

Service:	System selection online
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Phase:	1: Define the Project
Document:	1. The system selection process overview (READ) Pr 3 SS
Version:	5
Description:	Business case overview and system benefits
Objective:	<ul style="list-style-type: none"> • Gives an overview of business case requirements • Provides potential system benefits

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1. The business case

1.1 The business case overview

By now, we would assume a high-level business case has been completed in whatever form is required for the new system. The business case can range in size and effort from a discussion and some reasons given why a new system is required, to formal complex documents giving exact savings and benefits by process the new system is expected to deliver.

Normally a business case would include the following:

- System project objectives;
- The reasons for the systems project;
- The expected benefits to be achieved;
- The expected risk, cost and outcomes;
- Key deliverables;
- Alternative options considered, the risk, cost and outcomes of these;
- The risk, cost and outcome of doing nothing;
- Formal justification and recommendations for the project.

System selection online does not include a complete business case solution, but the information provided below should assist you, should you still be required to develop a business case.

1.2 Developing the business case

Business case development can be a long drawn out process, so before starting we would recommend you agree on what is required in the business case if one is required. Most organizations will require some form of business case or document to justify expenditure of this nature and size. Keeping it simple at this early stage and working on it during the system selection process is advisable. The business case should be finalized prior to implementation.

This does not mean the business case should be ignored. Key system benefits should be identified and documented prior to beginning implementation, and should be communicated to the final vendor to ensure they are aware of the expectations of the system as well as forming part of the measures of the project sponsor and project manager. Identifying benefits prior to starting the system selection ensures these are front of mind

during the selection process, especially when the capability of systems is being considered.

In many cases, the justification for the new system would already have been considered, key benefits identified and thus the need for the selection process to start. If this is the case, ensure you and the project members are familiar with the business case or previously identified benefits for the new system.

2. Potential Benefits

2.1 Identifying the benefits

Identifying the key benefits you want the system to deliver is important, as well as communicating, discussing and documenting these. Once identified, these benefits should be front of mind throughout the selection process. If benefits are not identified and targeted upfront, the achievement of any benefits once the system is implemented can be random.

Given at this stage however that systems have not been reviewed in detail, these benefits will be based on shortcomings of the existing system and be at a high level. It should also be noted that potential benefits can change as more information becomes available, that is fine, keep documenting and communicating these changes to the appropriate project members and project sponsor.

2.2 Benefits

Benefits can be classified as either quantifiable (measurable) or non-quantifiable (non-measurable). Identifying non-quantifiable benefits is easier and should always be carried out. Measuring accurate and realistic quantifiable benefits can be more challenging and sometimes significant benefits are achieved where least expected within the organization. At a minimum, ask the vendors you shortlist for benchmarks they may have on system benefits achieved in other clients.

Relevant Experience: In implementing an automated expense claim system, the business case showed the key benefit in the reduced number of staff required to manually process the expense claims of 3000 employees. There were around 20 FTE's (full time equivalents) doing this manual processing. A year down the track some savings were achieved in this area, but the key and most significant savings

were achieved through staff not knowing how expense claims were monitored and what internal controls were in place and thus improved behavior around claims. An example of this was the decrease in taxi claims over weekends. In addition, there could be no, "I will authorize yours if you'll authorize mine"; type behavior and policies were easier to set and monitor.

Typical examples of quantifiable and non-quantifiable benefits include:

Table 5

Quantifiable benefits	Non quantifiable benefits
- reduce stock turnover by 30%	- improved customer service
- cost savings of 22% of budget	- better decision making
- reduce reporting time to 1 day	- reduced fulfillment times
- reduce finance by 8 FTE's	- better information availability
- reduce stock outs by 10%	- improved process efficiency
- reduce bad debts by 10%	- real time information
- reduce credit notes by 30%	- reduced data redundancy
- increase sales by 15%	- improved internal controls

3. Business case conclusion

As you will have become aware, system selection online is not about business case development. If however you have not developed a business case to date and now realize you will need one, we suggest the following:

Discuss the following with relevant colleagues and document the outcomes:

- Frustrations with the existing system, whether technical or functional;
- Areas where the business is being negatively impacted by existing systems, especially with respect to cost or revenue;
- Manual processes with respect to interfaces or reporting;
- Customer complaints;
- Supplier complaints;
- Regulatory or other industry changes which can no longer be catered for in the existing system;

Consider what the drivers of system change are out of the reasons or comments made above and consider how a new system, which is integrated and automated, might solve some of these. Consider also the list in table 5 above.

For budgeting purposes, as a rule of thumb \$10,000 per user is common, however we must caution this will vary, depending on the types of users, number of modules, hardware and other software, the list goes on. As this stage, the price estimation can only be a broad estimate and should really be avoided if possible until the system selection is completed.

Since you have purchased the system selection online service, budgeting for the system selection project only at this stage is recommended, including resource time, if required.