

## TIM 105/205, LECTURE #5 (10/10/13)

Agenda:

- Project deliverables for Tue, 10/15/13
- Functional Maps
  - Revenue Map
  - [Market Segmentation]
- HW # 3 (work for coming week)
- Return graded HW # 1
- Aggregate Project Plan  
(Decision Analysis)

## PROJECT

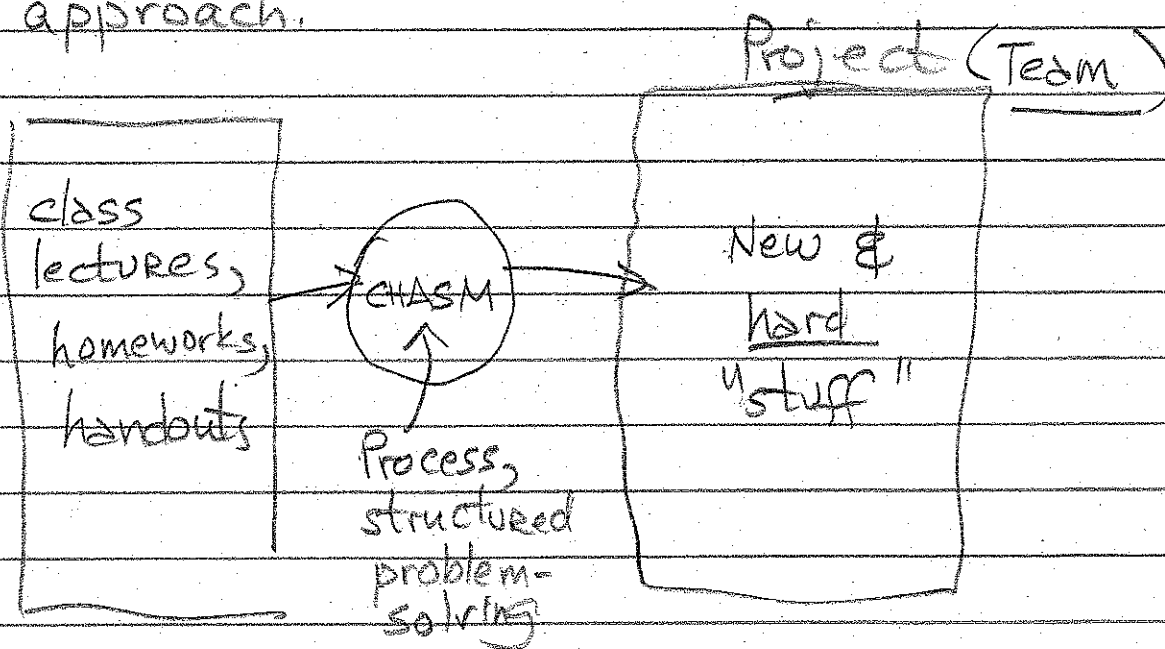
The project deliverables on each HW assignment are only a checklist

Convert this checklist, based on

class lectures, handouts, and your homework,

into processes for each of the deliverables.

Apply the structured problem-solving approach.



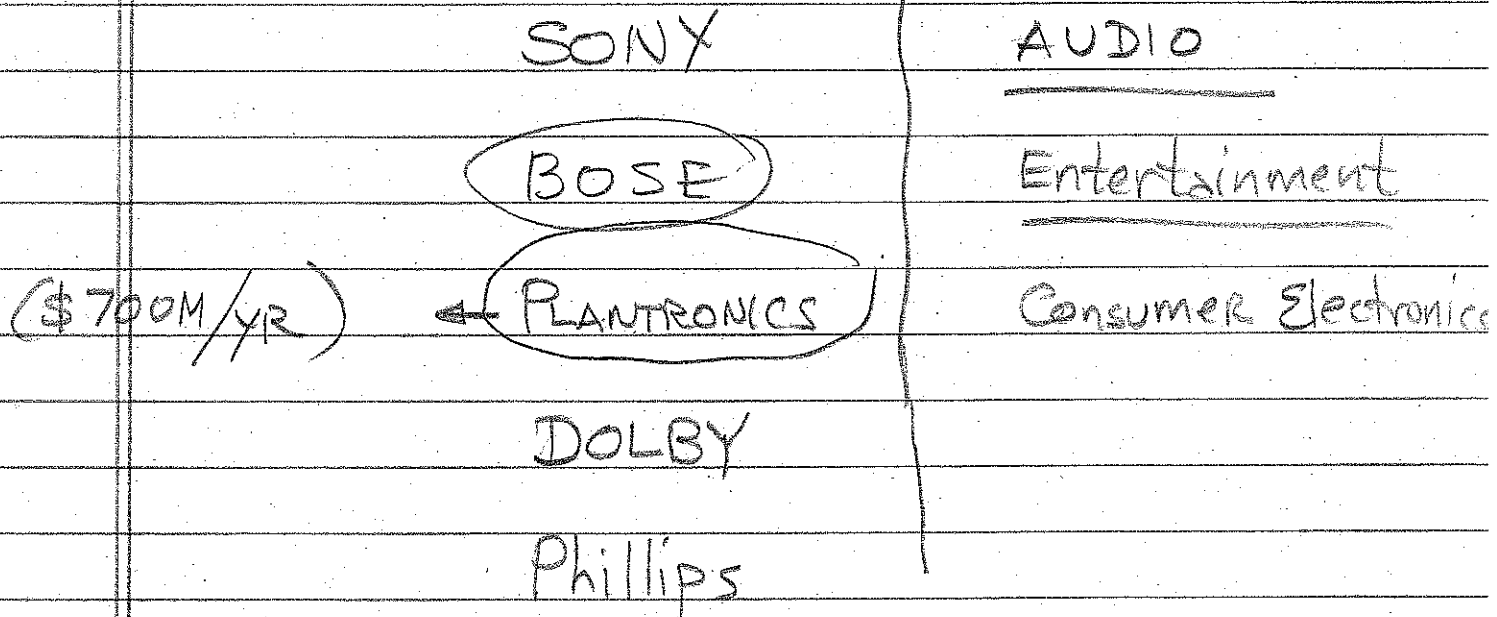
## Project Proposal

Create a medium-sized company . . . .

Example      3-D Mic Pro

Large company that might develop &

sell this product:



- Pick one of these companies
- Study this company carefully
  - ▷ (VISION, MISSION, Tech Str, P/M strategy, competitive strategy, business goals, development goals)
- Create your own medium-sized version of this company.

Suggestion: Use the 3-stage

process on Pages 17-19 of the

"Lecture Notes on Competitive Strategy"

handout

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All good technologies have

1. VISION statement: a high-level vision or idea about the future

Example: Microsoft (when it was first created): a computer in every homework, and every office desk-top.

2. Mission statement: more specific view of how the company might contribute to this VISION

Example: Microsoft: every one of these computers will be controlled by a Microsoft operating system.

3. Business Goals (see last lecture's notes)

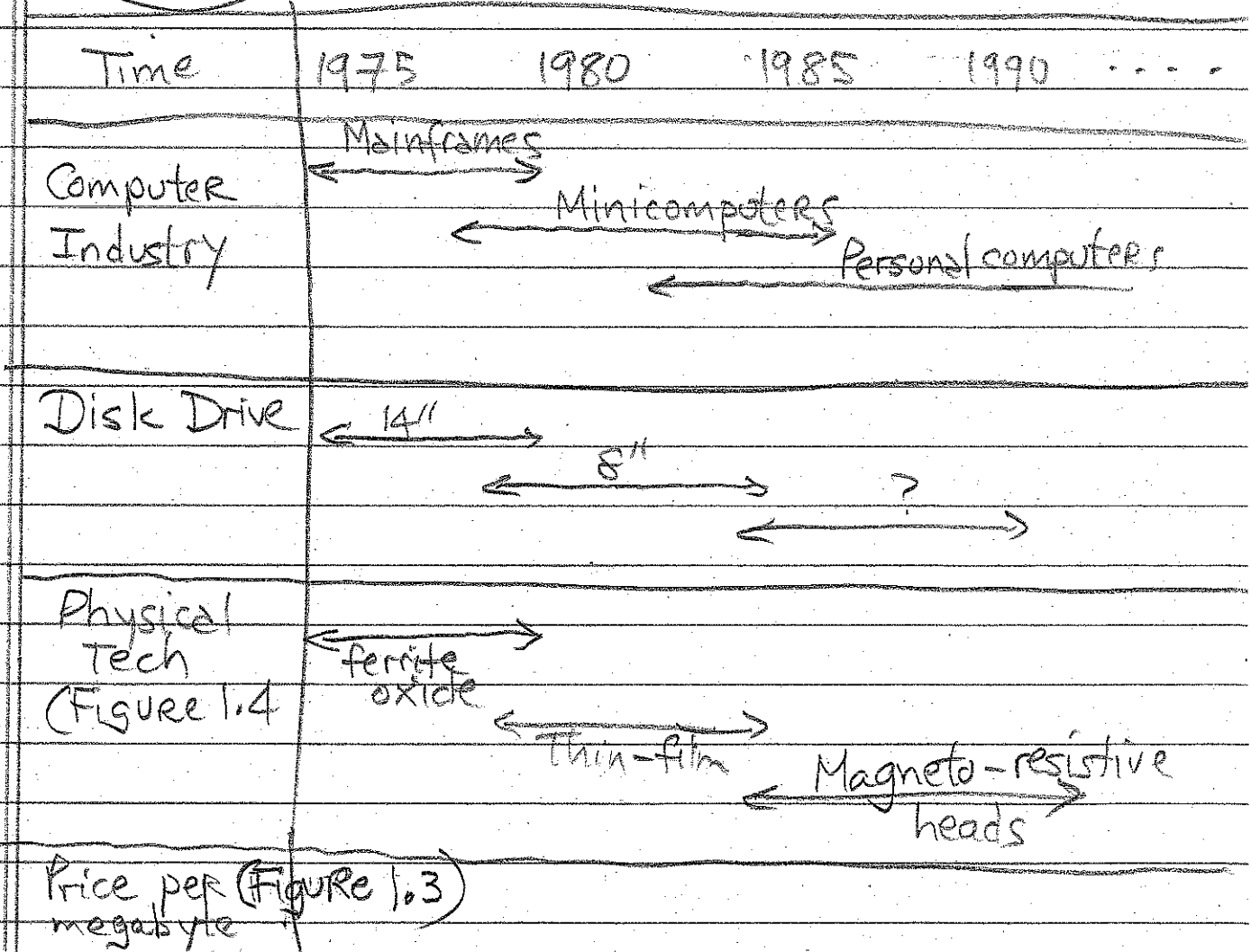
# Functional Maps:

You need to develop the ability to create good functional maps

- Step 1 → crude map
- Step 2 → refine

Example: Disk Drive industry  
(Figure 1.7 in the handout)

## Crude functional map



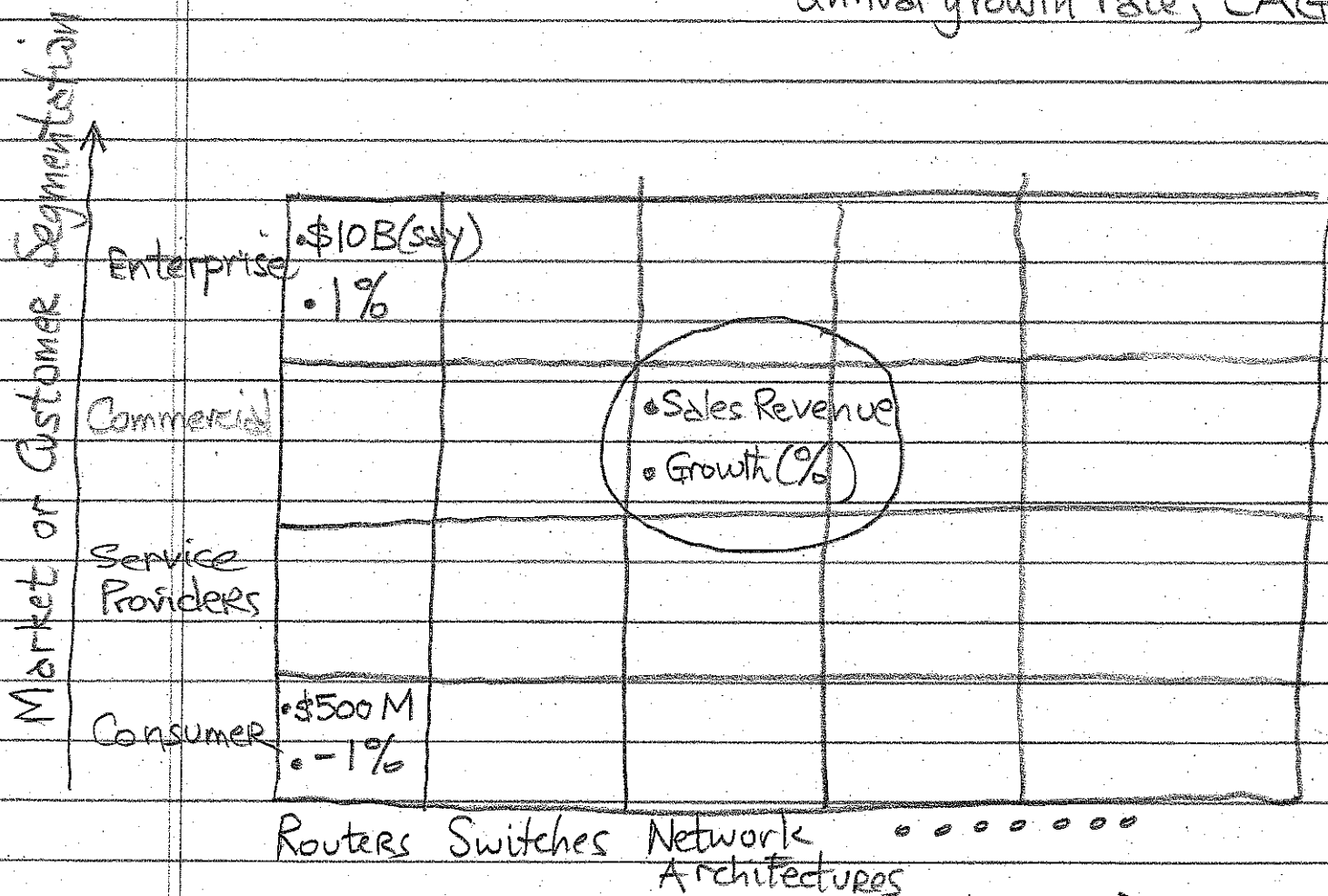
## Revenue Functional map

(Market segmentation)  
e.g. Network architecture (CISCO)

Revenue Map for the US for 2013

Total Sales Revenue = \$50 Billion (say)

Growth = 3% per annum (compound annual growth rate, CAGR)



[GARTNER, IDC]

Q : How does a Technology Company use a Revenue Map

A : Based on your competitive strategy, technology strategy, and market strategy,

the technology company would decide which "cells" (or segments) of Revenue Map to target, and what share (%) of the revenue in that segment it would like to capture,

e.g. capture 20% of the market segment (routers, consumers)

⇒ \$100M

## Aggregate Project Plan

Objective : How does a company determine the "right" mix of projects to meet its developmental goals (which include the business goals) ?

Answer : ① We want to select the mix of projects that have the highest cumulative payoff, as measured by the expected monetary value (EMV)

② High-level "House-of-Quality" maps the "high-level" customer needs (e.g. easy-to-use, performance, price, ...) to "high-level" definitions of potential products/services

We can use Decision Analysis (DA) to help optimize project selection