Portfolio Management

Getting Started

Portfolio Management

Marketing technology investments need to be actively managed and monitored. A specific and deliberate approach, we call Portfolio Management, is required to ensure success. A portfolio mindset is one that focuses on business driven, not technology driven, decision making within your marketing organization. In our experience the "technology stack" is a great visual representation of what technologies you have. A marketing technology investment portfolio answers: How are these technology investments driving revenue and at what cost?

Investment Thesis

Portfolio Construct

Return Ratios

Portfolio Build

Management

Investment Thesis

An investment thesis does not have to be complex. A deliberate approach to allocating capital will provide the guidance the team and others will need to focus their investment dollars in the right direction. Marketers need a clear way to communicate their approach to investing in marketing technology as they continue to lead technology investments within the organization. This approach will support collaboration with IT and other functions within an organization.

We:	Description of investment approach	pitch
Investment in:	Specific focus of marketing technology investment	focus
Which:	One, overarching benefit you want the business to understand	primary business impact
Through:	The means by which the business benefit is attained	primary customer impact
	Direct: In Direct:	business impact
	In addition to primary customer impact what other ways will we drive value for the customer with these investments?	customer impact
	What technology innovations will we focus on?	innovation
	What specific exceptions will we consider?	exceptions

Portfolio Construct

A good rule of thumb for technology investment is 70:20:10. 70% of your technology should be core enterprise technologies, 20% feature or function specific, 10% developing capabilities or innovation pilots. Designing a portfolio construct is a critical step to accurate portfolio management. It allows the team to understand how you will categorize and evaluate marketing technology investment request and performance. It provides the groundwork for mindset shift.

Core (70%)

One unified software offering from a single vendor that includes multiple capabilities.

What core technologies currently exist?

What core technologies do you plan on investing in?

Note: In global organizations these technologies usually reside within the central global organizations.

Feature (20%)

Software that provides a foundation on which many other more specialized software products can be stacked.

What feature technologies currently exist?

What feature technologies do you plan on investing in?

Note: In global organizations these technologies usually reside within the regional organizations.

Experimental (10%)

Software that can integrate with feature technologies. As new innovations emerge, experimental technologies can be acquired or developed independently.

What experimental technologies currently exist?

What experimental technologies do you plan on investing in?

Note: In global organizations these technologies usually reside within the central global organizations and within an innovation group.

Jump Start

1. Audit current technology landscape
2. Identify areas for future investments by category

Who Needs to be Involved

1. Global IT (if applicable) and Global/Regional Marketing Teams

Return Ratios

Return ratios are important to develop by portfolio construct category as the measurement of success in each category is a little different. A clear view of how you and your team will measure return will benefit the whole organization. It will provide guard rails for the team when developing business cases for new technology investments

Core

Core technology success metrics should follow the same standards of other enterprise technology solutions within the organization (e.g. ROI, Payback Period, etc.)

How does IT evaluate return on non-marketing enterprise solutions?

If IT has no standard what metrics can Marketing comfortably commit to?

Feature

Feature technology success metrics will vary widely and most likely fall to the marketing function leveraging this technology to define.

What part of the journey is the technology currently supporting?

What specific marketing initiatives is the technology supporting?

Experimental

Experimental technology success metrics will most likely be the most qualitative of the portfolio categories as you are piloting feasibility not explicit return.

What part of the investment thesis is this supporting?

How feasible is it to deploy the technology and for marketers to adopt into their specific functional activities?

Jump Start

1. Develop a list of possible return ratios by category
2. Identify 2 return ratios for each category to start

Who Needs to be Involved

1. Global IT (if applicable) and Global/Regional Marketing Teams

Portfolio Build

It is important to get started and not over design the portfolio at inception. The portfolio will evolve as you learn how to manage technology investments. Building the portfolio will provide an immediate consolidated view of where you are investing and how well those technologies are doing within the organization. That is the most important first step in the process.

Matrix Build

All initial builds should incorporate the construct and return ratios developed as a initial construct.

What core variables (e.g. return ratios, utilization, etc.) will drive this matrix at inception?

What variables will be dynamic versus static at inception?

Data Feed

Identify who will provide the data and how they will continue to support your efforts.

Who will provide the data needed to populate the matrix?

How often will the data be needed?

Are there any special instructions?

Baseline

What was the initial and ongoing spend by category and specific technology?

What was the initial usage and utilization of technologies?

Reporting

What type of analysis needs to be performed on the matrix?

Who are the various reporting audiences?

What dashboards need to be developed for management?

Jump Start

1. Analyze initial and ongoing spend by category and specific technology
2. Identify core assumptions within the portfolio

Who Needs to be Involved

1. Global/Regional Procurement
2. Global/Regional Finance

Management

Actively managing the marketing technology investment portfolio is a necessary step to ensuring you are positioning the organization for success. Portfolio management is a great opportunity to engage and collaborate with all those involved in technology management. It allows the organization to make critical decisions in a disciplined and focused way.

Governance

Developing a governance structure that is simple yet inclusive will be important. It will be the only way the portfolio is assumed by the business.

Who will actively manage portfolio?

Who will decide request for construct, ratio and other changes to portfolio?

How often will the portfolio need to be reviewed?

Rebalancing

Rebalancing will provide the opportunity to understand how well the team is adhering to the construct and also identify risk.

Who will decide on how to rebalance portfolio?

How will rebalancing occur?

Promotion Strategy

Successful Experimental technologies need to be integrated into the organization

When should we promote experimental technologies?

How will we promote experimental technologies?

Exit Strategy

Determining when a technology is either over burdened or useless is important

When should we retire technologies?

How should we retire technologies?

Jump Start

1. Identify key IT and Marketing governance sponsors.
2. Develop review and rebalancing process.

Who Needs to be Involved

1. Global IT and Marketing Teams
2. Finance

Contact us at strategy@cmgpartners.com