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Product Management Minute

Challenges Quantifying Value for Software-Enabled Solutions

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Who are “product people”?

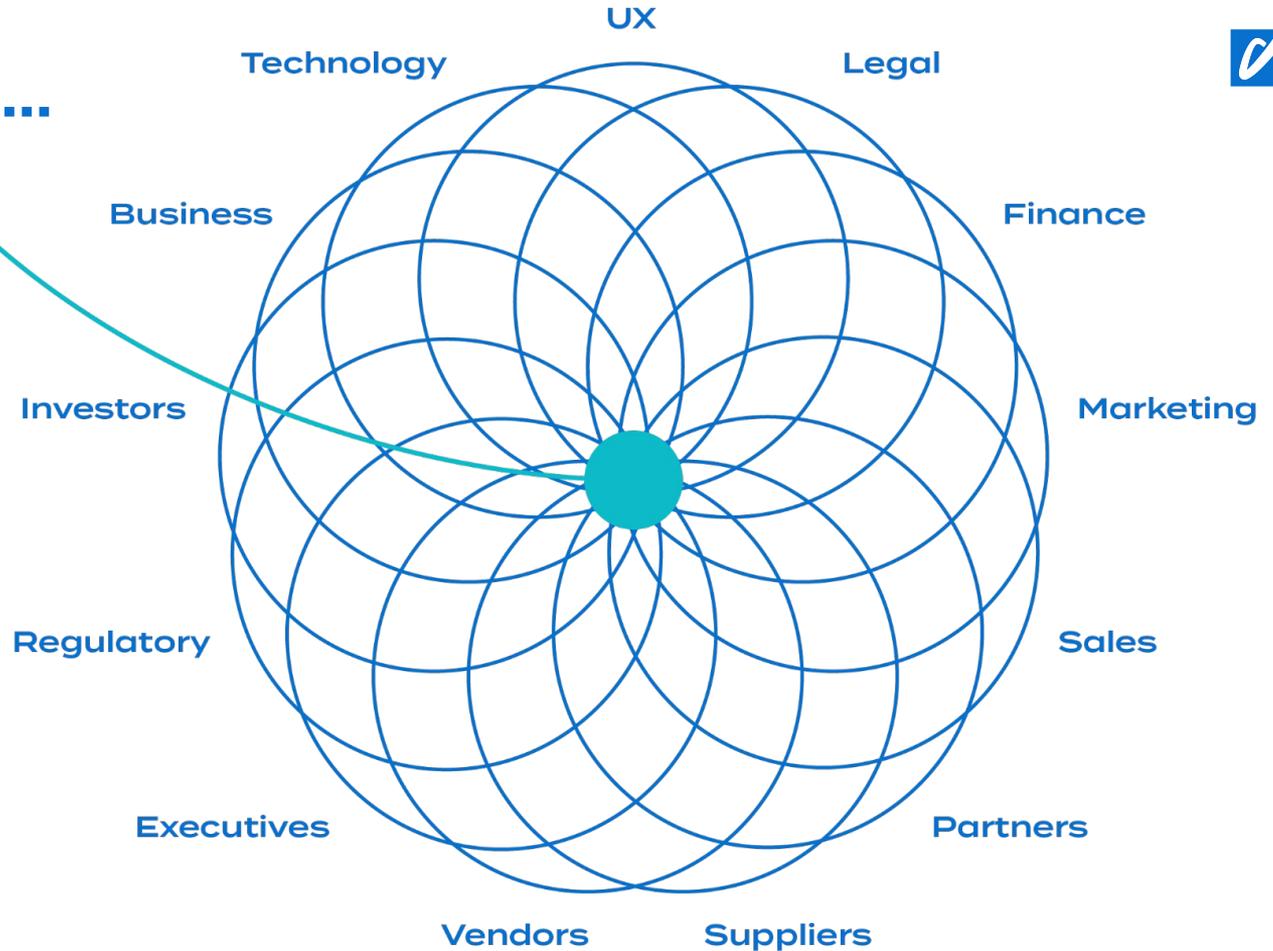


Product people choose to be software product leaders because the thrill of building something that is **useful, helpful and challenging** is **magnetic**.

Product People...



Product Management collaborates with a large number of stakeholders to design and deliver a sustainable and profitable business



What is the Profitable Software Academy (PSA)?



PSA is a program. It is a balance between short, **self-paced learning modules**, **asynchronous instructor interaction** and **live, instructor-led sessions** that support product management organizations in:

- Upskilling / addressing knowledge gaps
- Aligning on a common lexicon
- Improving ability to deliver profitable software-enabled solutions





Let's get started, ready? **Go!**



Why is quantifying value so hard?

Value Defined



What is value?



Value is the benefits a customer receives less their total cost of ownership.



Tangible & Intangible Benefits



①

Tangible

Tangible benefits are established through objective analysis. The two main dimensions of tangible benefits are:

- ✂ Cutting costs
- ✂ Increasing revenue

②

Intangible

Intangible benefits are established through subjective analysis and must be converted into an economic benefit. Intangible dimensions include such things as:

- ✂ Brand
- ✂ Customers who align with the company's social mission
- ✂ Making decisions more confidently by using the Profit Stream Canvas





Tangible benefits can be captured through a verb that modifies a dimension of value relevant to your customer.

The two main verbs are  **REDUCE** and  **INCREASE**

REDUCE Costs, Investment, Time, Risk, Effort

INCREASE Revenue, Productivity, Options, Ease of Use, Accuracy



Don't forget the Intangible Benefits!

- Increase safety
- Increase security
- Decrease anxiety
- Improve confidence
- Reduce stress
- Brand

BENEFIT CARD

Title

Date

Who <i>What segment is receiving the value?</i>			
Dimension <i>What value does the solution provide the customer?</i>			
Magnitude <i>What is the economic impact? How can this potential value be measured?</i> <hr/> <i>How can the economic impact be expressed as a formula?</i>			
Implementation <i>What changes does the customer need to make in order to realize the value?</i>	<input type="checkbox"/> Easy	<input type="checkbox"/> Medium	<input type="checkbox"/> Hard
Revenue, Cost, or Risk	<input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Decrease Cost	<input type="checkbox"/> Avoid Risk



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**Questions for Carlton or Jason?
Ask Now!**

**Questions about PSA?
Send me an email!**

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Next Product Management Minute

July 7th

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Understanding Software Pricing Structure



Jason Tanner
CEO, CST @ Applied Frameworks



<https://appliedframeworks.com/webinar-understanding-software-pricing-structure/>

Product Management in SAFe®



Luke Hohmann
Chief Innovation Officer
@ Applied Frameworks



Marc Rix
SAFe Fellow @ Scaled Agile



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That's it for now,
Thank you!



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Thank you for attending!



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