Background

You are a member of one of four development teams for By the Book Gaming (BTB) a moderately successful specialty sports online gaming company. BTB is about to enter its planning process to determine the appropriate investment mix across all of its product lines. Through the course of this exercise you will simulate 4 half-year intervals covering 2009-2010.

Rules

1. Each participant will be assigned to one of four teams:
   - Pools for Fools
   - Be My Fantasy
   - Tools for Pools
   - You Betcha
2. At the start of the simulation, each team is provided with:
   - Company Description
   - The appropriate Team Description
   - Simulation Instructions (this document)
3. All necessary information regarding the company and its product teams are provided in the Company Description or the various Team Descriptions.
4. You can ask the facilitators clarifying questions, but it is entirely up to our discretion whether we actually answer, and whether the answer we provide is correct. (Hey, uncertainty is a big part of Portfolio Management)
5. This is a simulation, which means it is based off of a model of reality, not actual reality. If you happen to work in the online gaming industry, please be willing to suspend your disbelief at some aspects of the story.
6. The names used in this simulation may be real, but are taken wildly out of context.
7. Because this is a model, we made some simplifying assumptions such as there is a relative direct relationship (with a lot of chance and uncertainty thrown in of course) between the level of investment and the resulting revenue. We would try to explain it to you, but we're not sure we understand it ourselves.
8. There is a cost to start to use an infrastructure component, and a lower cost for continuing to use an infrastructure component.
9. Don't forget to have some fun.
10. There is no rule 10.

Simulation Flow

1. Get into 4 teams of approximately equal size. Your team will be identified as one of the four teams listed above. The facilitators will accept bribes to name a particular group of people a particular team.
2. Each team selects one person to represent their team on the portfolio management team. The job of the Portfolio Management Team is to make the investment decisions for BTB.
3. Read through the Company Description, your Team Description, and these instructions. Feel free to ask the facilitators any questions (keeping in mind rule #4. We will however provide correct answers regarding the play of the simulation).
4. Your team has 25 minutes to determine your team's strategy for the two years, including the number of team members you believe you should have in each half-year working on which product and which components from the Tools for Pools team you wish to use. (Except of course for the Tools for Pools Team who can't use the tools because they are building and maintaining them.)

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5. Each team will be given 5 minutes to present their case to the other teams supporting their particular investment choices.
6. We will break, as in take a break, not be destructive.
7. The Portfolio Management team will have 20 minutes to meet, in full view of everyone else (BTB believes in transparency, except for the highly complex simulation model of course) At the end of the meeting, BTB needs to have investment decisions and decisions about which components each product will use in each half-year.
8. Each product team will draw three cards for each of their products for a half-year from a carefully stacked er… shuffled deck handled by the facilitator. These cards represent three types of uncertainty:
   - Schedule Uncertainty – effectively simulating the team's variations in velocity
   - General Market Uncertainty – uncertainty in the market that impacts how much revenue the product with new development work produces
   - Acceptance Uncertainty – the uncertainty in the amount of additional revenue that the features developed by the team produced.

   Each team will use a different deck of cards, and cards will not be replaced within a half-year. We will rotate decks between the teams in different half-years so a team will draw from four different decks throughout the simulation.
9. The facilitators will enter the results of the drawn cards into a spreadsheet for the half-year to determine the resulting revenue in that half-year for that team.
10. Steps 8 and 9 are repeated for each team. After all teams have completed the simulation then BTB and each team will know their resulting half-year results.
11. Time willing, the portfolio management team will have 5 minutes to adjust their decisions for the last half of 2009.
12. Repeat steps 8 and 9 for each product team.
13. Following compilation of results for all of 2009, the Portfolio Management Team will have 20 minutes to revise their decisions for 2010.
14. Steps 8 – 12 will be repeated for 2010-H1 and 2010-H2.
15. Following the completion of this simulation, BTB will have its results for 2009 and 2010.
16. BTB will hold a retrospective, hopefully a celebration, possibly a post mortem.

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By the Book Gaming
Company Description

Overview

By the Book Gaming (BTB) has been moderately successful in the specialty sports enthusiast online gaming industry. BTB had net annual revenues of $10 million in 2008, mostly from the Pools for Fools product line focused on NCAA March Madness and NFL Playoff & Super Bowl pools.

Based on some market research and detailed analysis of the company's pool participants over the past year, BTB determined there was significant profile overlap between the pool enthusiast and people interested in fantasy sports. They decided to capitalize on this overlap by investing in a fantasy sports product line. The fantasy sports product line has not produced any revenue, but is projected to start generating revenue in 2009.

The CEO of the company had a buddy that had built a traditional online betting company called You Betcha and the decision was made during the last year the to acquire them. The product suite has some cool innovative aspects, but has not been overly successful in the market. The net annual revenue from the product suite is $2 Million.

As a result of the growth and the acquisitions, the company created a software infrastructure group to provide core infrastructure components to handle money, credit, security, and reporting for each of the product service lines.

Investment and Revenue Targets

The company is in growth mode so the management team has chosen to add headcount only to sales and marketing, figuring they will sell product and services first and deal with the consequences of increased demand if and when that comes. This decision was partly based on the Doug McKenzie, the Chief Software Architect, encouraging the company to adopt agile approaches, especially focused on the idea of small teams. The entire product development team, including product owners, project leads, developers, and testers totals 32 people. BTB's burdened rate for planning purposes is $125,000/person per year which means that the 2009 development budget will remain at its 2008 level of $4,000,000.

The Management Team expects significant growth and have promised such growth to their venture capital investors on the basis of the past year's investment in the fantasy business and the acquisition of You Betcha. The total net revenue target for 2009 is $20,000,000 and the total net revenue target for 2010 is $30,000,000 and each business line has been assigned their revenue targets.

The table on the next page shows 2008 headcount with revenue results for 2008 as well as 2009 and 2010 Revenue Targets for each product line team, including the infrastructure team.

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Product Line	History	2008 Head Count	2008 Revenue ($Thousands)	2009 Revenue Target ($Thousands)	2010 Revenue Target ($Thousands)
Pools for Fools	Very successful product line that has funded the organization.	8	8,000	12,000	18,000
Be My Fantasy	New product service line that started development in 2007. There are high hopes for this product offering.	8	0	4,000	6,000
Tools for Pools	Many of the team members came out of the Pools team. They still honor their Pools heredity and chose the name Tools for Pools. The components they are building include core components derived from the Pool product line as well as new component development to support additional cross product line features. Each product line can chose whether to use the components, and which ones they use.	8	0	0	0
You Betcha	This product line came in via an acquisition in 2007. There are novel and innovative ideas in the product, but revenue has only been $2 million. The competition is fierce in this space. While the product is novel, it is not very stable. The code has been hacked together quickly.	8	2,000	4,000	6,000
Total		**32**	**10,000**	**20,000**	**30,000**

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