

Incremental Value Assessment



A Decision Analysis Based Approach to
Business Case Evaluations

Agenda



- Overview of the Incremental Value Analysis (IVA) Process
- Demo of the customized IVA tool
- IVA applications in Bell Canada
- IVA Evolution in Bell Canada

IVA: What is it?



- IVA is a business case process
 - decision analysis - a way of thinking
 - quick, but thorough economic assessment
- Key characteristics are:
 - team engagement / consensus building
 - speed
 - focus
 - risk management

IVA: What is it?



- Provides significant value to project team and senior management:
 - facilitates decision making under uncertainty
 - assists in rapid development of business opportunities
 - optimizes shareholder's value

How does IVA accomplish this?



- Project team meets for a session
 - comprises of experts from marketing, engineering and operations as a minimum
 - getting the “right” project team “together earlier” and participating in the analysis has many benefits

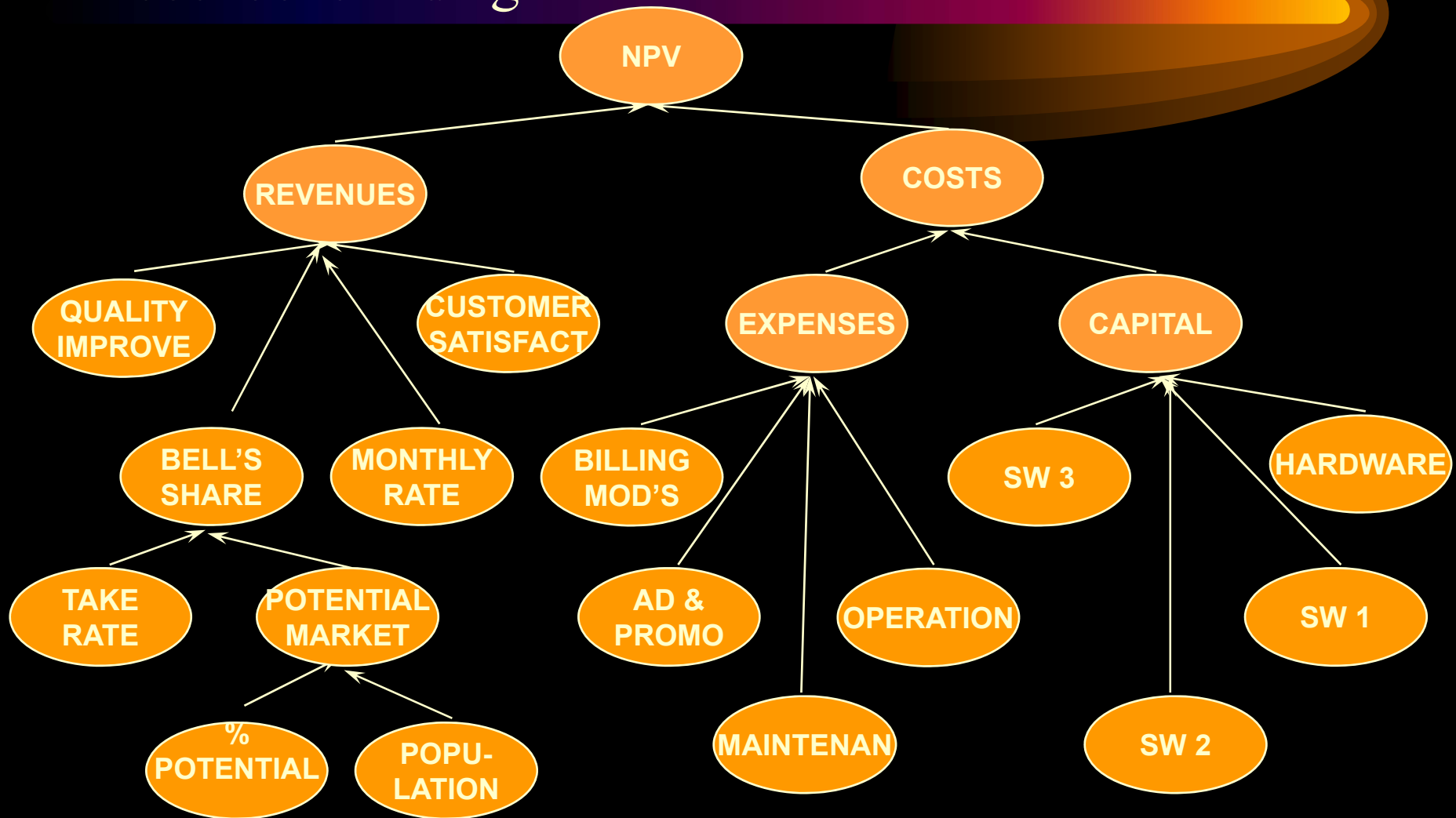
How does IVA accomplish this?



- Specialists facilitate & model in real time
 - two analysts required - facilitator & modeler

How does IVA accomplish this?

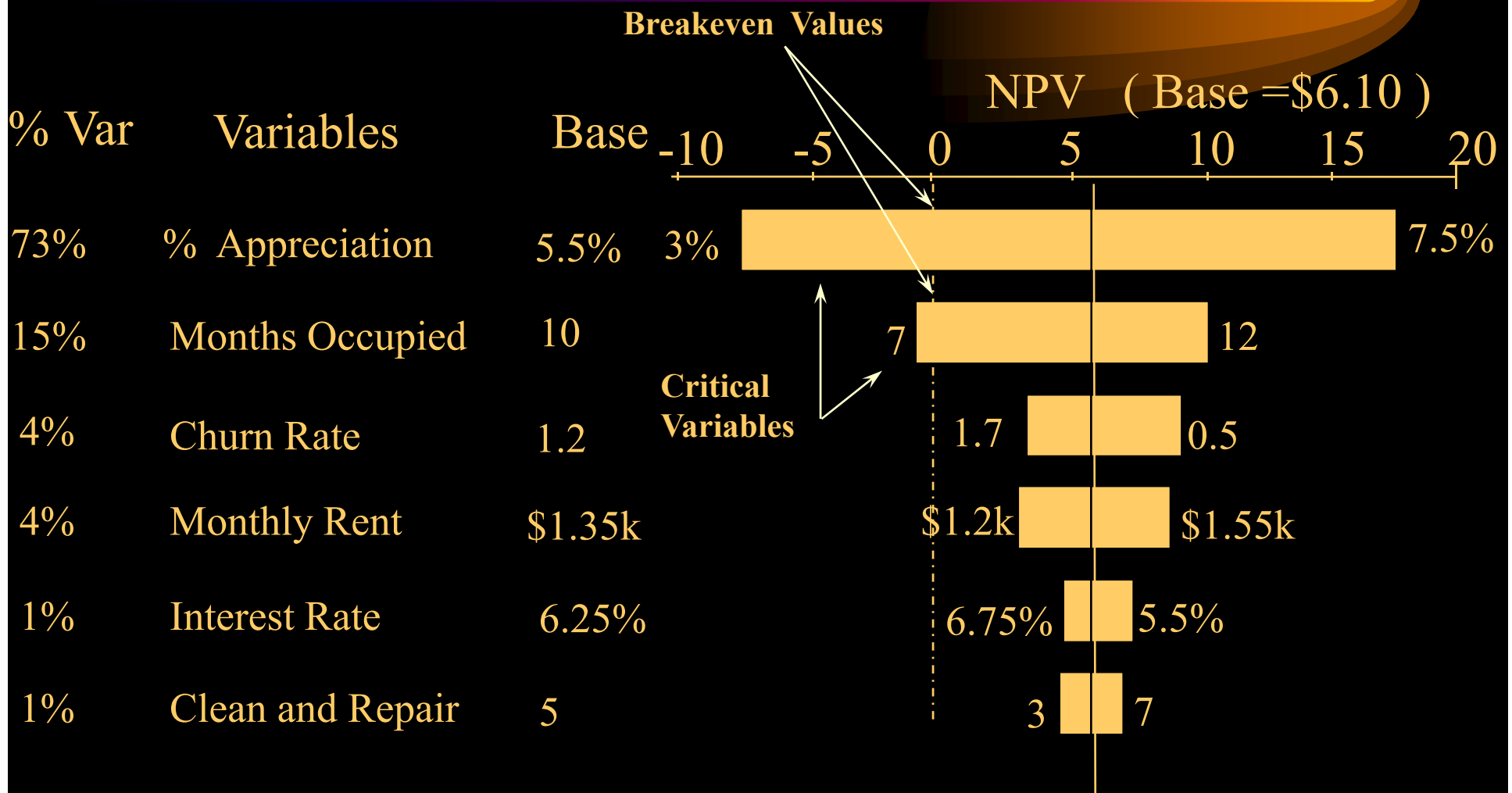
- Costs, benefits green-lighted & debated
 - cost benefit diagram



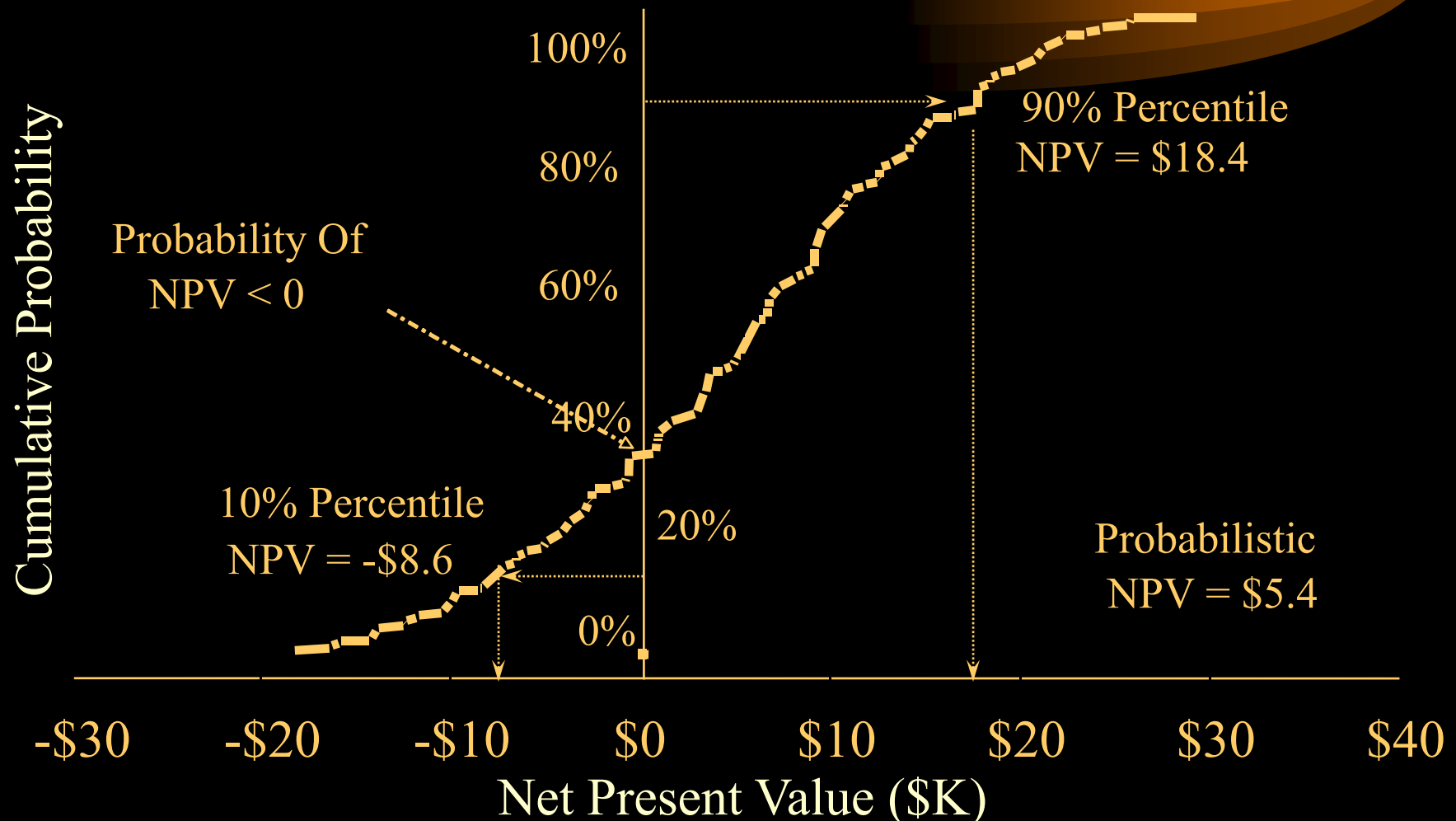
How does IVA accomplish this?

- Estimates - 80% confidence intervals for every single uncertainty
 - best guess, low value, high value
- Creates a customized model using the IVA tool
 - calculates cash flows
- Full project economics available same day
 - excel spreadsheet provided at end of session

Tornado Chart Identifies the “Critical Variables”



Probabilistic Chart Quantifies “Chance of Success”





Demo of the customized IVA tool

IVA Applications in Bell Canada

- Marketing center initiatives
 - requirement for “go-list”, project prioritization
- Customer offers
- High Speed Edition business case
- Bell Nexxia current service offerings
 - quantification of margins
- Some analysis for Teleglobe, BCI

Over 200 IVA's conducted in 2000!

The Value of Decision Analysis



- Decision making process
 - understand the trade-offs, uncertainties
 - capture expert knowledge
- Decisions in the organization
 - speed, source of support
- Communications and commitment
 - focus discussion on assumptions not outcomes
 - consensus, alignment, buy-in

IVA - Evolution in Bell Canada



- Improve facilitation / modeling abilities
- Further enhance the IVA tool
- Increase utilization in Bell Canada
 - incorporate as a standard
 - leverage - explore portfolio analysis
- Expand to entire BCE family
 - tool, training, process