Software Economics

Introduction
A programmer is at work when his wife calls and asks him to go to the store. She says she needs a gallon of milk, and if they have fresh eggs, buy a dozen.

He comes home with 12 gallons of milk.
A SQL query goes into a bar, walks up to two tables and asks...

“Can I join you?”
"I don't see women as **objects**. I consider each to be in a **class** of her own."
Chuck Norris *can* take a screenshot of his blue screen.
“And this is where our ROI became an IOU.”
CAN'T YOU DO ANYTHING RIGHT?
Introductory Scenario

Does Technology/IT Matter?

Why or why not?
Introductory Scenario

A traditional bank wants to create new web-based portal for financial services as a strategic step for becoming more competitive.

Let's speculate, for this new venture:

• Who would be their customers?
• What kind of product would they be selling?
• How would they “reach” the customers?
• What do they need to realize this?
• What do we need to know in order to assess the profitability of this venture?
• How do we calculate the profitability of this venture?
This course provides an overview of business aspects surrounding software related solutions and investments.

By the end of the course, you will be able to;

• Understand and Analyse the business model of a company
• Calculate and understand profitability of an investment
• Apply basics of Software Product Management (Dietmar Pfahl)
  • Software Product Management
  • Roadmapping & Release Planning
  • Product Sizing & Cost Estimation
Why is it important to know about the “business side” of IT?

• Knowing “why” is increasingly becoming key for better quality and productivity.

• Move from “separate parts” to “integrated whole”.

• Participation in development requires understanding of the business – “we need more than just coders”.

• A good idea versus a good idea that fits the strategy (business model) and is profitable?

• Not only start-up.
Contents of the Course

Business Model Innovation

Business Enabling IT

Key Activities

Value Proposition

Customer Relationships

Key Partners

Customers

Profitability of Investment

Costs

Key Resources

Revenue

Channels
Learning Methods

- Lectures
  - Exercises in class (2-3 persons)

- Practical Sessions
  - Discussions
  - Application of Knowledge

- Group Work (3-4 persons)
  - Projects
  - Presentations
Assessments

Total number of points = 100 points

1. Exam = max 50 points (written or project exam)
2. Assignments = 40 points (3 in total)
3. Quizzes = 10 points (4 in total)

For passing grade: > 50 points

For Grade A: >90 points (all components required)
Assessment

Assignments
- To analyze and apply the theory in an example

Quizzes
- Mini quizzes to secure that the theoretical basis is learned.
During sessions

You will need your laptops as we will work during class. Bring your laptops.

Participation in class is highly recommended, it will save you a lot of time.

Your collective experience and knowledge exceeds mine, active participation in discussions will benefit us all.
Exam – Two Types

Standard Exam
- Apply what you have learned regarding business models
- Business Case Calculation (submitting values)
- Open Book but no communication

Case Study Exam
- You have an idea
- Then you will prepare the business model, make a business case analysis, and calculate its profitability.
- Presentation of about 20 – 25 min.
- Individual exam
- Basically “one big assignment covering most of the things we have discussed in the course”
Summary of Introduction

1. Learning Objectives of the Course
2. Motivation – why is it important?
3. Content of the Course
4. Learning Methods used in the Course
5. Assessments in the Course

Questions?