Logo, company name

Description automatically generated

Business Case Template

<< Project Name >>

<< Author >>

**Note:** Although the Business Case starts to emerge in its most embryonic form as early as Pre-Project – where an indicative value is used to justify a Feasibility investigation – this template is intended to be used in the Foundations phase. By this time, options should have been explored and a solution to the business problem or opportunity agreed by the Business Visionary and Technical Coordinator. During Feasibility it is likely that very high level business case options may need to be presented in which case a different format of document designed to compare and contrast options will be more appropriate.

# **Purpose of the Business Case**

* To provide a clear statement of the Business Vision for the project
* To describe the ‘big picture’ of the business, as it will be after the project has completed and the changes and benefits have been realised.
* To describe how that picture differs from the current reality
* To describe how this project will contribute to the required change
* To name any other projects, either planned or in progress, that form part of the vision or may have an impact on vision
* Specifically, NOT to state requirements for the proposed solution
* To present a Business Case for the project
* To quantify, and possibly categorise the benefits to be delivered
* To summarise the cost of the project and set the project budget
* To perform a cost/benefit and, where applicable, risk analysis to an appropriate level to justify the project
* To describe the strategic fit of the proposed solution with any applicable corporate/business strategies and standards, stating any concessions or assumptions made.

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| --- | --- | --- | --- |
|  | **Project Role** | **Name** | **Signature & Date** |
| **Produced by:** | Business Analyst |  |  |
| **Approved by:** | Business Sponsor |  |  |

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| **Revision History** | | | | |
| Name | Ver | Reason for change | Status | Date |
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# Business Vision

Construct a few paragraphs describing the business, as it will be after the project has completed.

Describe the bigger picture assuming any wider impacts than the immediate area affected by the project and potentially the impact of other project sand initiatives.

Describe how that picture differs from the current reality

Describe how this project will contribute to the required change

Name any other projects, either planned or in progress, that form part of the vision or may have an impact on vision

**DO NOT** state requirements for the proposed solution here - focus on the big picture.

# The Proposed Solution

If more than one option is to be presented – this section and those that follow will need to be duplicated for each of the options.

## Solution Overview

Provide an outline of the proposed solution. The best way to do this is normally through annotated diagrams describing the solution from a user perspective and/or a high level architectural perspective. Use either or both as appropriate to the reviewers and approvers. Where possible differentiate between key components of the solution and optional components that may need to be justified in their own right. E.g. for a web site it may be mandatory to support desktop based usage and optional to optimise for mobile platforms.

## Strategic Alignment

State here the ways in which this solution supports or complies with stated corporate strategies or programme level objectives. Also identify and justify any aspects of the solution that contradict such strategies.

# Costs and Benefits

## Quantified Costs

For each of the deliverables identified above, provide a quantitative estimate of the cost of delivering that aspect of the solution. Be careful not to double account for costs. E.g. if deliverable 2 represents an incremental addition of cost over deliverable 1 but there is no hard dependency between the two, consider ‘extracting’ the common cost element and treating both of the deliverables incrementally to that.

**Remember:-**

Your estimates should be provided in value ranges that represent best case and worst-case scenarios. Where a single figure estimate is demanded select a value from the range based on your confidence of coming in within cost that in turn should be based on the consideration of any risks that you are aware of.  
At the end of the Feasibility phase the costs range is likely to be much wider than at the end of the Foundations phase

**Note:-**

Reluctance to provide estimates with so little effort given over to understanding the requirements and the proposed solution is inevitable. This is why it is so important to provide estimates in confidence ranges. Remember the estimates here are needed only to justify the next phase of the project. At the end of Feasibility the estimates only need to justify further investigation during the Foundations phase. At the end of Foundations may need to justify the full project or perhaps just a first increment

## Quantified Benefits

Where possible provide a quantitative estimate of the benefits associated with each of the major deliverables described above. More detail of the deliverables should be captured within the Prioritised Requirements List. Do not assume that everything in the PRL will be delivered – express benefits in ranges with the minimum figure based on Best Case, Worst Case and Expected Case scenarios

The overall single figure estimate required for the Investment Appraisal section (below) should be selected from the overall benefit range and be based on your confidence of achieving that level of benefit. This in turn should be based on the consideration of any risks that you are aware of with regards to delivery and impact on the business.

Reluctance to provide estimates with so little effort given over to understanding the requirements and the proposed solution is inevitable. This is why it is so important to provide estimates in confidence ranges. Remember the estimates here of the proposed project benefits are needed only to justify the next phase of the project. At the end of Feasibility the estimates only need to justify further investigation during the Foundations phase. At the end of Foundations may need to justify the full project or perhaps just a first increment

## Investment Appraisal

Where appropriate and desired by the standards within the organisation use the information from the Quantified Costs and Quantified Benefits sections above justify the project by describing the size and timescales of the Return on Investment (ROI).

One common way to do this is to use Discounted Cash Flow Analysis (or Net Present Value) approach for ROI in which:

**Cost = project expenditure in a given year**

**Benefit = benefits to be realised in a given year**

**Net Benefit = Benefit-Cost for that year**

Discount Factor = calculated as 1/(1+r)n where r is the rate of return expected if the money invested in the project were to be invested elsewhere and n is the year under consideration. There is normally a company standard rate for this that the accountant or finance department should be able to provide

Discounted Net Benefits = Net Benefit x Discount Factor

Net Present Value = for year 0 = Discounted Net Benefit for subsequent years = current year Discounted Net Benefit + previous year NPV.

Break even on the ROI occurs when the NPV switches from a negative to a positive figure

Example: (assuming an expected ‘alternative’ rate of return on investment of 5%)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **0** | **1** | **2** | **3** | **4** |
| Costs | £100,000 | £50,000 | £2,000 | £2,000 | £2,000 |
| Benefits | 0 | £30,000 | £80,000 | £80,000 | £80,000 |
| Net Benefits | -£100,000 | -£20,000 | £78,000 | £78,000 | £78,000 |
| Discount Factor | 1 | 0.95 | 0.91 | 0.86 | 0.82 |
| Discounted Net Benefits | -£100,000 | -£19,048 | £70,748 | £67,379 | £64,171 |
| Net Present Value | -£100,000 | -£119,048 | -£48,299 | £19,080 | £83,251 |

#### Discounted Cash Flow (Net Present Value)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **0** | **1** | **2** | **3** | **4** |
| Costs |  |  |  |  |  |
| Benefits |  |  |  |  |  |
| Net Benefits |  |  |  |  |  |
| Discount Factor |  |  |  |  |  |
| Discounted Net Benefits |  |  |  |  |  |
| Net Present Value |  |  |  |  |  |

#### Commentary

Use this to annotate the model above as appropriate, for example explaining when benefits start to accumulate, the reasons why cost continue to accrue after the planned end of the project etc

There may be benefits that cannot be quantified in financial terms (or it is not desirable to invest the effort to do so). This section is also useful to indicate the influence of such benefits on the decision to invest in the project. An example of this may be regulatory compliance perhaps the organisation may have to cease trading if it does not comply.

## Investment Risk Assessment

The investment risk assessment should be focussed on the risk associated with achieving the return on investment. These risks will often lie beyond the boundaries of the project and the influence of the project stakeholders. Is the return guaranteed? If not what may impact on successful realisation of the benefits. How severe is this risk (consider probability and impact)?

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# Key Assumptions, Risks and Dependencies for the Project

State any known assumptions risks and dependencies that may impact on the successful execution of the project

Identify any other projects that have dependency on this project. Consider any other projects currently planned or in progress on which this project depends and, if appropriate identify any projects that are, or will be dependent on this one.