

Real Options

Erwin van der Koogh

 @evanderkoogh

Bankwest



Audience Participation

Ellsberg Paradox

79% of respondents preferred the 50:50 option

Wrong

Right

Uncertain

Right

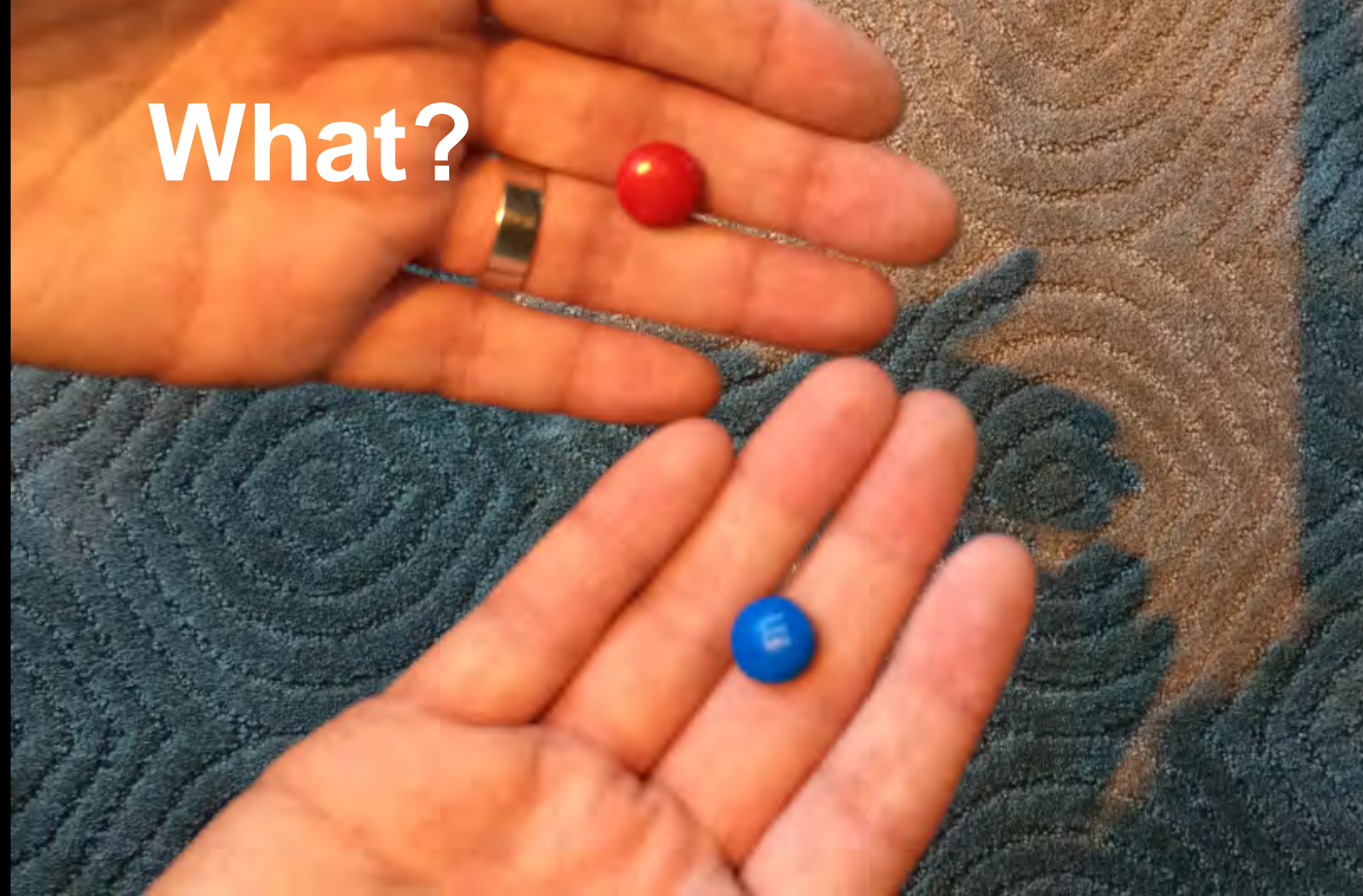
Wrong

Uncertain

“Uncertainty is an uncomfortable position.
But certainty is an absurd one.”

– *Voltaire, human extraordinaire*

What?



Who?



How?



Why?





WHEN?!

“An option is a contract which gives the buyer the **right**, but not the **obligation**, to buy or sell an underlying asset or instrument at a specified strike price on or before a **specified date**.”

–Wikipedia, Source of All Truth



Audience Participation



GAP

SAN FRANCISCO, CA
NO 54023 G

EST. 1969

Value \$50

limited liability
ana Republic
handise at
will be





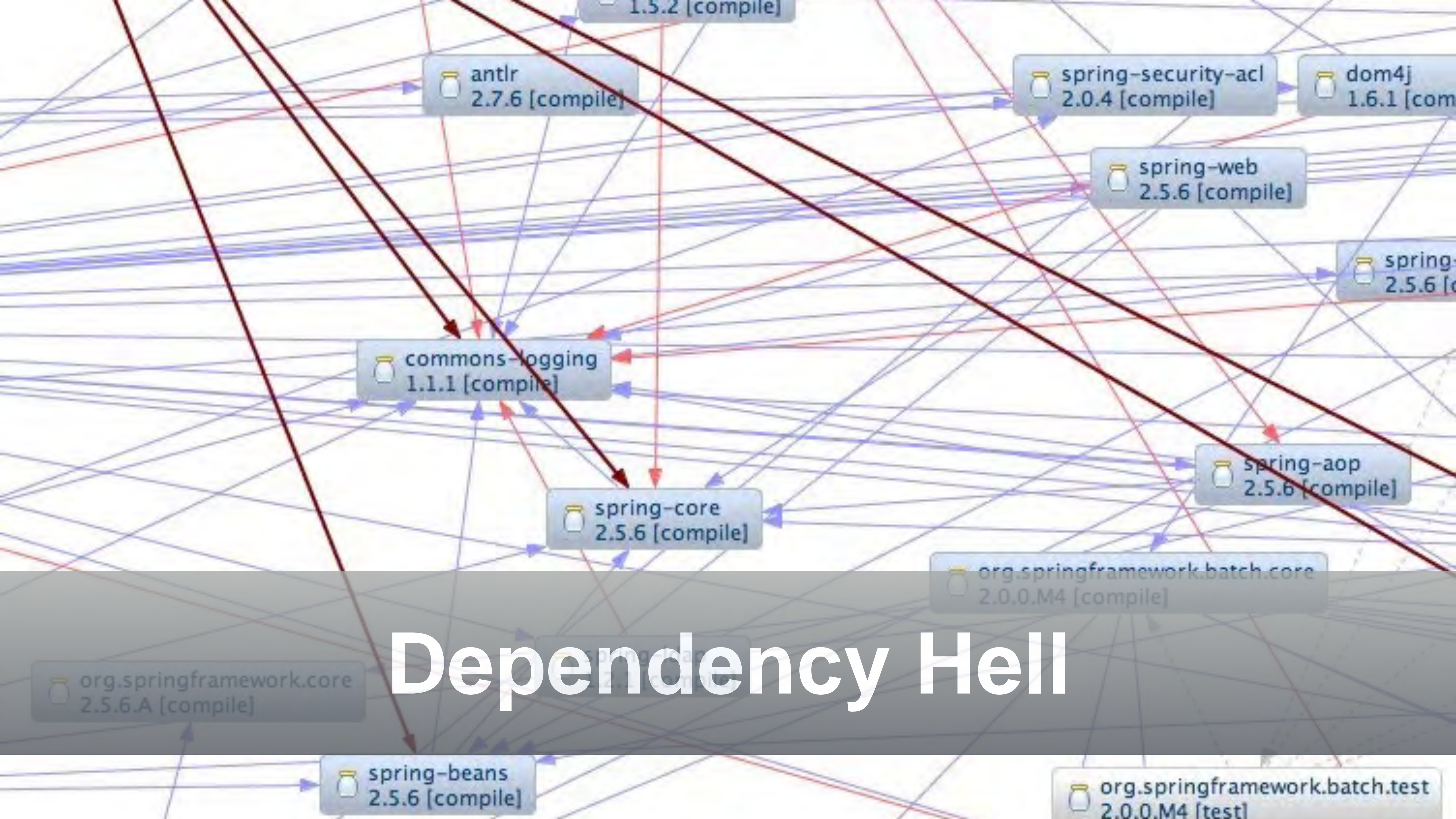


“An option is a contract which gives the buyer the **right**, but not the **obligation**, to buy or sell an underlying asset or instrument at a specified strike price on or before a **specified date**.”

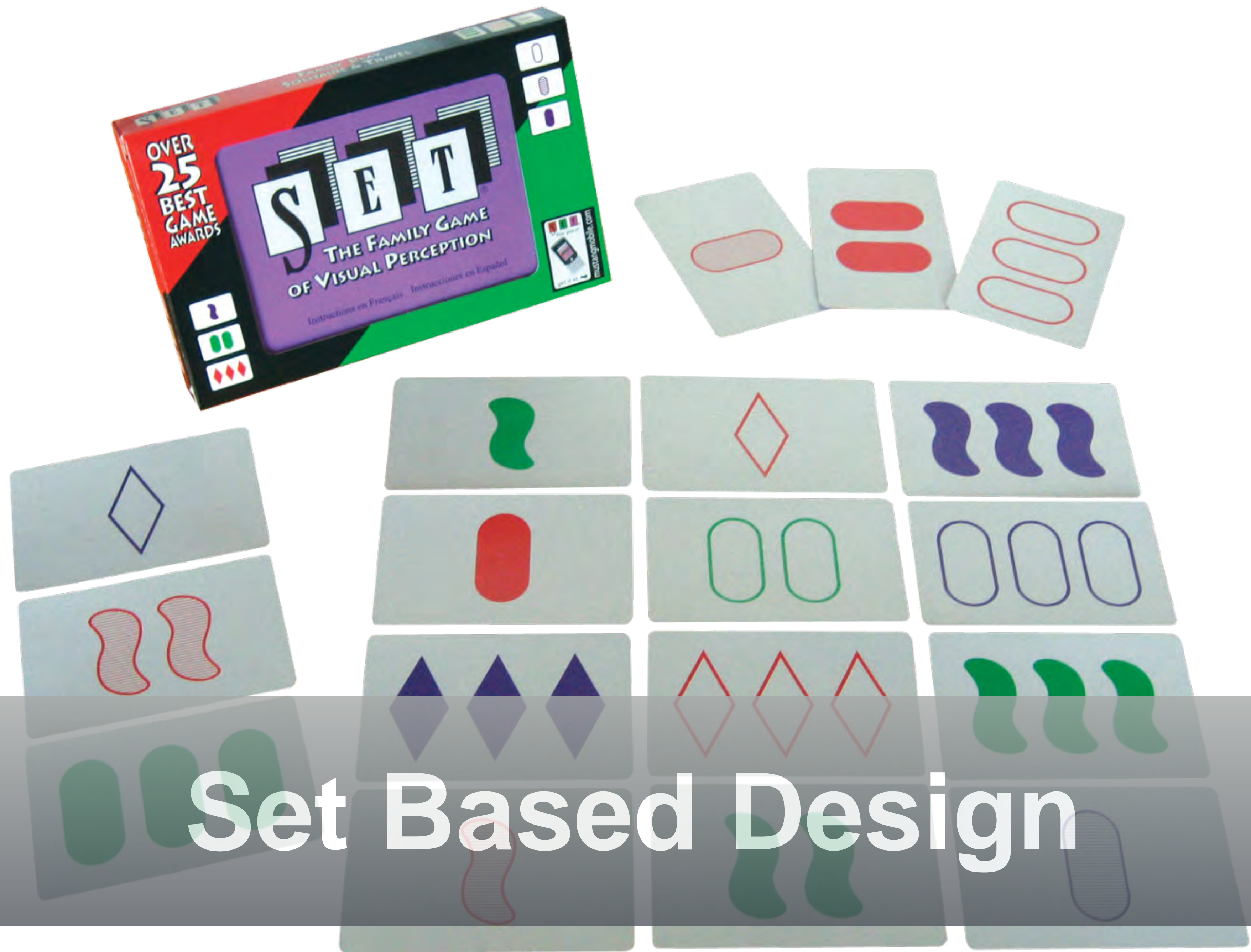
–Wikipedia, Source of All Truth

Real Options

- Options have value (And often a cost)
- Options expire
- Never commit early unless you know why



Dependency Hell



Set Based Design



Iterations



Sunk Cost Fallacy



Slack (Staff Liquidity)

Right

Wrong

Uncertain

Real Options

- Options have value (And often a cost)
- Options expire
- Never commit early unless you know why

COMMITMENT

NOVEL
ABOUT
MANAGING
PROJECT
RISK



OPTIONS
EXPIRE



OLAV MAASSEN
CHRIS MATTS
CHRIS GEARY



Questions? Stories?