



Information Resources Management College



**Business Case  
Analysis  
(Form 300)**

**“World leader in information resources management education”**

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# What is a Business Case?

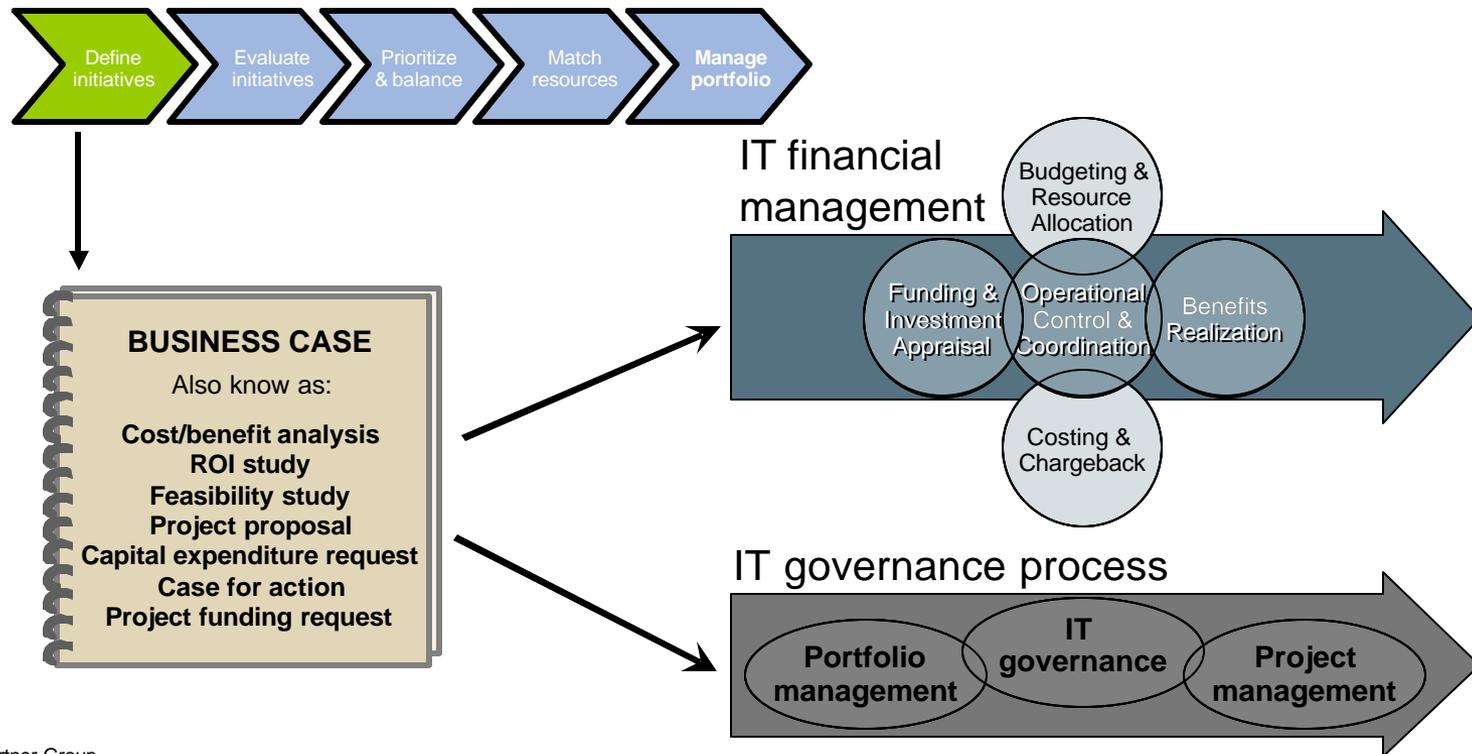
A business case is a defined deliverable that describes an investment opportunity.

Its main goal is to help management decide, in a rational way, the true business value of a potential investment, and whether or not to proceed.

It both justifies the investment and guides the subsequent work. In short, it drives results (not just promises them) because it's used to ensure the project and expected benefits are delivered.

# Business cases are critical inputs to IT management processes

## Portfolio management process



# Business cases give decision-makers all the information they need

Business case section	Content description
<b>1. Executive summary</b>	Summarizes the opportunity, recommendation and business impact
<b>2. Introduction and background</b>	Sets the scene by tracing the key events leading up to the business case and builds credibility by summarizing due diligence performed
<b>3. Opportunity or problem definition</b>	Describes the opportunity to be seized or problem to be solved in business terms, either linked to business objectives or pain points
<b>4. Recommended solution &amp; alternatives</b>	Recommends a specific solution and gives rationale for its selection from the alternatives considered
<b>5. Benefit estimates and assumptions</b>	Presents assumptions, quantifies sources and types of expected benefits, how they will be measured & who is responsible for them
<b>6. Cost estimates and assumptions</b>	Quantifies expected costs and the assumptions upon which they are based, usually with scenarios for the range of costs
<b>7. Risk factors and mitigation</b>	Quantifies the major risks that could impact project success and provides mitigation strategies for each
<b>8. Financial analysis</b>	Presents the standard financial measures, e.g., ROI, NPV, IRR, used to evaluate other capital investments
<b>9. Implementation approach/ timeline</b>	Provides estimated timing of tasks/phases so financial analyses based on the timing of expenditures and benefits can be completed
<b>10. Appendices</b>	Presents detailed supporting data, such as financial models

# Identify stakeholders

Stakeholder	Role in the business case development process
Chief financial officer (CFO)	Checks the basis of the financial analysis, along with the numbers and the assumptions on which they are based
Executive sponsor	Is intimately involved with the preparation of the business case and its approval and identified as responsible for benefits delivery
Project manager	Leads development of the business case, which becomes a key reference document for the project
Portfolio management committee	Endorses the case in the context of overall fit with the project portfolio
Investment committee	Ensures that the case meets the enterprise's formal requirements and formally approves case
Business unit managers	Take full responsibility for all business components, such as benefit estimates/realization, business process and people changes
Chief information officer (CIO)	Takes full responsibility for the IT components, including IT cost and time estimates, IT resourcing, and IT risks
Chief technical officer (CTO)	Oversees the integrity of the technical solution, security and architectural compliance

# Benefits – Tangible

People	Process	Technology	Business
<ul style="list-style-type: none"> <li>▪ Reduce headcount</li> <li>▪ Reduce salary costs</li> <li>▪ Increase span of control</li> <li>▪ Develop process experts</li> <li>▪ Centralize customer service</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduce transaction processing times</li> <li>▪ Eliminate non-value-added tasks</li> <li>▪ Minimize errors/rework</li> <li>▪ Standardize processes</li> <li>▪ Implement self-service</li> <li>▪ Implement best practices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase reliability and quality</li> <li>▪ Reduce complexity</li> <li>▪ Lower future development costs</li> <li>▪ Reduce software purchase prices and license fees</li> <li>▪ Reduce on-going support costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve brand image</li> <li>▪ Create new revenue sources</li> <li>▪ Shorten product development</li> <li>▪ Enable premium pricing</li> <li>▪ React faster to business change</li> </ul>
<b>Infrastructure</b>			
<ul style="list-style-type: none"> <li>▪ Increase future scalability, flexibility and agility</li> <li>▪ Enable incremental change at lower cost</li> <li>▪ Decrease facilities and management costs</li> </ul>			

# Risk Management

Types of risk	Definition
Business/ Economic	Risk that business changes sufficiently so that planned benefits are not attained or the project cannot be used
Organizational	Risk that organizational changes preclude the full use of and benefit from the project
Technological	Risk that the technology selected does not live up to expectations or is not well-suited for its intended use
Execution/ Implementation	Risk that the organization cannot implement the project on time and within budget, or that it fails to develop a workable solution
Complexity	Risk of failure due to the magnitude of the complexity involved because of its scale, the degree of change require, or the number of parties involved
Operational	Risk that the operating costs of the new system grow to be uneconomic

# OMB Exhibit 300

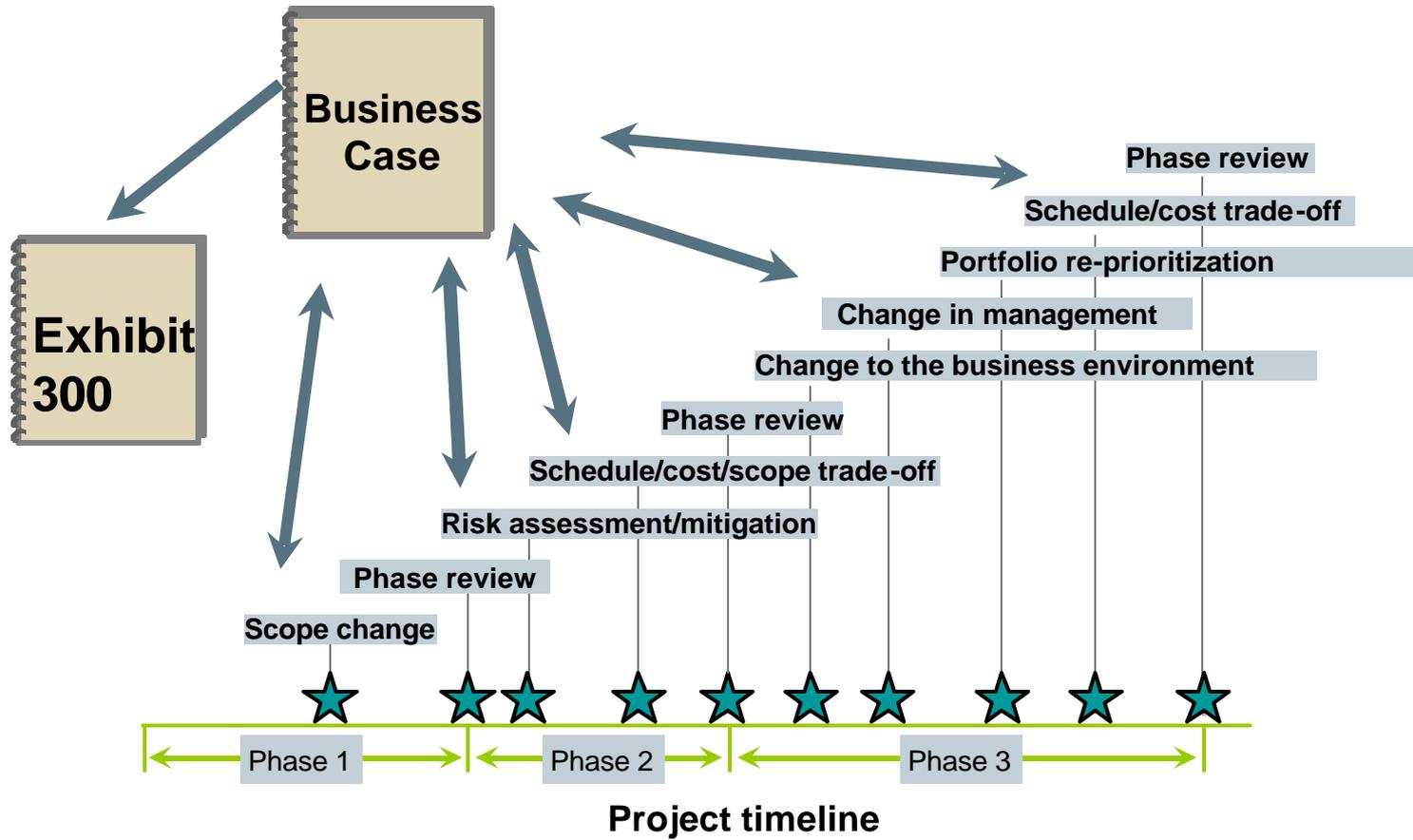
- Part I: Capital Asset Plan and Business Case
  - Insight
  - a. Investment Description
  - b. Justification
  - c. Performance Goals and Measures
  - d. Project Management (Investment Management)
  - e. Alternatives Analysis
  - f. Risk Inventory and Assessment
  - g. Acquisition Strategy
  - h. Project Investment and Funding Plan
  
- Part II: Business Case Criteria for IT
  - a. Enterprise Architecture
  - b. IT Security
  - c. Government Paperwork Elimination Act (GPEA)

# Is it a Business Case?

1. Executive summary
2. Introduction and background
3. Opportunity or problem definition
4. Recommended solution & alternatives
5. Benefit estimates and assumptions
6. Cost estimates and assumptions
7. Risk factors and mitigation
8. Financial analysis
9. Implementation approach/ timeline
10. Appendices

- **Part I: Capital Asset Plan and Business Case**
  - Insight
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  - a. Enterprise Architecture
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# The Business Case and Exhibit 300



# Exhibit 300

Office

of

Management

and

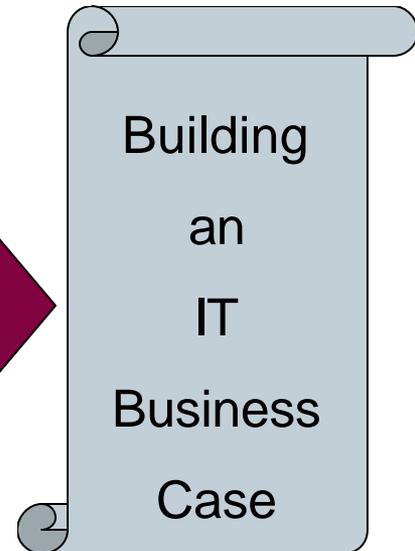
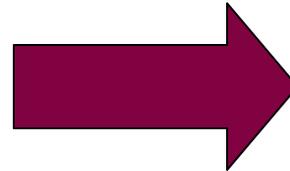
Budget

Budget justification  
document

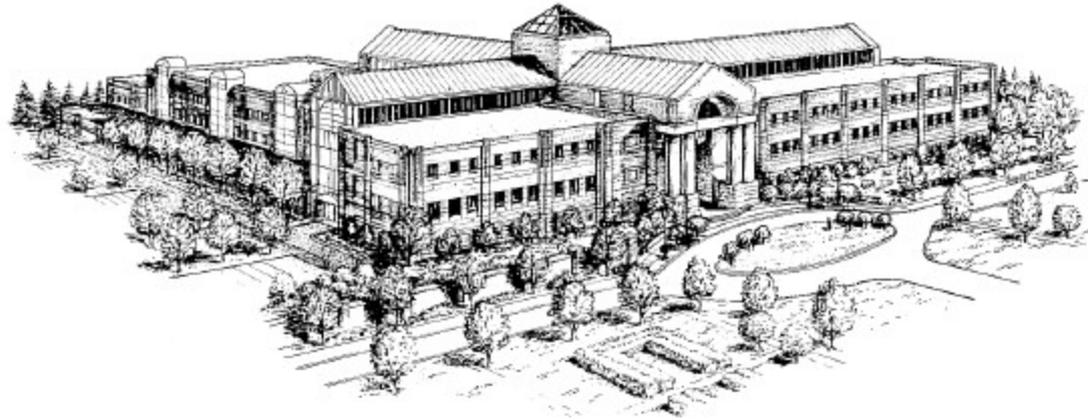
A management reform tool

Budget oversight input

# Education



<http://www.ndu.edu/irmc/>



**Information Resources Management College  
National Defense University  
Fort McNair, DC**

L. John Michel  
202-685-2062

Professor of Systems Management,  
MICHELL@NDU.EDU

