

# **Business Case for Recreation and Wellness Intranet Project**

**Date: 02/12/2018**

**Prepared by: Swati Tamrakar**

## **1.0 Introduction/ Background**

Manage Your Health, Inc (MYH) provides various healthcare services in the world. MYH has more than 25,000 employees (full-time and part-time). According to a recent survey done in the company, the results showed that the employees has poor health conditions which has led to MYH paying more than 20% of the industry's average premiums.

## **2.0 Business Objective**

MYH's strategic goals is to reduce internal costs, increase the cross-selling of products and exploit the Web based technologies. With the recreation and wellness intranet project, the objective is to increase employee's health, in order to negotiate the premiums. Additionally, this would increase the productivity and benefits the company in the long run.

## **3.0 Current Situation and Problem/Opportunity Statement**

MYH provides various healthcare facilities but they do not have a convenient program to improve the health of its own employees. This has led to MYH paying more one employee health care. Once the recreation and wellness project is developed, it will help keep track of the employee's health and also help save at least \$30/employee/year in premiums.

## **4.0 Critical Assumption and Constraints**

The proposed Recreation and Wellness Intranet Project would help MYH organize the health services provided. The current hardware and software of the company should be able to support the project. This project would require a minimal development team and it would be finished within 6 months of time frame. It must be easily accessible by the managers and the employees and provides higher security from unauthorized users.

## **5.0 Analysis of Option and Recommendation**

These are the options for addressing this opportunity:

- a) Do nothing. The company will operate as usual.
- b) The employees should pay more for their insurance.
- c) The project should be compatible with the current hardware and software.

As per the discussions, we believe that building the project with existing hardware and software is highly significant.

## **6.0 Preliminary Project Requirements**

The main features of the recreation and wellness intranet project include the following:

- a) Access to recreational activities such as bowling, soccer, jogging.
- b) Training programs to employees to manage their weight, reduce stress, stop smoking and other health issues
- c) Employees are given an offer to join the available incentives.
- d) The system would help track employee involvement and maintain it.

## **7.0 Budget Estimate and Financial Analysis**

The cost of the project is \$200,000 which would include the cost personnel, software and other materials. It is estimated that around \$50,000 is needed to maintain the system. The benefit for the project is said to be \$30 per employee per year which would sum up to a benefit of \$600,000. Exhibit A shows the projected costs and benefits and shows the net present value and return on investment.

## **8.0 Schedule Estimate**

The sponsor would like to see the project completed within six months. There is some flexibility in the schedule, and we also assume that the new system will have a useful life of 4 years.

## **9.0 Potential Risks**

This project has several risks which are listed as:

- a) There could be a lack of interest in this project from employees.
- b) There is a challenge of coming up with incentives to attract and engage the employees.
- c) There is also a risk of maintaining time and cost to reach the scope

## **10.0 Exhibits**

Exhibit A: Financial Analysis

## Financial Analysis for Recreation and Wellness Intranet Project

**Created by:** Swati Tamrakar

**Date:** 2/12/2018

Note: Assume the project is finished in 6 months.

<b>Discount rate</b>	8.00%				
Assume the project is completed in Year 0			<b>Year</b>		
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>Total</b>
Costs	200,000	50,000	50,000	50,000	
Discount factor	1.00	0.93	0.86	0.79	
<b>Discounted costs</b>	<b>200,000</b>	<b>46,500</b>	<b>43,000</b>	<b>39,500</b>	<b>329,000</b>
Benefits	0	600,000	600,000	600,000	
Discount factor	1.00	0.93	0.86	0.79	
<b>Discounted benefits</b>	<b>0</b>	<b>558,000</b>	<b>516,000</b>	<b>474,000</b>	<b>1,548,000</b>
Discounted benefits - costs	(200,000)	511,500	473,000	434,500	<b>1,219,000</b> ← NPV
Cumulative benefits - costs	(200,000)	311,500	784,500	1,219,000	
<b>ROI</b> →	<b>371%</b>				
		↑			
		<b>Payback in Year 1</b>			
<b>Assumptions</b>					
Maintenance of the project after completion is \$50,000 per year					
Benefits--> net savings of \$30/employee/year					