

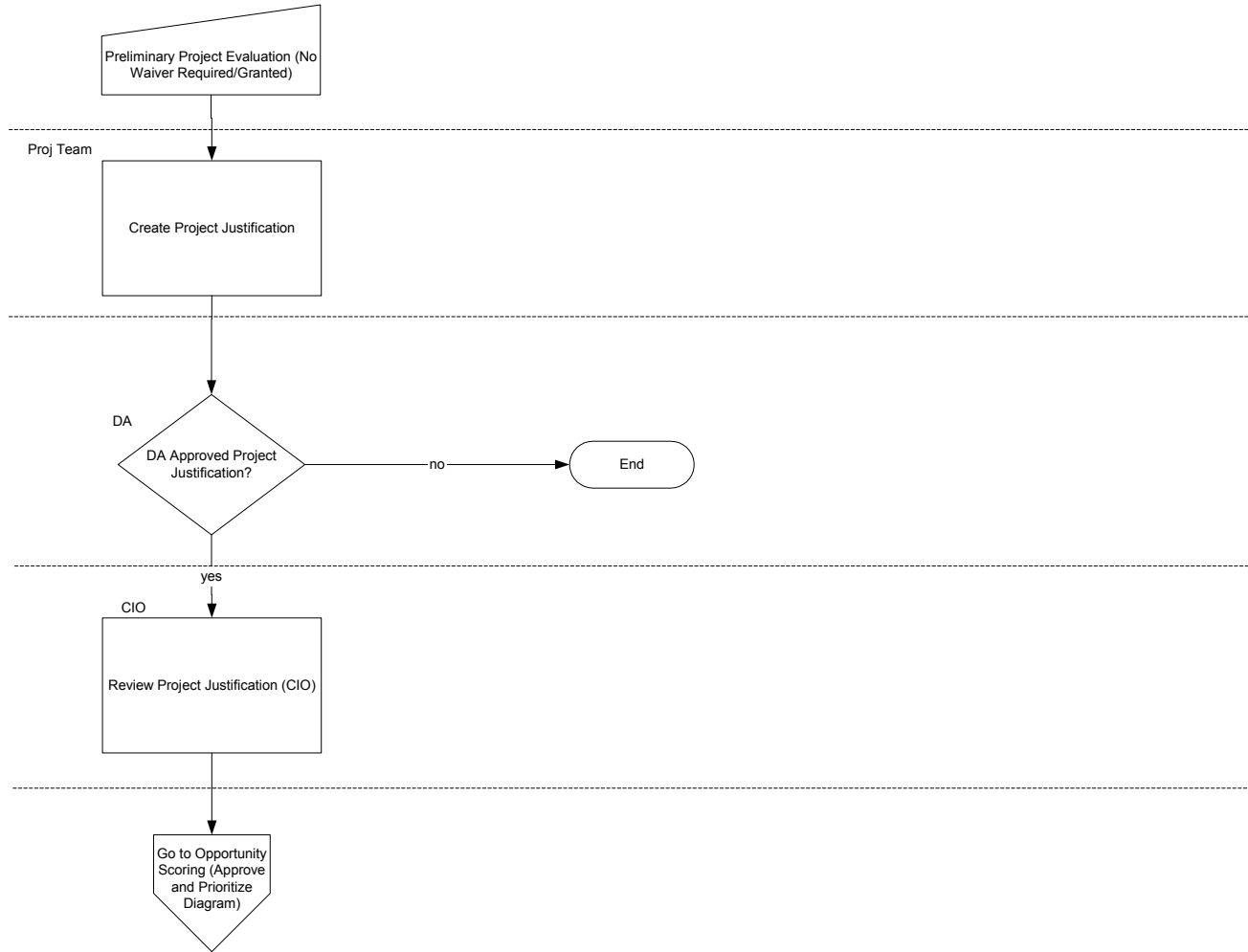


IT Investment Process

Module 4 – Project Justification

May, 2003









MODULE 4 – Project Justification

This module discusses the components of the Project Justification Stage. Each part of the Project Justification form is explained, including the Executive Summary, Project Charter, Project Work Plan, Risk Analysis, and Cost-Benefit Analysis. The primary questions to be answered when completing a Project Justification are discussed. Finally, you will learn the process for submitting the Project Justification.

Note: The completion time for the Project Justification depends on the complexity and size of the project.

Module Topics

- Topic 4.1: Project Justification Overview
- Topic 4.2: Completing the Project Charter
- Topic 4.3: Completing the Project Work Plan
- Topic 4.4: Completing the Risk Analysis
- Topic 4.5: Completing the Cost-Benefit Analysis
- Topic 4.6: Completing the Executive Summary
- Topic 4.7: Submitting the Project Justification

Target Skills

Upon completion of this module, you will be able to:

- Complete a Project Justification.

Module Tools

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- Project Justification Responsibility Flow
- Project Charter
- Project Work Plan
- Risk Analysis
- Cost-Benefit Analysis Narrative (Word)
- Cost-Benefit Analysis Spreadsheet (Excel)
- Executive Summary



Topic 4.1

Project Justification Overview

A Project Justification is required of Tier 1 and Tier 2 projects approved through Department Screening. The Project Sponsor and Project Team complete the Project Justification. The Project Justification is comprised of several components: the Project Charter, Project Work Plan, Risk Analysis, the Cost-Benefit Analysis and an Executive Summary.

A Project Justification is completed to make the investment decision and includes answering such questions as:

- Are there sufficient resources?
- What are the benefits?
- What are the risks?
- What are the cost estimates?

The completion time for the Project Justification depends on the complexity and size of the project.

Topic 4.2

Completing the Project Charter

Overview of the Project

The Project Charter provides a quick reference and overview of the project.

Information captured in the Project Charter includes:

- Project Scope
- Objectives
- Resources
- Relationship with Other Projects
- High Level Project Timeline
- Communication Plan
- Assumptions

Topic 4.3

Completing the Project Work Plan

The Project Work Plan establishes the baseline project schedule and resource estimates. Use MS Project or another tool to capture and present this information.

Any tool may be used to estimate the project effort. The results of the estimating are recording on the Project Work Plan.



Topic 4.4

Completing the Risk Analysis

The Risk Analysis identifies, analyzes, and assesses initial project risks and develops mitigation alternatives for these risks.

Risks are documented so that contingency measures can be taken to mitigate their effects. Risks to both the internal and external aspects of the project should be tracked. Internal risks are those items the project team can directly control (e.g., staffing), and external (business and organizational) risks are those events that happen outside the direct influence of the project team (e.g., legislative action).

The Risk Analysis template contains several worksheets which are used for the overall risk and severity assessment. The worksheets are:

- Part 1 - Risk Assessment
- Part 2 – Severity Level
- Part 3 – Risk and Severity Review Level Determination
- Part 4 – Risk Mitigation and Status

Topic 4.5

Completing the Cost-Benefit Analysis

Estimates Project Costs and Benefits

Two Templates

Excel Spreadsheet Captures:

- One-time Costs
- On-going Costs
- Staff Savings
- Operational Savings
- Revenue Changes

Word Spreadsheet Captures:

- CBA Summary
- Describes Current Process
- Estimated Future Requirements
- Identification of Alternatives
- Evaluation of Alternatives
- CBA Comparisons

Review Template

Cost-Benefit Analysis (CBA) is the estimation of tangible and intangible costs and benefits of various project alternatives and the use of financial measures such as Net Present Value to determine the best alternative. Cost-Benefit Analysis is a complex review completed using two templates: a Word document and an Excel spreadsheet.

This Excel template helps calculate the costs and benefits for multiple alternative solutions. The Excel template consists of separate worksheet for each alternatives. The worksheets include:

- One-time Costs
- Ongoing Costs
- Staff Savings
- Operational Savings
- Revenue Changes



The Word template of the Cost-Benefit Analysis contains the following information:

- Cost-Benefit Summary;
- Current Process;
- Estimated Future Requirements;
- Identification of Alternatives;
- Evaluation of Alternatives;
- Cost-Benefit Analysis Comparison.

Topic 4.6

Completing the Executive Summary

The Executive Summary captures high-level information on strategic alignment, project schedule, projected costs and benefits, budget, and risk. This document can be used by the CIO Office or ITSC members to get an overview of the information provided in the other Project Justification components.

The Project Team is primarily responsible for completing the Executive Summary, with the exception of the CIO Evaluation section. The CIO Evaluation will be completed by the CIO Office upon submission of the Project Justification by the Project Team.

Topic 4.7

Submitting the Project Justification

Once the Project Justification is complete, ITPP entries should be updated and the documents added as attachments. The Project Justification is then submitted to the DA for approval. The DA will review and forward to the CIO Office for review. If the project is Tier 1, the ITSC also reviews the Project Justification. Once the review is complete, the approval decision is made.

END OF MODULE 4.

CONTINUE to Module 5.



Project Justification Cover Sheet-Project Charter

Description	<p>The Project Charter is completed as part of the Project Justification Package. It provides a quick reference and overview of the project and lays the foundation for the project structure and how the project will be managed. It includes the following:</p> <ul style="list-style-type: none">• Project Scope;• Project Objectives;• Project Deliverables;• Project Resources;• Relationship with Other Projects;• High Level Project Timeline;• Communication Plan;• Assumptions. <p>Note that the Objectives and Metrics documented in the Project Charter are measured in the Evaluate the Project stage.</p>
Timeframe	<p>The time for the Project Justification depends on the complexity and the size of the project.</p>
Owner	<p>Project Team</p>
Reviewer	<p>Project Sponsor who forwards to the CIO and ITSC.</p>
Inputs	<p>Preliminary Project Evaluation</p>



Project Justification Stage Cover Sheet - Project Work Plan

Description	<p>The Project Work Plan is completed as part of the Project Justification Package. The Project Work Plan establishes the baseline project schedule and resource estimates.</p> <p>The <i>Project Stage Definitions</i> are the same as those found on ITPP.</p>
Timeframe	<p>The time to complete the Project Work plan depends on the complexity and the size of the project.</p>
Owner	<p>Project Team</p>
Reviewer	<p>If the project is Tier 1, the CIO Office and the ITSC reviews the Project Work plan.</p> <p>If the project is Tier 2, the CIO Office reviews the Project Work plan.</p>
Inputs	<p>Project tasks.</p>

Project Justification Cover Sheet - Excel Cost-Benefit Analysis

Description	<p>Cost-Benefit Analysis is completed as part of the Project Justification package using two documents; a Word and an Excel template. Both Cost-Benefit Analysis templates need to be completed for this stage of the process. The Excel template helps calculate the cost and benefit of the project. The Excel template consists of a separate worksheet for each alternative solution. The information entered on each spreadsheet is divided into these categories:</p> <ul style="list-style-type: none">• One-time Costs• Ongoing Costs• Staff Savings• Operational Savings• Revenue Changes
Timeframe	<p>The time for the Cost Benefit Analysis depends on the complexity and the size of the project.</p>
Owner	<p>Project Team</p>
Reviewer	<p>If the project is Tier 1 the CIO Office and the ITSC reviews the Project Justification.</p> <p>If the project is Tier 2 the CIO Office reviews the Project Justification.</p>
Inputs	<p>Preliminary Project Evaluation Form, Cost Benefit Analysis Word Document, Project Charter, Risk Analysis.</p>