
**TEMPLATE FOR
Treasury ICT Business Cases**

**Criteria: High Risk Projects or those with an Estimated
Total Cost of at least \$5M**

HOW TO USE THIS TEMPLATE:

INTRODUCTION:

The template is designed to prompt and help in the creation of a business case for submission to Treasury.

Format Guide

This Guide (and the Business Case Templates) are set out in a hierarchy of headings. The format of the headings will indicate where you are in the hierarchy.

HEADING ONE

Heading Two

Heading Three

Heading Four

Heading 5

When should a Business Case be submitted to Treasury?

The requirement for when a business case is to be prepared and submitted to Treasury is stated in Treasury Policy and Guidelines Paper TPP 06-010. In summary, business cases are required for all ICT investment proposals, including asset replacement, software upgrades and projects, irrespective of the source of funds or the method of financing (owned or leased). Business cases are required to be prepared for any project with an ETC greater than \$250K irrespective of whether the proposed investment is to be self-funded or Budget funded, and to specific projects intended to be funded from a capital program with an approved global budget.

This template is to be used for projects or other investment proposals as defined above, which are either high risk or with a total estimated project cost of at least \$5M.

In some cases, it may not be necessary to provide information for every heading. Only complete the sections that you think apply. If you think that the same information has been asked for twice, cross reference where you have already provided that information in the business case. If in doubt, consult your Treasury analyst. Provide as concise a description as possible. The level of detail needs to be enough to enable Treasury and Gateway assessment and to monitor progress over the life of the project. Information that you think is material to the assessment and review of the business case but not covered by the headings in the business case can be provided as an attachment to the main document.

The business case should be as concise as possible. The content of a business case should reflect the complexity and scale of the proposed investment.

Definitions

Projects are discrete, non-recurring scopes of effort that have explicit objectives and operate via a nominated schedule, budget and resources.

A **program** is a collection of projects that are highly inter-related in their delivery and objectives (usually managed by one or more program managers).

A **portfolio** is a set of projects and programs underway or planned at any single point in time. Initiatives or strategic initiatives can be either projects or programs.

The Business Case

A business case describes the project or program and outlines a proposal for how it will address a service need or opportunity. The business case will contain a logical argument that justifies the decision to spend funds by demonstrating that the proposed project is necessary and ready to be considered for funding, and represents the most effective and efficient means of delivering the intended benefits. The business case is a structured proposal that describes the work to be done and is used for decision-making and as a blueprint for what the project or program will deliver if funding is approved.

The business case must contain sufficient detail for the agency to be held accountable for delivery. It must:

- demonstrate strategic alignment (agency RSP/SBI/SCI and whole of govt)
- state what will be delivered by when;
- demonstrate that the agency is capable of delivering the project
- demonstrate the project's has value (i.e. the benefits outweigh the costs) to the agency including economic value and stakeholder support
- be financially feasible
- have sound governance
- be technically sound

The business case must make the case for funding. The basic requirement is that the project is demonstrably necessary now, will provide benefits to Government (the agency and/or the community), which in economic terms outweigh the costs of the proposal over its life.

Agencies need to consider service outcomes, costs and economic benefits, and the procurement strategy when developing a business case.

Resources

Various resource guides are available to assist agencies develop business cases, including:

- NSW Government Economic Appraisal Guidelines TPP 97-2
- Economic Appraisal: Principles and Procedures Simplified TPP 99-1. Guidelines on economic and financial appraisals are available at http://www.treasury.nsw.gov.au/pubs/tpp97_2/ea-index.htm , http://www.treasury.nsw.gov.au/pubs/tpp99_1/prin_pro.htm and http://www.treasury.nsw.gov.au/pubs/tpp97_4/guidline.htm .
- Premier's Department Business Case Guidelines
- GCIO Business Case Development Guidelines August 2004
- GCIO Benefits Realisation Register Guidelines and Benefits management Plan Guideline

Where an ICT investment proposal will be subject to Cabinet (including Budget Committee) consideration, a Financial Impact Statement is also required to be submitted to Treasury with the business case (see Treasury Circular TC 06/02). If unsure whether the Financial Impact Statement is , required, agencies should consult with their Treasury Analyst to confirm if a Financial Impact Statement is required - see Treasury Circular 06/02 available at http://www.treasury.nsw.gov.au/pubs/06_tcirc/nswtc06-02.pdf.

Project Risk

Project risk is assessed with the Gateway Project Profile Assessment Tool available at www.asset.gov.com.au/ppa

The tool should be completed for the proposed project and a copy submitted to Treasury with the business case

Pre-qualified Expert Panels and Funding to Assist Agencies

The Department of Commerce will establish, by October 2006, a panel of pre-qualified experts for the development of ICT Strategic plans and business cases.

Use of this panel is optional.

Treasury is able to provide additional funding to small (with total annual expenses less than \$100 million) Budget dependant General Government agencies on a case-by-case basis to assist them in meeting some of their upfront costs in developing a business case. Funding assistance will be tightly targeted to qualifying agencies which lack the necessary expertise in project development and will be provided for the purpose of preparing ICT Strategic plans or business case documentation, with which the agency aims to support a proposal for Budget funding for a new ICT project. Interested agencies should contact their Treasury Analyst for details.

Gateway Reviews

Agencies are responsible for organising Gateway Reviews.

Depending upon the project's estimated total cost and risk profile, an ICT Business Case may have two gateway reports.

- The Gateway Strategic report for Business Cases for projects which are either high risk or have an ETC of at least \$1M. This is an independent assessment of the proposal's alignment with agency and whole of government strategies.
- A Gateway Business Case Report for projects which are either high risk or have an ETC of at least \$5M to assess the business case against the Gateway success factors.

Gateway reviews are managed by the Department of Commerce. See TPP 06-010: Information and Communications Technology (ICT) Capital Investment Process for further details

Deleting the [...] text:

When the template is complete, the document can be printed and approved.

Prior to printing, you should delete these introductory pages and all [...] prompt text.

<i>[Business Case Title]</i>		Document Ref & Version No:
Program: <i>[Is this project part of a larger program? Is that program already funded?]</i>	Project: <i>[Project title]</i>	
Agency:		
Author:		Date:

PURPOSE OF THE BUSINESS CASE

[Define the project, state why it is being done and how it will be managed.]

[The business case is a one-off, start-up document used by senior management to assess the justification for funding a proposed project and to assess the various options for a project... .. The two primary uses of the business case are:

- *To ensure that the project has a sound basis for seeking funding and other approval (internally and from Treasury, in the Budget process).*
- *To provide a baseline document against which Treasury, the Project Authority (Project Board) and Project Manager can assess progress, change management (Project Issues) and on-going viability.]*

[This section should provide a concise summary of the project or program, define the scope, summarise the costs and economic value, state why it is being done, what will be delivered and how the project will be managed.]

[This Business Case provides the “Baseline” for the project and will then be “frozen”. It will be referred to whenever a major decision is taken about the project and used at the conclusion of the project to measure whether the project was managed successfully and delivered an acceptable outcome for the sponsor/user/customer i.e. the delivery of the predicted/projected benefits.]

[The Business Case must clearly address the Gateway success factors:

Success Factor	Specific questions to be addressed
<i>Service Delivery</i>	<i>Will the proposed project, on completion, achieve the service objectives and fulfil the identified need(s), which are consistent with Government policy and the agency’s strategic services plan?</i>
<i>Affordability (Value for Money)</i>	<i>Affordability is covered in the Cost and Investment Appraisal sections</i> <i>Are there sufficient resources (financial, physical and human) to deliver the project and will the expenditure of these resources provide value for money over the project’s life?</i> <i>Review will not be conducted unless accompanied by a financial/economic appraisal. Treasury has a number of guidelines to assist agencies.</i>
<i>Sustainability</i>	<i>Have the social, economic and environmental impacts of the project been identified and dealt with?</i>
<i>Governance</i>	<i>Have the activities required to ensure a successful project, including resource allocation, time management and process management been addressed?</i>
<i>Risk Management</i>	<i>Have major project or procurement risks been identified and an outline risk management plan been developed?</i> <i>Does it include the risk of the project not being funded (either in part or in full)?</i>
<i>Stakeholder Management</i>	<i>Have the stakeholders been identified and their views considered in the development of the project?</i>

<i>Change Management</i>	<i>Have the changes that are necessary to achieve the project's service outcomes been identified and a plan outlined to assure their realisation?</i>
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EXECUTIVE SUMMARY:


[The Executive Summary summarises the following fundamental aspects of the project:]

- *[What is the name of the project?*
- *What is the project aiming to achieve?*
- *Why it is important to achieve the stated aims?*
- *What is driving the timing of and priority given to the project?*
- *Why is this project the best option to achieve the stated aims?*
- *How is this project aligned with agency and whole of government ICT strategic plans?*
- *What is the impact of the project on the current ICT environment?*
- *Who and what will be involved in managing the project and what are their roles and responsibilities?*
- *What is the estimated total cost of the project?*
- *What is the value of the project (qualitative and quantitative - do the benefits outweigh the costs?*
- *How will the value be delivered?*
- *How will the risk of the project will be addressed and managed?]*

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REASONS FOR PROCEEDING

[Why is this project necessary? What service objectives and needs will it address?]

[Why does this have to be done now?]

[Is the project was identified in the agency's TAM plan or Maintenance of Effort or Enhancement of Effort proposals]

[Is this project part of a larger program? Is that program funded?]

OPTIONS

[What are the realistic options to achieve the benefits and objectives? What are the assumptions behind each option?]

Preferred Option

[What is the preferred option? Why?]

Sustainability

[What is the sustainability of the preferred option?]

[Outline, as relevant, the social, economic and environmental impacts of the project. How are they dealt with? If this information is already covered in another part of the business case, you only need to provide a cross reference – it's not necessary to duplicate the information]

Estimated Cost Effectiveness of Each Option

[An estimated cost effectiveness ratio for each option should be provided. This is calculated from the ratio of benefits to cost: the total value of the benefits divided by the total cost incurred for the same period. For example, if a project takes two years to deliver benefits, then the cost benefit ration may be calculated as the estimated value of the economic benefits at three years divided by the total cost of implementation and operation to achieve those benefits for the same period.]

Externalities and economic value

Prior to submitting the business case, the agency should clarify with its analyst what, if any, externalities can be included in determining the economic value of an option.

STRATEGIC BENEFITS

[This section explains how the business case aligns with and contributes to the agency and whole of government business and ICT strategies?]

Strategic Alignment

[How does this project align and integrate with the agency's overall asset planning, as reflected in its Total Asset Management (TAM) plans?]

[Describe the project's strategic alignment with the agency and whole of government ICT strategic plans.]

[Using the project categories of the NSW ICT Strategic Plan, how would you classify this project?]

Project Objectives

[The project objectives are what the project is required to be achieved, expressed wherever possible, in measurable terms. The business case is strengthened by explaining how the project deliverables contribute to the objectives.]

[The scope of the project must be defined in this section. The business case should also say what is out of scope and what is excluded from the project. Be clear on what is "in" and what is "out".]

This section should describe how this project interacts with and depends upon other business and ICT operations. This should include other projects. A simple diagram may be appropriate

[Describe how this project interacts with and depends upon other business and ICT operations. This should include other projects. A simple diagram may be appropriate]

[Business cases commonly define the project objectives at too a high level, interchanging – objectives and benefits. Depending upon the level of detail with which the objectives are described, that approach might be acceptable for a program business case, but it is too high level for a project business case. The intervention logic must be clear and we must be able to assess whether the project deliverables support the objectives.]

[It may help to see the project objectives as delivering the capability to achieve the business case benefits that is an outcome whose nature and value and value are considered advantageous by the agency.]

[Specifically what is required to be achieved by the project, expressed wherever possible, in measurable terms?]

Intended Benefits

[Describe the qualitative benefits that drive a business sponsor's reasons for requesting the technology. Strategic benefits are often important for driving business success but are difficult to quantify. For example, a CFO may want a new reporting package that can be

used to analyse financial results more efficiently and accurately. Such a benefit is important to the business, although not always easy to quantify.]

Contributing to Service Delivery

[How will the proposed project, on completion, achieve the service objectives and fulfil the identified need(s), which are consistent with Government policy and the agency's strategic services plan?]

[Is this request aimed at maintaining existing services levels or at changing service levels? How will this proposal affect the quality of the delivered service to the intended recipients?]

[Describe how this project interacts with and depends upon other business and ICT operations. This should include other projects. A simple diagram may be appropriate]

COMPLIANCE WITH RELEVANT LEGISLATION / POLICY

[Describe, as relevant, how the preferred option complies with relevant legislation and /or policy. Examples may include environmental policy for disposal of hardware, privacy legislation and records management legislation.]

IMPACT ON CURRENT TECHNICAL ENVIRONMENT

[Summarise, as relevant, how the preferred option integrates with and impacts upon the current ICT infrastructure. This should also include a summary of your ability to manage this within current skills and resources.]

[This section must be signed off by the CIO or their delegate.]

Compliance with ICT Technical Standards

[How does the preferred option comply with GCIO and organisational technical standards?]

Compliance with Enterprise Architecture

[How does the preferred option fit within the enterprise architecture? If there is no Enterprise Architecture describe the alignment of the preferred option to the agency's technical, data and application architectures and business processes]

Impact on current capacities

[How does the preferred option impact upon the network, other interdependent systems, disaster recovery arrangements, storage and data retrieval, interfacing/integration and data storage practices?]

Skills and capabilities

[In this section, describe how you will ensure you have the skills and capabilities to implement the project, operate the system and achieve the business case benefits. Complete the following as relevant to the proposal.]

[How does the preferred option impact on your current resources? Do you need more staff? What vendor management and legal capabilities are required? How will they be sourced? Do you need to train your staff in the technical support and maintenance? This is separate from end user training and management which are covered in Change Management.]

PROCUREMENT STRATEGY

[The procurement strategy describes how the preferred option will be purchased. The procurement strategy must comply with the Public Sector Management (Goods and Services) Regulation 2000 as appropriate. It may only be necessary to say which contracts will be used.]

[In some cases, the procurement strategy will shape the business case e.g. the extent to which the private sector is involved.]

[Please provide the procurement strategy only for the preferred option. The contents of the procurement strategy are described in the Total Asset Management Guideline on the Information and Communications Technology (ICT) Capital Investment Process]

Procurement Workplan

[Provide a summary of the procurement workplan. Identify the major steps, when they will occur and the resources that are required. Are any additional resources required – e.g. strategic advisors, legal, negotiation?]

RISK MANAGEMENT

[In this section describe the risk management strategy only for the preferred option.]

[Project risk is assessed using the Gateway Project Profile Assessment Tool available at www.asset.gov.com.au/ppa . A copy of the assessment must accompany this business case.]

[List the major business, project and procurement risks and provide an outline risk management plan.]

[Include the risks of the project not being fully funded and difficulties in procuring essential elements of the project.]

[Use the ICT Project Risk Check to check that this Business Case addresses all the major risks. It is not necessary to write a response against each question but check that they are all addressed to an adequate level for the size and risk profile of the project.]

ICT Project Risk Check

Business vision

- Are the business needs, assumptions and outcomes clearly expressed and understood?*
- Is the impact of business change small?*
- Has the organisation delivered comparable change before?*
- Is it clearly stated how the changes will affect the business?*
- Is the requirement clearly defined and related to business objectives?*
- Do those affected by the change know how they will be affected and why?*
- Is the delivery team able to translate the business requirement into a detailed*

ICT Project Risk Check

specification?

Is it clear how the new programme or project fits with existing business and any conflicting priorities resolved?

Is it clear why the change needs to be made?

Business process

Is it clear how existing business processes will be affected by the change?

Will critical business processes be unaffected?

Will existing ways of working remain unchanged?

Is the likely impact of other change on this minimal?

Are the people who will work in new ways all in one place?

Is the business process that underpins the change already in place?

Are existing communication lines between programmes/projects and stakeholders adequate?

Does the organisation learn from relevant experience?

Business environment & constraints

Does the organisation understand the current state of its infrastructure?

Are the proposed changes to the technical environment straightforward?

Is the impact on the existing technical environment (including facilities and services) well understood?

Is the business familiar with any proposed technology and does it have available the core skills and competencies to exploit it?

Are the technical components of the change basic 'off-the-shelf' items and/or compliant with relevant industry standards?

Has the entire life-cycle of the project been adequately considered in terms of cost/budget and flexibility?

Has the need for modular/incremental delivery been addressed, where appropriate?

Are customers likely to be confident about the reliability of the existing technical infrastructure and quality of existing services?

Will the implementation of the change be straightforward?

Does the organisation have (or can readily obtain) the necessary capability and capacity to own and manage the business change?

Do the senior managers responsible for delivery of this programme acknowledge and accept their responsibilities?

Scope of Programme, project or procurement

Is the 'project' scope well defined and agreed in terms of what the project should deliver?

Is the 'project' well defined and understood by the project team and all stakeholders?

Does the scope of the 'project' include all of the business areas affected?

Does the scope of the 'project' address modular and/or incremental delivery, each with clear business scope and business case, where appropriate?

If the project fails to deliver the expected outcome, will the business be able to continue?

Does the 'project' have some flexibility on delivery dates?

Are the business processes being supported or enabled by the technical infrastructure (solution) well understood, well defined and formally documented by the project team?

Do all the people who have a stake in the project agree on what the project should deliver and how it will benefit the business?

Does the business case clearly state why the changes are needed, what the changes are,

ICT Project Risk Check

*how the business will benefit and how benefits will be measured?
Has the necessary financial impact (capex and opex) been identified?
Has the agency considered how changes will be dealt with in the future?*

Project' organisation and control

*Are the stakeholders committed in their support of the 'project' and its objectives?
Are customers and/or users able to commit sufficient time to the 'project'?
Is the 'project' plan complete and considered to be achievable?
Are good relationships established between the project team, customers and suppliers?
Are the project management approach and milestones approach understood by all parties?
Is there adequate budget provision (risk allowance) for contingency actions?
Are the project interfaces defined and being managed effectively?
Is the project fully under control, in terms of progress against milestones, budget and deliverables?
Are there appropriate processes for managing change to requirements?
Are there established and effective communications between the project and all stakeholders?
Are the project dependencies clearly identified and being managed effectively?*

Team capability, experience and support

*Are the necessary project skills available within the project team?
Are team members able to commit sufficient time to the project?
Is there sufficient fall back for critical resources?
Has the team access to the specialist expertise needed, when required?
Is the team adequately supported in terms of accommodation, administrative support and tools?
Is there enough time and resource within the schedule for necessary information gathering?
Has the team access to people who understand the business domain and the business needs?
Is there a good mix of leadership and other key attributes within the project team?
Are roles and responsibilities clearly defined both within the team and third party interfaces?
Are the customer &/or user roles clearly defined and understood?*

What are the Project Constraints:

[Assess the major internal weaknesses and external threats to achieving the project benefits e.g. restrictions on time, resources, funding, and/or the eventual outcome.]

[This includes projects or other works that this business case depends upon.]

[Complete only for major risks to achieving the business case for the preferred option]

[All risks should state the estimated probability of occurrence, the impact of occurrence and how they will be managed should they occur]

Stakeholder Management Plan

[Provide the stakeholder management plan.]

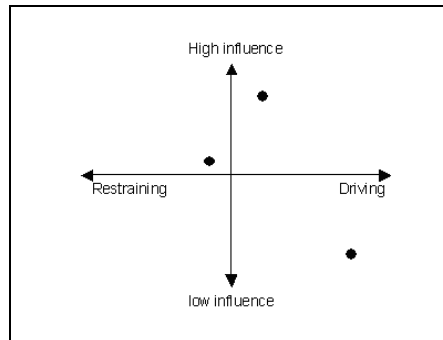
[Stakeholders are the people and organisations able to significantly influence the success of any of the phases of the business case.]

[[The Stakeholder Management Plan identifies the major stakeholders and describes what has to be done to manage them.]

- *Who are your key stakeholders - who must be consulted in order to ensure the effective implementation and delivery of the business case?*
- *What contribution will they be required to make?*

[Please state how stakeholder views were considered in the development of the proposal.]

Develop a stakeholder management plan by analysing the positions (including values and expectations) of key stakeholders. You may wish to use the diagram below to plot stakeholders by their level of influence and support for the measure.]



The Stakeholder Management Plan can be documented using the following table

Stakeholder	Their interest or requirement from the project	What the project needs from them	Perceived attitudes and/or risks	Actions to take

Change Management

*[What are the change management strategies necessary to achieve the business case? To avoid duplication, please cross reference to the **Project Quality Plan** and **Resourcing** sections as necessary.]*

[This section should include end user training.]

GOVERNANCE

[The following need only be completed as relevant to the project. Not all will be required for every project.]

Project Organisation Structure:

[Explain who will be on the Project Management Team and who has the major roles and responsibilities for achieving the business case benefits throughout and after the project.]

[The project sponsor should be identified in this section]

MEASURING PROGRESS

[This section should explain the criteria and performance indicators for the project - the essential measures by which the governance structure knows whether the project is on track and the progress towards achieving the business case benefits.]

[The Treasury Policy and Guidelines paper TPP 06-10 sets out the routine reports an agency should submit- these include the Project Managers progress reports as to whether the project is on schedule, within scope and on budget and any factors that may be threatening the implementation of the project within those factors and the quality of the deliverables.]

[Good performance indicators:

- *Are metrics or factors that tend to indicate the health, progress and/or success of a project, process or area of service delivery.*
- *Measure critical success factors - a factor that must be present if an objective is to be attained.*
- *Deliver stakeholder intelligence, insights on program uptake and understanding of programme impacts and outcomes.*
- *Provide a reporting mechanism to identify, highlight and possibly prioritise corrective, preventive and developmental action.*
- *Integrate readily with and support governance.*
- *Enhance the value of programs by facilitating insight and optimisation.]*

[The Australian Government Information Management Office, Performance Indicator Resource Catalogue Version 1.2 published by the Department of Finance and Administration (2006) is an excellent resource and has numerous examples that can be adapted.]

Project Performance Indicators: What will be produced by the project?

[Specifically what is required to be achieved by the project, expressed wherever possible, in measurable terms. It is helpful to identify separate objectives for the project itself (e.g.: target dates, expenditure profiles) and the project outcome (what the end-product is required to deliver during its life).]

[If the business case has fully explained these indicators in the Project Objectives section of the business case, please cross reference –a repeat explanation is not required.]

Benefits Realisation Register

[In this section, provide a list of the major significant benefits and how they will be realised.]

[The Benefit Realisation Register is a table of the benefits and the performance indicators that will be used to measure their achievement. If benefits will take longer to achieve than the time to implement the project, intermediate indicators should also be given. These intermediate indicators can assess progress during and immediately after the implementation stage of the project.]

[Templates and examples of Benefits Realisation Registers are available at <http://www.oit.nsw.gov.au/pages.asp?CAT=764&ID=769> .]

[Benefit quantification is analysed in the Investment Appraisal section.]

Project Controls:

[How will senior management be kept informed about the project? This should reflect the frequency and type of review required by management and will vary depending upon the type of project.]

[The business case does not need to go into detail on how the project controlled but it needs to explain that formal process will be followed and who is responsible for what.]

Project Quality Plan:

[Define how the Project Manager intends to deliver Products which meet the Customer's Quality expectations. These need to match with the project's supplier's quality standards.]

Acceptance Criteria:

[A definition, in measurable terms, of what must be done for the outcome of the project to be acceptable to the major stakeholders.]

Benefits Realisation Project Performance Indicators

[The Benefits Realisation Project Performance Indicators are measured during the implementation phase and assess whether the project is on-track to deliver the intended benefits of the business case. This report is separate and additional to whether the project is on time and within scope and budget.]

[The key influences of project success are during the implementation phase. There must be measures in place for an agency to measure and assess whether the implementation is on track to deliver its objectives and whether Government will get a return for its investment.]

[Benefits Realisation Project Performance Indicators (the Project Performance Indicators) enable implementation performance to be assessed against the benefits performance indicators by linking the 'cause and effect' of what has to be achieved in the implementation

stage in order to deliver the business case benefits. There must be a relationship, between these “short term” indicators and the measurement of longer term benefits.]

[The Benefits Realisation Project Performance Indicators test the results logic of the project implementation – IF “abc happens”, THEN “xyz will probably happen”. This tests the relationship between project outputs, coverage (who the outputs will be delivered to), near-term results, and intermediate and end outcomes. These logical statements help management to identify the precursors to success.]

[The benefits realisation project performance indicators are measured during the implementation phase and assess whether the project is on-track to deliver the intended benefits of the business case. This report is separate and additional to whether the project is on time and within scope and budget.]

[This business case must define project performance indicators, using a results logic framework that will indicate whether the project is on track to deliver the business case benefits. This is separate and additional to whether the project is on time, within scope and on budget.]

[Summarise how the data for each indicator will be obtained, how each indicator will be calculated and interpreted. The indicators should be consistent with the project quality plan and acceptance criteria]

[Project performance indicators must be suitable for senior agency executives to assess whether the business case benefits will be delivered.]

The following format is one example and sets out what has to be considered and managed.

Outcomes Hierarchy	Success Criteria	Risk factors within Control	Risk factors outside Control	Activities and Resources to achieve outcomes	Performance Indicators
Outcome(s) End					
Intermediate Outcomes					
Near-term Results					
Outputs (quantity and quality)					
Coverage (who the outputs will be delivered to)					

Example

This example is for the Benefits Realisation Project Performance Indicators for the implementation of a Finance Information System. This is illustrative and not meant to be exhaustive

<i>Outcomes Hierarchy</i>	<i>Success Criteria</i>	<i>Risk factors within Control</i>	<i>Risk factors outside Control</i>	<i>Activities and Resources to achieve outcomes</i>	<i>Performance Indicators</i>
<i>Outcome(s) End</i>	Improved cost control	Loss of Executive support	Change of Executive and Project sponsor	Develop and manage stakeholder management plan for post-implementation phase of project Communication plan	Efficiency indicators for various processes (this would be detailed in the benefits register)
<i>Intermediate Outcomes</i>	Implementation of activity based costing.	Loss of stakeholder support because of poor communication	Change of Executive and Project sponsor	Consultation in defining activities. Develop and manage stakeholder management plan for post-implementation phase of project Communication plan	Implementation of activity based costing. Defined “outputs” for costing.
<i>Near-term Results</i>	System fully operational; training completed for Finance staff. Finance Staff able to access the system Implementation of updated chart of accounts	Staff availability does not match training schedule. Revised chart of accounts rejected by CFO.	External events reducing staff availability for scheduled training.	Communicate and complete staff training schedule. Ensure CFO’s input and sign off on chart of accounts Ensure access by users Stakeholder support is positive	Training plan signed off by line managers. Chart of accounts signed off by CFO %of end users able to access the system Updated stakeholder management reports.
<i>Outputs (quantity and quality)</i>	Implementation of an upgraded financial information system by 31 December 2007 to replace current General Ledger, Accounts Payable and Accounts Receivable functions.	Delivery of project objectives	Any post implementation changes. Changes in accounting standards	Project plan., project implementation team Stakeholder management plans are updated	Project plan is on schedule, within budget and scope. Updates of Stakeholder management reports. End user acceptance tests are signed off.
<i>Coverage (who)</i>	Finance	Training	Change of key	Project plan.,	Project plan is

<i>Outcomes Hierarchy</i>	<i>Success Criteria</i>	<i>Risk factors within Control</i>	<i>Risk factors outside Control</i>	<i>Activities and Resources to achieve outcomes</i>	<i>Performance Indicators</i>
<i>the outputs will be delivered to)</i>	Department GL. AP and AR staff Project sponsor	ICT system performance	personnel	project implementation team	on schedule, within budget and scope. Project state the milestone delivery dates

Exception Process:

[Recommended project tolerance and a brief confirmation of the Exception Procedure to be followed in the event of a deviation from the approved plan which is forecast to exceed Tolerance (Project and Stage).]

PROJECT WORKPLAN

[What will be delivered by when?]

[Provide a summary work plan about how and when the project’s objectives are to be achieved by showing the Major Products, Activities and Resources required for each major stage of the project. The Project Plan provides the baseline against which the Project Board will monitor project progress and cost, stage by stage.]

[If the Business Case is for a major program, detailed work plans may not be feasible. In this case the agency should be requested to provide workplans as part of the business cases to allocate program funds to specific projects within the program.]

[The amount of detail in the project workplan is a matter for judgement and depends upon the complexity of the project. As a minimum, the workplan should show the duration and deliverable for each major phase. There should be enough detail to assess whether the workplan is feasible and that the project progress can be tracked. Project milestones and each major project phase should be identified.]

[The project workplan can be provided as a Gantt chart.]

COST

[What is the whole-of-life cost of the project and how has that been calculated? What assumptions have been made to arrive at the costs?]

[At a minimum, costs should be categorised as hardware, software, project management, consultancy services, technical integration and implementation services, training and change management costs as relevant for each of the major project stages. Any additional financial contingency for risks should be stated separately. Recurrent life-cycle costs should also be stated separately e.g. license renewals, maintenance, component replacements etc.]

[This section is the first part of the affordability assessment.]

[How do you know that there will be sufficient resources (financial, physical and human) to deliver the project? What assumptions have you made or has there been a data gathering exercise (EoI, survey, consultancy report)?]

[Are there sufficient resources (financial, physical and human) to deliver the project? What is the cost of these resources over the life of the project?]

Resourcing

[What resources are necessary to implement this project and realise the benefits of this business case? How will they be managed and sourced? What will they cost? Specific resources for each stage of the project can be stated in the Gantt chart provided in the project workplan.]

INVESTMENT APPRAISAL

[This component is the core of the business case. It helps determine whether the measurable value generated by the investment exceeds the costs over the useful life of the investment.]

[Document the economic and financial justification for the undertaking of the project, based on the estimated cost of development and implementation against the risks and anticipated business benefits and savings to be gained.]

[This is the second part of the affordability assessment. This section explains whether the expenditure of the financial, physical and human resources provide value for money over the project's life?]

[Gateway Business Case Reviews will not be conducted unless accompanied by financial and economic appraisals. Treasury has a number of guidelines to assist agencies.]

[An independent investment appraisal should be provided for projects which are either high risk or have an ETC greater than \$5M.]

[Consult your Treasury analyst to see if you need to submit both an economic appraisal and a financial appraisal (especially for agencies which generate revenue or are seeking to borrow in order to finance a project.)]

[Prior to submitting the business case, the agency should clarify with its analyst what, if any, externalities can be included in determining the economic value of an option.]

[The useful economic life of the asset should be identified in this section.]

ROI analysis

[RoI analysis compares the value of the benefits to the cost of achieving them.]

[Table A is a template for a cost benefit analysis. Use of other types of economic analysis, such as cost effectiveness assessment, should be discussed with your Treasury analyst.]

[Double click to activate the Excel file. Modify this by adding/subtracting rows as required.]

Table A: Template for Cost Benefit Analysis

COSTS:BENEFITS ANALYSIS + INVESTMENT APPRAISAL									
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Costs									
Development/Project									0
Staff Costs									0
Equipment Costs									0
Other									0
Total Costs	0	0	0	0	0	0	0	0	0
Benefits									
Tangible									
Staff Savings									0
Equipment Savings									0
Buildings Savings									0
Other									0
Intangible									
Reference 1									0
Reference 2									0
Reference 3									0
Total Benefits	0	0	0	0	0	0	0	0	0
Annual Cashflow	0	0	0	0	0	0	0	0	0
Cumulated Annual Cashflow	0	0	0	0	0	0	0	0	0
Discount Rate (Annual %)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Discount Factor	1.00	0.93	0.87	0.82	0.76	0.71	0.67	0.62	
Discounted Cash Flow (DCF)	0	0	0	0	0	0	0	0	0
Cumulated DCF	0	0	0	0	0	0	0	0	0
Net Present Value:	0								
Discount rate	7%								

Sensitivity Analysis

[The investment appraisal should include a sensitivity analysis. This includes calculation of the NPV using a range of discount factors, as advised by your Treasury Analyst, and an estimate of the impact of major project risks, should they occur, on the project's estimated total cost. For example, cost may be calculated from the extra time to resolve the impact of a risk occurring or the cost of extra resources to resolve a problem.]

[The expected cost of risk can be calculated as follows:]

Example only

Risk	Probability of risk occurring	Probability of Impact			Result of Impact			Expected cost of risk
		(must add up to 100%)			Estimated cost increase			
		Min	Likely	Max	Min	Likely	Max	
<i>Supplier implementation costs exceed business case estimates</i>	50%	20%	60%	20%	\$10	\$40	\$60	\$ 19.00
<i>Incorrect Time Estimate for implementation</i>	70%	10%	50%	40%	\$20	\$80	\$100	\$ 57.40
Total expected cost of risk								\$76.40

*[The expected cost of each risk is calculated by multiplying the probability of the risk occurring by the sum of each scenario. For example, the risk of supplier implementation costs exceeding the business case estimates has a 50% chance of occurring. The expected cost is 50% * (20%*\$10 + 60%*\$40 + 20%*\$60). In this example, this risk is independent of the risk of "incorrect time for implementation" so the total expected cost of the risk is the sum of the expected cost of each risk occurring – in this case \$76.40.]*

[This table needs to be developed for each major risk in the project, i.e. those risks that will have a material impact on delivering the project on time, and within scope and budget or achieving the intended business case benefits. The figures can be based on the judgment and experience of the people preparing the business case.]

[This approach only applies for quantifiable risk. Do not attempt this for non-quantifiable risk such as political risk.]

[The probability of a risk occurring, the probability of the impact and the result of the impact will rely upon the judgement and experience of the authors of the business case. It is recognised that this includes subjective judgment but is preferable to making a provision for risk by adding a percentage to some estimate of project cost.]

Other Return on Investment Indicators

[Contact your Treasury Analyst to see if these additional investment performance indicators are required.]

Indicator	Value
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Net Present value	
Benefit Cost ratio	
Internal Rate of Return	

ADDITIONAL COMMENTS

[Add any additional information to be brought to the reviewers' attention. This might include statements on the Project supplier evaluation criteria and procedures etc]

BUSINESS CASE DOCUMENT: QUALITY CRITERIA

[Check this document against the following Quality Criteria:

- 1. Does this document correctly represent the project?*
- 2. Does this document show a viable (affordable), achievable project which is in line with state, corporate strategy (i.e. services and strategic asset plans) or overall Program needs?*
- 3. Has this document been prepared in consultation with the stakeholders?*
- 4. Is the Project Organisation Structure complete, with names and titles?*
- 5. Have all the roles been considered?*
- 6. Does the Business Case clearly show a control, reporting and direction regime which is implementable, and appropriate to the scale, business risk and business importance to the project?*
- 7. Is the project organisation structure backed up by agreed and signed off definitions?*
- 8. Are the relationships and lines of authority clear?*
- 9. Does the project organisation structure indicate to whom the Project Board reports?*
- 10. Do the controls cover the needs of the Project Board, Project manage and Team Managers?*
- 11. Do the controls satisfy any delegated assurance requirements?*
- 12. Is it clear who will administer each control?*

Project Manager's Signature:

Customer/User's Signature:

Project Board Executive Approval

Date: