Chapter 9

Building the Business Case

OVERVIEW

This chapter covers the development of a business case for the acquisition and implementation of an IDCM strategy. It provides insights to assist managers faced with the perplexity of acquiring executive management commitment and resources (budget funding, people, and services) for an IDCM solution.

The objectives are to:

• Discuss the role of the business case.
• Position the business case within the context of the IDCM project life-cycle.
• Consider the type of methodology that support business case analysis and preparation of the Business Case Report.
• Review the challenges faced by practitioners in championing IDCM projects.
• Discuss real-world strategies for aligning IDCM strategies with business planning imperatives.
• Discuss the role of pathfinder systems.
• Review typical considerations for cost–benefit analysis of IDCM solution options.
• Provide a structure for the Business Case Report.

ROLE OF THE BUSINESS CASE

Purpose

The business case and its underpinning financial model are an integral part of planning for the acquisition and implementation of an IDCM solution. Its primary purpose is to demonstrate the value proposition of the proposed solution by quantifying tangible benefits, qualifying intangible benefits, and defining project impacts.
The term “business case” is not universal. Some organizations may use terms such as “Business Plan” or “Justification Study,” but the purpose is essentially the same, and that is to demonstrate the value proposition of IDCM.

**Objectives**

The business case, within the context of the information systems environment, is a formal proposal to executive management to secure budget approval and obtain resource allocation for projects comprising IDCM.

The objectives of the business case process include:

- Articulate the IDCM strategy, with a concise definition of the problem that is to be solved, review solution options, and determine a preferred option.
- Demonstrate that the preferred solution option is based on the best available information and vigorous financial analysis.
- Provide a comprehensive definition of the strengths, weaknesses, opportunities and threats, and risk analysis relevant to the project.
- Justify the appropriation of funds and resources for a project.
- Define a high-level implementation strategy to demonstrate that the approach to implementing the solution has been well thought out.

**Scope**

The business case is aimed at addressing the business and economic viability of an IDCM solution that satisfies the requirements defined in the Project Charter (refer to Chapter 6). The specific scope of the business case generally includes the statement of benefits, tangible and intangible, and financial models that qualify the value of the investment. Financial models include methods such as Return on Investment Analysis (ROI), Payback Period, and Net Present Value (NPV) analysis. We will look at these types of modeling techniques shortly.

**Rationale**

In Chapter 8, we proposed that preliminary investigation should be initiated early in the project life-cycle to determine whether an IDCM solution was feasible in terms of three interrelated domains: operational, technical, and financial feasibility. During that investigation of feasibility, various business and technology solution options should have been examined objectively in order to establish feasibility across all three domains.

During the feasibility study, it may have been necessary to seek Requests for Information (RFIs) from suppliers in order to determine indicative costs for the system, based on the requirements captured during the feasibility analysis. The costs determined during a feasibility study are only indicative, because the total costs for the solution will not be known until commercial proposals have been sought from suppliers.

The feasibility study costs are likely to be subject to caveats based on the requirement to continue with the development of detailed requirements specifications (refer to Part 3) and seek proposals from suppliers for the development and implementation of the solution. It is not until the final costs of a solution are known that a business case can be finalized, where the level of risk associated with the financial estimates is acceptable to the enterprise.
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