**Chapter 3 - Key Terms**

**Business Case –** It provides an analysis of the organizational value, feasibility, costs, benefits, and risks of several proposed alternatives or options.

**Project Objectives -** Project objectives support the MOV and include scope (the project work to be completed), schedule (time), budget (money), and quality (conformance or fitness for use).

**Economic Feasibility –** It is conducted to look at the alternatives in greater depth, some alternatives may be too costly or simply not provide the benefits envisioned in the problem statement.

**Technical Feasibility -** Technical feasibility focuses on the existing technical infrastructure needed to support an IT solution.

**Organizational Feasibility -** Organizational feasibility considers the impact on the organization. It focuses mainly on how people within the organization will adapt to the planned organizational change**.**

**Total Cost of Ownership (TOC) –** It refers to the total cost of acquiring, developing, maintaining, and supporting the product or application system over its useful life. TCO includes such costs as: direct or up-front costs; ongoing costs; and indirect costs.

**Total benefits of ownership (TBO)** – It includes all of the direct, ongoing, and indirect benefits associated with each proposed alternative. Benefits can arise from: increasing high-value work; improving accuracy and efficiency; improving decision making; and improving customer service.

**Intangible Benefits -** These are subjective benefits that can be difficult to measure in monetary terms. These can include things like: improving employee morale, increasing productivity, etc.

**Payback Method -** It determines how long it will take to recover the initial investment. The payback period for an investment can be calculated using:

*Payback Period = Initial Investment∕ Net Cash Flow*

**Breakeven Method -** It attempts to determine the point at which a project would begin to recoup its original investment. The break-even point is calculated using:

*Breakeven Point = Initial Investment∕ Net Profit Margin*

**Return On Investment (ROI) -** ROI is an indicator of a company’s financial performance. From a project management point of view, ROI provides a measure of the value expected or received from a particular alternative or project. It is calculated by dividing the net income, or return, of a project alternative by its total cost.

**Net Present Value (NPV) -**  It focuses on the time value of money. It is going to take time and resources (i.e., costs) before any particular project or alternative is completed and provides the returns we originally envisioned.

**Scoring Models -** These provide a method for comparing alternatives or projects based on a weighted score. Scoring models also allow for quantifying intangible benefits for different alternatives using multiple criteria. Using percentage weights, one can assign values of importance to the different criteria.