

# Novel techniques for business cases and benefit delivery in response to hard times

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Isochron<sup>®</sup> – Dimension Four<sup>®</sup>

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# The challenge to a new Minister / CEO

Within your honeymoon period:

1. Act decisively
2. Cut the costs
3. Bank the released budget in advance of the savings

Penalty: loss of reputation

# The problem in defending programmes and projects

Stephen Jenner "Realising Benefits From Government ICT Investments: A Fool's Errand?"  
*Academic Publishing International 2009*



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"30-40% of systems to support business change deliver no benefits whatsoever."

*Source: UK Government OGC, Successful Delivery Toolkit*

"...project success appears to equate to achieving an acceptable level of failure or minimizing lost benefits"

*Source: KPMG Global IT Project Management Survey*

"...the planned, systematic, deliberate misstatement of costs and benefits to get projects approved."

In short, "**that is lying**". *Source: Flyvbjerg et al*

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# The challenge to programme survival:

Programme benefits are often:

1. vague
2. lacking in ownership within the organisation.
3. created from budget targets without a strong roadmap to tell the story as to what will change in the business.
4. lacking a clear linkage between change and cash benefit.

So need to:

1. harden up the business case
2. show the payback from investments in IT
3. quickly!

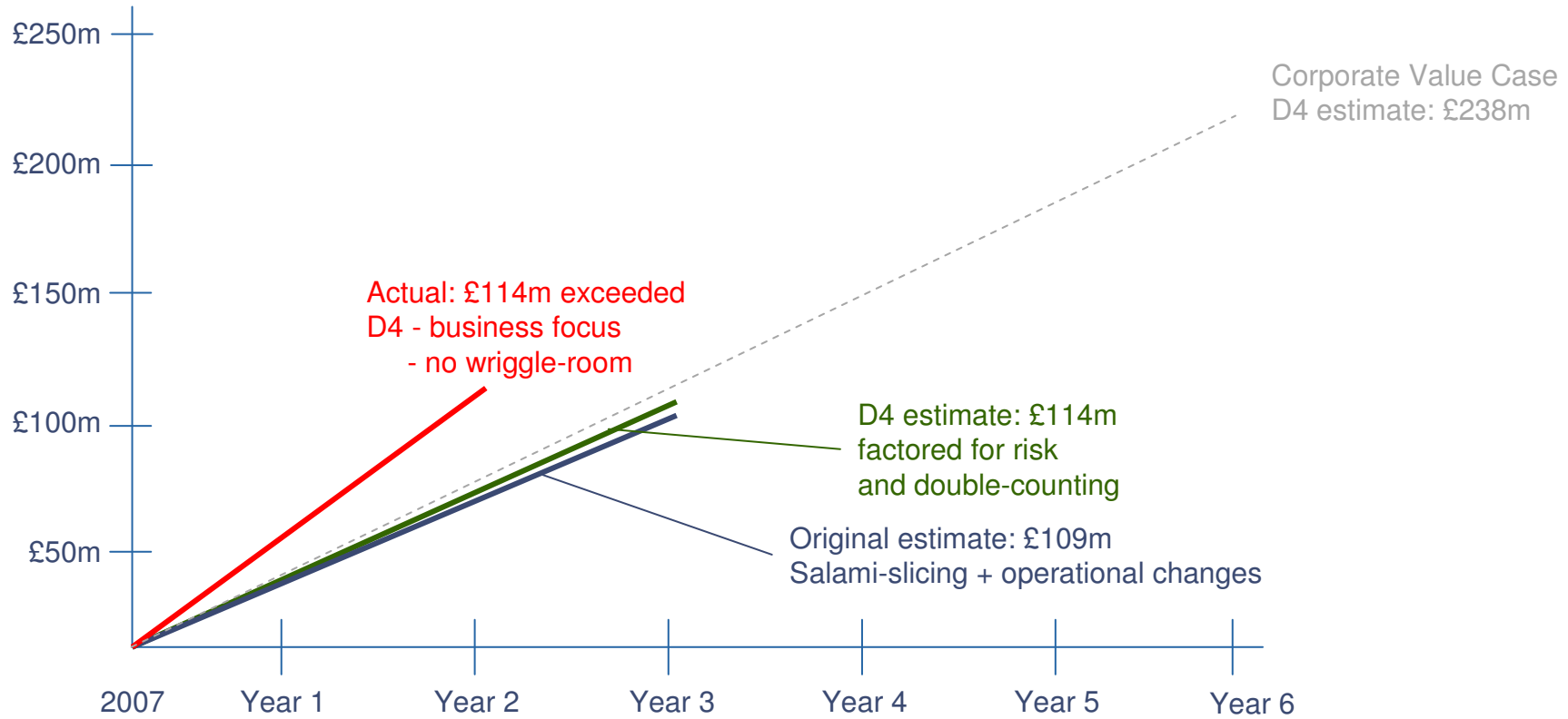
} ROLE FOR UTILITY COMPUTING

# D4 novel techniques

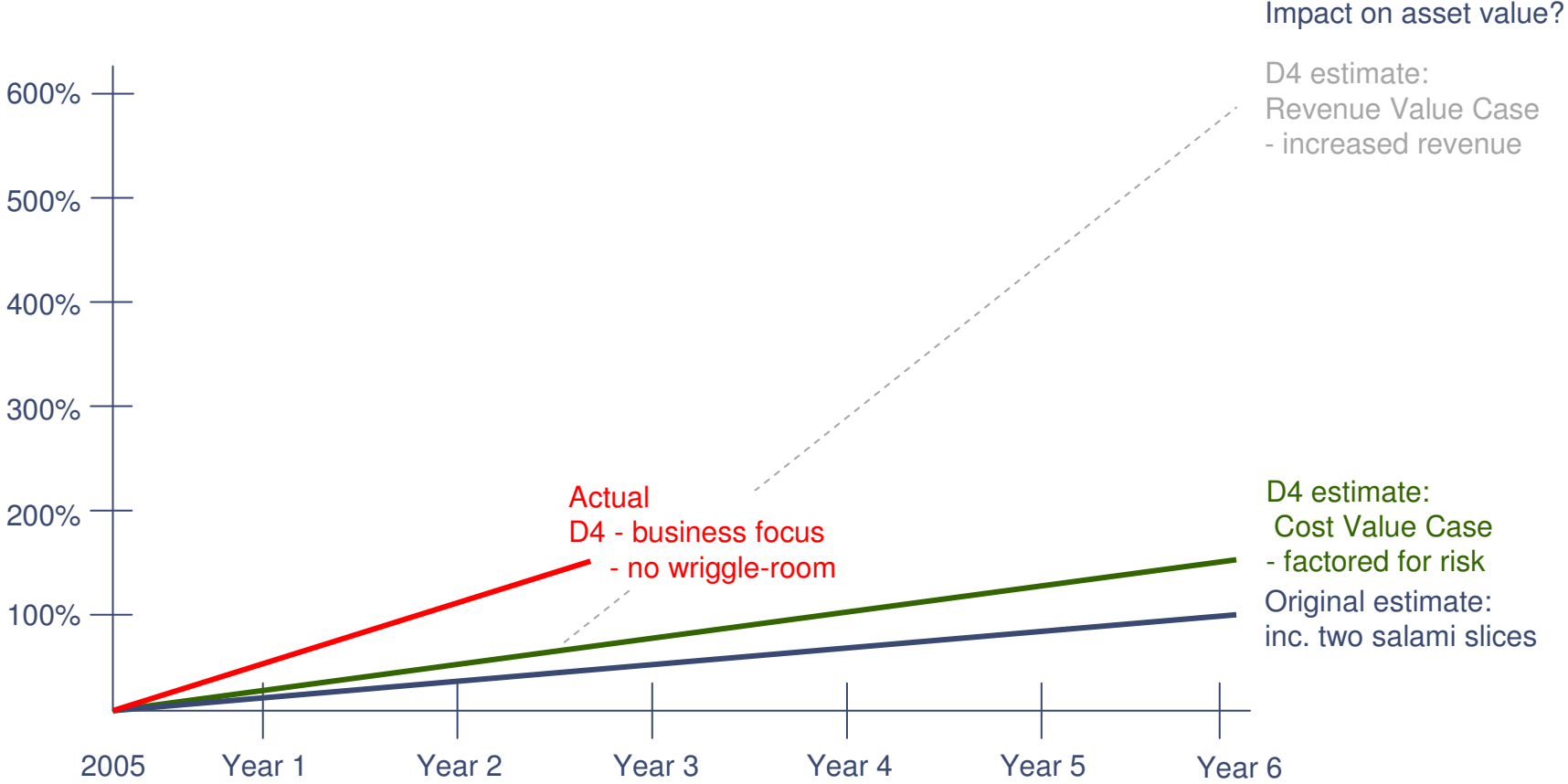
Different because they:

- focus on business changes;
- enable tangible, evidential “show me” statements of needs;
- distinguish outcomes from solutions (get consensus);
- do not rely on number targets to cause change;
- drive out extended benefits, systematically;
- help to increase certainty of delivery; and
- drive benefit cash.

# War stories of D4 - NIW strategic business programme



# War Stories of D4 - BT NSOC Programme



## What else? – D4 back to 2002

Martin Currie Investment Management

Eliminated project “industry”; revolution in ROI

United Utilities

Reverse-engineered value; 8 Value Cases

National Australia Group

Business case for programme

UK Department of Health – Social Care

Consensual and deliverable view of the future

Bucks Hospital Trust\*

Overcame resistance to change; BR

Learning and Skills Council\*

Precision of outcomes; supported OGC Gateway

Astra Zeneca\*

Backed-up change; installed benefits realisation

Northern Ireland C2k\*

Impact of IT in schools upon the economy

Argyll and Bute Council\*\*

Value case and BR for transformation

Dumfries and Galloway Council\*\*

Value case and BR for transformation

Moray Council\*\*

Value case and BR for transformation

BECTA\*

Made MSP Benefit Profiles substantial and deliverable

Solihull Council and Primary Care Trust\*

Valuation of Adult Social Care changes

Scottish Government – DG RAES

Made change actually happen – fast

Acergy Group\*

Value case & BR for global changes

\* with PwC

\*\* with Serco



# Key concepts

1. Driven by the business for the business.
2. Deliver the benefits not the process.
3. Designed right-to-left, outcome first

## Questions addressed by the approach

- Can the new Minister / CEO tell when the project is done, and how?
- Are the objectives expressed in deliverable terms?
- What is the story of how the financial objectives will be met?

So meets the need to:

1. harden up the business case
2. show the payback from investments in IT
3. quickly!



# What does it mean for IT?

- apportions benefit cash to infrastructure projects
- highlights where IT is critical
- AND takes IT off the critical path (but IT remains critical for sustainment)

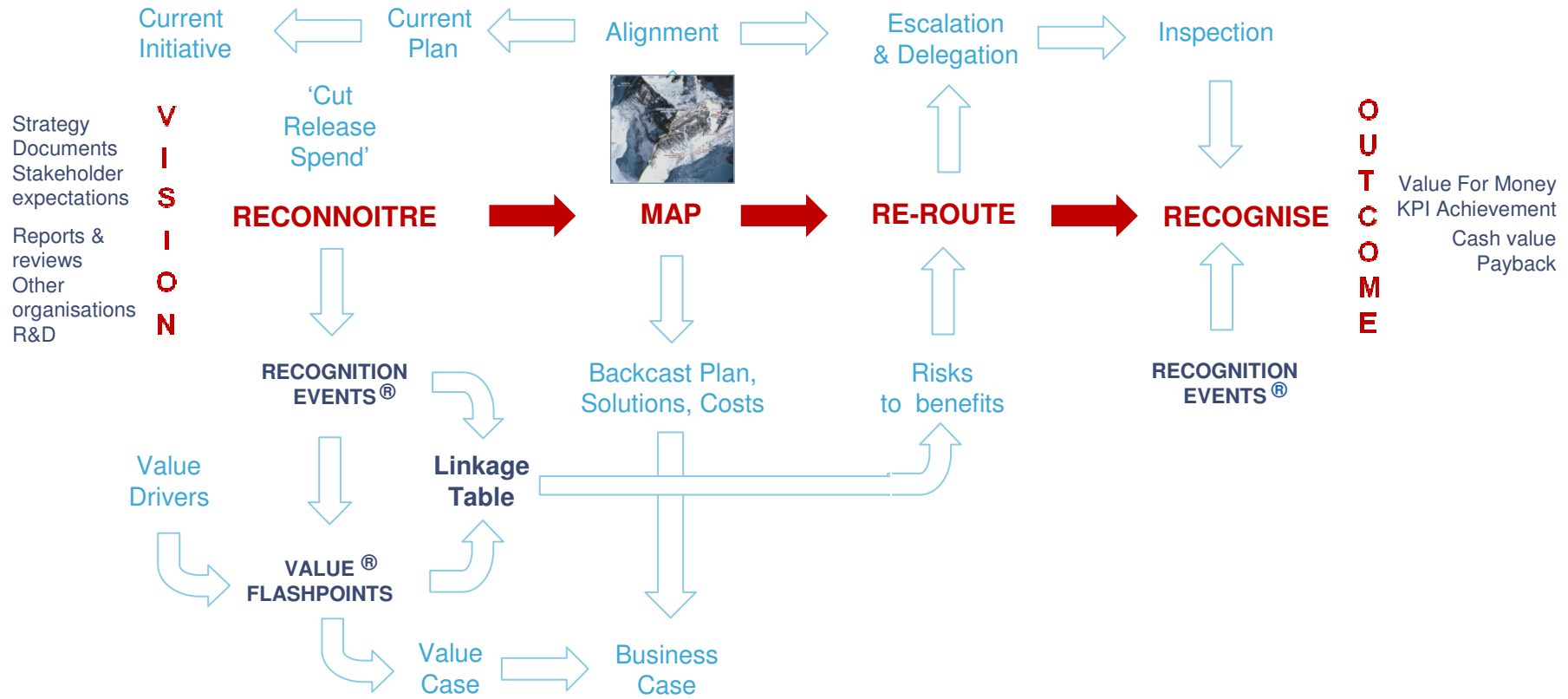
# For example:

VALUE FLASHPOINT	ESTIMATE LESS RISK AND DOUBLE COUNTING						
	Total £m	Notes	Best Estimate	Multiplier	Unit	Total £m	Notes
Monthly Executive Report shows reduction in headcount and staff costs of permanent staff traceable to the NSOC recognition events. <i>To be distinguished from staff movements traceable to other initiatives, e.g across-the-board cuts, re-engineering, Sunrise.</i>	£15.6	Managers 3 -> 1; Operational staff less reduction because of functional specialisms	£15.6	91	%; Sunrise claims 4%; 5% risk that delivery progs don't complete and quality of deliverables remains poor	£14.2	Removes 7 staff from BTE and 21 staff GS to SUNRISE business case = 4% (table with B Corrie)
Monthly Executive Report shows reduction in headcount and staff costs of contractor staff traceable to the NSOC recognition events. <i>To be distinguished from staff movements traceable to other initiatives, e.g across-the-board cuts, re-engineering, Sunrise.</i>	£47.8	Managers 3 -> 1; Operational staff less reduction because of functional specialisms	£47.8	91	%; Sunrise claims 4% in BTE & 4% in GS; 5% risk that delivery progs don't complete and quality of deliverables remains poor	£43.5	Removes 7 staff from BTE and 21 staff GS to SUNRISE business case = 4% (table with B Corrie)

# How does it position Utility Computing?

- transition of infrastructure to Cloud will be a tipping-point in most Backcast plans
- benefit cash value of Cloud will clearly emerge in MCB estimating
- for data and systems integration , gross-value approach will ensure benefits share for business case

# How does it work?



**RECOGNITION EVENTS®**

- Tangible 'show-me' outcomes
- Real life happenings that tell the sponsor® that their expectations have been met
- Sponsors, date, location, context
- Not more number targets
- Can be built into Performance Objectives

**VALUE FLASHPOINTS®**

- Tangible 'show-me' financial outcomes
- Changes (benefits) in cash flows
- Sponsor, date, location, context
- Caused by changes in business operation (Recognition Events® )

**BACKCAST PLAN**

- The tipping-points which we got right that caused the success
- Hierarchy of tipping-points = milestones in plan

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Thank you

