

Investment Value Matrix

Introduction

Description: An Investment Value Matrix (aka Engagement Value Matrix) facilitates discussion of solutions or initiatives in terms of business value and architectural value. It can be used to guide or make a case for prioritization of investment, or to evaluate existing solutions.

Goals: The participants will gain a shared understanding of:

- What is meant by architectural value
- The architectural value of particular solutions or initiatives (which will start from different perspectives), based on [defined criteria](#)
- The business value of particular solutions or initiatives (which will also start from different perspectives), based on [shared criteria](#)
- A shared set of concepts for prioritizing investment
- Areas that deserve significant investment because they have both high architectural and high business value

Context: The method is intended to help decision-makers prioritize initiatives based on a shared understanding of value.

Scope: The method is applied to a portfolio of solutions or initiatives, which can be as broad as a whole institution's IT portfolio, or any narrower context as needed.

Scenarios

IVM is a tool for getting agreement, and a tool for communicating the reasons for decisions, in the following scenarios:

- Strategic Planning (and/or Capital Planning, Annual Investment Planning):
 - Audience: Executive stakeholders
 - Scope: Domain- or institution-wide investment planning
 - Goals and outcomes: Prioritized initiatives/project portfolio
- Applications/Solutions Portfolio Analysis/Rationalization
 - Audience: IT directors, business stakeholders, application/solution owners
 - Scope: Application/solution portfolio
 - Goals and outcomes: Prioritized work/effort on applications/solutions
- Project Governance
 - Audience: Business stakeholders, projects sponsors, solution architects
 - Scope: Projects in the context of a project portfolio
 - Goals and outcomes: Prioritized projects or changes in project scopes

Method

Skills:

- Facilitation skills to lead discussions

Steps:

1. The stakeholders agree on criteria for scoring
2. Items are ranked by business value
3. Items are ranked by architectural value
4. Items are plotted on the primary diagram
5. Prioritization decisions are made based on the result

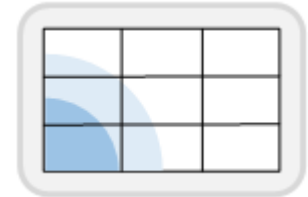
Depending on the scope of the exercise, these steps can involve multiple meetings with separate groups, or could be done together in one group in a shorter time.

Terms: This method involves checklists/scorecards for architectural value and business value. The categories in these can vary by institution, but using them requires:

- Good accessible definitions of the categories that many different audiences can understand -- especially people who are starting an initiative that will be evaluated, so they can create a good design up front
- Shared understanding of current maturity and targeted maturity in each category

Artifacts: The IVM matrix template can be used to go through the process. It would be helpful in providing a template for scoring the investment's business value and architectural value.

Architecture Methods > Investment Value Matrix



Links

- [2013 presentation](#) by Chris Eagle

Contributors

Want to help with this page? Please see the [Method Contributor Guide](#).

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Communication

IVM is primarily a communication tool where its true value is in the process of developing this matrix with all the stakeholders. The outcome can be used to communicate priorities to Project Program Office.

- Key stakeholders should be involved in the learning process and communication process that the method provides
- The method should be communicated with a clear sense of expected outcomes -- what action will be taken based on where something is ranked?
- The criteria used in the "scoring" of architectural and business value should be well communicated

Examples

Chris Eagle applied the method at the University of Michigan:

- The analysis was presented to University leadership successfully to make a case for prioritizing competing investments in different IT initiatives. In this situation there was a lot of demand and not enough financial resources. By using this matrix, consensus was reached on what initiatives to fund (and not fund).

Related Methods

[TIME Models](#) are similar in many ways and may provide helpful specificity in some situations

There aren't any mandatory predecessors to developing an IVM however, any business strategic planning efforts would benefit the IVM process.