosystem network in emerging markets)
- **Value chain** viability and impact
- **Brand** impact: E.g., Support for corporate/EIB brand strategies and images; basis if any for new EIB, potential to promote <company> as a market leader/innovator, etc.
- **Risk mitigation**: Potential undesirable consequences to not pursuing
- **Strategic alignment**: Degree of alignment with BU, corporate strategies
- **Sustainable competitive advantage**: Barriers to entry (replacements, complements, substitutes, competitors); degree of “head-start” by <company> or competitors, new standards needed, etc.
- **Potential for re-use**: Leveragability to other geos, markets, target users; re-use of technology; leveragability of usage model innovation, re-use of existing or creation of new reusable capabilities and assets; leveragability to other platform groups, etc.

Usage

- **Need**: Degree of un-met, important need; extent to which target users recognize need; evidence of sustainable need versus fad; strength of value proposition and degree to which it is easily communicable; ethnographic, demographic issues, trends that would be addressed
- **Impact**: expected impact to user productivity and/or satisfaction; extent to which a solution may improve user well-being, development, growth
- **Attractiveness**: Attractiveness from a cost perspective: affordability, ROI, etc.; Kano model values: expected/desired/exciting; Uniqueness, appeal, mainstream potential, willingness (and ability) to pay
- **Barriers to user acceptance/adoption**: degree of behavior change required; complexity of usability issues anticipated, learning/training required, etc.

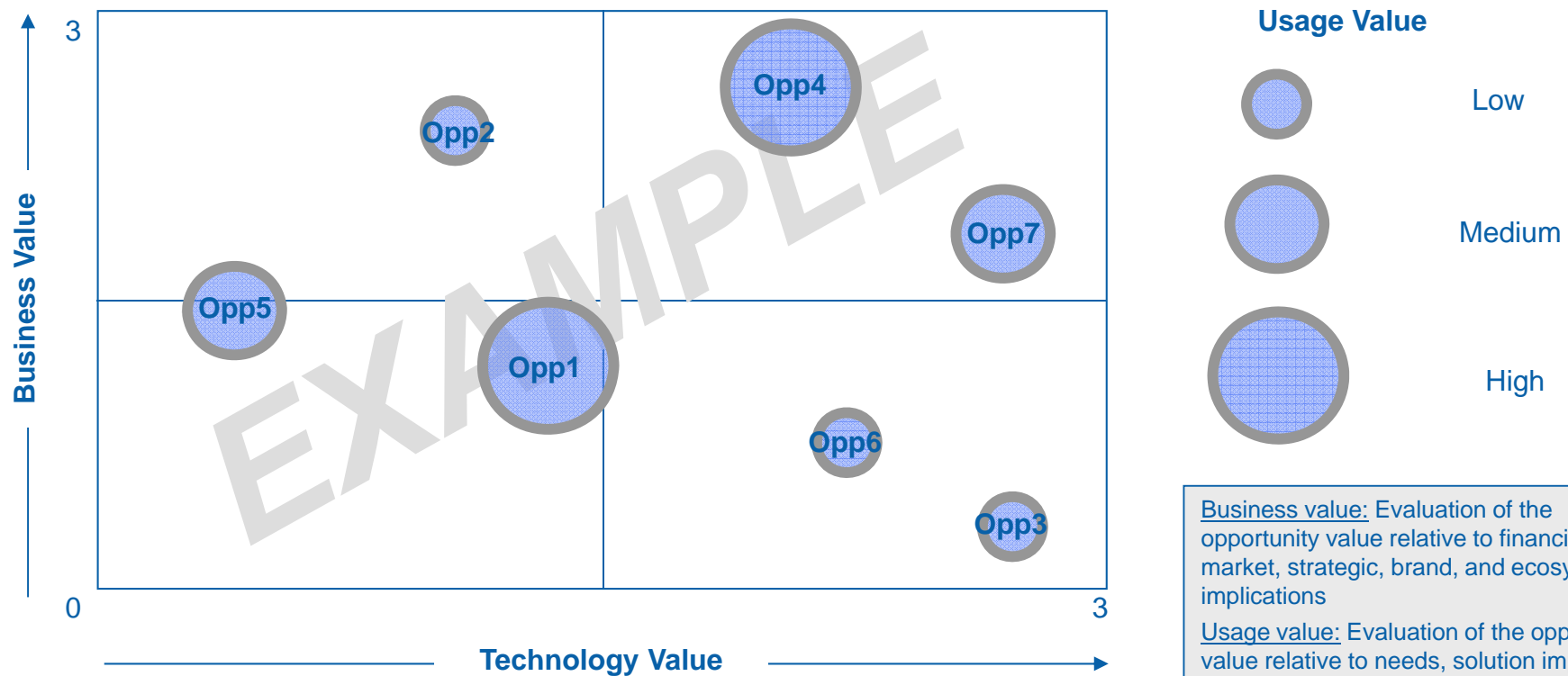
Technology

- **Capability fit**: Ability to leverage current capabilities (mfg, engr, ingredients, platforms, etc.)
- **Investment**: Level of investment required, confidence of delivering technology at required price points, etc.
- **Fit** with existing **architectures** and **roadmaps**
- **Future impact**: Development of new capabilities likely to be reused or foundation for future technologies
- **Alignment with industry milestones** (e.g., OS releases)
- **Technology readiness**: Degree to which needed technology exists, maturity, quality level, etc.
- **Confidence** of successful execution, schedule predictability, risk

Opportunity assessment – Report-out format

Data: Value Map of Opportunities

Instructions: Use the Excel spreadsheet tool to evaluate the opportunity at the appropriate milestone gate. Plot the pilot result(s) on the graph below. Value scores range from 0-3.



Business value: Evaluation of the opportunity value relative to financial, market, strategic, brand, and ecosystem implications

Usage value: Evaluation of the opportunity value relative to needs, solution impact, appeal, usability, value proposition, adoption curve, etc.

Technology value: Evaluation of the opportunity value relative to capability fit, investment, technology roadmap alignment, etc.

Data: Opportunity Value versus Risk

Instructions: Sum the value scores for business, technology, and usage (results in a range from 0-9). Plot the total value score against the risk score (0-3).



Total Value =
Business Value +
Usage Value +
Technology Value

Assumptions

Instructions: Document the key assumptions made in evaluating the opportunity or opportunities, including assumptions about business (market, financial, ecosystem, strategy dimensions), usage, or technology. This information is useful to understand how the assessment was built out.

Substantiating Data

Instructions: Document data used in support of the conclusions and assumptions for the opportunity assessment, including VOC research, ethnographic research, interviews, competitive analysis, proof-of-concept testing, etc. This information is helpful to understanding the maturity of the opportunity assessment and further information that may be needed