Decision Guidance on Software Feature Selection to Maximize the Benefit to Organizational Processes

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Abstract: Many software development projects fail because they do not deliver sufficient business benefit to justify the investment. Existing approaches to estimating business benefit of software adopt unrealistic assumptions which produce imprecise results. This paper focuses on removing this limitation for software projects that automate business workflow processes. For this class of projects, the paper proposes a new approach and a decision-guidance framework to select and schedule software features over a sequence of software releases as to maximize the net present value of the combined cash flow of software development as well as the improved organizational business workflow. The uniqueness of the proposed approach is in precise modelling of the business workflow and the savings achieved by deploying new software functionality.

1 INTRODUCTION

Many software development projects fail because they do not deliver much business benefit. Research has shown that 25% of projects fail and another 25% do not provide any return on investment (Pucciarelli & Wiklund, 2009). Of those projects that do not fail, 45% of the functionality is never used, resulting in zero business value (The Standish Group, 2014). This has led to an increasing understanding that “value creation is the final arbiter of success for investments of scarce resources; and far greater sophistication than in the past is now evident in the search for value” (Boehm & Sullivan, 2000).

This paper focuses on maximizing the business value for a class of software projects that automate Business Workflow Processes (BWP). It proposes a new approach and a decision-guidance framework to select and schedule software features over a sequence of software releases as to maximize the return on investment (ROI). The uniqueness of the proposed approach is that ROI analysis is based on precise modelling of the BWP and the savings achieved by deploying new software functionality.

There has been extensive work on the selection and scheduling of software functionality to increase the business value of software investments, among them, the highly influential Incremental Funding Methodology (IFM) approach (M. Denne & Cleland-Huang, 2004), (Cleland-Huang & Denne, 2005), (Mark Denne & Cleland-Huang, 2003). IFM’s approach is to deliver software functionality, called features, as early as possible in order to maximize their business value. It assumes a software development life cycle that delivers software continuously and iteratively in releases, in line with modern Agile methodologies like Scrum.

Another approach called F-EVOLVE* (Maurice et al., 2006), is an iterative and evolutionary approach that facilitates the involving of stakeholders to achieve increments (releases) that result in the highest degree of satisfaction among different stakeholders. The approach provides a decision support for the generation and selection of release plan alternatives.

A third approach (Van den Akker et al., 2005), applies integer linear programming to maximize the revenue.

However, estimating the business benefit of a software release is challenging. All existing approaches use cash flow as a metric for business benefits, but their estimations are inaccurate. IFM and Van den Akker et al. assume that cash flow estimations are provided externally, that is, they are not part of the approach, while F-EVOLVE* gets estimates from multiple stakeholders and weights them according to the perceived importance of each stakeholder. Also, they require the estimation of cash...
flows at the software feature level which is challenging due to the difficulty of drawing a direct correlation between a particular business benefit, like a reduction in cost, and a specific piece of software. Some researchers have acknowledged this difficulty, e.g., (Devaraj & Kohli, 2002) noted that “the principal issue encountered is whether we can isolate the effect of IT on firm performance. It does not have an easy answer, because it means disentangling the effect of IT from various other factors such as competition, economic cycle, capacity utilization, and many other context-specific issues.”

Existing value-based approaches other than the three mentioned were not considered because they are not comprehensive. For example, (Riegel & Doerr, 2014) developed heuristics that can be used to optimize requirements selection, but their cost metric only involves elicitation, not development. (Hannay et al., 2017) used benefit points as a metric for business value but did not propose a release scheduling approach. (Elsaid et al., 2019) used rule-based fuzzy logic to prioritize requirements but did not consider the development cost.

A significant pitfall of existing value-based release scheduling approaches like IFM, F-EVOLVE* and Van den Akker et al. is that each and every dollar of cash flow needs to be allocated to one and only one feature. This is not a realistic assumption because often, realizing a business benefit does require the implementation of more than one software feature. Another pitfall is that the cash flow of the business benefit (revenue or savings) and the cost of development are combined into a single value. This conceals the cost of development from the decision maker and force development cost changes to be applied first to the external cash flows prior to being used in the model.

Because of these pitfalls, the estimation of business benefits is often based on a guesswork and, as a result, is inaccurate. This inaccuracy, together with the estimation of business benefits being external to the methodology, are the limitations of existing value-based approaches.

The focus of this paper is addressing the limitations of the existing value-based release scheduling approaches for the class of software projects that improve a Business Workflow Process (BWP). We address the limitations by proposing a decision-guidance framework that is more precise than existing approaches because it is based on a formal model of the BWP and its evolution following the implementation of software features.

The key idea, which is also unique, is that the implementation of software features allows improvements in the BWP, which lead to a reduction in cost. As a consequence of this idea, the business benefit is not attributed to individual features in silos like in the current approaches, but rather to the synergetic effect of multiple interrelated features on the reduction of the overall cost of the BWP. The proposed approach moves the benefit estimation from a guesswork to a systematic model-based methodology, which, we believe, will result in considerably higher return on software investment.

More specifically, the contributions of this paper are threefold. We (1) develop a formal optimization model and solution based on a reusable library of analytical component models; (2) develop a decision guidance system and methodology for software release scheduling; and (3) demonstrate the methodology using an example from the U.S. Patent and Trademark Office.

The first contribution, the formal model, captures the entire space of alternatives for BWP networks which produce some output items from input items (e.g., documents, requests, approvals, etc.). Every process in a BWP hierarchy is described, recursively, as a flow of items through a number of sub-processes. Some parent processes require an exclusive OR choice among their children sub-processes (introducing alternatives), while others require all their children sub-processes to be activated.

The formal optimization model decides on (1) which interdependent software features are to be implemented and in which software release, and (2) which specific alternatives of the BWP network are to be activated for each software release over the investment horizon. To be activated, atomic processes in the BWP hierarchy may require new inter-dependent software features to be implemented. Improvements in the BWP are measured as cash flows and their associated Net Present Value (NPV). Cash flows are calculated to represent the ongoing costs of the BWP, as well as software development. Each potential software release schedule impacts the cash flow and results in a different NPV. The formal optimization problem is to minimize the NPV of the combined cash flow of the BWP plus the software cost, while satisfying the constraints of (1) feature-to-release allocation, (2) dependencies among features, and (3) business processes activation.

As a second contribution, we develop a Decision Guidance System (DGS) and methodology that are centered around solving the optimization model and producing an optimal release sequence. The DGS is based on the formal model and is implemented in the Decision Guidance Analytics Language (DGAL) (Alexander Brodsky & Luo, 2015) within Unity
(Nachawati et al., 2016), a generic platform for the creation and execution of decision guidance systems.

Finally, to demonstrate the approach, we show a simplified example from the United States Patent and Trademark Office, with all the essential components.

This paper is organized as follows: Section 2 intuitively explains the proposed approach through an example; Section 3 describes the formal model; Section 4 discusses the methodology and decision guidance system; Section 5 is an example of the approach; and, Section 6 provides concluding remarks and briefly describes future research.

2 INTUITIVE EXPLANATION OF THE RELEASE SCHEDULING APPROACH

We first describe the proposed approach intuitively through an example. The goal is to maximize the business value of an investment in an information system that improves a business process.

BWP Modelling

Consider an organization, like the United States Patent Office, which processes applications for patents. Consider a simplified and partial version of the business process workflow, depicted in Figure 1. The process starts with Application Intake (A), which takes a User Application and either accepts it by producing a Compliant Application or rejects it by producing a Non-compliance Notice. Compliant applications go through Adjudication (B) and then Adjudication Review (C), which produces an Adjudicated Application Letter.

![Figure 1: Simplified Patent Adjudication BWP.](image)

Let us assume that initially, processes A, B and C are manual, and the Patent Office is considering implementing a software system to automate these processes to save cost. To reason about possible alternatives for automation, the Office creates the diagram shown in Figure 2. In it, process A has three alternatives; AA (Manual Application Intake), AB (Electronic Application Intake) and AC (Self-service Application Intake), where AA is the initial manual process and AB and AC are increasingly automated alternatives of A. Similarly, for B, BA is the initial manual process while BB is its automated alternative and for C, CA is manual while CB is its automated alternative. In essence, Figures 1 and 2 show all possible configurations of the BWP, composed of a combination of alternatives to processes A, B and C.

Initially there is no software system, consequently the BWP configuration is made of manual processes AA (Manual Application Intake), BA (Manual Adjudication) and CA (Manual Adjudication Review). As the software system is implemented, the BWP configuration changes to take advantage of more efficient processes; AA transitions to AB (Electronic Application Intake), BA transitions to BB (Electronic Adjudication), etc...

We model the BWP as a Service Network (SN) (A. Brodsky et al., 2017), which is a “network of service-oriented components that are linked together to produce products”. Figure 1 depicts the root Service Network, while Figure 2 details its subservices A, B and C. Because the root service requires subservices A, B and C, we call this an AND-type service. Whereas, because service A requires only one of subservices AA, AB or AC, service A is an OR-type. Services B and C are also OR-types while all the other subservices are atomic.

![Figure 2: BWP Composite Processes A, B and C.](image)

BWP Cost

Different automation alternatives potentially reduce the cost of the BWP for patent adjudication. Cost savings may be due to reduction of the amount of manual labor or utilization of less costly labor. However, automated process alternatives require the implementation of specific software functionality called features. For example, process alternative AB (Electronic Application Intake) requires business feature BF1 which is the capability to create and edit

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an electronic application. Table 1 shows which features are required for each process alternative, where BF is a business feature and TF is a technical feature.

Our approach uses the cost reduction of automated processes to precisely calculate the business value of software. In our approach, there is no need to estimate the cash flow at the feature level; a feature is just an enabler of a change in the BWP configuration.

Table 1: Process alternatives and required software features.

<table>
<thead>
<tr>
<th>Process Alternative</th>
<th>Required Feature</th>
<th>Feature Functionality</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>AB</td>
<td>BF1</td>
<td>Capability to create and edit an electronic appl.</td>
</tr>
<tr>
<td>AC</td>
<td>BF4</td>
<td>Capability to allow an Applicant to submit an application on-line</td>
</tr>
<tr>
<td>BA</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>BF2</td>
<td>Capability to annotate aspects of the application that pass or don't pass adjudication rules</td>
</tr>
<tr>
<td>CA</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>CB</td>
<td>BF3</td>
<td>Capability to review adjudication decision and annotate issues that don't pass review</td>
</tr>
</tbody>
</table>

Software Features

Features must be scheduled over a sequence of releases. The set of features implemented in a particular release incur a development cost and enables a set of candidate BWP configurations, which in turn, are associated with labor cost savings. A software release schedule is a table of all releases and the features planned to be implemented in each release. The choice of features to be implemented in a particular release is constrained by the fact that features require varying levels of effort, but the development team has a fixed capacity. This means that the total effort scheduled for any release cannot exceed the capacity of the development team.

Another constraint is that features have interdependencies that form a graph. Figure 3 depicts the dependency graph for our example. It shows that business feature BF1 is a prerequisite for BF2 and BF4 while technical feature TF1 is a prerequisite for BF1 and BF3.

![Figure 3: Dependency Graph.](image)

Best BWP Configuration

There are many possible mappings between features, releases and BWP configurations. One such mapping is the release sequence shown in Table 2. During release 1, TF1 and BF1 are being implemented but still not available. Consequently, the best BWP configuration is AA, BA, and CA because, according to Table 1, it does not require any software feature. During release 2, BF3 is being implemented but still not available, therefore, the set of completed features is \{TF1, BF1\} consequently, the best BWP configuration is AB, BA and CA because feature BF1, according to Table 1, enables process AA to transition to AB. The same rationale applies to releases 3 and 4. After release 4 all features are implemented and the best configuration, which is also the least costly, is AC, BB and CB.

Table 2: Example of software release schedule and best BWP configuration.

<table>
<thead>
<tr>
<th>Software Release #</th>
<th>Features being implemented</th>
<th>Best BWP Configuration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TF1, BF1</td>
<td>AA, BA, CA</td>
</tr>
<tr>
<td>2</td>
<td>BF3</td>
<td>AB, BA, CA</td>
</tr>
<tr>
<td>3</td>
<td>BF2</td>
<td>AB, BA, CB</td>
</tr>
<tr>
<td>4</td>
<td>BF4</td>
<td>AB, BB, CB</td>
</tr>
<tr>
<td>After 4</td>
<td></td>
<td>AC, BB, CB</td>
</tr>
</tbody>
</table>

Note that the feature sequence in Table 2 complies with the dependency graph in Figure 3 because TF1 and BF1 are implemented before BF2, BF3 and BF4. Also, TF1 is implemented in the same release as BF1.

Every software release schedule and related BWP configuration, such as the one depicted in Table 2, corresponds to a cash flow and the NPV associated with (1) the cost of software development, and (2) the cost of running the BWP. Our problem is finding a software release schedule and BWP configuration that maximizes the overall NPV, subject to constraints such as the BWP space of alternatives, the required software features, the interdependencies among features, the one-to-one mapping between features and releases and the capacity of the development team.
3 FORMAL MODEL

3.1 Model Introduction

The release scheduling problem formulation in linear programming is:
\[
\begin{align*}
\text{Maximize} & \quad O(P, DV) \\
\text{subject to} & \quad C(P, DV)
\end{align*}
\]

Where:
- \( P \) is a set of parameters,
- \( DV \) is a set of decision variables,
- \( C(P, DV) \) is a predicate, expressed as a function of parameters \( P \) and decision variables \( DV \), that need to be satisfied, and
- \( O(P, DV) \) is the NPV metric, expressed as a function of \( P \) and \( DV \).

The components of the optimization problem are described using the \( \text{ReleaseScheduling} \) formalization, which is a tuple \( \langle \text{Parameters}, \text{DecisionVariables}, \text{Computation}, \text{Constraints}, \text{InterfaceMetrics} \rangle \), detailed in section 3.2. At a high level, the \( \text{ReleaseScheduling} \) formalization is described in Figure 4 as a hierarchy of components.

![Figure 4: Hierarchy of the Formalizations of the Release Scheduling Model.](image)

The hierarchy in Figure 4 establishes a parent-child relationship where the child inherits all formalizations from the parent and the parent has access to all the formalizations of the child. For example, \( \text{ReleaseScheduling} \) is the parent of Business Service Network (BSN), consequently the BSN tuple is available to \( \text{ReleaseScheduling} \) and BSN inherits \( \text{Parameters}, \text{DecisionVariables}, \text{Computations} \) and \( \text{InterfaceMetrics} \) from \( \text{ReleaseScheduling} \).

In the next sections we describe the components of the \( \text{ReleaseScheduling} \) formalization hierarchy in details.

3.2 Release Scheduling Formalization

\( \text{ReleaseScheduling (RSch)} \) formalization is a tuple \( \langle \text{Parameters}, \text{DecisionVariables}, \text{Computation}, \text{Constraints}, \text{InterfaceMetrics} \rangle \), where:

- \( \text{Parameters} \), also denoted \( \text{Parm} \), is a tuple \( \langle \text{Features}, \text{TH}, \text{DiscountRate}, \text{ReleaseInfo}, \text{BSN.Parameters}, \text{SWD.Parameters} \rangle \)
- \( \text{Features} \) is a tuple \( \langle \text{BF}, \text{TF}, \text{DG}, \text{FS} \rangle \)
  - \( \text{BF} \) is a set of business features
  - \( \text{TF} \) is a set of technical features, such that \( \text{BF} \cap \text{TF} = \emptyset \)
  - \( \text{DG} \), (Dependency Graph), is a partial order over \( F = \text{BF} \cup \text{TF} \), \( (f_1, f_2) \in \text{DG} \) also denoted \( f_1 \prec f_2 \), means that \( f_2 \) is dependent on \( f_1 \), that is, feature \( f_1 \) is a pre-requisite for feature \( f_2 \).
  - \( \text{FS}: F \rightarrow \mathbb{R}_+ \) is a function described as follows: \( \forall f \in F, \text{FS}(f) \) gives the size, in effort point, of each feature \( f \).
  - \( \text{TH} \) is the time horizon for analysis in days
  - \( \text{DiscountRate} \) is the daily rate to discount cash flows.
  - \( \text{ReleaseInfo} \) is a tuple \( \langle \text{NR}, \text{RD} \rangle \)
    - \( \text{NR} \) is the number of releases
    - \( \text{RD} : \{1 .. \text{NR}\} \rightarrow \mathbb{R}_+ \) is a function described as follows: \( \forall r \in \{1 .. \text{NR}\}, \text{RD}(r) \) gives the maximum duration in days for release \( r \).
  - \( \text{BSN.Parameters} \) is defined in section 3.3
  - \( \text{SWD.Parameters} \) is defined in section 3.8
- \( \text{DecisionVariables} \), also denoted \( \text{DV} \), is a tuple \( \langle \text{IBF}, \text{ITF}, \text{BSN.DecisionVariables}, \text{SWD.DecisionVariables} \rangle \)
  - \( \text{IBF} : \{1 .. \text{NR}\} \rightarrow 2^{\text{BF}} \) is a function described as follows: \( \forall r \in \{1 .. \text{NR}\}, \text{IBF}(r) \) gives a set of business features planned to be implemented in release \( r \).
  - \( \text{ITF} : \{1 .. \text{NR}\} \rightarrow 2^{\text{BF}} \) is a function described as follows: \( \forall r \in \{1 .. \text{NR}\}, \text{ITF}(r) \) gives a set of technical features planned to be implemented in release \( r \).
  - \( \text{BSN.DecisionVariables} \) is defined in section 3.3
  - \( \text{SWD.DecisionVariables} \) is defined in section 3.8

- \( \text{Computation} \)
  - Let \( \text{SoFarIBF}: \{1 .. \text{NR} + 1\} \rightarrow 2^{\text{BF}} \) be a function described as follows: \( \forall r \in \{1 .. \text{NR} + 1\}, \text{SoFarIBF}(r) \) gives the set of all business features
implemented up to release \( r \) or the period after the last release, computed as follows:
\[
SoFarIBF(r) = \bigcup_{i=1}^{r-1} IBF(i)
\]

2. Let \( CombinedCashFlow : [1..TH] \rightarrow \mathbb{R} \) be a function described as follows: \((\forall d \in [1..TH]), CombinedCashFlow(d)\) gives the combined income/expenditure of both the Business Service Network and the Software Development, \((\forall d \in [1..TH])\), computed as follows:
\[
CombinedCashFlow(d) = BSN.IM.Cashflow(d) + SWD.IM.Cashflow(d)
\]

where:
- \( BSN.IM.Cashflow \) is defined in section 3.3
- \( SWD.IM.Cashflow \) is defined in section 3.8

Note that a negative cash flow means that it is a cash outflow.

3. Let \( TimeWindowNPV : [1..TH] \rightarrow \mathbb{R} \) be a function described as follows: \((\forall d \in [1..TH]), TimeWindowNPV(d)\) gives the Net Present Value (NPV) of the \( CombinedCashFlow \) for the time investment window \([1..d]\), computed as follows:
\[
TimeWindowNPV(d) = \sum_{i=1}^{d} \frac{CombinedCashFlow(i)}{(1 + DiscountRate)^i}
\]

4. Let \( F = BF \cup TF \)
5. Let \( IF(r) = IBF(r) \cup ITF(r) \), \((\forall r \in [1..NR])\)
6. \( FeatureSetsForReleasesArePairwiseDisjoint \) constraint is:
   \((\forall i,j \in [1..NR], i \neq j), IF(i) \cap IF(j) = \emptyset\)
7. \( DependencyGraphsIsSatisfied \) constraint is:
   \((\forall r \in [1..NR])(\forall f_1, f_2 \in F), (f_1 < f_2 \land f_2 \in IF(r)) \rightarrow (f_1 \in \bigcup_{i=1}^{r} IF(i))\)

Constraints
1. \( FeatureSetsForReleasesArePairwiseDisjoint \) is defined in computation #6 above.
2. \( DependencyGraphsIsSatisfied \) is defined in computation #7 above.
3. \( BSN.Constraints \) is defined in section 3.3.
4. \( SWD.Constraints \) is defined in section 3.8.

\( InterfaceMetrics \), also denoted \( IM \), is a tuple \( \langle SoFarIBF, CombinedCashFlow, TimeWindowNPV, BSN.InterfaceMetrics, SWD.InterfaceMetrics \rangle \),
where:

- \( CombinedCashFlow \) is defined in computation #2 above.
- \( TimeWindowNPV \) is defined in computation #3 above.
- \( BSN.InterfaceMetrics \) is defined in section 3.3
- \( SWD.InterfaceMetrics \) is defined in section 3.8

### 3.3 Business Service Network Formalization

A Business Service Network (BSN) is the formal equivalent of the BWP.

**BusinessServiceNetwork** formalization, also denoted BSN, is a tuple \( \langle Parameters, DecisionVariables, Computation, Constraints, InterfaceMetrics \rangle \), where:

- \( Parameters \), also denoted \( Parm \), is a tuple \( \langle LaborRates, LaborPaySched, BSNDemand, ServicesSet, rootID \rangle \), where:
  - \( LaborRates \) is a tuple \( \langle LR, Rate \rangle \) where:
    - \( LR \) is a set of labor roles
    - \( Rate : LR \rightarrow \mathbb{R}^+ \) is a function described as follows: \((\forall l \in LR), Rate(l)\) gives the daily rate for labor role \( l \).
  - \( LaborPaySched \), the labor cost payment schedule, is a tuple \( \langle NLP, LaborPayDays \rangle \), where:
    - \( NLP \in \mathbb{R}^+ \) is the number of labor payments over the entire time horizon
    - \( LaborPayDay : [1..NLP] \rightarrow [1..TH] \) is a function described as follows: \((\forall p \in [1..NLP]), LaborPayDay(p)\) gives the day, relative to the first day of the time horizon, on which a payment \( p \) is made.
  - \( BSNDemand \), is a tuple \( \langle BSNI, BSNO, Demand \rangle \), where:
    - \( BSNI \) is a set of input items ids that have to be processed by the Service Network.
    - \( BSNO \) is a set of output items ids that have to be produced by the Service Network.
    - \( Demand : BSNI \cup BSNO \rightarrow \mathbb{R}^+ \) is a function described as follows: \((\forall j \in BSNI \cup BSNO), Demand(j)\) gives for every item \( j \), the required processing throughput per hour.
  - \( ServicesSet \) is the set of all services in the Service Network, defined in section 3.4.
  - \( rootID \) is the id of the Service, in the \( ServicesSet \), which is designated to be the "root". The definition of a Service is given in section 3.4.
DecisionVariables is the set \{s \in \text{ServicesSet}\}. See section 3.4.

Computation
1. Let root be a Service in ServicesSet with id=\text{rootid}
2. \text{BSNDemandIsSatisfied} constraint:
   \((\forall i \in \text{BSN}) \ (\forall r \in [1..\text{NR} + 1]),
   \text{Service.IM.InputThru(rootID, i, r)} \geq \text{Demand (i)}\)
   • \text{Service.IM.InputThru(rootID, r)} is defined in section 3.5
3. \text{BSNSupplyIsSatisfied} constraint:
   \((\forall o \in \text{BSN}) \ (\forall r \in [1..\text{NR} + 1]),
   \text{Service.IM.OutputThru(rootID, o, r)} \geq \text{Demand (o)}\)
   • \text{Service.IM.OutputThru(rootID, r)} is defined in section 3.5
4. Let \text{BSNCostForDay}: [1..\text{TH}] \to \mathbb{R}^+ be a function described as follows: \((\forall d \in [1..\text{TH}]),
   \text{BSNCostForDay}(d)\) gives the service network labor cost accrued for day \(d\) computed as:
   \[
   \text{BSNCostForDay}(d) = \text{Service.IM.CostPerDay(rootID, r)}
   \]
   Where:
   • \(r\) is the release period (or period after the last release) where \(d\) appears, i.e.,
     \(\text{SWD.IM.firstDay(r)} \leq d \leq \text{SWD.IM.lastDay(r)}\)
   • \text{Service.IM.CostPerDay(rootID, r)} is defined in section 3.5
   • \text{SWD.IM.firstDay and SWD.IM.lastDay} are defined in section 3.8.
5. Let \text{BSNPayment}: [1..\text{NLP}] \to \mathbb{R} be a function described as follows: \((\forall p \in [1..\text{NLP}]),
   \text{BSNPayment}(p)\) gives the service network labor payment in dollars, for each scheduled payment \(p\), computed as:
   \[
   \text{BSNPayment}(p) = \sum_{d=\text{LaborPayDay}(p)}^{d=\text{LaborPayDay}(p)+1} \text{BSNCostForDay}(d)
   \]
6. Let \text{CashFlow}: [1..\text{TH}] \to \mathbb{R}^+ be a function described as follows: \((\forall d \in [1..\text{TH}]),\text{CashFlow}(d)\) gives the cash flow for the entire Business Service Network for day \(d\), computed as follows:
   If \(d = \text{LaborPayDay}(p)\) for some payment \(p\),
   Then \(\text{CashFlow}(d) = -\text{BSNPayment}(p)\)
   Otherwise \(\text{CashFlow}(d) = 0\)

Constraints
1. \text{BSNDemandIsSatisfied}(\text{see Computation #2})
2. \text{BSNSupplyIsSatisfied} (\text{see Computation #3})
3. \text{Service.IM(rootID, r). Constraints} (\text{see section 3.5})

InterfaceMetrics, also denoted IM, is a tuple \((\text{CashFlow})\), where:
• \text{CashFlow} is defined in computation #6 above.

3.4 Service Formalization

\text{ServicesSet} formalization is a set of \text{Service}, where:
\text{Service} is a tuple \((\text{Parameters, DecisionVariables, Computation, Constraints, InterfaceMetrics})\), defined separately for each \text{ServiceType} \in \{\text{ANDservice, ORservice, InputDrivenAtomicService}\}
• Every service has an \(id\) and a \text{ServiceType}. We denote by \text{service}(id) the service with identifier \(id\).
• \text{ANDservice} type is defined in section 3.5.
• \text{ORservice} type is defined in section 3.6.
• \text{InputDrivenAtomicService} type is defined in section 3.7.

3.5 ANDService Formalization

Intuitively, an \text{ANDservice} is a composite service, that is, an aggregation of sub-services such that all sub-services are activated.
\text{ANDservice} formalization is a tuple \((\text{Parameters, DecisionVariables, Computation, Constraints, InterfaceMetrics})\) where:
\text{Parameters}, also denoted \text{Parm}, is a tuple \((id, \text{ServiceType}(id), I(id), O(id), \text{Subservices}(id))\) where:
• \text{id} is the Service id, which must be unique across all services in the \text{ServicesSet}.
• \text{I(id)} is a set of inputs
• \text{O(id)} is a set of outputs
• \text{Subservices(id)} is a set of the ids of the sub-services.
• \text{ServiceType(id)} is \text{ANDservice}.

DecisionVariables, also denoted \text{DV}, is a tuple \((\text{On(id), InputThru(id), OutputThru(id)})\) where:
• \text{On(id)\{1..\text{NR} + 1} \to \{0,1\} is a function that determines whether the Service id is activated or not, for a particular release, i.e., \((\forall r \in [1..\text{NR} + 1]), \text{On}(id)(r), \text{also denoted by On(id,r)}\) as follows:
\( \text{On}(id, r) = \begin{cases} 1 & \text{if service id is activated in release r} \\ 0 & \text{otherwise} \end{cases} \)

- **InputThru(id):** \( I(id) \times [1..NR + 1] \rightarrow \mathbb{R}^+ \) is a function described as follows: \((\forall i \in I(id), \forall r \in [1..NR + 1]), \text{InputThru}(id)(i, r), \) also denoted \( \text{InputThru}(id, i, r) \), gives the throughput of \( i \) (or quantity per day) during release \( r \) or the period after the last release.

- **OutputThru(id):** \( O(id) \times [1..NR + 1] \rightarrow \mathbb{R} \) is a function described as follows: \((\forall o \in O(id), \forall r \in [1..NR + 1]), \text{OutputThru}(id)(o, r), \) also denoted \( \text{OutputThru}(id, o, r) \), gives the throughput of \( o \) (or quantity per day) during release \( r \) or the period after the last release.

**Computation**

1. **AllSubservicesAreActivated** constraint:
   Let \( n \) be the cardinality of \( \text{Subservices}(id) \). Then the constraint is:
   \[
   \text{On}(id, r) = 1 \rightarrow \sum_{i \in \text{Subservices}(id)} \text{On}(i, r) = n \\
   \forall r \in [1..NR + 1]
   \]

2. Let \( \text{SetAllIO}(id) \) be a set of inputs and outputs, computed as follows:
   \[
   \text{SetAllIO}(id) = I(id) \cup O(id) \bigcup_{i \in \text{Subservices}(id)} I(i)
   \]

3. Let \( \text{ServiceItemSupply}(id): \text{SetAllIO} \times [1..NR + 1] \rightarrow \mathbb{R} \) be a function described as follows: \((\forall j \in \text{SetAllIO}(id), \forall r \in [1..NR + 1]), \text{ServiceItemSupply}(id)(j, r), \) also denoted \( \text{ServiceItemSupply}(id, j, r) \), gives the total supply of item \( j \) during release \( r \) (and the period after the last release), computed as follows:
   \[
   \text{ServiceItemSupply}(id, j, r) = \text{InputItemThru}(id, j, r)
   + \sum_{s \in \text{Subservices}(id)} \text{OutputItemThru}(s, j, r)
   \]
   Where:
   \[
   \begin{align*}
   \text{InputItemThru}(id, j, r) = \{ & \text{InputThru}(id, j, r) \text{ if } j \in I(id) \\
   & 0 \text{ otherwise} \}
   \\
   \text{OutputItemThru}(s, j, r) = \{ & \text{OutputThru}(s, j, r) \text{ if } j \in O(s) \\
   & 0 \text{ otherwise} \}
   \end{align*}
   \]

4. Let \( \text{ServiceItemDemand}(id): \text{SetAllIO} \times [1..NR + 1] \rightarrow \mathbb{R} \) be a function described as follows:
   \((\forall j \in \text{SetAllIO}(id), \forall r \in [1..NR + 1]), \text{ServiceItemDemand}(id, j, r), \) also denoted \( \text{ServiceConsumption}(id, j, r) \), gives the total demand of item \( j \) during release \( r \) (and the period after the last release), computed as follows:
   \[
   \text{ServiceItemDemand}(id, j, r) = \text{OutputItemThru}(id, j, r)
   + \sum_{s \in \text{Subservices}(id)} \text{InputItemThru}(s, j, r)
   \]
   Where:
   \[
   \begin{align*}
   \text{InputItemThru}(s, j, r) = \{ & \text{InputThru}(s, j, r) \text{ if } j \in I(id) \\
   & 0 \text{ otherwise} \}
   \\
   \text{OutputItemThru}(id, j, r) = \{ & \text{OutputThru}(id, j, r) \text{ if } j \in O(s) \\
   & 0 \text{ otherwise} \}
   \end{align*}
   \]

5. **SupplyItemMatchesDemandItem** constraint is:
   \((\forall j \in \text{SetAllIO}(id), \forall r \in [1..NR + 1]), \text{ServiceItemSupply}(id, j, r), \) also denoted \( \text{ServiceSupply}(id, j, r) \), gives the total supply of item \( j \) during release \( r \) (and the period after the last release), computed as follows:
   \[
   \text{ServiceItemSupply}(id, j, r) = \text{ServiceItemDemand}(id, j, r)
   \]

6. Let \( \text{CostPerDay}(id): [1..NR + 1] \rightarrow \mathbb{R} \) be a function described as follows: \((\forall r \in [1..NR + 1]), \text{CostPerDay}(id)(r), \) also denoted \( \text{CostPerDay}(id, r) \), gives the total dollar cost per day during period \( r \) and the period after the last period, computed as:
   \[
   \text{CostPerDay}(id, r) = \sum_{i \in \text{Subservices}(id)} \text{Service.IM.CostPerDay}(i, r)
   \]

**Constraints** are as follows:

1. **AllSubservicesAreActivated** (see computation #1)
2. **SupplyItemMatchesDemand** (see computation #5)

**InterfaceMetrics**, also denoted \( \text{IM} \), is a tuple \( \langle \text{CostPerDay}(id), \text{InputThru}(id), \text{OutputThru}(id) \rangle \) where:
   - **CostPerDay(id)** is defined in computation #6 above.
   - **InputThru(id)** is defined in DecisionVariables above.
   - **OutputThru(id)** is defined in DecisionVariables above.

### 3.6 ORservice Formalization

Intuitively, an ORservice is a composite service, that is, an aggregation of sub-services such that only one sub-service is activated.
**Decision Guidance on Software Feature Selection to Maximize the Benefit to Organizational Processes**

**ORSERVICE formalization** is a tuple \(\langle \text{Parameters}, \text{DecisionVariables}, \text{Computation}, \text{Constraints}, \text{InterfaceMetrics} \rangle\) where:

- **Parameters**, also denoted \(\text{Parm}\), is a tuple \(\langle \text{id}, \text{ServiceType(id)}, I(id), O(id), \text{Subservices(id)} \rangle\) where:
  - \(\text{id}\) is the Service id, which must be unique across all services in the ServicesSet.
  - \(I(id)\) is a set of inputs
  - \(O(id)\) is a set of outputs
  - \(\text{Subservices(id)}\) is a set of the ids of the sub-services.
  - \(\text{ServiceType(id)}\) is ORSERVICE.

- **DecisionVariables**, also denoted \(\text{DV}\), is a tuple \(\langle O_n(id), I\text{nthru}(id), O\text{uthru}(id) \rangle\) where:
  - \(O_n(id)\) is a function that determines whether the Service \(id\) is activated or not, for a particular release, i.e., \((\forall r \in [1..NR + 1]), O_n(id)(r)\), also denoted by \(O_n(id,r)\) is as follows:
    - \(O_n(id,r) = 1\) if service id is activated in release \(r\)
    - \(0\) otherwise
  - \(I\text{nthru}(id): I(id) \times [1..NR + 1] \rightarrow \mathbb{R}^+\) is a function described as follows: \((\forall i \in I(id), \forall r \in [1..NR + 1]), I\text{nthru}(id)(i,r)\), also denoted \(I\text{nthru}(id,i,r)\), gives the throughput of \(i\) (or quantity per day) during release \(r\) or the period after the last release.
  - \(O\text{uthru}(id): O(id) \times [1..NR + 1] \rightarrow \mathbb{R}^+\) is a function described as follows: \((\forall o \in O(id), \forall r \in [1..NR + 1]), O\text{uthru}(id)(o,r)\), also denoted \(O\text{uthru}(id,o,r)\), gives the throughput of \(o\) (or quantity per day) during release \(r\) or the period after the last release.

**Computation**

1. **OnlyOneServiceIsActivated** (see computation #1)

\[
O_n(id,r) = 1 \rightarrow \sum_{i \in \text{Subservices(id)}} O_n(i,r) = 1
\]

\(\forall r \in [1..NR + 1]\)

2. Same as ANDservice computation #2
3. Same as ANDservice computation #3
4. Same as ANDservice computation #4
5. **SupplyItemMatchesDemandItem** constraint: Same as ANDservice computation #5
6. **CostPerDay** computation: Same as ANDservice computation #6

**Constraints** are as follows:

1. **OnlyOneServiceIsActivated** (see computation #1)
2. **SupplyItemMatchesDemandItem** (see computation #2)

**InterfaceMetrics**, also denoted \(\text{IM}\), is a tuple \(\langle \text{CostPerDay(id)}, \text{InputThru(id)}, \text{OutputThru(id)} \rangle\) where:

- \(\text{CostPerDay(id)}\) is defined in #6 above.
- \(\text{InputThru(id)}\) is defined in DecisionVariables.
- \(\text{OutputThru(id)}\) is defined in DecisionVariables.

**3.7 InputDrivenAtomicService Formalization**

Intuitively, an Input DrivenAtomicService is an indivisible service which’s throughput is driven by the number of inputs that it needs to consume, for example, a process that receives applications and adjudicates them.

**InputDrivenAtomicService formalization** is a tuple \(\langle \text{Parameters}, \text{DecisionVariables}, \text{Computation}, \text{Constraints}, \text{InterfaceMetrics} \rangle\) where:

- **Parameters**, also denoted \(\text{Parm}\), is a tuple \(\langle \text{id}, \text{ServiceType(id)}, I(id), O(id), \text{RBF(id)}, \text{ServiceRoles(id)}, \text{IOthruRatio(id)}, \text{RoleTimePerIO(id)} \rangle\) where:
  - \(\text{id}\) is the Service id.
  - \(I(id)\) is a set of inputs
  - \(O(id)\) is a set of outputs
  - \(\text{RBF(id)}\) is a set of business features required by Service id
  - \(\text{ServiceRoles(id)}\) is a set of roles involved in the business service
  - \(\text{IOthruRatio(id)}: I(id) \times O(id) \rightarrow \mathbb{R}^+\) is a function described as follows: \((\forall i \in I(id), \forall o \in O(id)), \text{IOthruRatio(id)(i,o)}\), also denoted as \(\text{IOthruRatio(id)(i,o)}\), gives for input \(i\) and output \(o\), the ratio of input throughput toward the output throughput.
  - **RoleTimePerIO(id): ServiceRoles(id) \times (I(id) \cup O(id)) \rightarrow \mathbb{R}^+\) is a function described as follows: \((\forall l \in \text{ServiceRoles(id)}, \forall j \in I(id) \cup O(id), \text{RoleTimePerIO(id)(l,j)}\), also denoted as \(\text{RoleTimePerIO(id)(l,j)}\), gives the amount of time in hours that role \(l\) spends per item \(j\).

- **ServiceType(id)** is InputDrivenAtomicService

**DecisionVariables**, also denoted \(\text{DV}\), is a tuple \(\langle \text{O_n(id)}, \text{InputThru(id)}, \text{OutputThru(id)} \rangle\) where:
On(id): [1..NR + 1] → {0,1} is a function that determines whether the Service id is activated or not, for a particular release, i.e., (∀ r ∈ [1..NR + 1]), On(id)(r), also denoted by On(id,r) is as follows:

\[ \text{On}(id, r) = \begin{cases} 1 & \text{if service id is activated in release } r \\ 0 & \text{otherwise} \end{cases} \]

InputThru(id): I(id) × [1..NR + 1] → \(\mathbb{R}^+\) is a function described as follows: (∀ i ∈ I(id), ∀ r ∈ [1..NR + 1]), InputThru(id)(i,r), also denoted InputThru(id, i, r), gives the throughput of i (or quantity per day) during release r or the period after the last release.

OutputThru(id): O(id) × [1..NR + 1] → \(\mathbb{R}^+\) is a function described as follows: (∀ o ∈ O(id), ∀ r ∈ [1..NR + 1]), OutputThru(id)(o,r), also denoted OutputThru(id, o, r), gives the throughput of o (or quantity per day) during release r or the period after the last release.

Computation

1. **FeatureDependencyIsSatisfied** constraint:
   \(\forall r \in [1..NR + 1], \text{On}(id, r) = 1 \rightarrow \text{RBF}(id) \subseteq \text{RSch.IM, SoFarBF}(r)\)

2. **DeactivatedServicesIsSatisfied** constraint:
   \(\forall i \in I(id), \forall r \in [1..NR + 1], \text{On}(id, r) = 0 \rightarrow \text{InputThru}(id, i, r) = 0\)

3. **ConsumptionIsSatisfied** constraint:
   \(\forall o \in O(id), \forall r \in [1..NR + 1], \text{OutputThru}(id, o, r) = \sum_{i \in I(id)} \text{IOthruRatio}(id, i, o) \times \text{InputThru}(id, i, r)\)

Let 
\[ \text{TimePerDay}(id): [1..NR + 1] \times \text{ServiceRoles}(id) \rightarrow \mathbb{R}^+ \] be a function described as follows: (∀ l ∈ ServiceRoles(id), r ∈ [1..NR + 1]), TimePerDay(id)(l, r), also denoted TimePerDay(id, l, r), gives the total duration per day for role l and release r (and the period after the last release), computed as:

\[ \text{TimePerDay}(id, l, r) = \sum_{j \in I(id)} (\text{RoleTimePer10}(id, l, j) \times \text{InputThru}(id, j, r)) + \sum_{j \in O(id)} (\text{RoleTimePer10}(id, l, j) \times \text{OutputThru}(id, j, r)) \]

Let 
\[ \text{CostPerDay}(id): [1..NR + 1] \rightarrow \mathbb{R}^+ \] be a function described as follows: (∀ r ∈ [1..NR + 1]), CostPerDay(id)(r), also denoted CostperDay(id, r), gives the total dollar cost per day during period r (and the period after the last period), computed as:

\[ \text{CostPerDay}(id, r) = \sum_{l \in \text{ServiceRoles}(id)} (\text{BSN.Parm. Rate}(l) \times \text{TimePerDay}(id, l, r)) \]

Constraints are as follows:

1. **FeatureDependencyIsSatisfied** (see computation #1)
2. **DeactivatedServicesIsSatisfied** (see computation #2)
3. **ConsumptionIsSatisfied** (see computation #3)

**InterfaceMetrics**, also denoted **IM**, is a tuple (CostPerDay(id), InputThru(id), OutputThru(id)) where:

- **CostPerDay(id)** is defined in computation #5.
- **InputThru(id)** is defined in **DecisionVariables**.
- **OutputThru(id)** is defined in **DecisionVariables**.

### 3.8 Software Development Formalization

**SoftwareDevelopment** formalization, also denoted **SWD**, is a tuple \(\langle \text{Parameters}, \text{DecisionVariables}, \text{Computation}, \text{Constraints}, \text{InterfaceMetrics} \rangle\) where:

- **Parameters**, also denoted **Parm**, is a tuple \(\langle \text{TS}, \text{DP}, \text{DC}, \text{OC}, \text{SS}, \text{SWPaySched} \rangle\), where:
  - **TS** : [1..NR] → \(\mathbb{R}^+\) is a function that gives the team size, in full time equivalents, for each release.
  - **DP** : [1..NR] → \(\mathbb{R}^+\) is a function that gives the developer productivity for each release in effort points per day.
  - **DC** ∈ \(\mathbb{R}^+\) is the developer cost in dollars per effort point.
  - **OC** ∈ \(\mathbb{R}^+\) is the operations cost in dollars per effort point per day.
  - **SS** ∈ \(\mathbb{R}^+\) is the size, in effort points, of the As-Is system (prior to development).
- **SWPaySched**, the software cost payment schedule, is a tuple \(\langle \text{NSP}, \text{SWPayDays} \rangle\), where:
  - **NSP** ∈ \(\mathbb{R}^+\) is the number of payments to the software team over the entire time horizon.
  - **SWPayDay**: [1..NSP] → [1..TH] is a function, i.e. \(\forall p \in [1..\text{NSP}]\), SWPayDay(p) gives the day (relative to...
the first day of the software development project) where payment \( p \) is made.

**Decision Variables**, also denoted \( \text{DV} \), is an empty tuple.

**Computation:**

1. Let \( RC : [1..NR] \rightarrow \mathbb{R}^+ \) be a function described as follows: \( \forall r \in [1..NR], RC(r) \) gives the maximum capacity, in effort points, for release \( r \) computed as:
   \[
   RC(r) = TS(r) \times DP(r) \times R\text{Sch. Parm. RD}(r)
   \]

2. Let \( RS : [1..NR] \rightarrow \mathbb{R}^+ \) be a function described as follows: \( \forall r \in [1..NR], RS(r) \) gives the actual size, in effort points, of release \( r \), once features are assigned to it. The computation is as follows:
   \[
   RS(r) = \sum_{j \in \text{RSch. DV IBF}(r)} \text{RSch. Parm. FS}(j)
   + \sum_{j \in \text{RSch. DV ITF}(r)} \text{RSch. Parm. FS}(j)
   \]

3. Release Size Cannot Exceed Capacity constraint:
   \[\forall r \in [1..NR], 0 \leq RS(r) \leq RC(r)\]

4. Let \( \text{firstDay} : [1..NR+1] \rightarrow \mathbb{R}^+ \) be a function described as follows:
   \( \forall r \in [1..NR+1], \text{firstDay}(r) \) gives the day when release \( r \) actually starts, computed as:
   \[
   \text{firstDay}(r) = \begin{cases} 
   1 & r = 1 \\
   \text{RSch. Parm. RD}(r) + \text{firstDay}(r-1) & r = [2..NR+1]
   \end{cases}
   \]

5. Let \( \text{lastDay} : [1..NR+1] \rightarrow \mathbb{R}^+ \) be a function described as follows:
   \( \forall r \in [1..NR+1], \text{lastDay}(r) \) gives the day when release \( r \) ends, computed as:
   \[
   \text{lastDay}(r) = \begin{cases} 
   \text{firstDay}(r+1) - 1 & r = [1..NR] \\
   \text{RSch. TH} & r = NR + 1
   \end{cases}
   \]

6. Let \( \text{devCostPerDay} : [1..NR+1] \rightarrow \mathbb{R}^+ \) be a function described as follows:
   \( \forall r \in [1..NR+1], \text{devCostPerDay}(r) \) gives the dollar cost of development per day for release \( r \), computed as:
   \[
   \text{devCostPerDay}(r) = \begin{cases} 
   \left(\text{RSch. Parm. RD}(r) \times DC\right) & \forall r = [1..NR] \\
   0 & r = NR + 1
   \end{cases}
   \]

7. Let \( \text{opsCostPerDay} : [1..NR+1] \rightarrow \mathbb{R}^+ \) be a function described as follows:
   \( \forall r \in [1..NR+1], \text{opsCostPerDay}(r) \) gives the dollar cost of operations per day for release \( r \), and the period after the last release, computed as:
   \[
   \text{opsCostPerDay}(r) = \begin{cases} 
   SS \times OC & r = 1 \\
   \left(\sum_{i=1}^{r-1} RC(i) + SS\right) \times OC & \forall r = [2..NR+1]
   \end{cases}
   \]

8. Let \( \text{SWCostForDay} : [1..TH] \rightarrow \mathbb{R}^+ \) be a function described as follows:
   \( \forall d \in [1..TH], \text{SWCostForDay}(d) \) gives the software cost accrued for each day \( d \) in the time horizon, computed as:
   \[
   \text{SWCostForDay}(d) = \text{devCostPerDay}(r) + \text{opsCostPerDay}(r)
   \]
   where \( r \) is the release period (or period after the last release), where day \( d \) appears, i.e.,
   \( \text{firstDay}(r) \leq d \leq \text{lastDay}(r) \)

9. Let \( \text{SWPayment} : [1..NSP] \rightarrow \mathbb{R}^+ \) be a function described as follows:
   \( \forall p \in [1..NSP], \text{SWPayment}(p) \) gives the software payment in dollars, for each scheduled payment \( p \), computed as follows:
   \[
   \text{SWPayment}(p) = \begin{cases} 
   \sum_{d=1}^{\text{SWPayment}(p)} \text{SWCostForDay}(d) & p = 1 \\
   \sum_{d=\text{SWPayment}(p)}^{\text{SWPayment}(p-1)+1} \text{SWCostForDay}(d) & p = [2..NSP]
   \end{cases}
   \]

10. Let \( \text{CashFlow} : [1..TH] \rightarrow \mathbb{R}^+ \) be a function described as follows:
    \( \forall d \in [1..TH], \text{CashFlow}(d) \) gives the cash flow of software cost for day \( d \), is computed as:
     \[
     \text{CashFlow}(d) = \begin{cases} 
     \text{SWPayment}(p) \text{ if } d = \text{SWPayment}(p) \text{ for some payment } p \\
     0 \text{ else}
     \end{cases}
     \]

**Constraints**

1. **Release Size Cannot Exceed Capacity**
   (defined in computation #3)

**InterfaceMetrics**, also denoted \( \text{IM} \), is a tuple \( \langle \text{CashFlow, firstDay, lastDay} \rangle \), where:

- \( \text{CashFlow}(d) \) is defined in computation #10.
- \( \text{firstDay}(r) \) is defined in computation #4.
- \( \text{lastDay}(r) \) is defined in computation #5.
3.9 Optimization Formulation

The formalizations in the previous sections are building blocks; we now use them to formulate the optimization of the NPV of the final BWP configuration, called the To-Be.

Given the top-level formal optimization model $RScℎ(Param, DV, Computation, Constraints, IM)$, the optimal NPV for the To-Be BWP, for a time horizon of $t$ days, is:

$$NPV_{ToBe} = \max RScℎ. IM. TimeWindowNPV(th) \quad s.t. \quad RScℎ. Constraints$$

4 RELEASE SCHEDULING

METHODOLOGY AND DGS

EXAMPLE

The optimization model formalized in the previous section is implemented in the Decision Guidance System (DGS). It uses the Parameters in the input file to maximize the NPV, subject to the Constraints. During the maximization, the DGS performs the Computation and chooses the optimal DecisionVariables. The InterfaceMetrics are implemented by making them available to other components of the formalization hierarchy.

Decision Guidance Systems (DGSs) are an advance class of Decision Support Systems (DSS) that are designed to provide “actionable recommendations, typically based on formal analytical models and techniques” (Alexander Brodsky & Luo, 2015). We use Unity (Nachawati et al., 2016), a platform for building DGSs from reusable Analytical Models (AMs). Unity exposes an algebra of operators and provides an unified, high-level language called Decision Guidance Analytics Language (DGAL) (Alexander Brodsky & Luo, 2015).

Figure 5 shows the architecture of our DGS. A decision maker, the user, uses a GUI to interact with the system. The user provides inputs and then runs the DGS Analytics Engine in Unity (Nachawati et al., 2017), which translates the Analytical Model (AM) code to low level code understood by an optimization tool like the CPLEX solver and then executes it. The user then receives an optimized release schedule and the associated best BWP configuration, similar to Table 2. The components of the AM mimic the formalization hierarchy shown in Figure 3. Note that the Unity Analytics Engine transparently connects the AMs to the lower-level, external tools. In our case, the Analytical Model is translated, by Unity, to Mixed-Integer Linear Program (MILP) code.

The DGS is an integral part of the Release Scheduling Methodology, which contains the following key steps:

1. Gather the ReleaseScheduling parameters
2. Model the BWP
3. Gather the SoftwareDevelopment parameters
4. Setup the Decision Guidance System (DGS) input data for the To-Be BWP configuration
5. Run the DGS to produce the optimal NPV for the To-Be configuration
6. Setup the DGS input data for the As-Is BWP configuration
7. Run the DGS to produce the NPV for the As-Is configuration
8. Run the DGS to calculate the total NPV of the savings

In the first step, we gather the ReleaseScheduling parameters which include potential software features that might enable savings in the BWP. Feature dependencies are established, and their sizes are estimated. For the example described in section 2, the ReleaseScheduling parameters are shown in Table 3.
In step 2, the BWP is modelled. The top-level or root process is defined; in our example we call it ‘Adj’. Each potential process alternative is defined along with their inputs, outputs, labor rates and the features that enable them. Each process is assigned a type of atomic, AND or OR. The daily number of inputs to the BWP, called Demand is set, and the days when labor payments are made are determined. This is important in order to account for the fact that an amount of cash disbursed in the future is worth less than the same amount of cash disbursed today. In our example, we use the rate of 5% per year to discount the labor payments. These parameters are assigned to the formalization components BSN.parameters and Service.parameters. For the example in Section 2, the parameters are shown in Tables 4, 5, 6 and 7. Note that the parameters in Table 4 are a numerical codification of the BWP diagrams in Figures 1 and 2.

### Table 3: ReleaseScheduling.Parameters (cont.)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>TH (time horizon)</td>
<td>520</td>
</tr>
<tr>
<td>DiscountRate</td>
<td>0.01923076923%</td>
</tr>
<tr>
<td>NR (number releases)</td>
<td>4</td>
</tr>
<tr>
<td>RD (release duration)</td>
<td>60</td>
</tr>
</tbody>
</table>

### Table 4: BSN.Parameters.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>LR (Labor Roles)</td>
<td>{IA, AO, A, S}</td>
</tr>
<tr>
<td>Rate</td>
<td>{(IA, 160), (AO, 400), (A, 0), (S, 0)}</td>
</tr>
<tr>
<td>NLP (Number Labor Payments)</td>
<td>5</td>
</tr>
<tr>
<td>LaborPayDay</td>
<td>[60,120,180,240,520]</td>
</tr>
<tr>
<td>BSNI (top-level process input)</td>
<td>{User Application}</td>
</tr>
<tr>
<td>BSN0 (top-level process output)</td>
<td>{}</td>
</tr>
<tr>
<td>Demand (# top-level inputs)</td>
<td>100</td>
</tr>
<tr>
<td>ServicesSet (space of alternatives)</td>
<td>{Adj, A, B, C, AA, AB, AC, BA, BB, CA, CB}</td>
</tr>
<tr>
<td>rootID (id of top-level process)</td>
<td>Adj</td>
</tr>
</tbody>
</table>

### Table 5: Service.Parameters part 1.

<table>
<thead>
<tr>
<th>id</th>
<th>Type</th>
<th>Input</th>
<th>Output</th>
<th>Sub services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj</td>
<td>AND</td>
<td>A, B, C</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>A</td>
<td>OR</td>
<td>AA, AB, AC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>OR</td>
<td>BA, BB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>OR</td>
<td>CA, CB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AA</td>
<td>Atomic</td>
<td>UA, CA, NCN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AB</td>
<td>Atomic</td>
<td>UA, CA, NCN</td>
<td></td>
<td>BF1</td>
</tr>
<tr>
<td>AC</td>
<td>Atomic</td>
<td>UA, CA, NCN</td>
<td></td>
<td>BF4</td>
</tr>
<tr>
<td>BA</td>
<td>Atomic</td>
<td>CA, AA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>Atomic</td>
<td>CA, AA</td>
<td></td>
<td>BF2</td>
</tr>
<tr>
<td>CA</td>
<td>Atomic</td>
<td>AA, AL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CB</td>
<td>Atomic</td>
<td>AA, AL</td>
<td></td>
<td>BF3</td>
</tr>
</tbody>
</table>

### Table 6: Service.Parameters part 2.

<table>
<thead>
<tr>
<th>id</th>
<th>Input</th>
<th>Output</th>
<th>IO Thru Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA</td>
<td>UA</td>
<td>CA</td>
<td>70%</td>
</tr>
<tr>
<td>AA</td>
<td>UA</td>
<td>NCN</td>
<td>30%</td>
</tr>
<tr>
<td>AB</td>
<td>UA</td>
<td>CA</td>
<td>70%</td>
</tr>
<tr>
<td>AB</td>
<td>UA</td>
<td>NCN</td>
<td>30%</td>
</tr>
<tr>
<td>AC</td>
<td>UA</td>
<td>CA</td>
<td>70%</td>
</tr>
<tr>
<td>AC</td>
<td>UA</td>
<td>NCN</td>
<td>30%</td>
</tr>
<tr>
<td>BA</td>
<td>CA</td>
<td>AA</td>
<td>100%</td>
</tr>
<tr>
<td>BB</td>
<td>CA</td>
<td>AA</td>
<td>100%</td>
</tr>
<tr>
<td>CA</td>
<td>AA</td>
<td>AL</td>
<td>100%</td>
</tr>
<tr>
<td>CB</td>
<td>AA</td>
<td>AL</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Table 7: Service.Parameters part 3.

<table>
<thead>
<tr>
<th>id</th>
<th>Role</th>
<th>Input</th>
<th>Output</th>
<th>RoleTime PerIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA</td>
<td>IO</td>
<td>UA</td>
<td></td>
<td>0.250</td>
</tr>
<tr>
<td>AA</td>
<td>IO</td>
<td>CA</td>
<td></td>
<td>0.125</td>
</tr>
<tr>
<td>AA</td>
<td>IO</td>
<td>NCN</td>
<td></td>
<td>0.219</td>
</tr>
<tr>
<td>AB</td>
<td>IO</td>
<td>UA</td>
<td></td>
<td>0.145</td>
</tr>
<tr>
<td>AB</td>
<td>S</td>
<td>CA</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>AB</td>
<td>S</td>
<td>NCN</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>AC</td>
<td>A</td>
<td>UA</td>
<td></td>
<td>0.063</td>
</tr>
<tr>
<td>AC</td>
<td>S</td>
<td>CA</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>AC</td>
<td>S</td>
<td>NCN</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>BA</td>
<td>AO</td>
<td>CA</td>
<td></td>
<td>0.042</td>
</tr>
</tbody>
</table>
Table 7: Service.Parameters part 3 (cont.).

<table>
<thead>
<tr>
<th>id</th>
<th>Role</th>
<th>Input</th>
<th>Output</th>
<th>Role</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA</td>
<td>AO</td>
<td>AA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>AO</td>
<td>CA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>AO</td>
<td>AA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>AO</td>
<td>AA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>AO</td>
<td>AL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CB</td>
<td>AO</td>
<td>AA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CB</td>
<td>AO</td>
<td>AL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In step 3 of the methodology, we gather the SoftwareDevelopment parameters as shown in Table 8 for our example.

In step 4, we setup the DGS input data for the To-Be configuration. All the parameters above are coded in a JSON file which is used as input to the DGS.

In step 5, we run DGS, which translates the Analytical Model to Mixed-Integer Linear Programming code and invokes the MILP solver to produce the optimal NPV for the To-Be BWP configuration. The main DecisionVariables, that are instantiated during the optimization are $IBF(r)$ (Implemented Business Features), $ITF(r)$ (Implemented Technical Features) and $On(id,r)$, which indicates whether process $id$ belongs to the best BWP configuration for release $r$. The second column in Table 2 captures the values of $IBF$ and $ITF$ for each release $r$, while the third column shows the processes that have $On=1$.

With the DecisionVariables instantiated, the daily cost of the To-Be BWP and the software development is calculated according to the Computation formalization and shown in Table 9.

Note that the daily cost is accrued but only paid on pay days and in our example, there are only 5 payments during the time horizon of 2 years, or 520 business days.

Table 9: To-Be Daily Cost.

<table>
<thead>
<tr>
<th>Rel</th>
<th>BWP</th>
<th>Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$18,715.20</td>
<td>$5,200.00</td>
</tr>
<tr>
<td>2</td>
<td>$14,584.00</td>
<td>$5,275.00</td>
</tr>
<tr>
<td>3</td>
<td>$12,120.00</td>
<td>$5,350.00</td>
</tr>
<tr>
<td>4</td>
<td>$9,320.00</td>
<td>$5,425.00</td>
</tr>
<tr>
<td>After 4</td>
<td>$7,000.00</td>
<td>$300.00</td>
</tr>
</tbody>
</table>

Table 9 shows that the least costly BWP configuration is the one after all releases are implemented. This is expected because the availability of all software features enables the best BWP of all possible alternatives. Table 9 also shows that after the software is implemented, there is a daily labor cost to operate the software.

Once the daily cost is computed, the cash flow disbursement is calculated for each day of the time horizon. The NPV is the sum of the cash flows of the BWP plus the software, discounted at 5% per year. Table 10 shows the NPV results.

Table 10: NPV of the To-Be Configuration.

<table>
<thead>
<tr>
<th>BWP</th>
<th>Software</th>
<th>NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow</td>
<td>Cash Flow</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>-1,122,912.00</td>
<td>-312,000.00</td>
</tr>
<tr>
<td>2</td>
<td>-875,040.00</td>
<td>-316,500.00</td>
</tr>
<tr>
<td>3</td>
<td>-727,200.00</td>
<td>-321,000.00</td>
</tr>
<tr>
<td>4</td>
<td>-559,200.00</td>
<td>-325,500.00</td>
</tr>
<tr>
<td>After 4</td>
<td>-1,960,000.00</td>
<td>-84,000.00</td>
</tr>
</tbody>
</table>

Accumulated NPV(To-Be): $-6,289,657.59$

Once the NPV of the To-Be is determined in step 5, in step 6, we setup the DGS input data in preparation for the calculation of the NPV of the As-Is. Basically, the decision variables are instantiated so that the resulting BWP configuration is the one before the system is developed, that is, AA, BA, CA, as shown in the first row of Table 2.
In step 7, we run the DGS to produce the NPV for the As-Is, which is shown in Table 11. Note that there is no cost for software development.

In step 8, we run the DGS to calculate the total NPV of the savings, which is the NPV of the To-Be minus the NPV of the As-Is. The result is 2,796,271.21, which means that investing in the software release schedule as depicted in Table 2, reduces the total cost by almost 3 million US dollars over 2 years.

Table 11: NPV of the A-Is Configuration.

<table>
<thead>
<tr>
<th>Release</th>
<th>BWP Cash Flow</th>
<th>NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-1,048,051.20</td>
<td>-1,036,028.95</td>
</tr>
<tr>
<td>2</td>
<td>-1,048,051.20</td>
<td>-1,024,144.61</td>
</tr>
<tr>
<td>3</td>
<td>-1,048,051.20</td>
<td>-1,012,396.59</td>
</tr>
<tr>
<td>4</td>
<td>-1,048,051.20</td>
<td>-1,000,783.34</td>
</tr>
<tr>
<td>after 4</td>
<td>-5,539,699.20</td>
<td>-5,012,575.31</td>
</tr>
<tr>
<td>Accumulated NPV(As-Is):</td>
<td></td>
<td>-9,085,928.80</td>
</tr>
</tbody>
</table>

5 CONCLUSION AND FUTURE WORK

In this paper we introduced a software release scheduling approach that is more precise than existing value-based approaches because it is based on a formal model of the Business Workflow Process and its evolution following the implementation of software features. We described the approach intuitively, defined the formal model, explained the Decision Guidance System and demonstrated the methodology through an example.

There are many areas for future work, for example, a case study can be conducted, and the approach can be extended to include non-labor costs such as office space and IT infrastructure.

REFERENCES


