CMRL Project

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**Business Case**

**Validate the purpose and the Business Case**

**Business Case**

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| **Name / Project Code** | **Project 1/ABC** | |
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| **Reference** | **Program PG01/Portfolio PF02** | |

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| 001 | Mohammed BENNIS | First version | 2022-05-02 |
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## Executive Summary

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| **Synthetic summary (why this project became a “must-do”)** |
| [The executive summary synthesizes the business case, including your recommendation. It is often better to write it at the end of your Business Case when you have a clear idea about recommended directions and their justification. Keep in mind that some decision-makers may only read the summary, so make sure everything included is relevant.]  **Example:**  The computer systems at our Lille Regional Assembly Center are now obsolete and very expensive. They are no longer maintained and do not support the company's growth strategy and the 3-year plan approved recently.  The risks associated with data errors are real, and an audit could likely uncover problems and therefore lead to very high financial penalties.  The group's entities have now successfully installed a new SAP system, in which performance and cost have been greatly optimized.  Therefore, we recommend implementing the system managed by the company's headquarters as soon as possible. Thus, ensuring the support and sustainability of CMRL applications.  The cost of this project will be amortized over one year, and the new system will support expansion plans and corporate strategy. |

## Current situation

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| **What are current challenges, and why is it important to solve them?** |
| *[Write a short paragraph outlining the problem(s). It should be related to the organization's strategy or vision to demonstrate why solving those issues is important to the organization.]*  **Example:**  Our Regional Assembly Center (CMRL) in Lille is the last entity in our group not having implemented the company's central SAP system.  The old systems require very high infrastructure and software costs and data cohesion issues as well.  Two employees are assigned to correct manually the data in the CMRL systems and central system based in Villacoublay.  Monthly closing errors are systematic and the risk of financial loss is real.  An audit of our books could uncover inconsistencies, it may lead to administrative sanctions and penalties.  In addition, disparate systems do not allow us to follow the company's expansion strategy because it is impossible to upgrade.  For all these reasons, it is necessary to ensure full compliance with Financial and Legal rules and legislation. |

## Goals and Objectives

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| **More specific objectives of the project** |
| *[This section provides a more detailed description of the goals and objectives but also the expected benefits. Examples are always useful: the number of people affected or the cost to the company or its customers.]*  **Example:**  CMRL's computer systems (MATT 4.0) are obsolete, expensive, and very complex, even impossible to modify. In addition, the supplier discontinued the maintenance for 2 years.  Their current cost is 850,000 euros per year, plus 2 resources assigned full-time to corrections, i.e. 48,000 euros additional.  While it is difficult to quantify the systematic errors at month-end, we can estimate that a negative audit (internal or external auditors) would cost between 100,000 and 250,000 euros in various penalties. This risk grows month by month.  In addition, current systems cannot cope with the production increase as described in our strategy.  The objectives of a system change are multiple:   * Support for the "3-year plan" expansion strategy * Reduce annual infrastructure and application costs (-50%) * Reassignment of resources dedicated to corrections * Reduction/elimination of month-end errors * Simplification/elimination of interfaces * Reduction/elimination of risks related to incorrect data * Elimination of risks related to controls and audits * Alignment with the company's SAP systems |

## What are the options?

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| **Problem-solving options** |
| *[You should identify and discuss all possible options to resolve the problem, including doing nothing. For each one, you need to discuss the benefits, costs, and risks.]*  **Example:**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Option | Description | Advantages | Disadvantages and limits | Opex | Capex | | Option1:  «Status Quo » | Keep the systems MATT 4.0 | No Investissement | Very high costs and risks. No support for the 3-year plan. | 898,000 (850,000 systems et 48,000 resources) | - | | Option 2: Migration to SAP Central | SAP Implementation SAP to align all IT systems | Harmonization, support of the corporate strategy. Risk reduction | About six months project.  Purchase of new licenses. | 310,000 (Maintenance et infrastructure) | 515,000 (95,000 -Licenses and 420,000 -resources) | | Option 3: Modification of the system MATT 4.0 | Hire a MATT expert and modify the system | No Investissement | High costs and risks. No guarantee of success. Infrastructure investment required. | 898,000 + 80,000 (Expert) | 75,000  (New Server) | |

## Recommendations

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| **What recommendation do you make following the analysis of the different options?** |
| *[You should make a recommendation of your best option, weighing the costs and benefits.]*  **Example:**  Option 2 is not only the cheapest, but it is also the safest and the most durable.  Options 1 and 3 carry major risks at a very cost – they should be rejected.  Therefore, we recommend switching to HQ SAP systems as soon as possible.  The IT department will assign Ms. Dupont as project manager, a sponsor and a CMRL project manager are highly needed since the approval of this project. |

## Deliverables

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| **Expected deliverables** |
| *[Include and detail the deliverables that the project must provide while describing their alignment with the objectives.]*  **Example:**  The project will deliver a fully integrated system at headquarters as well as with other group entities. This will include:   * Finance, * Sales, * Purchasing, * Logistics, * Production Support.   While the headquarters systems are aligned with the expansion strategy, the new applications will support the 3-Year Plan.  In addition, a specialized team will ensure if the data is standardized to:   * Reduce and eliminate data inconsistency and errors   Thus, the new system will help to:   * Discontinue full-time resource assignment to data correction and to reassign these resources to customer support. |

## Resources and Stakeholders

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| **Short- and long-term resource requirements; total cost and financial viability of the project** |
| *[Detail the resources that will be necessary for the project, the estimated budget, and project organization. Also identify the stakeholders: What are the departments and teams to be involved in this project? Specify here if we need external resources and if so which ones. Specify for internal resources to which company departments they belong to.]*  **Example:**  For the implementation: Ms. Dupont will lead a team of 12 members from the head office IT department, that is 2 resources per major deliverable (see deliverables above) as well as an integration manager.  The integration manager will be assigned by CMRL's IT department for the duration of the project.  The compensation costs, as well as the travel costs, will be charged on a special account which will be created as soon as the project is confirmed.  In addition, the project will be monitored by a steering committee made up of executive managers of the assembly center (to be appointed when the project is created) as well as the IT Director and Ms. Dupont. This committee will meet once a month, dates and participants to be confirmed.  We also recommend the assignment of a Change and Communication Manager, as the new applications will affect all CMRL users and successful communication will be critical to the success of this initiative. The Change and Communication Manager will be part of the steering committee and the management committee.  The cost of the project is estimated at 515,000 euros, or 420,000 euros in team compensation and 95,000 euros in new software licenses to be acquired.  The annual cost of application and infrastructure maintenance is estimated at 310,000 euros. Note that this amount represents roughly a third of current costs (898,000 euros/year). The reduced Operating Cost will allow payback in less than a year.  As the headquarters teams have accumulated a great deal of experience with SAP systems and their implementation, it won’t be necessary to budget for outside help. |

**Project risk assessment**

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| **What are the initial risks identified?** |
| *[Analyze and assess the risks of the project.]*  **Example:**   * Keep the Status Quo: **catastrophic risk** and current costs out of proportion * Negative control/audit: **major risk** because the penalties would be added to the cost of correction * Lack of support or interest: **major risk**. It is indeed very common (and human) for changes of this magnitude to face hostility. A transparent communication is the answer to this risk. * Cost estimation error: **minor risk.** Estimates were made based on SAP implementations at other group sites. However, the data issues may be more complex than expected and thus require more time or resources. * Problems when switching to new systems: **minor risk.** Despite our experience, this risk is always residual. This is why the cut-over will be scheduled on legal holidays so that the corrections can be made before the business restarts. |

**Doing nothing scenario**

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| **What happens if the project is not launched?** |
| *[Describing the “status quo”, what are the consequences if we do not implement this project.]*  **Example:**  ***The risk of keeping the Status Quo is a major risk***.  We know that the data is sometimes inconsistent because manual processing is complex. IT costs are very (too) high, and maintenance is no longer granted.  The risks of control and/or negative audits are real, and the possible penalties are very high.  We cannot afford to do anything. |

## Success criteria and performance measurement indicators

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| **How to measure the success of the project?** |
| *[State the plan for measuring the benefits expected from the project. This plan should include all operational aspects and indicators to measure the success of the recommended option after its implementation.]*  **Example:**  In addition to a three-fold operational cost, the new system will support the company's expansion strategy and drastically reduce errors and associated risks  The performance indicators will be:   * Implementation budget: 515,000 euros * Annual operating cost: 310,000 euros * Reassignment of the 2 units assigned to corrections * Commissioning: 6 months * Payback period: 1 year\* * Internal customer satisfaction: 90% * External customer satisfaction: 100%   (\*) 515,000 investments + 310,000 annual maintenances = 825,000 / 898,000 (current cost) = 0.91  Each following year we will reduce our IT costs by 898,000-310,000 = 588,000 euros.  The Return on Investment of this project is therefore 114%! (ROI = 588000/515000 = 114%) |