**Estimated Commercial Value – Template**

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| **1. At various predetermined points during the development of a project, create simplified scenarios that represent possible outcomes.** |

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| **2. Assign each of these scenarios with a value that represents their probability and estimate the project value.** |

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| **3. Populate the equation below with values specific to your organisation.** |
| Estimated commercial value = [(PV\*Pcs – C)\*Pts]-D  PV = Present value of future earnings. This is determined by dividing the cash flow for a period by the value of 1 plus the rate of return multiplied by the number of periods.  Pcs = The probability that the project will be commercially successful.  Pts = The probability of the project being technically successful.  C = The cost of commercially launching the project.  D = Development cost.  Calculate values for the items within the regular parentheses first, multiple the items within the squared brackets, and finally conduct the subtraction. |