You’ve been doing well on all the pieces of the application! Now is the time to bring it all together into a coherent whole, and to think about what you have accomplished.

Completing the Application Portfolio

Your final application should be a complete flexibility analysis of your final choice of design. As with the assignments, you should

- Define your system, and the model (spreadsheet or other) that you use to analyze its performance;
- Present the base case, “no flexibility” analysis;
- Identify the principal uncertainties, and correspondingly justify your choice of possible flexibilities;
- Apply at least two of the following methods: decision analysis, lattice analysis and simulation;
- Evaluate the results multi-dimensionally, presenting both target curves and a table using measures such as Expected NPV, Extreme values (such as P10 and P90); Initial Capital Investment (CAPEX) and some measure of scale (e.g., ENPV/CAPEX) for at least two methods mentioned above (decision analysis, lattice analysis, simulation).

Your report should be professional, suitable for public distribution. In addition to clear writing and legible tables and graphs, it should have

- Title page,
- Abstract or Executive summary,
- Table of contents, and
- Suitable headers and or footers.

The report should have a final chapter that reflects on

- Where you see the most use for the Flexible approach to design;
- Which methods of analysis and valuation appear most useful in your work; and
- What you feel that you have learned from the process of doing the application.

Suggestions for improving the course are always welcome!!!

Submit your work on Stellar, saving the file as: “LastnameAPFinal.doc”

Extra Credit: Prepare a set of Slides (10 to 15) suitable for presentation. Examples at http://ardent.mit.edu/real_options/Common_course_materials/applications.html

Best wishes!!