

projectName

**Business case**

PHASE 2: FEASIBILITY AND FOUNDATIONS

# Purpose of this document

DSDM handbook 8.4.1 Business foundations (definition); Appendix C 3.1  
Document template version 0.8

* To provide a **clear statement of the business vision** for the project.
  + To construct a few paragraphs describing the ‘big picture’ of the business, as it will be after the project has completed.
  + 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 the benefits to be delivered.
  + To summarise the cost of the project and set the project budget.
  + To perform a cost/benefit analysis to an appropriate level to justify the project.
  + To define the critical success factors for the project in terms of:
    - Timescale for delivery
    - Cost of delivery
    - Scope of deliverables
  + By reference to the prioritised requirements list (PRL), to define areas within the scope which may be desirable but not essential
  + To describe the strategic fit of the recommended solution with any applicable corporate/business strategies and standards, stating any concessions or assumptions made.

# Quality criteria

* With regards to the business vision for the project:
  + Is the vision, as stated, clear and unambiguous?
  + Have key project stakeholders and participants demonstrated their understanding of the stated vision?
* With regards to the business case for the project:
  + Are the project beneficiaries clearly defined?
  + Have all the identified beneficiaries and contributors been involved in the creation of the business case?
  + Are the benefits defined in a way that allows them to be measured now (to establish a baseline) and in the future (to assess whether they have been realised)?
  + Is it clear how the costs and benefits have been calculated?
  + Is it clear how the benefits will be measured once the project has been completed?
  + Is the relationship between scope and benefits clear enough to allow the impact on benefits to be assessed, if the scope of the deliverables needs to be reduced?
  + Is the business case clear enough to enable the business sponsor to decide whether to proceed with the project?

# Document sign-off

|  |  |  |  |
| --- | --- | --- | --- |
| RACI | Role | Name | Date |
| Responsible | **Business analyst** |  | yyyy-mm-dd |
| Accountable | **Business sponsor** |  |  |
| Verified | Business visionary |  |  |
|  | Technical coordinator |  |  |
|  | Project manager |  |  |

# Revision history

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Version | Reason for change | Status | Date |
|  | 0.1.0 | Initial draft | Draft | yyyy-mm-dd |
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|  |  |  |  |  |

# 1. The vision

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

* ***Describe the bigger picture.***
* ***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.***

***Note: if the feasibility assessment has been created previously, this section can be copied from that document and checked for ongoing validity refined as appropriate, adding detail as required.***

The vision…

# 2. The proposed solution

## 2.1 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 of this document. Also describe:***

* ***what institutional strategic points of focus this project supports.***
* ***how this project sustain the operations of the institution, reduces risk and/or reduces costs.***
* ***how urgent the project is and justify why.***
* ***which schools and units will be impacted.***
* ***to what degree will the project result in a reduction or an increase in staff resource/systems.***
* ***who will benefit from this project, both within and outside the University.***
* ***to what degree this project improve the effectiveness of the users or provider of the service to carry out tasks.***
* ***whether this project replaces a current system that is nearing its end of life, does it enhance a usable system or a completely inadequate system.***
* ***what the project will cost to implement.***
* ***the operational costs for the project in terms of return on investment.***
* ***whether the risk of doing the project is perceived to be low, medium or high.***

Solution overview…

## 2.2 Major products to be delivered by the project

***List the major deliverables for the project.***

***Identify not only the components of the proposed solution such as software but also any supporting documentation and models as well as essential management and quality products.***

***Refer out to the prioritised requirements list (PRL) for details.***

Major products…

## 2.3 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 two represents an incremental addition of cost over deliverable one 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.***

***If the high value represents the figure you are 95% confident in coming within and the low value represents the figure you are 5% confident of coming within it is recommended that you choose a figure that you are 80% confident of coming within based on the likelihood and impact of the risk you are considering.***

***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 project and prioritise further work during the construction phases of the project where requirements and solutions will be explored in more detail.***

Quantified costs…

## 2.4 Strategic alignment

***State here any 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.***

Strategic alignment…

# 3. The benefits

## 3.1 Quantified benefits

***Where possible provide a quantitative estimate of the benefit associated with each of the major deliverables described above. The detail of the deliverables should be captured within the prioritised requirements list (PRL). Do not assume that everything in the PRL will be delivered – express benefits in ranges with the minimum figure based on delivery of only the must have requirements and the maximum figure based on delivery of the must haves, should haves and could haves.***

***The overall single figure estimate required for the investment appraisal (section 4, 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.***

***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 project and prioritise further work during the construction phases of the project where requirements and solutions will be explored in more detail.***

Quantified benefits…

## 3.2 Benefits realisation strategy

***Drawing on the business benefits section of the feasibility assessment (where used), provide, where appropriate a high level plan to show how accruing benefits will be delivered. If required, describe at a high level any activities that will need to occur before and after each deployment of the evolving solution if the benefits described above are to be measured.***

Benefits realisation strategy…

# 4. Investment appraisal

## 4.1 Cost/benefit analysis

***Using the information from the quantified costs (2.3) and quantified benefits (3.1) sections above, justify the project by describing the size and timescales of any return on investment (ROI). The table below shows the 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 × 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 |
| Discounted factor | 1 | .95 | .91 | .86 | .82 |
| Discounted net benefits | -£100,000 | -£19,048 | £70,000 | £67,379 | £64,171 |
| Net present value | -£100,000 | -£119,048 | -£48,299 | £19,080 | £83,251 |

## 4.1.1 Discounted cash flow (net present value) model

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 0 | 1 | 2 | 3 | 4 |
| Costs |  |  |  |  |  |
| Benefits |  |  |  |  |  |
| Net benefits |  |  |  |  |  |
| Discounted factor |  |  |  |  |  |
| Discounted net benefits |  |  |  |  |  |
| Net present value |  |  |  |  |  |

## 4.1.2 Notes related to the discounted cash flow (net present value) model

***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.***

Notes related to the discounted cash flow (net present value) model…

## 4.2 Key assumptions, dependencies, and risks

***State any known assumptions, dependencies and risks that may impact on the success of the project or the delivery of the benefits.***

***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.***

Key assumptions, risks and dependencies…