

# Product Investment Framework

**DRAFT-Audience Participation to be added**

**By Eric Zoetmulder**

# Goal

Offer a simple framework & process for planning product roadmap options & development capacity allocation

# Product Investment Framework



<b>Growth</b>	Satisfaction
Tech Refresh	Regulatory

Definition:

Investment that allows the company to grow the Serviceable Addressable Market

Examples:

- New product
- New add-on module
- New vertical / sub-vertical
- New geography
- New segment large/medium/small
- Higher Price

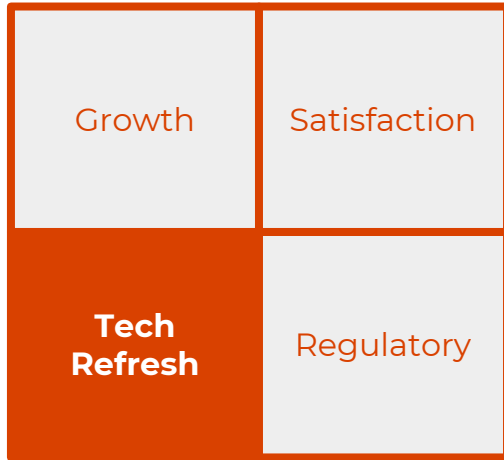


Definition:

Investment that allows the company to retain happy customers, maintain momentum, OR win more customers in the same SAM faster

Examples:

- Bug fixes
- New report
- Same screen with less clicks
- A feature request needed to sell a deal
- New module that is included in current pricing and targets existing SAM

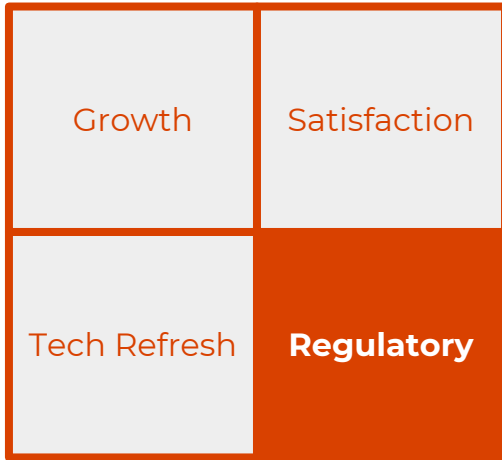


Definition:

Investment to ensure long term viability & performance of the technology and delivery capabilities

Examples:

- Performance enhancements
- Upgrades to new development tools
- Structural UI refresh
- Move to cloud or multi tenancy



Definition:

Investment to ensure legal compliance to local and federal regulations

Examples:

- HIPAA / GDPR Privacy compliance
- FedRamp / SSEA-16-SOC Compliance for Data Centers
- ADA / 508 Disabilities Compliance
- PCI Credit Card Compliance

# Ownership By Investment Type

**Growth** → PM/Strategy function collaborates across departments and makes the business case. Leadership evaluates on a periodic basis when capacity frees up - Every 3-4 months as part of general planning and larger roadmap cycles

**Satisfaction** → PM collects long list of development needs and collaborates across business to solution, prioritize and size. See Rocks/Pebbles Processes for deeper discussion on capacity allocation & set-asides

**Tech Refresh** → Development creates list of needs and delivers results - Release as needed following normal release schedules. Recommend a default capacity allocation.

**Regulatory** → PM makes business case, evaluate on periodic basis when capacity frees up - Every 3-4 months



# Typical Capacity Allocation

## Start Ups \$0-\$1M

**Growth** → No investment. You need to focus on proving your original SAM value proposition

**Satisfaction** → Allocate all capacity to win most of the time and have high NPS Scores (100% of capacity)

**Tech Refresh** → Invest in modern, long term viable toolset. Toolset is part of the start up costs

**Regulatory** → Treat as Growth projects: do them if needed to conquer a market

## Second Stage \$1-\$10M

**Growth** → Target more of your capacity to test new growth opportunities beyond original SAM (~35% of capacity)

**Satisfaction** → Allocate most capacity to win in core markets and have high NPS scores. Most growth will come from original proven value proposition for the current market (~55%)

**Tech Refresh** → Allocate timeboxed capacity to refresh continuously. Better earlier small investments vs later large changes (~10% of capacity)

**Regulatory** → Treat as Growth projects: do them if needed to conquer a market

## Road to \$100M

**Growth** → Unless growth is can come from core market, target most of your capacity to new opportunities ( ~50% of development capacity)

**Satisfaction** → Allocate timeboxed capacity to keep winning most of the time and have high NPS Scores (~20-30%)

**Tech Refresh** → Allocate **more** timeboxed capacity to refresh continuously. Take capacity out of Growth if needed for larger investments (~10-20%)

**Regulatory** → Treat as Growth projects: do them if needed to conquer or stay in a market

# Strategic & Tactical Projects



# Size Matters

**Time**  
**Life**

**Priorities**  
**Important**

**Urgencies**  
**Small Tasks**

**Distractions**  
**Leisure**

**Strategic**  
**Rocks**  
**Process**

**Tactical**  
**Pebbles**  
**Process**

**No**  
**Process**  
**Ignore**

# Rocks

- Large projects are possible in all 4 categories
- Creating a periodic meeting to evaluate, decide and assign capacity is critical skill for the company
- Need time for 'enough' research & sizing
- Ownership of the 'business cases' needs to be clear
- Product leader is responsible for guiding the 'Rocks process' for the company, but not making all cases

# Pebbles

- Smaller requests and projects require faster decisions
- Client requests often overwhelm strategic projects
- Need to delegate decision making for prioritizations and solutions to the people closest to the customers and the solutions.
- Timeboxed capacity is typical strategy to set boundaries for what is possible and when pebbles become rocks.

# Rocks Meeting

- Goal: Present options and decide on next roadmap releases
- Owner: PM → Dev to support solutioning/capacity/sizing
- Participant: leaders of all major functions
- Deciders: Exec team
- Tools: Business cases & periodic meeting
- Timing: Every 3-4 months
- Scope: All Growth & Large 'other' BCs
- Critical need: Time for 'enough' research & sizing

# Pebbles Meeting

- Goal: Prioritize next in line small feature requests
- Owner: 'Maintenance' PM or Dev manager
- Participants: Sales, Services, Support, Dev, PM
- Deciders: assigned representatives of above 4 groups, PM is tie breaker (typically not needed)
- Tools: 'Groomed' feature request list available to all
- Timing: Every 2 weeks (following maintenance releases)
- Scope: All pebble sized requests
- Critical need: Transparency of the list & ability to fast track urgent issues to execs for decision making

# Strategic Agility

Rocks Meeting:

- Affirm or adjust next 2 major releases
- Deliver Rocks every 2-3 months

If the current strategy works, the only to-do is to fill in the next release when capacity frees up

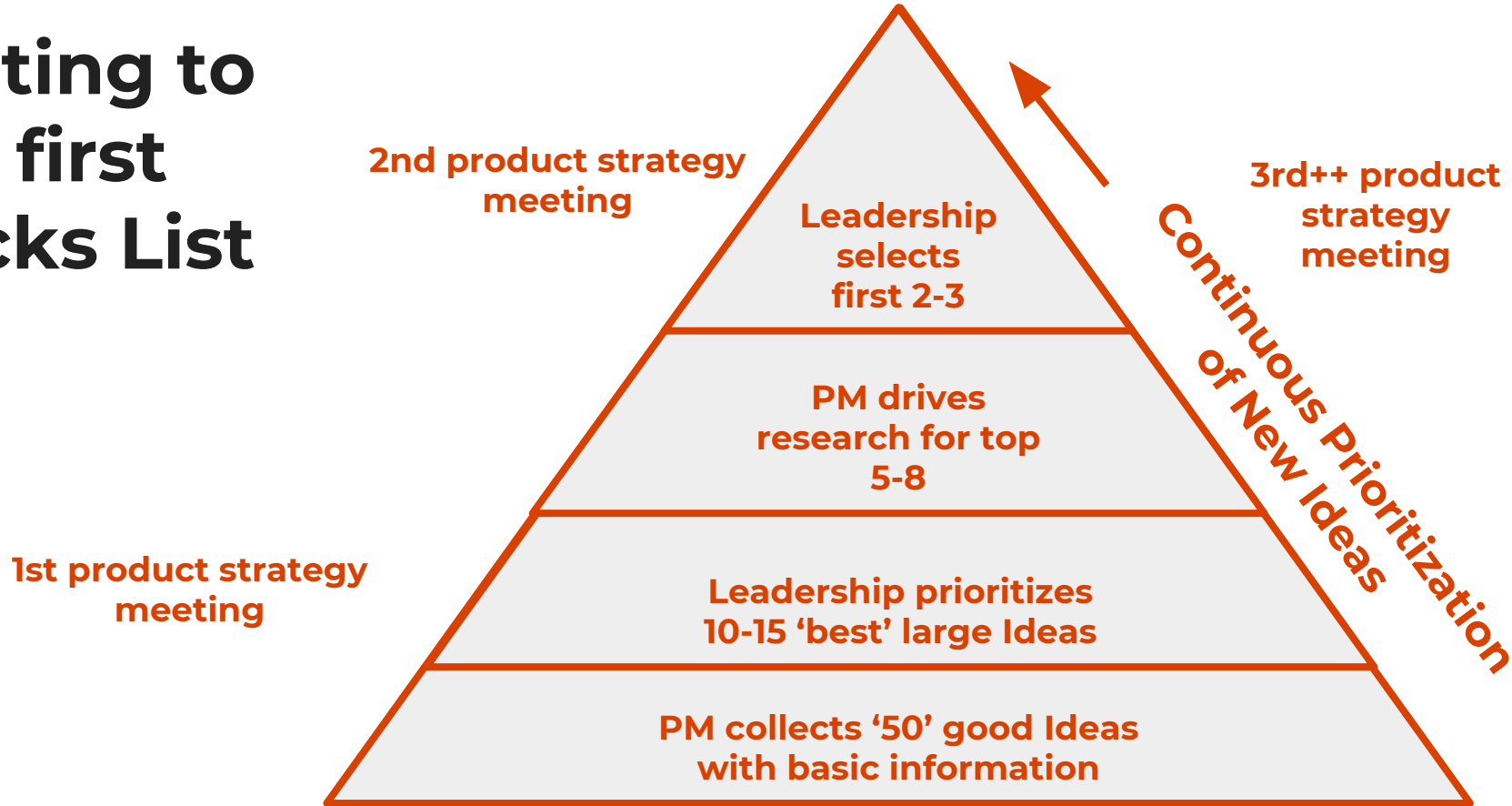


Pebbles Meeting:

- Decide next in line every 2 weeks
- Release Pebbles every 2 weeks

There will never be enough capacity in a growing company. Experience from the delivery teams will inform the strategy adjustments and investment changes

# Getting to the first Rocks List



# Templates

## Idea/Proposal - 1 page

1. Market Opportunity + Rev. Estimate
2. Market Problem and how to solve
3. Distinctive Competence (why us?)
4. Technology Assessment / Costs
5. Competitive Landscape & Market Research (using existing KX)

### Goals:

- Aim for \$5M+ revenue impact ideas
- Spend 2 hours per idea to prep
- Use existing knowledge

## Business Case - 2 page + financial model

1. Same as Idea/Proposal
2. Add research and analysis to back up revenue and costs estimates
3. Add go-to-market costs and timing
4. If needed, do a test/trial for early validation

### Goals:

- Highest priority ideas only
- Assign 1 or 2 per PM and commit Development architect sizing time
- Expect a few months per case to learn enough to support business decisions

# Product Investment Framework

Feb 2019



## Contact Information:

Eric Zoetmulder

[ez@sixfiveconsulting.com](mailto:ez@sixfiveconsulting.com)

919-6062585

[www.sixfiveconsulting.com](http://www.sixfiveconsulting.com)

---