

Business Case

[Project Name]

[Organization and Country]

Document Number: 003

Version 1.0

Date: mm/yyyy



AUTHORS

This document was prepared by:

John Doe GHSC-PSM 251 18 th Street South, Suite 1200 Arlington, VA 22202 T: 202-XXX-XXXX F: 202-XXX-XXXX jdoe@ghsc-psm.org	John Doe GHSC-PSM 251 18 th Street South, Suite 1200 Arlington, VA 22202 T: 202-XXX-XXXX F: 202-XXX-XXXX jdoe@ghsc-psm.org	John Doe GHSC-PSM 251 18 th Street South, Suite 1200 Arlington, VA 22202 T: 202-XXX-XXXX F: 202-XXX-XXXX jdoe@ghsc-psm.org
---	---	---

Date	Document Version	Document Revision Description	Document Author

Approval Date	Approved Version	Approver Role	Approver

<When tailoring the tracking and approval blocks above, you may wish to give a better description of the approval criteria specific to your deliverable type. The author may want to create a check list as the means for conducting an approval of a deliverable instead of a single line to denote the approval or disapproval

Note: The “Approver” column above typically contains a short description of the approver on the project. For example, if a technical approval were needed as part of the overall approval, the “Approver” would describe the reviewer as the technical architect responsible for the related project. >

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	1
2.	BACKGROUND.....	2
2.1.	NEEDS ASSESSMENT.....	2
2.2.	PROPOSED PROJECT OBJECTIVES.....	3
3.	ALTERNATIVES ASSESSMENT	4
3.1.	ALTERNATIVES	4
3.2.	ALTERNATIVES BENEFITS.....	4
3.3.	COSTS.....	5
3.4.	FINANCIAL ANALYSIS.....	6
3.5.	ASSUMPTIONS	7
4.	RECOMMENDATIONS.....	9
	APPENDIX A: ACRONYMS AND DEFINITIONS.....	10

LIST OF TABLES

Table 1:	Summary of Alternatives	4
Table 2:	Direct Costs for <Alternative (repeat for each, or only do selected alternative)>.....	5
Table 3:	Alternative Cost & Benefit Summary	7
Table 4:	Cash Flow Statement for <Alternative>.....	7
Table 5:	Financial Analysis Summary.....	7
Table 6:	Acronyms and Definitions	10

*<The Table of Contents and List of Exhibits above is matched to the section outline below. No additions or modifications should be required on this page. To update the table of contents to reflect current page numbers and modified section titles, place the mouse pointer in the table of contents and right click. Select **Update Field**, select **Update entire table**, and click **OK**>*

1. EXECUTIVE SUMMARY

<Write introduction text that should provide a concise description of the relevant information that has led to the initiation of the business case. This section should help to establish reader expectation for what follows. This must quickly set the stage for the remainder of the business case, and can be accomplished in four short paragraphs:

- 1. Paragraph 1: This business case recommends <summarize recommendation(s) - from section 4>, which will <state savings/improvements to be realized with recommendation(s) (e.g. reduce costs, gain efficiencies, etc.) - from section 2.2>*
- 2. Paragraph 2: Provide an overall summary of the benefit(s) of the recommendation and how those contribute to the savings/improvements to be realized – from section 3.2.*
- 3. Paragraph 3: Provide a summary of the overall costs over time – from section 3.3.*
- 4. Paragraph 4 (if applicable): Provide a summary of the Return on Investment (ROI), Internal Rate of Return (IRR), and/or Payback Period. – from section 3.4>*

This business case recommends ...

2. BACKGROUND

< Briefly describe the history that led to the project. Introduce the project sponsor and key stakeholders and describe their support arrangements. Give a brief timeline of the program's life.

- Identify the client, stakeholders, goals, and means to achieve goals.*
- Briefly summarize the link(s) of the business case to the mission, goals, strategic direction, and priorities of the client. This section should demonstrate how the specific initiative provides value to the organization and is in alignment with the company strategy.*

Example Text:

Global Health Supply Chain - Procurement and Supply Management System (GHSC-PSM) supports <Country's & Stakeholder's> goal of < goal(s)> through <actions>. GHSC-PSM has funding through the United States government (USG) and the President's Emergency Plan for AIDS Relief (PEPFAR) to improve the collection, management, and use of logistics data for decision making. <One sentence on how this business case can meet the country objectives through the PEPFAR mission/objectives.>.

Or

As part of the US President's Emergency Plan for AIDS Relief (PEPFAR), the Global Health Supply Chain - Procurement and Supply Management System (GHSC-PSM) has been assisting the Ministry of Health (MoH) in strengthening the operations of Central Medical Stores (CMS), a government-owned pharmaceutical distribution company responsible for procuring, selling, and distributing drugs and other pharmaceutical products to health facilities throughout the country of Botswana. Since the inception of this program in 2008, an interim management team has been charged with the responsibility of developing CMS into a high-performing distributor of pharmaceuticals and medical supplies.

>

Background text ...

2.1. Needs Assessment

<Describe the project's need, including a description of how things are currently being done, the challenges/issues, and the opportunities for improvement. Discuss the impact of the challenges, and any corrective measures that have been taken thus far, particularly through previous technical assistance. If prior assessments have been conducted, reference them in this section, and state their outcomes.

Example Text:

Recent reports from CMS indicate that the current systems are inadequate to provide the necessary functional capabilities and reporting requirements. The current technology has reportedly caused issues in the procurement of ARVs, specifically, in the areas of procurement and finance management. The management team sourced an assessment of the system in Spring 2006, with the objective of determining whether to procure an improved system or upgrading the current one in order to support its operations more effectively. In addition to the assessment, prior consultants developed maturity models to assess both the management processes and functional components as they related to business processes. The consultants found problems in business processes, such as non-adherence to standard operating procedures, failures in staffing management, and an overall absence of risk management to mitigate project risks. More specifically, a limited number of qualified candidates in-country and slow internal hiring processes within the MOH resulted in staffing problems. Additionally, there were no structured risk management framework and methodology to determine risk(s) to

current system, including assets, people, process and technology. As part of identifying technical and business requirements, training requirements (e.g., courses, training, certification, etc.) were not identified for the current systems. The outcome is a need for an improvement of business processes prior to system assessment for ERP implementation.

>

Needs Assessment text ...

2.2. Proposed Project Objectives

<Briefly and clearly describe the project's goals and objectives, and state why those goals address the need and opportunities for improvement. Describe how the objectives support the needs assessment identified in section 2.1. List the specific actions the project will take to achieve its objectives.

Example Text:

The objective of the assignment is to procure an assessment to carry out a number of activities that will determine organizational readiness and reassess business process. Organizations must demonstrate a basic level of change readiness prior to any major system implementation in order to accept the transformational. An Organizational Change Management Strategy would address the changes required to enable proper positioning for a new business approach that will more systematically handle change and facilitate proper planning for each new operational phase.

A list of suggested actions involving each of the four of the dimensions of change; People, Process, Technology and Infrastructure has been proposed for consideration. The proposed preparatory activities provide a framework that the organization can leverage to build its new operational model. The recommended activities are designed to assist the organization in addressing some of its most significant business challenges in each of the four areas.

To support the overall IT systems restructuring initiative, GHSC-PSM has issued an IT assessment to meet the following objectives:

- To conduct a comprehensive analysis and provide adequate information to assess if the current systems are meeting both the functional and technical requirements of CMS;*
- To identify and establish a functional process baseline that derives adequate functional requirements as needed;*
- To identify and establish technical requirements; and*
- To determine if the current information systems meet or are capable of supporting the identified functional and technical requirements*

>

Proposed Project Objectives text ...

3. ALTERNATIVES ASSESSMENT

3.1. Alternatives

<Provide a summary of the alternatives analysis, followed by a table listing the alternatives being considered, and how they map to the organization and business case objectives.

If applicable, state which alternatives have been eliminated based on specific criteria, and which alternatives are still under consideration.>

Alternatives text ...

Table 1: Summary of Alternatives

Alternative	Summary	Objectives								
		Productivity	Reliability	Accuracy	Maintenance	Integration	Availability	Service Life	Quality	Acceptability

3.2. Alternatives Benefits

<For the alternatives being considered, provide a summary of the benefits which will be realized. Should there be a difference in benefits provided by the alternatives, state/summarize the differences.

Identify the measurements and added values or outcomes below; specifically, those pertaining to client service, productivity, performance, product/service quality or output, and technology.

Example Text:

The identifiable benefits of the project include:

- Potential increase in operating efficiency by up to 50%, with increased automation and insight into overall management of warehouse operations;*
- Minimized risk of server failures by up to 30%, with the implementation of sound service level agreements and hardware vendors that meet business requirements;*
- Increase in warehouse management productivity, including turnaround improvements of up to two months for stocked products*

>

Alternatives Benefits text ...

3.3. Costs

3.3.1. Direct Costs

<Identify direct costs for each alternative. Direct costs are costs “out-of-pocket” expenditures that occur over the lifecycle of the investment. Sample direct costs that could be included are described below.

Cost Category Descriptions		One Time/Up Front Costs + Year 1	Recurring Costs Years 2-5	5 Year TCO
1	Software	\$70,638	\$56,592	\$127,230
2	Custom Development	\$582,000	\$291,000	\$873,000
3	Hardware/Equipment	\$425,904	\$636,816	\$1,062,720
4	Network/Communication	\$131,000	\$384,000	\$515,000
5	Training	\$981,200	\$356,800	\$1,338,000
6	Documentation	\$16,000	\$0	\$16,000
7	Hosting	\$12,000	\$24,000	\$36,000
8	Application Support	\$152,800	\$336,000	\$488,800
9	Technical Assistance	\$346,500	\$259,875	\$606,375
10	Consulting Services			
11	Staffing	\$153,000	\$692,422	\$845,422
12	Facilities			
TOTAL		\$ 2,871,042	\$ 3,037,505	\$ 5,908,547

>

Direct Cost text ...

Table 2: Direct Costs for <Alternative (repeat for each, or only do selected alternative)>

Cost Category Descriptions	One Time/Up Front Costs <Time Period>	Recurring Costs <Time Period>	<Time Period> TCO
1 Software			
2 Custom Development			
3 Hardware/Equipment			
4 Network/Communication			

Cost Category Descriptions		One Time/Up Front Costs <Time Period>	Recurring Costs <Time Period>	<Time Period> TCO
5	Training			
6	Documentation			
7	Hosting			
8	Application Support			
9	Technical Assistance			
10	Consulting Services			
11	Staffing			
12	Facilities			
TOTAL				

3.3.2. Indirect Costs

<Identify indirect costs for each alternative. Indirect costs are “hidden” costs. Certain indirect costs may not be quantifiable but should be identified and included in the Option Analysis. If there is a quantifiable cost, a table similar to the one used for direct costs may be used. Sample direct and indirect costs that could be included are described below.

<i>General Indirect Costs</i>	<i>IT Specific Indirect Costs</i>
<ul style="list-style-type: none"> <i>• Initial loss of productivity with any change initiative</i> <i>• The impact on other areas of the corporation from the initiation; e.g. Admin. and facilities, HR, business teams</i> <i>• Corporate support/ overhead</i> <i>• Human resources</i> <i>• Internal communications</i> 	<ul style="list-style-type: none"> <i>• Corporate IT support</i> <i>• Delays</i> <i>• Potential replacement or decommissioning of stand-alone or legacy systems</i> <i>• Ensuring compatibility between systems</i>

>

Indirect Cost text ...

3.4. Financial Analysis

<Determine the financial costs using financial analysis that will be useful when comparing options. Describe the approach taken to determine financial analysis results here. The extent of financial analysis captured in the business case will depend on the options being proposed. The simplest financial model will include a statement of costs and benefits (see Table 3 below). More complex options (e.g., IT investments) may require a more rigorous financial model. The more complex models will include an analysis of return on investment, payback period, and discounted (cost savings) cash flow, described below (see Table 4 & Table 5 below):

- Return on Investment (ROI): compares the lifetime profitability (cost savings) of alternative solutions or projects. ROI is calculated as a percentage rate that measures the relationship between the amounts the*

business redeems (cost savings) from an investment and the amount invested.

$ROI = (Estimated\ Lifetime\ Benefits\ (cost\ savings) - Estimated\ Lifetime\ Costs) / Estimated\ Lifetime\ Costs$

- *Payback Period: a common method of expressing ROI, the payback period is the amount of time it would take to recoup the cost of the investment by implementing the project. In other words, the period of time it will take before the savings realized from implementing the proposed project equal the expenditures incurred (breakeven point). All other things remaining equal, the option with the shortest payback period is the most cost-effective one.*
- *Discounted Cash Flow: similar to Net Present Value (NPV), this analysis technique uses a discount rate (cost of capital or the rate at which money can be borrowed or invested) to determine the present value of both cash receipts and outlays.*

>

Table 3: Alternative Cost & Benefit Summary

Alternative	Cost	Benefit

Table 4: Cash Flow Statement for <Alternative>

	Time Pd 0	Time Pd 1	Time Pd 2	Time Pd 3
Costs				
<list costs>				
<i>Costs Subtotal</i>				
Savings				
<list savings>				
<i>Savings Subtotal</i>				
Cash Flow				

Table 5: Financial Analysis Summary

Alternative	ROI	NPV	IRR	Payback Period

3.5. Assumptions

<Identify and explain the constraints (bottlenecks that could prevent project delivery) and assumptions (the fundamental inferences accepted by the project) that were taken into account during the development of the project plan. For technology projects,

describe in detail the technological implications of the proposed business case. Specifically, address how the project will impact the current technological system(s). If a new system is being proposed, describe its architecture>

4. RECOMMENDATIONS

< Include the business case conclusions and recommendations below, providing a concise summary of the information outlined in the business case. This section must complete the argument presented in the business case and persuasively outline the rationale for approving the recommended alternative. Where appropriate, include a summary of alternatives/ recommendations table.>

Recommendation text ...

APPENDIX A: ACRONYMS AND DEFINITIONS

Table 6: Acronyms and Definitions

Acronym	Definition
CMS	Central Medical Stores
IRR	Internal Rate of Return
MoH	Ministry of Health
NPV	Net Present Value
PEPFAR	US President's Emergency Plan for AIDS Relief
ROI	Return on Investment
GHSC-PSM	Global Health Supply Chain - Procurement and Supply Management System
USG	United States Government