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Appendix B: Business Case Methodology

This section provides an overview of the business case methodology employed in developing this document. The elements addressed by this business case deliverable are listed and linked to the methodology and the appropriate section within this document. A guide to the contents of each section is also included.

B.1. Business Case Methodology Employed

The MAXIMUS business case Methodology is a ten-step process that analyzes the state's business needs and articulates the best alternatives and vision for the future.

Our business case methodology, depicted in ***Exhibit B-1: MAXIMUS Business Case Methodology***, has served as a blueprint for development of the business case for the Alaska Statewide Administrative Systems Replacement Project. MAXIMUS efforts began with establishment of a vision, moved to background research and benchmarking, then proceeded to identify and analyze – based on cost, benefit, and risk – the alternatives that may help achieve the project's vision. The methodology included extensive agency involvement in interviews and surveys, and culminated with the presentation of this business case to the project's Executive Leadership and other statewide stakeholders.

As shown in ***Exhibit B-1: MAXIMUS Business Case Methodology***, the methodology includes ten activities:

1. Conduct Background Research and Benchmarking Activities. This is the process for gathering background information, interviewing key participants, and conducting benchmarking activities that documents and assesses similar project initiatives.

2. Developing the Vision. This is the approach to developing a vision of the agency future. Where does the state want to be in five years? What are the agency goals?

3. Alternatives Identification. This is the process of defining the alternatives, documenting elimination of alternatives, and creating a framework for structuring the investment decision for remaining alternatives that have the best fit for Alaska.

4. Cost Determination and Analysis. This is the process of defining the various costs that will influence the investment decision.

5. Benefits Definition and Analysis. This is the identification of both quantitative and qualitative benefits, identifying productivity and level-of-service improvements and how to obtain these benefits.

6. Risk Assessment and Analysis. This is the process of defining the risk factors affecting any IT investment, and how proper management can control or minimize these risks.

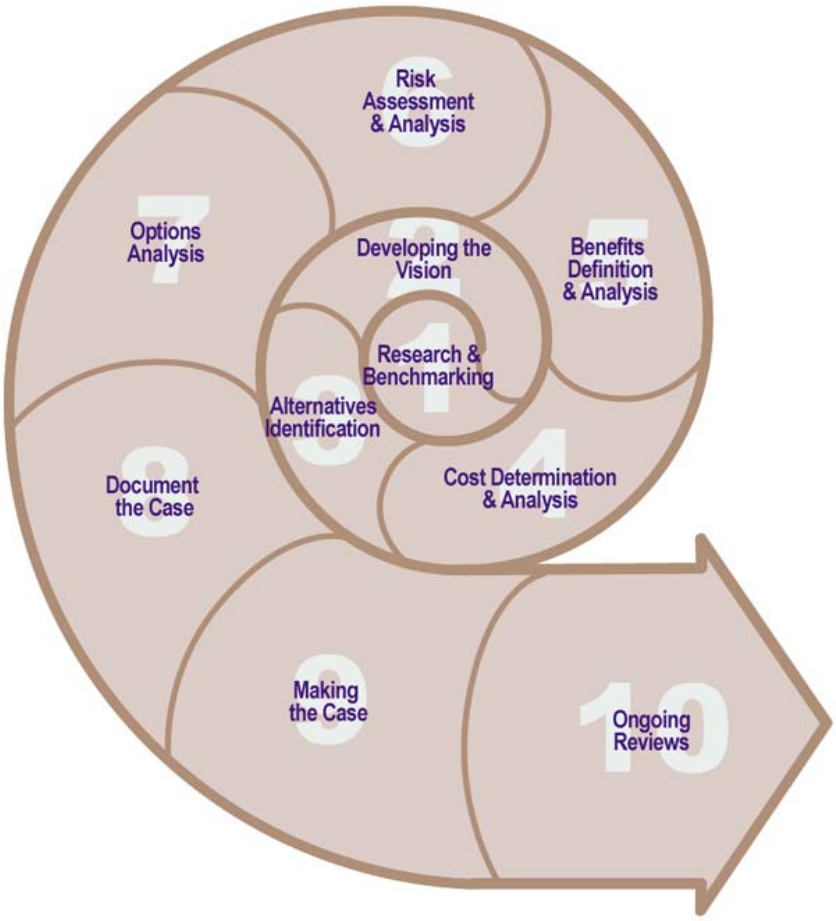
7. Options Analysis. This is the process of defining how to choose the most beneficial alternative from among those examined in the business case.

8. Document the Case. This is the process of defining how to put together the business case documentation.

9. Making the Case. This is the process of defining tips on how to present proposals successfully.

10. Ongoing Reviews. This action defines how to ascertain that the decision to invest remains valid.

Exhibit B-1: MAXIMUS Business Case Methodology



These ten activities, when completed, provide the necessary information to create Alaska's business case. Alaska's business case comes together in two main report divisions.

The first division focuses on the results of interviews, surveys, analysis, and the like appearing in the following sections:

1. Executive Summary – Presents Alaska with a summary of the detail contained within the business case.

2. Vision – Formalizes the Statewide Administrative Systems Replacement Project's mission and identifies the project's goals and objectives.

3. Assessment of the Current Environment – Summarizes the MAXIMUS assessment of Alaska's Administrative Systems and background information from interviews, surveys, and assessments.

4. Best Practices and Lessons Learned Assessment of Comparable State Administrative Systems Implementations – Describes comparable state implementations examining their "best practices" approach and significant "lesson learned".

5. Analysis of Alternatives – Identifies alternative courses of action that may be taken by the Statewide Administrative Systems Replacement Project and the associated benefits, costs, risks, and timeframes.

6. Considerations for Moving Forward – Suggests Statewide Administrative Systems Replacement Project quick wins, common project risks facing the initiative, Alaska state risks, a strategy for moving forward in fiscal year 2004, and a task list of activities.

The second division, appearing as appendices, documents the detail used to formulate the recommendations for Alaska's future administrative systems. Information includes:

1. Appendix A: Glossary – Contains a glossary of the key terms and acronyms used in this document.

2. Appendix B: Business Case Methodology – Describes an overview of the business case methodology employed in developing this business case document, the deliverables to be addressed by this business case, and the summary of the report contents.

3. Appendix C: Alaska's Statewide Administrative Systems Overview – Documents background information regarding Alaska's Administrative Systems, the subject of this business case.

4. Appendix D: Agency Interviews – Interviews with employees from ten functional areas that manage or have key relationships to the business processes supporting Alaska's administrative systems.

5. Appendix E: Agency Survey Responses – Responses to survey forms collected from ten functional areas referred to in Appendix D.

6. Appendix F: Statewide Administrative Systems Replacement Project Business Case & Requirements Participants.

7. Appendix G: Outsourcing IT Services Contracts – Series of 13 research papers presenting issues and strategies for developing IT service contracts between service recipients and service providers.

8. Appendix H: Bibliography – Listing of the key documents and sources of information used as reference material in developing this document.

B.2. Deliverable Scope

The business case must respond to the scope of deliverables outlined in the RFP.

To understand how the MAXIMUS business case methodology was applied in the development of this document, it is important to understand the components and purpose of the business case. The business case will clearly state the project mission, scope and goals and examine alternatives for achieving these goals, including identification of the benefits, deficits, and risks of all feasible alternatives. Specifically the business case will:

1. Document the State of Alaska's current situation with regard to statewide systems;

2. Identify areas where State of Alaska business processes could benefit from applying best practices;

3. Pinpoint key elements for success of any replacement system(s) by working with user groups;

4. Educate state legislative, executive, and operational personnel about the risks, benefits, and process of implementing any replacement system(s);

5. Propose system alternatives that will produce Alaska's desired ultimate outcome of an integrated system environment. To the extent feasible, present alternatives that provide for:

    a. Statewide administrative functions to be served by a single or integrated software product(s),

    b. A single user sign-on that is compatible with LDAP,

c. Consistent look and feel across functions,

d. Security maintenance reduced to a single set of profiles, and

e. Other benefits that arise from consolidating many stand-alone applications;

6. Differentiate between possible solutions so that gaps and fits relative to State of Alaska requirements are identified;

7. Provide a recommendation for going forward based on the analysis of alternative data and organization factors specific to Alaska;

8. Create an RFP for a statewide solution; and

9. Manage any resulting implementation of the solution.

B.3. Deliverables Linked to Business Case

Each scope of work identified in the RFP is addressed within the business case.

The MAXIMUS business case is a comprehensive application of our methodology requiring a map or matrix to link the deliverables to the specific sections of this business case document. ***Exhibit B-2: Matrix of Business Strategy and Deliverable Activity*** below provides this linking of deliverables to the MAXIMUS business Strategy and its activities described above.

Exhibit B-2: Matrix of Business Strategy and Deliverable Activity

Development of a Business Case	
Deliverable (elements)	**Business Strategy**
1. Document the State of Alaska's current situation with regard to statewide systems.	Appendix C: Alaska's Statewide Administrative Systems Overview Section 3: Assessment of Current Environment
2. Identify areas where State of Alaska business processes could benefit from applying best practices.	Section 4: Best Practices and Lessons Learned Assessment of Comparable State Administrative Systems Implementations Supplemented with knowledge of future requirements by analysis of the "Alaska Fit" requirements.

Exhibit B-2: Matrix of Business Strategy and Deliverable Activity (continued)

Development of a Business Case	
Deliverable (elements)	**Business Strategy**
3. Pinpoint key elements for success of any replacement system(s) by working with user groups.	Section 2: Vision
4. Educate state legislative, executive, and operational personnel about the risks, benefits, and process of implementing any replacement system(s).	Section 5: Analysis of Alternatives Section 6: Considerations for Moving Forward
5. Propose system alternatives that will produce Alaska's desired ultimate outcome of an integrated system environment. To the extent feasible, provide alternatives which provide for: ▪ Statewide administrative functions to be served by a single or integrated software product(s), ▪ A single user sign-on that is compatible with LDAP, ▪ Consistent look and feel across functions, ▪ Security maintenance reduced to a single set of profiles, and ▪ Other benefits that arise from consolidating many stand-alone applications.	Section 5: Analysis of Alternatives
6. Differentiate between possible solutions so that gaps and fits relative to State of Alaska requirements are identified.	Section 3: Assessment of Current Environment Section 5: Analysis of Alternatives Supplemented with knowledge of future requirements by analysis of the "Alaska Fit" requirements.

Exhibit B-2: Matrix of Business Strategy and Deliverable Activity (continued)

Development of a Business Case	
Deliverable (elements)	**Business Strategy**
7. Provide a recommendation for going forward based on the analysis of alternative data and organization factors specific to Alaska.	Section 5: Analysis of Alternatives Section 4: Best Practices and Lessons Learned Assessment of Comparable State Administrative Systems Implementations
8. Create an RFP for a statewide solution; and	Option of the contract between Alaska and MAXIMUS for further participation after business case development. "Alaska Fit" requirements are the basis for defining the integrated systems requirements for a statewide solution.
9. Manage any resulting implementation of the solution.	Option of the contract between Alaska and MAXIMUS for further participation after business case development.

B.4. "Alaska Fit" Requirements

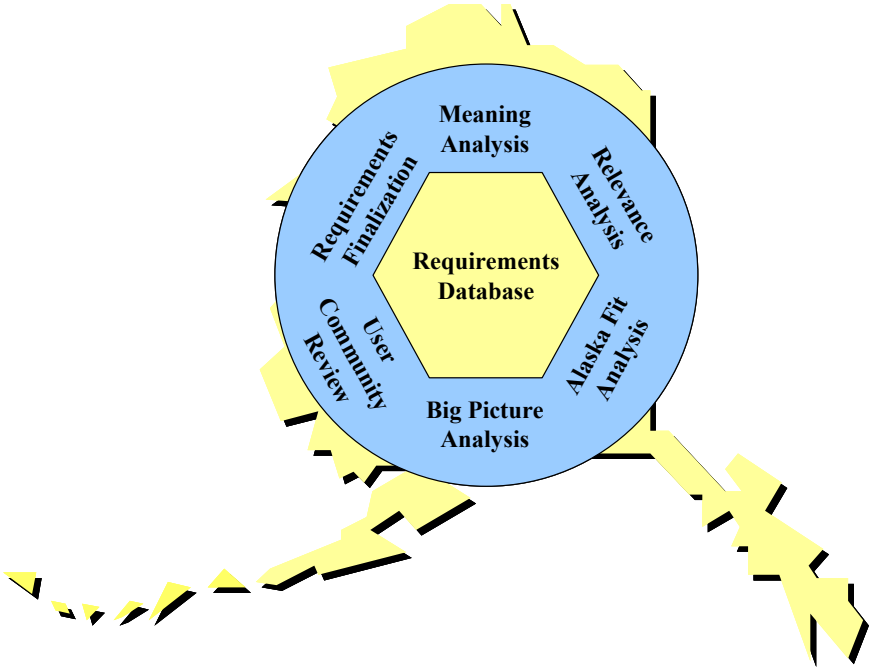
In addition to the effort made in producing the business case, MAXIMUS assisted the State in establishing detailed system requirements for the development of an RFP. The knowledge derived from this process supports the analysis of potential benefits from applying best practices, and differentiates between possible solutions so that gaps and fits relative to State of Alaska requirements are identified. Although this "Alaska Fit" requirements methodology is not part of the business case methodology, it is presented so the reader understands how the requirements effort supported the development of this document.

The "Alaska Fit" requirements methodology is a six-step process, analyzing a base of requirements and refining them to meet the state's needs.

The "Alaska Fit" requirements methodology, depicted in ***Exhibit B-3: "Alaska Fit" Requirements Methodology***, has served as a blueprint for development of the requirements for the systems to be replaced by the Alaska Statewide Administrative Systems Replacement Project. The requirements definition process began with a database of administrative systems requirements collected from recent MAXIMUS projects with similar aims – replacing payroll systems, outsourcing personnel management, upgrading the entire suite of government business systems, etc. These were projects at both the state and county level, so a wide range of functional requirements were listed.

As shown in ***Exhibit B-3: "Alaska Fit" Requirements Methodology***, the methodology includes six activities. The activities are a series of processes that define and refine Alaska's business needs by combining central administrative agency and department requirements.

Exhibit B-3: "Alaska Fit" Requirements Methodology



Initially, teams of core subject matter experts (SMEs), primarily from central administrative departments, reviewed each of the requirements, and took them through the first three of four steps of interpretation, or "gates". The first three steps include:

1. Meaning Analysis. SMEs studied the requirements to determine their meaning to the state by answering the following questions. Do we know what the requirement means as written today? Do we understand the terminology? Is it unfamiliar to us? What aspect of its assigned functional area is it describing?

2. Relevance Analysis. SMEs determined the relevance of the requirements to their applicability to the state's system needs by answering the following questions. What is the requirement's relevance for the business of the State of Alaska? Does it refer to something that is important to us, or will be important to us in the future?

3. Alaska Fit Analysis. SMEs agreed on the applicability of requirements and made them "Fit" Alaska's needs by answering the following questions. How can we change the wording to make each requirement easily understood and clear to the user community here in Alaska? How can we make it fit our needs, and describe what we want to be able to do?

Next core SMEs and agencies conducted additional reviews of the requirements. Core SMEs performed a big picture analysis, while agencies reviewed the requirements to ensure they met their business needs. These steps include:

4. Big Picture Analysis. SMEs refined requirements and developed position papers concerning statute, policy, practice, process, and organizational issues identified in previous requirements analysis by answering the following questions. How do the various requirements in a functional area combine to describe the "big picture" for that function? What's missing? What is extra and should be removed? How does the requirement change the way we do business? What are the ramifications of that effect?

5. User Community Review. The requirements were reviewed by a wider group of SMEs in the statewide administrative systems user community. They were provided an opportunity to comment on the individual requirements through a Web-based application that gathered the comments for each requirement. The core SMEs reviewed the comments and used them to modify and publish updated versions of the requirements.

6. Requirements Finalization. Core SMEs conducted a final review of all the requirements position paper for each of the functional areas to ensure that final requirements represented a coherent picture of the state's integrated systems requirements. Language and wording was standardized and normalized across the entire requirements database, and a final version was published and approved by the steering committee.

The result of the Alaska's "Fit Requirement" process culminated in the identification of more than 1,600 business requirements. These requirements capture business across functions including:

- Allocations
- Assets and Inventory
- Bond Accounting
- Budgetary Compliance
- Budget Development
- Expenditures
- Financial Cross Cutting
- Human Resources
- One Card
- Payroll

- CAFR Accounting
- Cash Management
- Cost Collector
- Procurement
- Reporting
- Revenues