

TABLE 3-2 JWD Consulting's business case**1.0 Introduction/Background**

JWD Consulting's core business goal is to provide world-class project management consulting services to various organizations. The CEO, Joe Fleming, believes the firm can streamline operations and increase business by providing information related to project management on its intranet site, making some information and services accessible to current and potential clients.

93

2.0 Business Objective

JWD Consulting's strategic goals include continuing growth and profitability. The project management intranet site project will support these goals by increasing visibility of the firm's expertise to current and potential clients by allowing client and public access to some sections of the intranet. The project will also improve profitability by reducing internal costs by providing standard tools, techniques, templates, and project management knowledge to all internal consultants. Because JWD Consulting focuses on identifying profitable projects and measuring their value after completion, this project must meet those criteria.

3.0 Current Situation and Problem/Opportunity Statement

JWD Consulting has a corporate Web site as well as an intranet. The firm currently uses the Web site for marketing information. The primary use of the intranet is for human resource information, such as where consultants enter their hours on various projects, change and view their benefits information, and access an online directory and Web-based e-mail system. The firm also uses an enterprise-wide project management system to track all project information, focusing on the status of deliverables and meeting scope, time, and cost goals. There is an opportunity to provide a new section on the intranet dedicated to sharing consultants' project management knowledge across the organization. JWD Consulting only hires experienced consultants and gives them freedom to manage projects as they see fit. However, as the business grows and projects become more complex, even experienced project managers are looking for suggestions on how to work more effectively.

4.0 Critical Assumptions and Constraints

The proposed intranet site must be a valuable asset for JWD Consulting. Current consultants and clients must actively support the project, and it must pay for itself within one year by reducing internal operating costs and generating new business. The Project Management Office manager must lead the effort, and the project team must include participants from several parts of the company, as well as from current client organizations. The new system must run on existing hardware and software, and it should require minimal technical support. It must be easily accessible by consultants and clients and be secure from unauthorized users.

5.0 Analysis of Options and Recommendation

There are three options for addressing this opportunity:

1. Do nothing. The business is doing well, and we can continue to operate without this new project.
2. Purchase access to specialized software to support this new capability with little in-house development.
3. Design and implement the new intranet capabilities in-house, using mostly existing hardware and software.

Based on discussions with stakeholders, we believe that option 3 is the best option.

6.0 Preliminary Project Requirements

The main features of the project management intranet site include the following:

1. Access to several project management templates and tools. Users must be able to search for templates and tools, read instructions for using these templates and tools, and see examples of how to

(continued)

TABLE 3-2 JWD Consulting's business case (*continued*)

apply them to real projects. Users must also be able to submit new templates and tools, which should first be screened or edited by the Project Management Office.

2. Access to relevant project management articles. Many consultants and clients sense an information overload when they research project management information. They often waste time they should be spending with their clients. The new intranet should include access to several important articles on various project management topics, which are searchable by topic, and allow users to ask the Project Management Office staff to find additional articles to meet their needs.
3. Links to other, up-to-date Web sites, with brief descriptions of the main features of the external sites.
4. An "Ask the Expert" feature to help build relationships with current and future clients and share knowledge with internal consultants.
5. Appropriate security to make the entire intranet site accessible to internal consultants and certain sections accessible to others.
6. The ability to charge money for access to some information. Some of the information and features of the intranet site should prompt external users to pay for the information or service. Payment options should include a credit card option or similar online payment transactions. After the system verifies payment, the user should be able to access or download the desired information.
7. Other features suggested by users, if they add value to the business.

7.0 Budget Estimate and Financial Analysis

A preliminary estimate of costs for the entire project is \$140,000. This estimate is based on the project manager working about 20 hours per week for six months and other internal staff working a total of about 60 hours per week for six months. The customer representatives would not be paid for their assistance. A staff project manager would earn \$50 per hour. The hourly rate for the other project team members would be \$70 per hour, because some hours normally billed to clients may be needed for this project. The initial cost estimate also includes \$10,000 for purchasing software and services from suppliers. After the project is completed, maintenance costs of \$40,000 are included for each year, primarily to update the information and coordinate the "Ask the Expert" feature and online articles.

Projected benefits are based on a reduction in hours that consultants spend researching project management information, appropriate tools, and templates. Projected benefits are also based on a small increase in profits due to new business generated by this project. If each of 400 consultants saved just 40 hours each year (less than one hour per week) and could bill that time to other projects that generate a conservative estimate of \$10 per hour in *profits*, then the projected benefit would be \$160,000 per year. If the new intranet increased business by just 1 percent, using past profit information, increased profits due to new business would be at least \$40,000 each year. Total projected benefits, therefore, are about \$200,000 per year. Exhibit A summarizes the projected costs and benefits and shows the estimated net present value (NPV), return on investment (ROI), and year in which payback occurs. It also lists assumptions made in performing this preliminary financial analysis. All of the financial estimates are very encouraging. The estimated payback is within one year, as requested by the sponsor. The NPV is \$272,800, and the discounted ROI based on a three-year system life is excellent at 112 percent.

8.0 Schedule Estimate

The sponsor would like to see the project completed within six months, but there is some flexibility in the schedule. We also assume that the new system will have a useful life of at least three years.

9.0 Potential Risks

This project carries several risks. The foremost risk is a lack of interest in the new system by our internal consultants and external clients. User inputs are crucial for populating information into this system and realizing the potential benefits from using the system. There are some technical risks in choosing the type of software used to search the system, check security, process payments, and so on, but the features of this system all use proven technologies. The main business risk is investing the time and money into this project and not realizing the projected benefits.

TABLE 3-2 JWD Consulting's business case (*continued*)

10.0 Exhibits

Exhibit A: Financial Analysis for Project Management Intranet Site Project

Discount rate	8%				
Assume the project is done in about 6 months	Year				
	0	1	2	3	Total
Costs	140,000	40,000	40,000	40,000	
Discount factor	1	0.93	0.86	0.79	
Discounted costs	140,000	37,037	34,294	31,753	243,084
Benefits	0	200,000	200,000	200,000	
Discount factor	1	0.93	0.86	0.79	
Discounted benefits	0	186,185	171,468	158,766	515,419
Discounted benefits - costs	(140,000)	148,148	137,174	127,013	
Cumulative benefits - costs	(140,000)	8,148	145,322	272,336	← NPV
	Payback in Year 1				
Discounted life cycle ROI----->	112%				

Assumptions

Costs	# hours
PM (500 hours, \$50/hour)	25,000
Staff (1500 hours, \$70/hour)	105,000
Outsourced software and services	10,000
Total project costs (all applied in year 0)	140,000
Benefits	
# consultants	400
Hours saved	40
\$/hour profit	10
Benefits from saving time	160,000
Benefits from 1% increase in profits	40,000
Total annual projected benefits	200,000