

Business Case—Activity Definition**Purpose:**

The objective of this activity is to help Initiators in justifying a business need to senior management. This activity is needed to ensure that the costs and benefits for all projects are weighed before a commitment of resources is made. This also ensures that the projects invested in bring the greatest value to the organization.

Participants:

Initiator: Person from whom the project idea originated

Sponsor: Person or body who will be funding the project

Approver: Established governance

Inputs:

Approved Project Request form [1]

Process:

1. Draft a project summary.
2. Establish the business need that the project intends to fulfill. Collect necessary data and information to support this. Establish dependencies that exist. Establish that the project fits within the overall organizational strategy.
3. Consider various options that might be considered in order to fulfill this business need. Choose an option and state why this option was preferred and chosen.
4. Perform a Cost-Benefit Analysis. Identify the Total Cost of Operation and the Opportunity Costs. Identify funding requirements and risks.
5. Identify competitive offerings and assess the proposed solution against these offerings. (*Optional*)
6. Describe the overall approach as to how the project will be executed.
7. Identify factors that need to be in place in order for the project to succeed.
8. Identify measures that will be used to determine if the project was a success.

Outputs:

Complete Business Case with cost-benefit analysis

Notes:

Clearly mention what is and is not included under costs.

Business Case—Guidelines

A Business Case must include the level of detail appropriate to the project or initiative. The most important aspect of the documentation is that it be detailed enough to enable sound judgments to be made about the merit of what is being proposed, and whether funding and other resources should be allocated to it.

1. Project Summary

- a. Identify the project initiator and the project sponsor
- b. Describe the Project
- c. Present the Needs and Scope. Define the needs that drive the investment proposal. Define the scope of the project clearly. Be clear about what the project will include and what it will not include.
- d. List the Target customers or population.
- e. List the Objectives, Outcomes and Benefits
- f. List the features to be included and cite the specific business needs they satisfy. The developer of the Business Plan should present sufficient detail to allow the decision-makers to understand the business solution in order to evaluate it properly.
- g. List the Costs and Risks
- h. Assess the Complexity
- i. Duration
- j. Project leadership requirements: Are there any specific skills required of the person leading the project?
- k. Team skill Requirement: Identify the project resources by role and quantity, but not by name, over the life cycle of the proposed project. State how the resource estimate was calculated. Include an explanation of the split of effort between in-house and external resources, if appropriate. Examples of resource requirements are: Technical skills, Management skills, Technology resources, Capital Partnerships, alliances, etc.

2. Statement of Need—Establishing the business need, issues definition, opportunity description

- a. Describe the extent of an unmet need, demand for services or opportunity that has been identified and which is considered to be a high priority. Identify why this need or demand has not been met with existing systems and facilities.
- b. Identify anticipated benefits to various groups.
- c. Explain the rationale for assigning the priority and the reasons that the timing is appropriate to implement the project.
- d. Define the specific business needs that drive the investment proposal. Account for both current and future needs of the business.
- e. Supporting data and information—Explain how the need was determined and how critical, urgent or important it is. Provide data or other evidence of need.
- f. Identify which stakeholders have been consulted.
- g. Identify how many stakeholders support the proposal.

- h. Look at the consequences of not proceeding with the project.

3. Consideration and Selection of Preferred Option

Generate a wide range of options that can be considered to address the identified need. Evaluate each option by summarizing the strengths and weaknesses of each option. State why the preferred option has been chosen. Include financial and investment alternatives. State the assumptions that have been made in choosing the preferred option. Comment on the strategic alignment of the project with University policies and strategies. Outline Business Process changes proposed to facilitate this project.

4 Financial Analysis – Outputs, Benefits, Costs and Risks

a. Costs

Identify the capital and operating cost of the preferred option for Year 1, Year 2 and beyond.

The proposed budget must include:-

Capital and recurrent expenditure, including salaries, equipment, and consumables for

- Software
- Hardware
- Maintenance
- Training
- Ongoing support
- Operating cash

Identify total cost of ownership

Identify impact upon other projects and initiatives

Identify impact upon Human Resources requirements and policies. Do we need to train people or recruit people for this project?

b. Benefits

Identify any savings and how those savings will be used

Identify any potential revenue

Describe the expected outcomes in terms that are as specific as possible, and relate to the needs identified. e.g.

- Compliance with statutory or other obligations
- Improved decision making as a result of better information
- Reduced cost

Summarize benefits and costs, and explain why the benefits outweigh the costs involved.

c. Funding

Calculate net impact of project by combining cost and benefits.

Identify funding requirements. If funds have not been allocated or approved, state the means by which funds will be acquired.

Identify other sources of funding being considered or investigated.

d. Unquantifiable Cost and Benefit Analysis

Identify unquantifiable impact to

- The University
- The economy
- Society

- Distribution of benefits

e. ROI

ROI benefits may either be earned once upon the implementation of the proposed solution or recur over the operational life of the solution. They may yield direct revenue, or strategically position the enterprise for market gains. Identify the ROI benefits and classify them as such.

4.6 Risks

Identify the expected risks to which the project will be exposed. Assess the likelihood of each risk occurring and its impact on the project. Outline a plan for managing the risks; include risk-minimization measures and contingency plans for recovery and damage limitation.

5. Competitive Analysis

Describe how the proposed solution is competitive in the marketplace. Assess it against the top three competitors' offerings, including price and quality.

6. Implementation Strategy

Describe the proposed implementation strategy including:

- How will the project be implemented
- Project milestones and key dates
- Who will be accountable for managing implementation
- What resources (human, physical, other) and skills are required
- What changes are required to working practices, and
- Integration with existing and proposed systems.

7. Factors critical to project success

List those factors that must be in place to ensure success of the proposed solution. Be specific.

e.g. Commitment and awareness from Executive Sponsors

Access to necessary source data

Cooperation by affected business or IT areas

Full-time staff assignments to project

Architecture fit (Status of interfacing systems)

8. Criteria for measuring success

Describe what measures will be applied to measure the success of the proposed solution.

e.g.

- Financial (Cost vs. Revenue)
- Performance
- User acceptance
- Schedule
- Competitive differentiation