the **dpsa**

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

ANNEXURE C

BUSINESS CASE GUIDELINES AND TEMPLATE

September 2022

Contents   Page

1. BACKGROUND

The Corporate Governance of ICT (CGICT) Policy Framework requires that there must be an approved business case for projects exceeding R10 million rands or projects cutting across government. The business case's determinations will monitor and manage the benefits, value, opportunities, costs, and risks resulting from such expenditure throughout the investment/project lifecycle.

This Public Service CGICT Business Case Guideline provides guidance for developing a business case as required in the Public Service Corporate Governance of ICT Policy Framework.

2. INTRODUCTION

A business case is an assessment of the viability of an initiative. It will describe the reasons for considering undertaking a programme or project based on how it links to the strategic objectives of the department (business drivers). It includes consideration for timelines, financial metrics, estimated project costs and savings costs, human resource requirements, expected business benefits, and value (e.g., increased productivity or improved service delivery).

Other considerations are ICT security implications, risks and how the risks will be mitigated, interoperability, digital inclusion, the economy of scale, and elimination of duplication.

The business case must provide the necessary criteria that will motivate the approval, monitoring, and evaluation of the ICT initiative.

The business case must contain the focus areas applicable within the departmental circumstances. The minimum proposed focus areas should include details of the business owner (*the initiative requestor*), project sponsor, business drivers, stakeholders, role players, resource requirements, business benefits, and risk mitigation (including security).

3. PURPOSE OF THE BUSINESS CASE

The business case is used to obtain authorization to proceed with the project and serves as a vehicle to obtain funding and resources for the proposed ICT initiative.

The document will be used and maintained throughout the programme or project lifecycle and reviewed by the relevant oversight authority at key decision points.

This document also addresses business arguments, decision points, and major reasons for proceeding. Answering: *What, Why, How Much* and *How Long* and *For Whom.*

4. EXAMPLE OF A BUSINESS CASE TEMPLATE

Table 1 depicts details of the ICT initiative, such as the name of the ICT initiative, business unit, project manager, and project sponsor.

Table 1: Details of the ICT initiative/project

ICT Initiative	:	*Name (Programme/Project/Other)*
Business Unit	:	*Name of the business unit requesting the initiative*

Business Owner	:	*Name of the Business Owner*
Contact Details	:	*Contact details of the Business Owner*
Project Manager	:	*Project Manager*
Project Sponsor	:	*Name of the Project Sponsor*
Contact Details	:	*Contact details of the Project Sponsor*

Version no:	**Date:**
E.g. Draft 1.1	dd/mm/yyyy

4.1 Executive Summary

Summarise the proposed ICT initiative. As the audience is executive management, the business case must be written in appropriate business language. Try to avoid the use of project or ICT terminology. Keep it brief.

As the target audience might be very diverse, take cognizance of this diversity when constructing the business case. Your audience is very important.

4.2 Background

Provide short general background/history and a brief description of the current process and proposed business improvement.

Describe the business environment and the primary drivers for the proposed change.

4.3 Strategic Alignment

Show how this ICT initiative is aligned with the department's strategic objectives. State what objectives the ICT initiative supports and how it supports those objectives.

4.4 Promotes ICT plan (three-year plan)

Show how this ICT initiative/project promotes the ICT plan (three-year plan). Indicate the required performance measures.

4.5   Business Case Criteria

The business case must indicate the set criteria for a business case to achieve the objectives, timelines, and elements. These criteria are as follows:

- Scope;
- Financial metrics;
- Human resources;
- Timelines;
- How it links to the strategic objectives of the department (business drivers);
- Value management practices (e.g., increased productivity, improved service delivery, investment management, and cost-effectiveness and benefits);
- Any ICT security implications, risks, and how the risks will be mitigated;
- Interoperability (seamless exchange of data and information access between the department's systems in line with Minimum Interoperability Standard (MIOS);
- Dependencies;
- Digital inclusion (provision of access to service beneficiaries located in areas where there is poor or no network coverage);
- The economies of scale; and
- Elimination of duplication.

4.6   Motivation

This section is the crux of the business case and should deal with motivations as to why the ICT initiative should be considered. Sufficient time for analysis should be directed at understanding and documenting the business challenge. Include any issues that have been identified as well as possible solutions for the problems.

Describe how the business drivers support the strategic objectives of the department. Business drivers can be derived from the departmental Strategic Plan.

A **business driver** is a business aspect that the solution is trying to address. E.g., the business unit or department may want to implement a system that will change some manual processes into automated ones. The business driver might be, e.g., improving the service delivery by being more efficient, improving productivity, faster processing time, or shorter queuing time.

4.7   Situational Analysis

4.7.1 Current Situation

Describe the current situation and related issues.

4.7.2 Future Situation

Describe the proposed future requirement and any related issues that may occur.

4.7.3 Gap Analysis

Describe the gap between the current situation and future requirements – usually tabulated. See **Table 2**.

Table 2: Situational Analysis

		Current BASELINE	Future TO BE	Gap Analysis *Impact of the gap and what has to be done to solve or close it.*
1				
2				
3				
4				

4.8   Alternatives Considered

Thorough research for alternatives must be conducted. Identify and describe the alternative options considered to "close the gap" and address the criteria and critical success factors for implementing the proposed ICT initiative.

Do not simply provide alternatives that will make a solution look good. Be as impartial as possible. Provide a minimum of three (3) viable, cost-effective options.

Identify the alternative options. These proposed ICT initiatives must be benchmarked against the critical success factors and prioritized to determine which alternative will provide the best solution.

4.9   Resource requirement

The Human Resource requirement for each option also needs to be determined. Indicate what type of resources are required.

Indicate the number of in-house and external resources and skills required for the ICT initiative.

The required budget for each option also needs to be determined. See **Appendix 1** of this document for an example of a business case budget.

Table 3: Resource Requirement

Project	Budget 20__ / __	Resources

Total		

4.10   Critical Success Factors

Based on the alternatives, identify and describe the critical success factors of implementing the proposed ICT initiative. These factors are both for making the business a success and for the success of the implementation of the proposed ICT initiative.

4.11   Stakeholders

Identify all the stakeholders impacted and expected to benefit from the proposed ICT initiative. A stakeholder is an entity that will be affected by implementing the ICT initiative. They are groupings of people, e.g., business unit, business area, department, etc. It is suggested that a comprehensive analysis is done.

4.12   Role Players

Identify all key role players needed to ensure the proposed ICT initiative's successful development, implementation, and maintenance. The roles and responsibilities of the role players must be clearly defined.

4.13   Business Benefits

All ICT investments must achieve pre-determined value and benefits.

Business enablement value criteria for each ICT initiative must be declared upfront to measure its success against pre-determined measurement criteria such as value measurement and technology life cycle.

See Annexure A, the Public Service Corporate governance of ICT Planning Guideline, for measurement criteria examples.

4.13.1 Tangible Benefits

A list of the tangible benefits that will be achieved because of this choice, e.g., cost savings, less staff, etc., something that you will be able to see and measure clearly, must be measurable and quantifiable.

4.13.2 Intangible Benefits

A list of the intangible benefits that will be achieved because of this choice, e.g., ease of use, better quality, and those things that are difficult to measure.

4.14 Risks

The ICT-related business risks, including security and cybersecurity, must be mitigated for all ICT initiatives/projects. List any risks associated with the proposal, identify the risk, the probability, and impact, and illustrate how to mitigate the risk.

See **Appendix 2** of this document for an example of a Risk Log.

4.15 Major Assumptions Made

List all assumptions on which the success of the solution has been based. Should any of these assumptions change materially, they could jeopardize the solution.

4.16 Decisions Required

List any business decisions that will have to be made to pursue the chosen option.

5. CONCLUSION

The business case must promote accountability, transparency, and early warning signals for all proposed ICT initiatives. Developing a complete business case for each ICT initiative/project (considering the context and circumstances of each department) contributes toward investing in ICT initiatives/projects that provide measurable value to improve service delivery and increase productivity. Furthermore, it provides a common platform to make informed decisions based on factual variables.

Therefore, investing time and effort in developing a business case alleviates unintended consequences of investing without sound justification. Suppose the business case is appropriately used as an ICT initiative monitoring and evaluation instrument, it will substantially reduce the risk of project failure.

6. APPENDICES

Appendix 1 - Business Case Budget
Appendix 2 - Risk Log

Appendix 1 – Business Case Budget

Project	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Year 1	Year 2	Year 3	Outside MTEF	Total
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
TOTAL									

Appendix 2 – Risk Log

Risk Number	:	A sequential number is allocated to the risk as it is identified
Risk Title	:	Short title to identify the risk
Category	:	Indicate the category of risk. For a comprehensive list of categories, refer to the Risk Management Strategy
Probability	:	Graded from 1 to 3
Impact	:	Graded from 1 to 3
Rating	:	Multiply the Probability and Impact rating to give an overall rating for the risk and enable prioritization of risks
Proximity	:	Indicates if the risk affects the entire project or is relevant to a particular stage, characterized by date, e.g., Oct-Dec (this risk will most probably make an impact during October to December)
Risk Description	:	Description of the cause and effect of an event
Countermeasures	:	Describe the countermeasures to prevent, reduce, accept, transfer or put in place a contingency plan

Risk Quantification

Risk needs to be quantified in two dimensions. The impact and probability of the risk occurring must be assessed. Rate each on a scale of 1 to 3.
The larger the number, the larger the impact or probability.
By using a matrix, a priority can be established.

Note: If the probability is high and impact is low, it is a <u>Medium risk</u>. On the other hand, if the impact is high and the probability low, it is a <u>High priority</u>.

No	Risk Title				
1					
Risk Description					
Category		**Probability**	**Impact**	**Rating**	**Proximity**
	Counter Measures				
1.1					
1.2					
1.3					