

Business Case Template

Project Name:

Author: [Name]

Sponsor: [Name]

Version [n.n]

dd Month yyyy

Amendment History

| Issue | Date | Author | Reason |
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1. Executive Summary

The Executive Summary should provide a short, informative headline summary of the Business Case document to follow. It should typically be no longer than 1 page and contain:

- *A short narrative to identify the subject, scope, method of analysis and key results and findings;*
- *A short list of the key objectives of the project*
- *A summary of the financial metrics (table below, provides a very basic and high-level example of summarizing outlay and ROI)) from the investigation, highlighting the most significant;*

A brief summary of the conclusions as a result of the study

<Write summary here.>

| | Year 1 | Year 2 | Year 3 | Yearn | Total Cash Outlay |
|---|--------|--------|--------|------------|-------------------|
| Investment Value (£) – Capital and Revenue | £x | £x | £x | £x | £x |
| Available / Committed Funding | £x | £x | £x | £x | £x |
| Return on Investment (ROI) | £x | £x | £x | £x | £x |

2. Introduction and Overview

This section should describe the setting, background and context of the Business Case. It should serve to clarify and elaborate the subject matter of the Business Case. It should clearly state the purpose of the Business Case, e.g.

- *To obtain financial approval to either commence a project or proceed to the next stage;*
- *To compare alternative solutions, etc...*

It should explain the objectives, needs or problems addressed by the requirement. The objectives should be stated in clear and measurable terms with a specified time frame, e.g.:

- *To have improved communication systems against more competitive cost options from December 2007*
- *To invest £xx in a performance improvement project that will ultimately provide a 10:1 return on the initial investment (spend to save)*

It should outline any relevant related initiatives – is the project part of a larger programme? Are there dependencies on the delivery of other projects to realise the benefits?

It should include a statement how the project is “right-sized”; that is ensuring that the proposed solution is realistically scoped to ensure that the benefits and costs to deliver are in line.

<Write introduction and overview here.>

3. Market analysis:

What is relevant to include in this section will depend on the type of investment.

A summary should be given of the main outcome of a full market analysis which should include consideration of the political and economic environment, confidence in likely service providers

(systems or consultants) , threats from emerging technology etc. Various techniques, e.g. sensitivity analysis can be used to analyse the market. The full analysis may be included as an Annex but the summary should give the degree of confidence in the market and any particular threats.

<Write introduction and overview here.>

4. Assessment of benefits:

The benefits to be gained from the investment compared to the alternative of 'doing nothing' should be summarised. Benefits should be identified and quantified, as far as possible, in financial terms: as appropriate, this to include projected cost reduction against investments, impact if no investment,, reduction in risk, improvements in quality, reliability, accuracy and other tangible, non-tangible and consequential benefit i.e. 'what are the real benefits from making the investment?'

A full assessment / explanation of the benefits should be included as an Annex if appropriate.

<Write benefits assessment here.>

5. Cost / Benefits Assessment

This will clearly identify the cost benefit against the investment that is being made. This should consist of a simplified presentation of the financial cost/benefit analysis - presented in tables or graphs;

This should include an assessment of:

- Investment value – Revenue and Capital
- Cost Saving first 12 months (£)
- Cost Saving after first year (£)
- Depreciation costs
- Total cost (£)
- Cash outlay (£)

Additionally, an assessment of unquantified Benefits and Costs, and Strategic Contribution should be considered:

- Try very hard to quantify all costs and benefits
- All direct costs should be included
- Indirect costs should be included
- If a non-financial benefit is significant, then define it

Make the impact of the benefit tangible – describe all likely effects and implication

<Write cost/benefits assessment here.>

6. Option appraisal – Recommended option:

When formulating an investment proposal the options available, including the 'do nothing' option, should be considered and compared. Based on the outcome of the comparison of the options i.e. the option appraisal, a recommendation should be made for one option.

The full option appraisal should include a cost/benefit/risk comparison between the options available to address the business problem / opportunity. Options to include 'do nothing', business and technical options, timing options and, if at all relevant, consideration of 3rd party involvement – contractors, joint ventures partnerships, PFI and funding options. When considering options, relevant strategies, standards and legal requirements should be taken into account.

Depending on the situation the option appraisal may be simply qualitative or a detailed analysis. It may be done in two stages i.e. a broad sift of a wide range of options followed by a detailed

examination of say, 3 of them.

<Write cost/benefits assessment here.>

7. Key assumptions and dependencies:

Key assumptions, which, if they turn out to be wrong, may affect the projection for and the eventual success of the investment, should be identified.

Key dependencies, which if not in place may affect the outcome, should also be clearly identified. Comments about likely inflation rates in the cost and benefit estimates should be included in this section as well.

<Write assumption and dependency analysis here.>

8. Risk and Sensitivity analysis:

The key business risks associated with the recommended option should be summarised, particularly those which may impact on the financial projections (costs and/or benefits). The summary should include an indication of the probability and likely impact of the risks and the measures being proposed to manage the risk(s) and / or to reduce their impact e.g. business case review prior to major cash expenditure. Political, Operational Economic / Financial and Technical (POET) risks should be taken into account as they could all contribute to the overall business risk.

The financial projections presented in support of the recommended option should reflect the expected, or most likely, outcome of events. In presenting an analysis of the business risks, the Sponsor should identify the major sensitivities to which the investment could be exposed, typically the impact of cost overruns, time slippage which may result in higher costs and missed opportunities; failure to achieve the development/investment period.

<Write risk and sensitivity analysis here.>

9. Resource requirements and costs:

The resource requirements and costs associated with the recommended option should be summarised i.e. external costs for equipment, external service costs e.g. for consultancy and internal staff costs. The summary is to include investment and running costs.

<Write resource requirements and cost analysis here.>

| Resource requirements and costs: | Man years | Capital £ | Running costs per annum (range) |
|----------------------------------|-----------|-----------|---------------------------------|
| External (bought in equipment) | | | |
| External services | | | |
| Internal costs | | | |
| Total | | | |

10. Funding source / Timing / Certainty:

The source and timing of the funding for the investment, be it required, known or suggested, should be identified and an indication given of the certainty or otherwise of the funding being available when required.

<Write analysis here.>

11. Timescales:

The proposed start and end dates should be given together with a list of significant (particularly financially significant) milestones (events with dates). Where relevant, the milestones to include dates on which the investment should be reviewed.

<Write analysis of timescales here.>

| Main milestones and dates: | Proposed start: | Proposed end: |
|----------------------------|-----------------|---------------|
| Tba | date | date |

12. Comments / Issues:

This section to be used if needed to draw attention to additional points or issues, which should be taken into account when considering the business case.

<Write any comments here.>

13. Conclusions and Recommendations

Bring the document to a close by concluding the findings and making recommendations.

<Write conclusions and recommendations here.>

14. Appendices

Appendices are where to put the detailed calculations, figures, reference material and other back up data that may have a limited audience but is worthy of inclusion.

You should put all of the detailed calculations in Appendices – and only have summaries in the main body (referring to Appendices) – if in doubt, put it in an Appendix.

Detailed Assumptions and Risks may also be placed in Appendices – but summaries should appear in the main body.

<Insert Appendices here.>