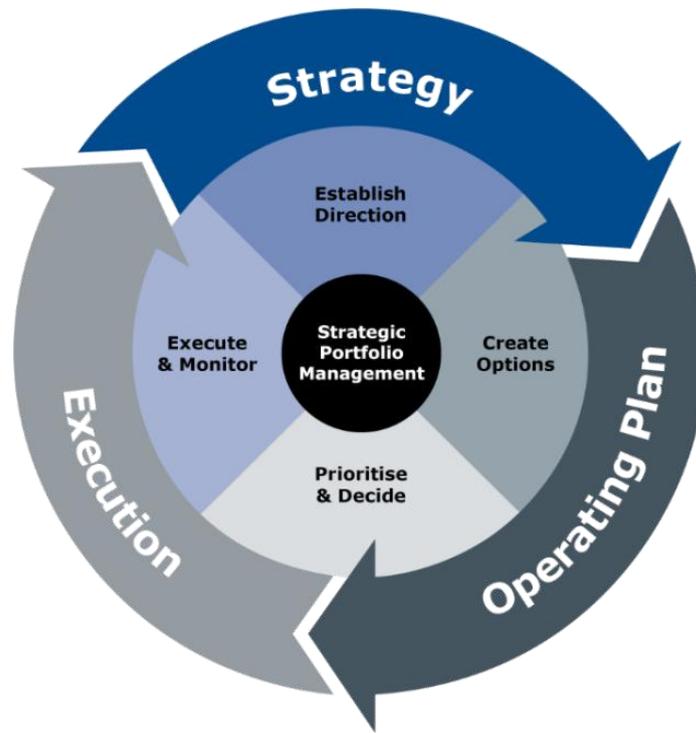




# Focus

# Your Organisation

**Focus** is a toolset to help organisations define, document, prioritise and deliver their portfolio of investments.



### The Catalyze Strategic Portfolio Management Process

Focus is designed to support the implementation of Strategic Portfolio Management

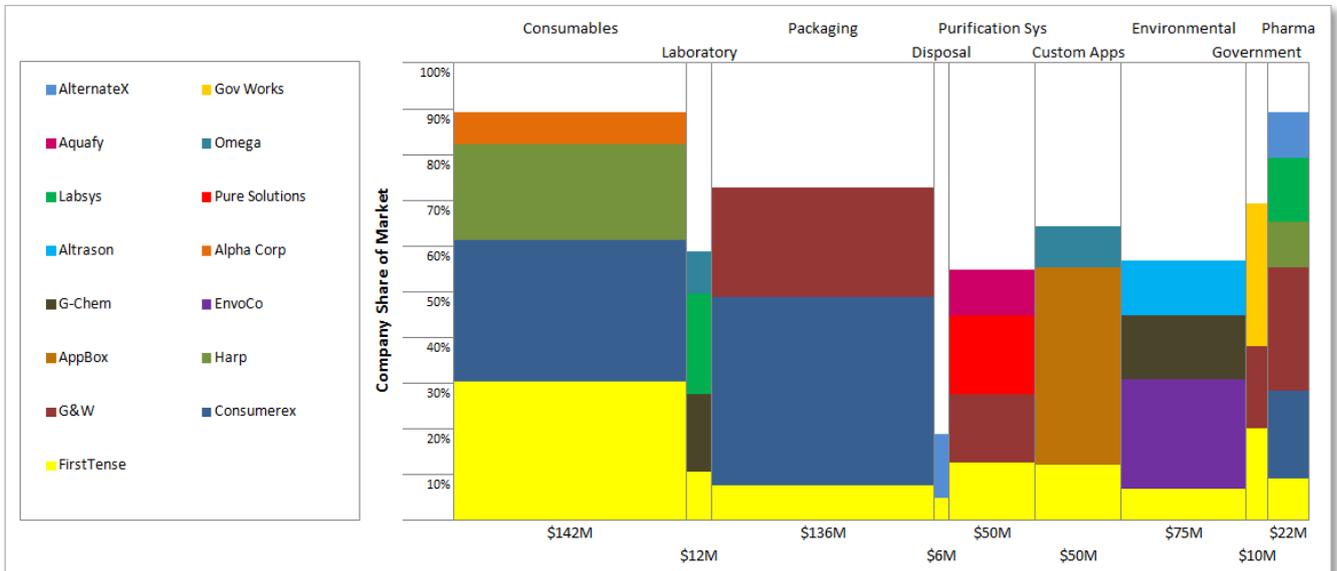
## Focus Your Organisation

**Focus is a toolset to help organisations define, document, prioritise and deliver their portfolio of investments.**

Successful organisations make strategic choices about which activities should be implemented to deliver their vision. These choices form the strategic portfolio. Decisions at this level can significantly impact the success of the organisation.

Focus helps organisations decide how to best use finite resources in order to meet strategic objectives, and to make trade-offs across the portfolio. Organisations across industries use Focus to build, analyse and manage their strategic portfolios.

Focus is designed to support the implementation of Strategic Portfolio Management, enabling organisations to deliver their vision, whilst balancing short and long term objectives, risks and costs.



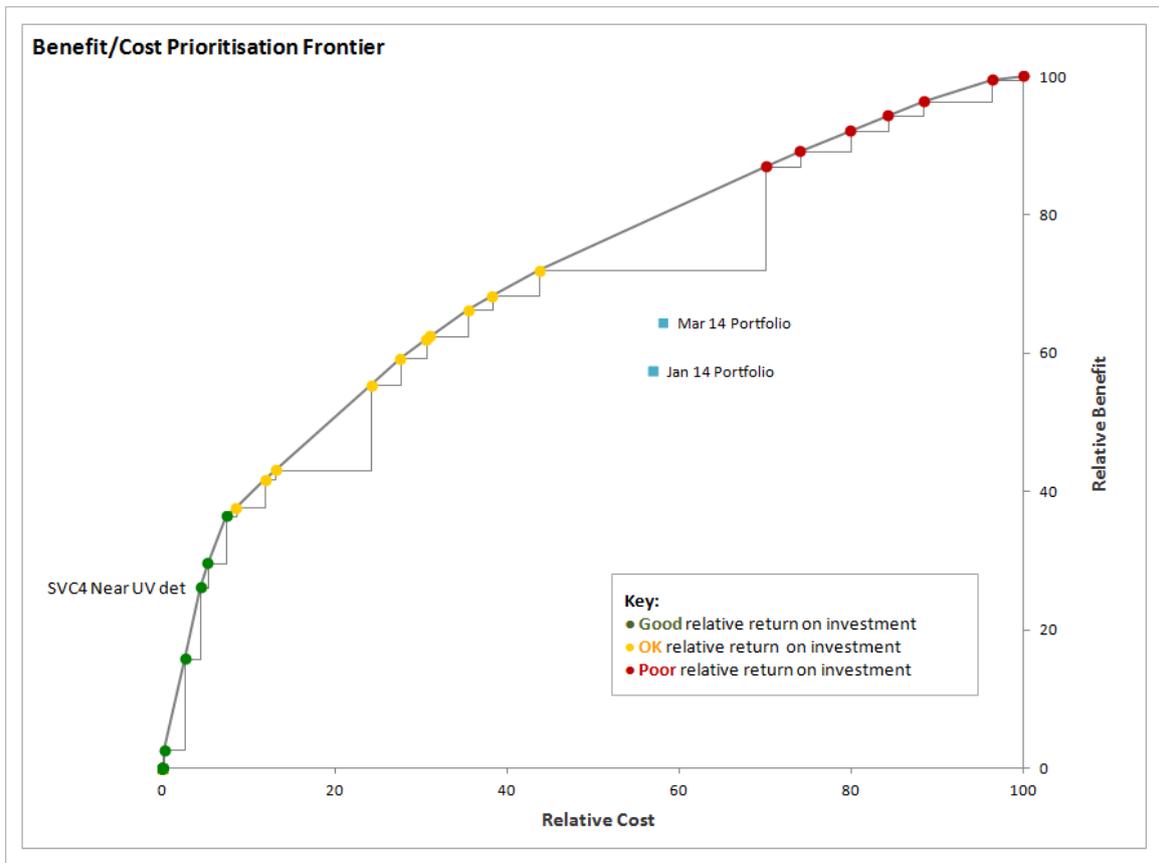
Focus outputs a range of powerful configurable views, including well recognised business charts

## What is Focus?

- Focus is a toolset used by organisations to inform and support strategic decision making.
- Focus provides powerful analysis and MI to give senior management an objective view of their portfolio.
- Focus is used to capture and manage data about business opportunities. Data collection is concentrated on key items, the requisite quantity, and no more.
- Focus includes four powerful integrated components each designed to support a phase of the Strategic Portfolio Management lifecycle. In some cases, organisations will choose just one component of Focus to help with a specific decision making requirement.

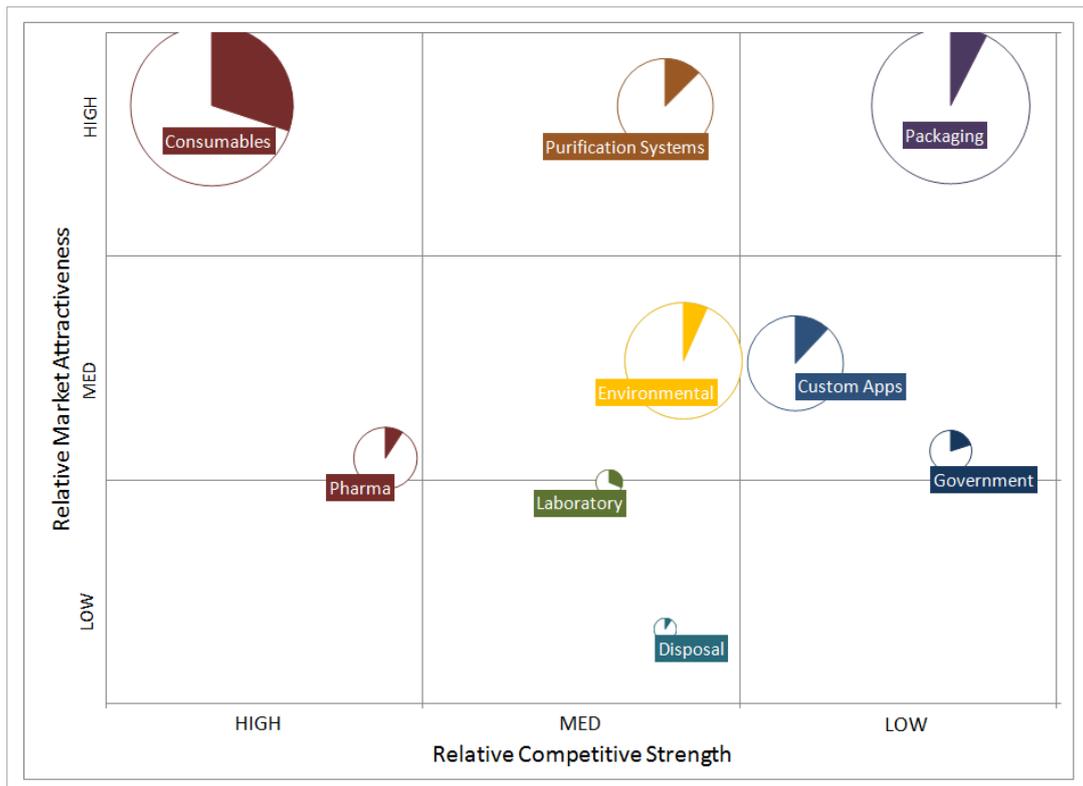
## Why Focus?

- Focus uses best practice decision analysis techniques to ensure decisions are robust, transparent and defensible.
- Focus is Microsoft Excel based, allowing for rapid deployment, flexibility and a quick learning-curve for users.
- Focus can be used concurrently by a range of contributors across multiple businesses, divisions or departments within an organisation. Inputs can be easily collated to provide an organisation-wide view.
- Focus can be quickly configured to meet specific organisational requirements.



## Who is Focus for?

- Focus is designed to give senior management greater visibility and control of their organisation.
- Focus is used to support many business applications, including Capital Planning, Zero-Based Budgeting, R&D Prioritisation and Strategy Planning.
- Focus is used in a diverse range of organisations, in both the private and public sectors, from biotechnology and manufacturing, to defence and government.



### Establish Direction

The initial step of the Strategic Portfolio Management cycle is agreeing the vision and mission: what is the portfolio trying to achieve?

During this discovery phase, market data and intelligence is used to objectively compare and contrast market segments, and agree the strategic direction and intent of each. Data collection is deliberately kept 'light' and can be drawn from existing sources where appropriate.

Focus outputs a range of powerful configurable views, including some well recognised business charts such as the BCG Matrix, GE Matrix and Marimekko Charts.

These analysis views help the organisation understand the attractiveness of each market segment and their competitive strength within them. This in turn helps to inform in which markets they should look to drive share gain, maintain or divest.

Business Case Overview

MENU   

Risk ON | Prioritisation: Benefit/Cost | Current Order: Live Prioritisation | Current Portfolio: Manual Selection Mode

Totals from selected activities:

2014 Rev (\$M)	2014 EBITA (\$M)	2014 Total FTEs
115.7	41.30	373.71

Select to Delete	Option	In/Out	Owning Entity	Region Focus	Resource Status	Option Category	2014 Rev (\$M) Current Forecast	2014 EBITA (\$M) Current Forecast	2014 Total FTEs Current Forecast
1	SAL1 Mag Sec		Sales	Americas	Active	Market Penetration	36.02	12.00	79.8
2	SVC1 Hyd Ship		Service Ops	APAC	Active	Harvet	7.92	0.67	69.5
3	HR0 Stat Laser		HR	Americas	Active	Enabler	10.77	4.54	25.6
4	FNC0 Curiosity		Finance	EMEA	Active	Enabler	20.60	7.89	102.7
5	SVC0 Remote Detect		Service Ops	Global	Active	Market Penetration	9.45	3.46	19.7
6	SVC0 Pisces Sensor		Service Ops	Global	Active	Market Development	1.56	0.80	1.5
7	SAL0 Dig Pan Miss		Sales	Americas	Active	Harvest	3.62	1.61	2.9
8	OPS0 NF Plan Cam		Operations	Global	Active	Enabler	21.33	13.89	19.7
9	FNC1 Spitzer_2		Finance	Global	Active	Enabler	0.00	-1.18	7.8
10	RD2 Interlock Power		R&D	Global	Active	Product Development	0.00	-1.75	18.8
11	LOG0 E-Merlin		Logistics	Global	Active	Harvest	3.36	1.81	3.3
12	HR4 NF Opt Cam		HR	Global	Inactive	Diversification	0.10	0.03	0.7
13	ENG2 Res Radio		Engineering	Global	Inactive	Product Development	0.65	0.43	0.6
14	SVC4 Near UV det		Service Ops	EMEA	Active	Market Penetration	0.80	0.38	0.5
15	SAL4 Vir Group		Sales	Americas	Active	Market Development	0.75	0.03	2.1
16	COM1 Om Cen Scale		Commercial	Global	Inactive	Enabler	0.00	-0.33	2.0
17	RD1 RG Mass Spect		R&D	Global	Inactive	Harvest	0.20	0.12	0.6
18	RD5 M Sequencer		R&D	EMEA	Inactive	Market Penetration	0.20	-0.03	0.3
19	LOG3 Sirius Det		Logistics	Americas	Inactive	Product Development	0.27	-0.01	0.7
20	LOG6 BH Gen		Logistics	APAC	Active	Market Development	3.00	1.49	3.8

## Create Options

Having established the direction and purpose of the portfolio, options for delivering this aspiration should be developed and documented as business cases.

Everything an organisation does is potentially part of the portfolio, including business-as-usual activities and transformation initiatives, such as improving customer services, driving growth or entering a new market.

Focus provides a flexible easy to use repository for collecting option business cases. The business cases can be owned and developed by individuals in different parts of the organisation and combined into a master version at the click of a button.

The simple to use, configurable interface allows users to view, track and access the business cases.

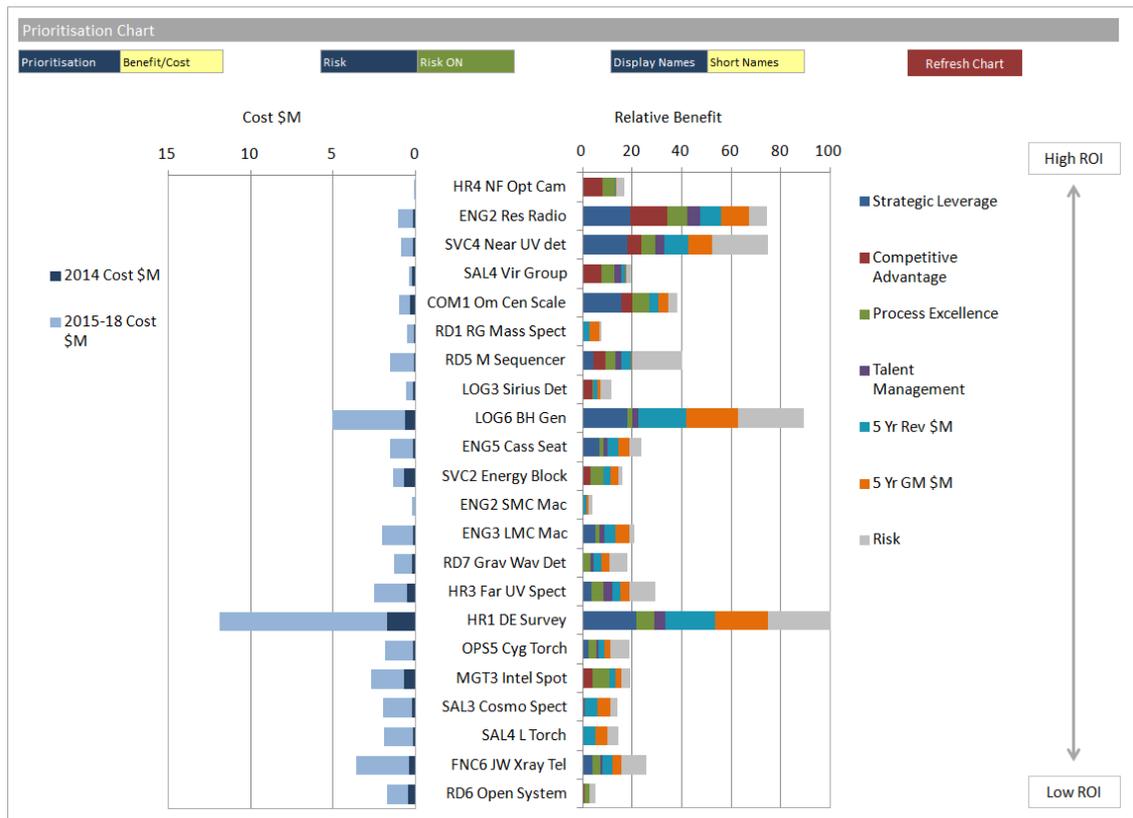
The flexible design makes it easy to view the data in a way suited to the organisation's context and requirements. For example, some businesses use the configurable P&L view to quickly model how a portfolio of business cases could affect financial growth in future years.

Strategic Option									
Option Name	China Sales Team Expansion								
Option Owner	Chris Smith	Option Code	SAL	1					
Owning Entity	Sales	Short Title	China Sales Exp						
Vertical Focus	All	Option Short Name	SAL1 China Sales Exp						
Regional Focus	China								
Template Type	Strategic Option	Strategy	Global Sales Strategy						
Option Category	Market Development	Collection	Sales and Commercial						
Description - Key Objectives - Outputs - Timeframes - Assumptions - Dependencies	Introduction of three application specialists into China team in 2014 with a further two added in 2015. Lead time to full efficiency on each resource is estimated at 12 months, with an estimated \$400K revenue per resource by 2016. Expanded team will also support the Asia launch of Labtrix v5, scheduled for June 2015.								
Revenue and GM Forecasts									
	2013	2014	2015	2016	2017	2018	2019	2020	
Sales Revenue (\$M)		0.20	0.80	1.20	1.40	1.60	1.80	2.00	
Sales Variable GM %									
Services Revenue (\$M)		0.05	0.30	0.80	0.90	1.00	1.10	1.20	
Services Variable GM %									
Net Revenue (\$M)	0.00	0.25	1.10	2.00	2.30	2.60	2.90	3.20	
Gross Margin (\$M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Resource Requirements									
Annualised FTEs	2013	2014	2015	2016	2017	2018	2019	2020	Cost per head (\$K)
Sales - NA (US & Canada)									\$190K
Sales - China									\$110K

Business cases for all options are documented consistently in customised templates

P&L									
Include Options	Selected options only								
Risk On or Off	Risk ON								
Profit & Loss - Current Forecast									
Risk ON									
	Net Revenue Growth	36.9%	9.3%	11.7%	11.3%	12.5%			
All values in \$M									
	2013	2014	2015	2016	2017	2018	3yr CAGR %	5yr CAGR %	
Net Revenue	82.71	113.20	123.69	138.11	153.66	172.94	18.6%	15.9%	
Variable Cost of Sales	34.46	41.63	45.76	51.84	57.87	65.12			
Depreciation	0.00	0.00	0.07	0.14	0.14	0.14			
Gross Margin	48.25	71.58	77.86	86.12	95.65	107.68			
% of Sales	58.3%	63.2%	62.9%	62.4%	62.2%	62.3%			
Total Sales Expense	10.33	11.81	13.38	13.58	13.65	13.80			
% of Sales	12.5%	10.4%	10.8%	9.8%	8.9%	8.0%			
Total Marketing Expense	2.93	3.32	3.44	3.39	3.39	3.39			
% of Sales	3.5%	2.9%	2.8%	2.5%	2.2%	2.0%			
Total Other G&A Expense	3.92	4.48	5.52	6.05	6.18	6.31			
% of Sales	4.7%	4.0%	4.5%	4.4%	4.0%	3.6%			
<b>Total S, M, G&amp;A</b>	17.17	19.61	22.34	23.02	23.22	23.50			
% of Sales	20.8%	17.3%	18.1%	16.7%	15.1%	13.6%			
Total R&D Expense	11.05	12.25	12.99	12.16	11.80	11.80			
% of Sales	13.4%	10.8%	10.5%	8.8%	7.7%	6.8%			
<b>Total Cost</b>	28.22	31.86	35.33	35.18	35.02	35.30			
% of Sales	34.1%	28.1%	28.6%	25.5%	22.8%	20.4%			
<b>EBITA</b>	20.02	39.72	42.52	50.94	60.63	72.39			
% of Sales	24.2%	35.1%	34.4%	36.9%	39.5%	41.9%			

Model the financial impact of changes to your portfolio using the configurable P&L

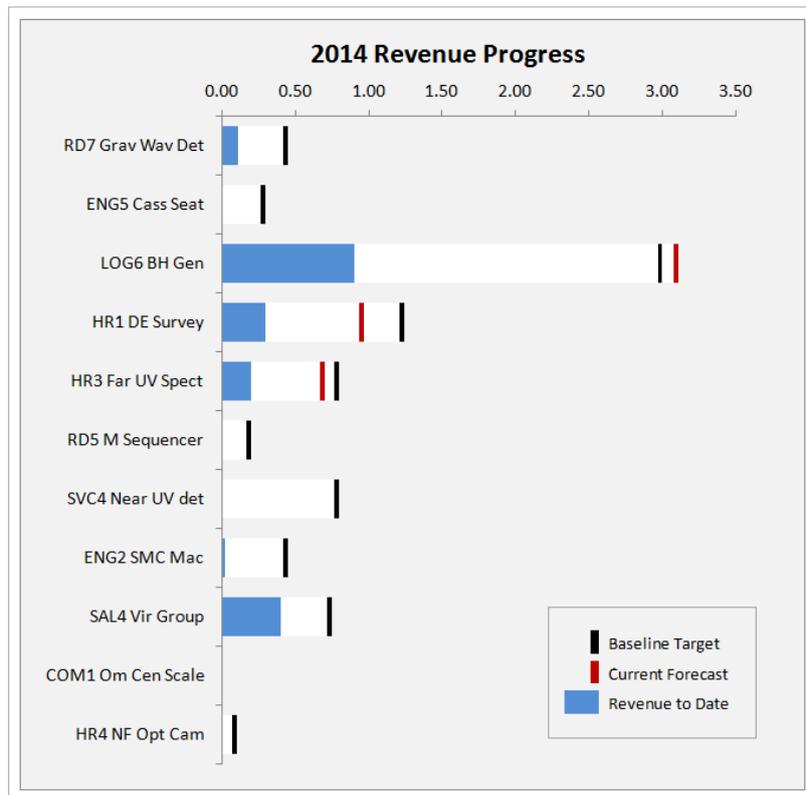


## Prioritise & Decide

Strategy planning boils down to deciding which strategic options to implement. Vitrally this includes making those difficult choices of what not to do, unlocking resources to focus on fewer, better activities. As such, prioritisation is a key step in informing strategy planning.

Focus provides a powerful prioritisation engine. Options are assessed against a customised set of strategic objectives (financial and non-financial) to understand the relative value each option delivers to the organisation. This information is combined with resource requirements, from the option business cases, to allow the options to be prioritised.

Portfolio analytics and models provide clear management information to inform senior management and help guide their decisions. The Focus analytics highlight where value exists in the portfolio and how portfolio decisions could impact the organisation.



## Execute & Monitor

Once the portfolio is focused, attention needs to turn to execution. Monitoring performance with metrics consistent with the strategic objectives ensures that operations and strategy stay aligned.

Focus is used to capture key, requisite measures and targets as the portfolio is executed. Metrics are agreed for both the overall plan and individual projects, and performance is summarised through targeted dashboards and visuals.

Focus helps senior management to review and understand changes in the portfolio and adjust it in response to new intelligence, data and opportunities. This enables course corrections to be made, ensuring the

organisation is maintaining the correct balance and getting the most from its resources.

Reflect Overview				Reflect Status - Impact on Baseline Portfolio								
Option Short Name	Owning Entity	Portfolio Status	Progress Assessment	Revenue		Resources		Cost		EBITA		
	Owning Entity			2014	2014-18	2014	2014-18	2014	2014-18	2014	2014-18	
1	<a href="#">ENG3 LMC Mac</a>	Engineering	In	On track								
2	<a href="#">FNC6 JW Xray Tel</a>	Finance	In	On track								
3	<a href="#">RD7 Grav Wav Det</a>	R&D	In	On track								
4	<a href="#">SAL1 Mag Sec</a>	Sales	In	On track								
6	<a href="#">SAL3 Cosmo Spect</a>	Sales	In	Behind								
7	<a href="#">ENG5 Cass Seat</a>	Engineering	In	On track								
8	<a href="#">LOG6 BH Gen</a>	Logistics	In	Behind								
9	<a href="#">SVC1 Hyd Ship</a>	Service Ops	In	On track								
10	<a href="#">HR1 DE Survey</a>	HR	In	Behind								
11	<a href="#">HR0 Stat Laser</a>	HR	In	On track								
14	<a href="#">SVC4 Near UV det</a>	Service Ops	In	On track								
15	<a href="#">ENG3 Escalation</a>	Engineering	In	On track								
16	<a href="#">FNC0 Curiosity</a>	Finance	In	Behind								
17	<a href="#">SVC0 Remote Detect</a>	Service Ops	In	On Track								
18	<a href="#">ENG2 Wide Field CCD</a>	Engineering	In	Behind								
20	<a href="#">ENG2 SMC Mac</a>	Engineering	In	On track								
22	<a href="#">SVC0 Pisces Sensor</a>	Service Ops	In	On track								
23	<a href="#">SAL4 Vir Group</a>	Sales	In	On track								
24	<a href="#">SAL0 Dig Pan Miss</a>	Sales	In	On track								
28	<a href="#">QPS0 NF Plan Cam</a>	Operations	In	On track								
30	<a href="#">FNC1 Spitzer 2</a>	Finance	In	On track								
31	<a href="#">RD2 Interlock Power</a>	R&D	In	On track								
32	<a href="#">COM3 Grav Wav Mac</a>	Commercial	In	On track								
33	<a href="#">RD6 Open System</a>	R&D	In	Behind								
34	<a href="#">QPS1 M Radio Tel</a>	Operations	In	On Track								
35	<a href="#">LOG0 E-Merlin</a>	Logistics	In	On track								
36	<a href="#">RD1 RG Mass Spect</a>	R&D	In	On track								

Focus provides MI to help senior management respond to new intelligence, data and opportunities

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## More Information

For more information about Focus or Strategic Portfolio Management, please contact Catalyze at [info@catalyze.co.uk](mailto:info@catalyze.co.uk) or via our website [www.catalyze.co.uk](http://www.catalyze.co.uk)

## Catalyze

At Catalyze we help organisations create and execute decision-making processes which focus on the best possible outcome; engaging people, breaking down barriers, creating understanding of different perspectives, and making best use of resources.

Catalyze was founded in 2001 in conjunction with the London School of Economics and Political Science, applying techniques built on robust and validated decision theory. We support global clients from offices in the UK, USA and New Zealand.