OSS Business Case Builder

Version 1.0

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1. Introduction

So, you've spotted an opportunity to help your organisation to meet important goals through the implementation of an OSS project and feel compelled to gain support to seize the opportunity.

Can you clearly articulate the problem you will solve or the opportunity you will seize?

The OSS Business Case is the fulcrum between business benefits (project sponsors) and technological change (project implementers). The business case must quantify the growth, transformation and critical advantages for the organisation that will be derived from the implementation of this project. The business case presents how the market and related financial implications can leverage the best of the technical alternatives that you've analysed.

When building a business case, it is important to start by identifying how your opportunity represents a tangible business benefit. The difficulty in gaining project sponsor buy-in on a new OSS project is that most benefits of an OSS are intangible (ie indirect Return on Investment [ROI] rather than direct ROI). This makes quantification and business case justification a more difficult task but this template provides a number of different approaches to justify the outlay of resources on your next OctopOSS[1]. Executive management sets the tone of the business and key themes. This Business Case will need to make it easier to unify your idea with the organisation's key themes.

The Business Case must be written in such a way that the project sponsor can easily understand and promote the concept throughout the organisation, articulating the project's merits to senior management, stakeholders, users, customers, partners, integrators and beyond. Chances are that you're part of your organisation's OSS business unit, but please don't underestimate the reach of an OSS beyond your business unit.

It is also important to note that each impacted department can often have its own culture and tolerance to change, so this needs consideration when getting cross-departmental buy-in.

> OSS Business Cases have traditionally been inward facing in that they are produced by the CIO/CTO or OSS Business Units to meet their own needs and are often technology-driven. In the future, business cases should be driven by the needs of other business units as much as the OSS business unit.
>
> For example, the marketing department has identified an opportunity to derive a significant corporate advantage by being able to deliver bundled services. The OSS must undergo enhancement to support this initiative and the new Business Case is built around supporting the marketing department's objectives.

Your organisation will probably have its own business case template, which will have its own specific fields. This OSS Business Case Builder provides you with an array of justifications that may help to add strength to your own OSS Business Case.

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[1] I refer to an OSS project as an OctopOSS because no matter how many tentacles you have under control, there is always another one ready to whack you on the back of the head.

2. Business Case Template

If your organisation doesn't have its own template, it is suggested that your business case framework should have the following elements, as suggested in *"Developing a Business Case: Expert Solutions to Everyday Challenges"* by Harvard Business Review Press:

- **Step 1: Define the opportunity**. Describe the situation and the business objectives that your proposal will affect. (refer to section 0)
- **Step 2: Identify the alternatives**. Brainstorm multiple approaches and then choose three to four to analyze.
- **Step 3: Gather data and estimate time frame**. Obtain information about each alternative and estimate how long each option will take to implement.
- **Step 4: Analyze the alternatives**. Analyze how your options will affect the business objectives you've defined.
- **Step 5: Make a choice and assess the risk**. Make a recommendation based on your analyses, and consider how you will mitigate any risks associated with your recommendation.
- **Step 6: Create a plan for implementing your idea**. Identify, at a high level, how you will achieve your goals and who will be accountable for each milestone. Spell out when you expect to see benefits.
- **Step 7: Communicate your case**. Create a document or a presentation, or both, to sell your recommendation to decision makers.

There are many great resources to help you build a Business Case, including the one above published by HBR Press.

This OSS Business Case Builder exists to add strength to your business case rather than provide the best template for your OctopOSS.

The OSS justifications will often need to be translated into quantitative data to add further strength to your story. We will discuss numerical analysis later, but you will need to determine the level of complexity of your data gathering exercise and how much effort you wish to expend on developing your business case.

3. Step 1. Define the Opportunity

3.1. Business Alignment

The Business Case must clearly align the technical solution with desired business outcomes, so the following questions will help to identify what is most important:

1. What is the CSP's corporate vision and competitive advantage (VCA)
2. In what areas do the current management tools influence the VCA, either positively or negatively
3. What areas of the business are most reliant on OSS tools
4. What areas of the business consume the most work-hours with OSS or similar tools
5. In what areas will OSS efficiency improvements deliver the greatest outcomes (eg faster revenue turn-on, reduced fault rectification times, reduction in head-count, etc)
6. What additional functionality would deliver the greatest outcomes (eg sales target identification, fault trend analysis / predictors, network capacity planning simulators, etc)

> The consideration of the questions above should consider not just the current state but the desired future state, particularly if your OctopOSS project will be large enough to have direct impacts on the future state.

3.2. Capturing Initial Requirements

The most important part of OSS requirement capture is to focus on **benefits rather than functionality**. The vendor solutions on the market offer a vast array of functionality, bells and whistles. This makes vendor evaluation difficult as there are no easy apples-for-apples comparisons. Vendors tend to focus on the functionality that they can offer in an ever-increasing arms-race of functionality. But your job is to identify the benefits that the solutions offer.

The aim is to create a guiding vision for what the OSS is to achieve. To borrow from Pareto's 80:20 principle, the key to capturing a business's OSS requirements is to identify the 20 percent of high-value actions that deliver 80 percent of benefits to the organisation. But more importantly, the requirement capture phase should focus on optimisation of those 20 percent of high-value actions to get your OSS into production faster and cheaper.

You may want to consider the following business case justifications to make your business case more compelling and build the high-level requirements around that. At a later stage, we'll get to the detailed requirements capture and you may wish to use some of the requirement capture tools on PassionateAboutOSS.com.

> You may also like to define the key business objectives and the related key business metrics (eg reliability, customer loyalty, etc) or key performance indicators (KPI) relating to the initial requirements.
>
> You may also wish to prioritise the objectives for your sponsor's consideration.

3.3. Business Case Justifications

As indicated earlier, the direct benefits of an OSS project are often intangible. Since the OSS business unit rarely generates revenue directly, it can be difficult to build a Business Case that justifies the large capital outlays and ongoing operational costs.

The following are some examples of business case justifications that you may wish to develop for your OSS, which we'll make more use of later. It will be the ability to build upon the examples in the table below, as well as your own, that will strengthen your business case, making it compelling for project sponsors:

Description	Revenue Increase	Lower OPEX	Brand Value
Faster			
• Getting new products to market faster (ie competitive advantage and faster revenue turn-on)	✓		
• Getting services turned on more quickly after a customer places an order (faster revenue turn-on and increased customer satisfaction)	✓		✓
• Faster repair of faults (reduced service breaches and associated customer re-imbursement)	✓		✓
• Faster project implementations (faster activations and network build-out, which allows faster service turn-on and associated revenues)	✓		✓
More reliable			
• Insurance of brand value			✓
• Reduced service breaches and associated customer re-imbursement	✓		✓
• Mitigates customer churn	✓		
• Reduces required maintenance effort		✓	
More flexible			
• Ability to adapt to new business model			✓
• Ability to adapt to new services and/or service models (eg service bundling or service buckets)	✓		✓
• Ability to handle corporate change (eg organisational change, process change, etc) faster and cheaper		✓	
• Ability to adapt to competitive change		✓	
• Ability to adapt to new technology innovations (eg new network technologies, new interface types, etc)		✓	
• Ability to provide revenue-generating services (eg OSS APIs)	✓		
More secure			
• Increases data privacy (ie insurance of brand value)			✓
• Identifies fraudulent activities (ie reduction in revenue leakage)	✓		
• Increases network / service reliability		✓	✓
More measurable			
• Increases visibility / tracing / reporting of network or service events, which allows faster identification of revenue-loss situations	✓		✓

Description	Revenue Increase	Lower OPEX	Brand Value
• What is it worth to be able to know and track the status of your assets in near real time?			
o Better supply chain planning	✓		
o Reduced inventory (and better use of working capital)		✓	
o Minimisation of asset audits		✓	
o Easier tracking of the asset list for financial purposes (eg Fixed Asset Registers, depreciation, asset refresh, etc)		✓	
• Trend analysis to produce			
o Better supply chain planning		✓	
o Better analysis of routine maintenance to improve network reliability and stock control		✓	

Table 1 - Benefits / Justifications for your Project

Notes:

- "Revenue Increase" includes items such as increased market share, revenues from new services, improved service availability, improved market intelligence, increased capital efficiency, etc.
- "Lower Opex" includes items such as reduced operating costs, reduction of the cost of goods sold (eg via streamlined inventory handling), more efficient processing, reduced head-count, simpler availability of data to reduce reporting effort, etc.

4. Step 2: Identify the alternatives

There are two main alternatives here:

- In-house development or
- Vendor provided solutions

If going with a vendor-provided solution, the first step is to identify a list of possible suppliers. You may choose to use the supplier list on PassionateAboutOSS.com for this. This will probably identify a significant number of possible alternatives, so you may then like to use a short-listing process such as an RFI (Request For Information), as described in the vendor selection process and helpful tools on PassionateAboutOSS.com.

In addition, the following matrix might provide a starting point to produce your own high-level evaluation matrix, particularly if comparing in-house or off-the-shelf products.

BASELINE FUTURE SITUATION
Description: Defines the preferred future situation baseline

	SERVICES			KEY EVALUATION CRITERIA						High-Level Cost Estimates			
	Required Services	Service Quantities	Estimated Service Growth	High-level Benefits List	Risks	Flexibility	Customisation vs Standardisation	System Scalability Limitations	System Reliability	CAPEX	OPEX	Internal Resources	External Resources
Alternative 1									99.9%	LOW	LOW	2 FTE	Included in OPEX
Alternative 2									99.99%	MEDIUM	MEDIUM	3 FTE	Included in OPEX
Alternative 3									99.999%	HIGH	HIGH	5 FTE	2 FTE

Notes
1
2
3

Table 2 - Evaluation Matrix

5. Steps 3 to 6. Detailed Solution Evaluation

During this stage, we cover each of the following steps from the HBR document identified in Section 2:

- • Step 3: Gather data and estimate time frame
- • Step 4: Analyze the alternatives
- • Step 5: Make a choice and assess the risk.
- • Step 6: Create a plan for implementing your idea

If using external suppliers, after conducting your short-listing, you may like to then use a RFP / RFQ (Request for Proposal / Quote) to work with the chosen suppliers to identify each of the steps above, including phases / milestones, risk registers, estimated schedules and plans. The RFP/RFQ process is described in the vendor selection process and helpful tools on PassionateAboutOSS.com.

You'll need to develop a more comprehensive list of benefits / requirements for your RFP. You may like to use the various Requirements Capture tools on PassionateAboutOSS.com for this.

When preparing your requirements, it's definitely recommended to "Thrash hard, Thrash early" as discussed in the blog post on PassionateAboutOSS.com. Who is effected by your idea? You may wish to use the Stakeholder Circle tool to identify all impacted stakeholders early in the process to include them in the change that this project will bring about.

Once you've worked your way through the evaluation process described above you will need to provide a summarised / simplified vendor comparison snapshot in your business case so you may want to re-use a similar evaluation matrix to the one shown in Table 2. You may also want to include your more detailed vendor analysis as appendices to the Business Case.

> When preparing your Business Case, note that the vendor will primarily identify the aspects of the OctopOSS project that relate to them. You will need to ensure that you include all of the aspects that relate to your organisation as well, including:
>
> - • Change Management (refer to the Eight Steps of Change Management on PassionateAboutOSS.com)
> - • Data Collection (refer to the Seven Steps of Data Migration on PassionateAboutOSS.com)
> - • Process Re-engineering (and possibly Organisational Restructuring)
> - • Training
> - • Testing
> - • Program Management
> - • Resource Allocation and Team Building
> - • Ongoing Operations
> - • Operational Handover
>
> These aspects can add significant additional effort and cost within your organisation and will almost definitely not be included in the suppliers's proposals.
>
> Ensure your consolidated financials and schedule consider the aspects listed above.

Also ensure that the supplier supports an extensive operational readiness program for all team members who will eventually operate the OSS, especially if this project is introducing a brand new product or products into the OSS.

> An OSS can have broad-ranging impacts upon the organisation. The breadth of impact is often not known and many impacted users aren't equipped to handle the change yet. As a result, it is definitely preferred to run a pilot or trial for three main reasons:
>
> - Getting users familiar with the new tools so they can give feedback into the main project via customer requirement refinements
> - Testing whether the processes and functionality of the new tools are fit for purpose
> - Reducing the change management process via involving users in the transformation and associated approvals

6. Step 7: Communicate your Case

This is where you prepare the business case in your own template and then go about communicating across the organisation about your OctopOSS.

Clearly articulate why you have arrived at your conclusion and are promoting the solution that you are. Remember that this is effectively a sales pitch, albeit an internal one. Engage the sponsors and stakeholders in the opportunity and benefits of your project with a compelling story.

With every sales pitch, you need a clear call to action to ask someone to do something specific to assist (eg asking for approval to proceed, access to resources such as headcount, capex, etc)

You may need to develop your story from multiple perspectives as the different stakeholders (sponsors, stakeholders, executives, customers, employees, finance team, etc) will have different driving forces behind giving their tick of approval.

7. Financial Analysis

Your business case template will undoubtedly include financial analysis. This section provides insights into your internal financial impacts as there will be supplementary costs to the organisation over and above the supplier's quotes.

> We've created a blog post called ["How Much will your OSS Cost?" on PassionateAboutOSS.com](#) which provides some high-level rules of thumb for estimating the cost of your OctopOSS.
>
> However, you should work closely with your shortlisted vendor and internal cost estimation team to refine these numbers to suit your specific OSS Business Case.

7.1. Costs

7.1.1. Estimation of Costs (CAPEX)

CAPEX (Capital Expenditure) is when an organisation spends money to buy a fixed asset, in this case the supplier's hardware and software costs.

Depending on your organisation's chosen accounting methods, your organisation may choose to capitalise all costs for the project, including the supplier's services costs and perhaps even internal project costs.

As per the call-out box above about OSS estimates, the rules of thumb listed are:

1. OSS Application Licences (x)
2. Third party hardware/software (0.25 – 1x)
3. Project Implementation services (1 – 4x)

Where x is the up-front product license cost.

Note that this estimate will vary between vendor to vendor. Also note that this doesn't include costs relating to turn-on of device interfaces, which can be very costly if management interfaces are not already activated.

The rule of thumb also doesn't include internal project or change management costs if you wish to capitalise these costs.

7.1.2. Estimation of Costs (OPEX)

OPEX (Operating Expenditure) is the ongoing operational costs for running a product or system, in this case the new OSS that you're implementing.

This includes items such as hardware and software license costs, interface license costs, labour for administering and operating the solution, warehousing of spares, travel expenses, leasing expenses, maintenance and repairs, and so forth.

To build a business case, it is recommended that you estimate opex before you implement the OctopOSS project and then as per the following section, estimate after implementation of the project.

7.2. Benefits Analysis

7.2.1. Variation from Current (CAPEX)

Generally, your business case will only present increases in CAPEX unless your project is retiring existing infrastructure. And even then, it is likely that retiring existing infrastructure will reduce OPEX such as removal of maintenance and licenses of the outgoing solution.

7.2.2. Variation from Current (OPEX)

This is generally where you will build the strongest case for your new project when viewed by the project sponsors. If you refer back to the "Lower OPEX" column in Table 1 above, you will identify the various opportunities for OPEX reductions upon which you can build the strength of your business case.

You will need to benchmark your existing situation and estimate the post-project-implementation to provide an analysis.

For example, after implementation of an Alarm Management System at OSS level instead of having one engineer reviewing alarms at each of the five NMS (ie 5 staff), you can reduce this to only 2 staff reviewing all alarms across all platforms. Future implementation of alarm reduction and root-cause analysis engines may allow a further reduction to only 1 staff.

Another example may be the centralised management of spares allows for a 50% reduction in spares on hand, which leads to a capital efficiency improvement.

7.2.3. Additional Revenues

If you refer back to the "Revenue Increase" column in Table 1 above, you will identify the various opportunities for additional revenues upon which you can build the strength of your business case.

There are some significant opportunities to build additional revenues identified in Table 1. You will need to benchmark your existing situation and estimate the post-project-implementation to provide the detailed financial analysis.

We've created a blog post called "An alternative profit" on PassionateAboutOSS.com that describes how a multi-million dollar OSS had a payback period of only a few months after identifying many unbilled services.

Another example would be in delivering an OSS of such flexibility that your organisation could deliver new services to customers months earlier than competitors, thus taking a significant march on market share. How much might this be worth to your organisation? I'm sure you'll be able to prepare a metric that provides an estimate that makes your project quite compelling.

7.2.4. Brand Value

This is actually one of the most valuable assets of any large organisation. In an increasingly commoditised CSP market, it is one of the few assets that can provide long-term competitive advantage. Brand value is one of the less tangible benefits that can be derived from a new OSS but it can also be one of the most powerful.

If you refer back to the "Brand Value" column in Table 1 above, you will identify the various opportunities for improving brand value and hence opportunities to build the strength of your business case.

There are two aspects of brand value improvement:

- Brand insurance – protecting your brand from criticism and customer churn via high levels of service quality and reliability
- Brand improvement – increasing the lustre of your brand by consistently bringing attractive products to market earlier than your competitors

There are a number of different ways to calculate brand value and can be determined at a corporate level or at a product/service level. Depending on your solution, it could be either or both.

At a product/service level, brand value can be calculated by comparing the market value of your product with a comparable product that has negligible brand value (ie a commoditised equivalent). By calculating the different price points, you can calculate additional profits earned due to brand image, then calculate present value of the stream of combined additional profits in the future. Before and after estimates will give you an additional brand value derived from the introduction of your OSS project.

At a corporate level there are several alternatives. A method to use here is to measure your organisation's market capitalisation and deduct the value of all assets (except the brand). The remainder can be considered to be brand value. You can attempt to model future market cap after the introduction of your OSS project and indicate increases in brand value.

7.2.5. Intangible Benefits

Despite your best efforts to quantify the benefits in Table 1, there may still be significant benefits that remain intangible but still add weight to your business case. Include these too of course.

7.3. Payback Period

You will have to demonstrate the return for your organisation's time, capital and all associated risks. The payback period of your project is basically the period of time taken to recover the costs of your project (ie the period of time that the accumulated benefits in section 7.2 are required to overtake the costs identified in section 7.1.

The lower the number, the more compelling your business case will be to possible project sponsors, hence the importance of being able to quantify the benefits listed in Table 1.

8. And Finally....

- Keep your OSS Business Case focussed and concise. Don't try to convey too much information to time-poor executives / stakeholders
- Keep all supporting documentation and calculations ready if stakeholders want to delve deeper
- Good luck!!