Montana Legislative Branch
Business Case Analysis Overview
DRAFT

The Montana Legislative Branch (Branch) uses formal Business Case Analysis (BCA) when considering new Information Technology (IT) projects or upgrades of existing technology. This is an IT industry best practice.

Purpose
The purpose of the BCA is to ensure that new or upgraded technologies:
1) Are Needed – Will enhance or allow for the improvement of a Branch business function(s).
2) Are Cost Effective – The value and cost of alternatives are understood.
3) Are Not Unnecessarily Disruptive – the technology and personnel change requirements are documented and change management planning and execution are used.
4) Are Planned and Resourced – The dollars and personnel resources for IT projects are understood before a project or task begins.
5) Are Documented – The BCA documents serve as a repository of the reasons why technologies were implemented, and when.

A brief and well written overview of the purposes of BCA is available online at Wikipedia: http://en.wikipedia.org/wiki/Business_case.

Tiers
The Branch is using a three tier approach to BCA. The goal of the three tier approach is to expend the appropriate amount of effort (no more, no less than needed) on the BCA. Most of the projects and upgrades undertaken by the Branch are relatively small, and thus would require a tier 1 (short and fast) BCA. On the other hand, some Branch projects approach or exceed $1 million, and need the more in depth BCA used for tier 3.

The estimated size of the project determines the tier. IT projects that are estimated to cost less than $5000 and require less than 100 man-hours are tier 1. Projects costing more than $5000 and less than $50,000 OR man-hour estimates are greater than 100 but less than 1000 man-hours are tier 2. Finally, those projects estimated to cost more than $50,000 OR have man-hours estimated at more than 1000 are tier 3.

A properly completed BCA requires effort from both IT and functional specialists. In general an IT analyst will guide the process and document the findings, but only in rare (very limited) cases can the BCA be completed without functional user expertise and input. A small scale (tier 1) BCA may require an IT analyst and functional specialist or two to meet and discuss things for only an hour or two. On the other hand, a large impact (tier 3) BCA could require a team of multiple IT and functional experts to work together over many weeks. There is no scientific estimate to be had here, but in general the following estimates can be used:

Tier 1) IT man-hours = 1 – 20. Functional Specialist man-hours = 0 to 10
Tier 2) IT man-hours = 10 – 100. Functional Specialist man-hours = 5 to 50
Tier 3) IT man-hours = 50 – 500. Functional Specialist man-hours = 40 to 400

Process

The first step in the BCA is someone defining a need or desire for new technology. Usually this happens without prompting in the general course of business, or when someone sees what other organizations are doing that the Branch should consider. Sometimes, older technology just "starts letting users know" it's time to think about replacement. It may be that past practices drive the need for a BCA - as might be the case where overlap of existing technologies are analyzed for potential consolidation. In any case, perceived need is the beginning of the process.

The second step is to size the project. The person that identified the need should work with an IT analyst to make a rough estimate of the scope and cost of the desired change. This estimate will determine the appropriate BCA tier, and can be used for related staff planning and budget development too. Generally, this step would require 1 to 40 hours – depending on the project's overall size and impact. Larger projects need more thorough initial estimates.

Next, a BCA effort estimate (an estimate of the BCA development time - not the project itself) is completed and delivered to appropriate functional and IT managers. This is a one page document briefly describing the project, and the estimated time and personnel needed to complete the BCA. Normally, this approval to move forward with the BCA is the decision of the immediate supervisor of the IT and functional specialists that will develop the BCA. There is no point going further if management chooses not to support the project, and will not allow for sufficient staff resources to develop the BCA. Some tier 1 BCAs can be done "under the radar", but management approval\awareness is a good idea for most BCA development efforts.

Timeframes

If given the go ahead by management, the BCA development begins. For a tier 1 BCA the research and documentation might be finished in an afternoon, or a few days. For very small projects, it may appear that there are no costs to do something (like a free upgrade to an existing software program) and the BCA is just a bureaucratic waste. But, like puppies, there are no "free" IT projects. If nothing else the new software needs to be tested in the Branch IT environment and any deployment, user training, or other costs considered.

Each BCA determines its own schedule based on staff availability and the scale and scope of the BCA. The guidelines for the expected maximum duration of a BCA development effort in the Branch are:
Tier 1 = 2 weeks
Tier 2 = 2 months
Tier 3 = 6 months

There is no minimum duration for this. That said, there is some time needed to properly complete the BCA even for a simple project.

Criteria

One of the primary purposes of the BCA is to come to a "go or no go" decision for IT projects. This is more challenging in a not-for-profit organization like the Branch since one of the often used measures in a BCA is Return on Investment. There are no sales, margin, or profit measures to calculate from. In some cases, direct cost savings can be estimated and should be included in the analysis. The primary criteria the Branch uses to evaluate a BCA are:

1) Does the project improve a business process related to defined Branch objectives?
2) Is the expected cost (dollars and personnel) reasonable for the expected outcome?
3) Do existing IT resources or assets exist that can meet the need?
4) What cost savings (dollars and personnel) will the project deliver?
5) If the project negatively impacts other projects, has priority been considered?
6) Does the project "fit" existing Branch IT architecture? If not, what will be done to fit it or mitigate impacts?
7) What are the change management requirements for the project?
8) Does management\leadership support the project?
9) When applicable, does the project "fit" with the Executive Branch IT architecture?
10) Are there enough resources (dollars and personnel) available to proceed with the project? If not, when will they be?
11) What are the expected consequences if the decision is "no go"?

Approvals

Once the BCA has been completed there is analysis and decision making on whether or not to proceed with the project. In general, the "go or no go" decision on a project (based on the BCA) will be made as follows:

Tier 1 – Decision of the following Branch personnel. LAD: Tori Hunthausen, primary. Angie Grove or Jim Gillet in Tori's absence. LFD: Terry Johnson, primary. Xxx in Terry's absence. LSD: Karen Berger, primary. Susan Fox in Karen's absence. This group will either meet to approve\deny tier 1 BCAs, or they may be "polled" via email. If this group cannot agree on the project, elevate to the Branch Technical Planning Group (TPG).

Tier 2 - Decision of the Branch TPG with any IT expenditures approved by the Director of the Office of Legislative Information Technology. If TPG cannot agree on the project, elevate to the Computer Systems Planning Council (CSPC).

Tier 3 – Decision of the CSPC with any IT expenditures approved by the Director of the Office of Legislative Information Technology. Projects of this scale may require special funding authorization from the Legislative Council (from the Branch IT Reserve account) or an appropriation during a legislative session.

Montana Legislative Branch – Business Case Documentation

MEDIUM BUSINESS CASE

For projects with initial dollar estimates of more than $5000 but less than $50,000

OR man-hour estimates of more than 100 but less than 1000 man-hours

PROJECT OR PRODUCT NAME

Executive Sponsor	Office & Title	Phone/Email

I am the Executive Sponsor of the business case analysis for this project and hereby certify the overall accuracy, viability, and defensibility of the content and estimates in this analysis.

Executive Sponsor Signature **Date**

Technology Sponsor	Office & Title	Phone/Email

I am the Technology Sponsor of this project and hereby certify the accuracy, viability, and defensibility of the technology-related content and estimates in this business case analysis.

Technology Sponsor Signature **Date**

MONTH DD, YYYY

Project Name:

Project Manager:

Project Short Name:

Division:

Business Unit/Program Area:

Type of Project: New Initiative *(Select One)*
Enhancement/upgrade
Application replacement
Ongoing Initiative

Date:

Version:

Project Description

Briefly describe the Project Objectives

Business Need/Problem

*Briefly describe the **Need** or **Problem** driving the proposed project and the identification of the Customers and anticipated Consumers of the project's product*

Potential Solution

Briefly describe the solution(s) that would resolve the Business Need or Problem. There should be a thorough investigation to see if existing Branch technologies can meet the need. In most cases it is valuable and worthwhile to include a "do nothing" alternative.

Consistency/Fit with Organization's Mission

Describe how the project is fits into Legislative Branch organizational needs. Provide rationale if it does not. The criteria used to evaluate business cases are:

1) Does the project improve a business process related to defined Branch objectives?
2) Is the expected cost (dollars and personnel) reasonable for the expected outcome?
3) Do existing IT resources or assets exist that can meet the need?
4) What cost savings (dollars and personnel) will the project deliver? Include this in cost-benefit analysis section below.
5) If the project negatively impacts other projects, has priority been considered?
6) Does the project "fit" existing Branch IT architecture? If not, what will be done to fit it or mitigate impacts?
7) What are the change management requirements for the project?
8) Does management\leadership support the project?
9) When applicable, does the project "fit" with the Executive Branch IT architecture?
10) Are there enough resources (dollars and personnel) available to proceed with the project? If not, when will they be?
11) What are the expected consequences if the decision is "no go"?

Anticpated Benefits

*List all **Anticipated Benefits** resulting directly from the project. Specify the ways there will be measurable improvement of new capabilities and the implications of NOT doing the project – what benefits will be missed?*

For example:

The anticipated benefits include:

Will improve our customer service by providing blah, blah, blah…

Will reduce the effort needed for blah, blah, blah…

Cost Estimate

*Provide a **Cost Estimate** for the project. Include any special sources for project funding.*
For example:
It is estimated that the total cost of this project will be $23,000. These costs include:

Hardware -- $5,000.
Software -- $10,000.
Training -- $3,000.
Services -- $5,000.

Cost-benefit analysis

*Justify the **Costs** for the identified **Benefits**. Include quantitative analysis, e.g., calculations of anticipated savings, costs avoided, etc.*
For example:
Estimates of costs and the potential savings shown below represent a best effort evaluation utilizing expertise and resources from within the Legislative Branch organization and based on a high-level analysis of information available at this time. The actual results cannot be easily measured or guaranteed, and will not be fully realized until the project is completed.

The product vendor has indicated, based on their experience with similar clients, that the Legislative Branch should anticipate an operating cost reduction of 3%, representing an annual savings of $10,000. This will be accomplished primarily by improving productivity of the Legislative Branch staff and customer self service.

Project Risks

Identify any risks associated with implementing this project.
For example:
Risks associated with implementing this project are identified below.

Risk	Description
Loss of key personnel	Key resources assigned to the project may retire, leave for another job, or, for some other reason, is no longer available to the project. Such losses can have a major impact to the project.
Scope Changes	Scope changes can take several forms, including the functions to be addressed, the number of organization units to be involved, the level of detail of products, the specific products to be provided, the allocation of resources, etc. Each change has the potential to put timely project completion at risk, or to cause rework or to examine task/product incompatibilities.
Technology Changes	IT staff may be unwilling or unable to adapt to the new technology being deployed. (COMPANY) could be impacted as a result of technology changes.
Resistance to change	(COMPANY) staff may dislike the new business processes and blame the system, the project or the staff working on the project for the change. (COMPANY) may experience staff turnover as a result.
Cost/Time overruns	Cost and time overruns are the failure to deliver intended artifacts according to the budget and schedule in the project plan. Such slippage can have a domino effect on subsequent tasks in the project and can put actions and benefits dependent upon timely project completion in jeopardy.

Lack of staff	Insufficient resources mean that appropriately skilled individuals are not available when needed. Lack of the necessary skills on the project team not only causes a shortage of resources needed to get the work done, but can reduce the productivity of other team members. Reassignment of team members to another team or to work outside the project is costly in terms of time lost in obtaining a replacement and learning curve for the replacement.

Other Factors, Issues or Concerns

Identify things specific to this project that are relevant but not addressed elsewhere in this document.

Project Recommendation to Proceed

Based on the findings of this business case analysis it is recommended that this project be undertaken. Add sufficient detail to support this recommendation. . If dollars are to be expended on this project, the Director of the Office of Legislative Information Technology must approve.

Monetary estimate: **Signature of OLIT Director:**

Include one or the other of these recommendations, not both

Project Recommendation to NOT Proceed

Based on the findings of this business case analysis it is recommended that this project NOT be undertaken. Add sufficient detail to support this recommendation. This could include provisions to delay the project for now, but ultimately proceed (for example if sufficient resources are not currently available to proceed)

Date of Recommendation:

Business Case Team (list, by role and name, all major participants):

Approximate total man-hours spent on the business case:

Comments: