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**Leading Practices: Agile Portfolio Management and
Iterative Business Cases Drive Innovative Product
Development**

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Leading Practices: Agile Portfolio Management and Iterative Business Cases Drive Innovative Product Development

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Abstract

This report (GAO-25-107130) is the third of a series on product development leading practices that are instructive for improvements to the Department of Defense's acquisition processes. The Government Accountability Office's (GAO) recent work has emphasized the importance of structuring defense acquisition programs around iterative development—a technical process crucial to how leading companies develop innovative, value-added products on timelines responsive to users' needs. GAO's work has found that leading companies employ equally robust business processes to the management of individual product developments as well as the overall product mix, or portfolio. Understanding how leading companies decide on their product development investments and how they use business cases—justifications for undertaking a product development—to support their decisions can inform ongoing acquisition reform efforts. GAO identified eight leading companies based on rankings in well-recognized lists, interviewed, company representatives, and analyzed documentation.

Background

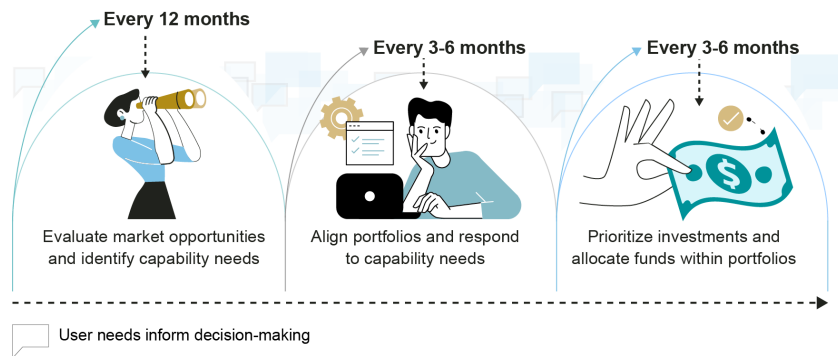
For more than 25 years, the U.S. Government Accountability Office (GAO) has recommended actions that the Department of Defense and other federal agencies should take to improve their most complex and costly acquisition programs, saving taxpayers tens of billions of dollars. Most recently, this work has emphasized structuring acquisition programs around iterative development—a process stemming from Agile software development that leading companies use to develop innovative, value-added products that respond quickly to users’ needs. Such leading practices offer proven approaches that can inform improvements to agencies’ acquisition of complex systems.

A sound technical process is not the only driver for the consistent pattern of success that characterizes leading companies’ product development. Leading companies employ equally robust business processes to initiate, justify, and prioritize their investments in innovative products such as semiconductors and industrial automation systems.

Leading Companies Use Agile Portfolio Management Practices to Guide Product Development Investments

Leading companies employ a forward-looking, agile approach to managing the overall mix of products, or product portfolios, that enables their iterative product development processes. Through agile portfolio management, leading companies continuously evaluate product development opportunities and investments using three key recurring practices (see below).









Source: GAO analysis of leading company information; PureSolution/stock.adobe.com. | GAO-25-107130

In addition, portfolio managers continually interact with business cases—collections of information that justify undertaking product development efforts. For example, based on regular assessments of business case data, portfolio managers may decide to add resources to improve weaker performing products or discontinue outdated products that impede demand for updated versions. Continually updating portfolios based on business case data enables leading companies to optimize their investments and ensure portfolios are responsive to the company’s strategic vision and evolving user needs.

Leading Companies Use Iterative Business Cases to Inform Scaled Investment in a Product’s Development

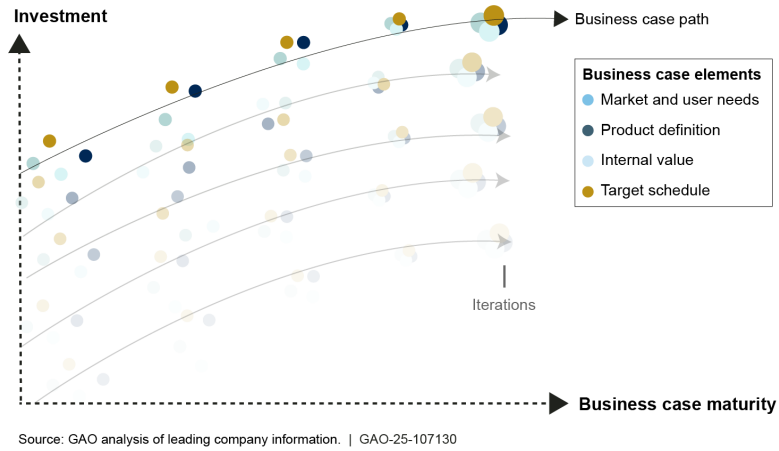
Leading companies recognize that traditional business processes are ill-suited to support the rapid, iterative technical approaches that guide modern product development. Consequently, these companies have implemented iterative business processes, including for product business cases themselves. Leading companies now ensure that initial business cases for new products address four key elements—market and user needs, product definition, internal value, and target schedule. These companies then update business case data throughout product development to inform recurring decisions on product priorities (see below).

 Initial business case	Identifies the market and user needs the product will fulfill.	 Defines the product, including the key capabilities it will provide to users.	 Assesses the net, internal value the product will provide to the company.	 Outlines a target schedule for delivering a minimum viable product (MVP).
Updated iterations of business case	Monitors evolving market and user needs and assesses whether the planned product is situated to fulfill those needs.	Reviews technology developments and innovations and assesses whether the product’s definition remains relevant to users.	Revisits and refines estimates of the net, internal value the product will provide to the company.	Revisits and refines the target schedule for delivering an MVP.

Source: GAO analysis of leading company information; PureSolutions/stock.adobe.com. | GAO-25-107130

Importantly, leading companies scale their investment in a product’s development based on the pace at which that product’s business case matures, rather than on promised performance or the passage of time (see below).





This is an excerpt from the full-length report. See GAO-25-107130 for details, including additional report contributors: <https://www.gao.gov/products/gao-25-107130> (report landing page); <https://www.gao.gov/assets/gao-25-107130.pdf> (PDF of report).





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