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ICT Guideline

Benefit Tracking

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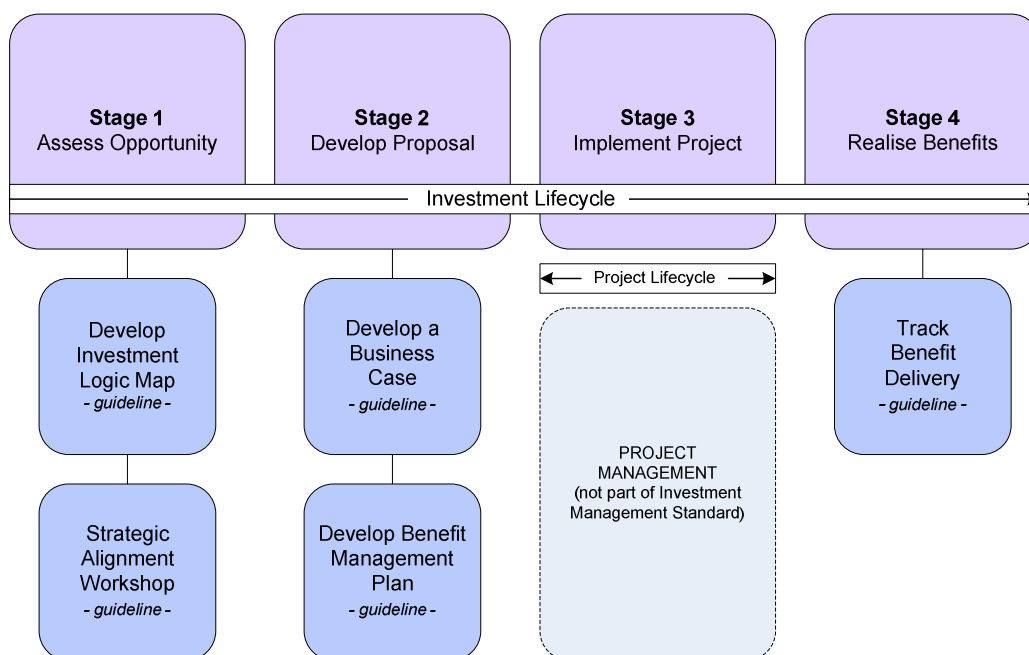
1 About this guideline

1.1 Introduction

The investment management process outlined in the Investment Management Standard involves six separate activities as depicted in Figure 1 below. The sixth activity is the tracking of benefits that the investment delivers and reporting these in relation to the original benefit expectations.

This guideline defines the purpose of benefit tracking and provides an approach that responds to the Benefits Management Plan contained in the previous guideline.

Figure 1: The Investment Management Guidelines



The tracking and reporting of the benefits that an investment provides establishes the evidence of the ultimate success of the investment. Without this evidence there can be no confidence that the intended benefits were achieved.

There is substantial anecdotal evidence that investments that aim for service transformation provide significant benefits that were not foreseen at the time of investment. Benefits of this type are seldom understood or measured and are therefore not able to be claimed nor can they be considered when making subsequent investment decisions.

The tracking and reporting of benefits is the means to validate the success of an investment and to provide a new source of knowledge that can inform future investment decisions. This activity provides information where there previously was none and enables an informed conclusion to a benefits-orientated investment discussion.

1.2 Reporting of benefits

During the project lifecycle phase of an investment most large projects are required to report progress against budget and schedule expectations on a regular basis - monthly or quarterly. The reporting of this is normally made to the investor. The major project deliverables are normally identified in the Benefits Management Plan as pre-requisites to the delivery of the benefits.

The reporting of benefits can use the same reporting system but, by its nature, will have a longer timeframe as the delivery of benefits normally commences following the completion of the project and may continue for some years.

2 Creating a benefit report

2.1 Overview

Using the KPIs and the measures identified and defined in the Benefit Management Plan, it is possible to implement a simple benefits tracking and reporting system. A spreadsheet tool has been developed in which the expected benefits, KPIs and measures and the actual achievement of these can be recorded.

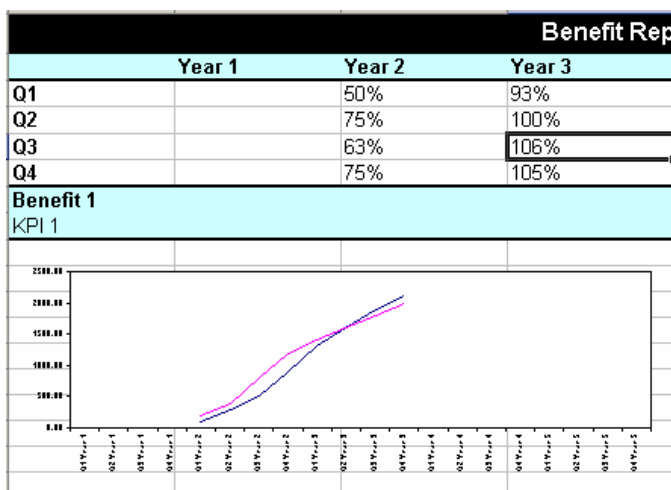
Raw data is captured for each KPI. Figure 2 (below) is an example of how raw data is recorded for each KPI.

Figure 2: Expected v. Actual Benefits KPI Data

KPI 1 Data			KPI 2 Data		
Quarter	Actual KPI 1	Target KPI 1	Quarter	Actual KPI 2	Target KPI 2
Year 1 Q1	0.00	0.00	Year 1 Q1	0.00	0.00
Year 1 Q2	0.00	0.00	Year 1 Q2	0.00	0.00
Year 1 Q3	0.00	0.00	Year 1 Q3	0.00	0.00
Year 1 Q4	1.00	2.00	Year 1 Q4	65.00	100.00
Year 2 Q1	1.00	2.00	Year 2 Q1	65.00	100.00
Year 2 Q2	1.00	2.00	Year 2 Q2	65.00	100.00
Year 2 Q3	1.00	2.00	Year 2 Q3	65.00	100.00
Year 2 Q4	3.25	3.50	Year 2 Q4	320.00	400.00
Year 3 Q1	3.25	3.50	Year 3 Q1	320.00	400.00
Year 3 Q2	3.25	3.50	Year 3 Q2	320.00	400.00
Year 3 Q3	3.25	3.50	Year 3 Q3	320.00	400.00
Year 3 Q4	5.00	5.00	Year 3 Q4	1800.00	1800.00

These are then depicted as two curves - one representing the *expected* achievement of benefits and the other representing the *actual* achievement. Figure 3 (below) is an example of how the delivery of actual benefits against expected benefits is depicted.

Figure 3: Expected v. Actual Benefits Curves



It is not expected that new tracking systems will need to be created but rather that existing project management reporting systems are extended for the duration of the investment lifecycle rather than concluding when a project is implemented. This will also enable the integration of the *project status* with the *investment status* as required for the Investment Proposition Review described in the *Investment Proposition Review Guideline*.

This approach also identifies and tracks *unplanned benefits* that have resulted from the investment.

2.2 Directions for using the Benefit Report Template

- **Benefit Report (Worksheet 1)**

General information needs to be added about the project to ensure the report can be used as a standalone document. Much of this information is available from the benefit management plan or a business case.

- Project Name

Enter the project name as it appears in either the benefit management plan or the business case.

- Department/Agency

Identify the department or agency with primary responsibility for realising the benefits arising from this project.

- Years 1, 2, 3, 4 and 5

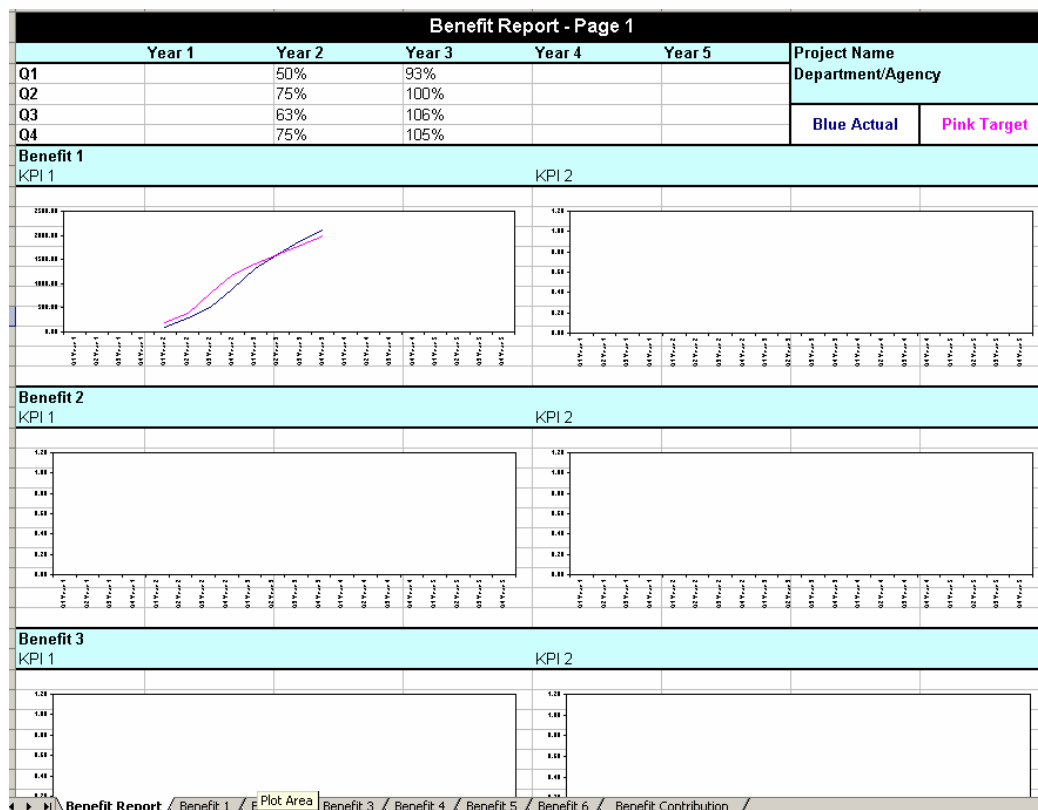
Enter the years across the top of the form in place of Year 1, Year 2, Year 3, Year 4 and Year 5. Year 1 is the year in which the first measurement of benefit realised will be undertaken.

- Key Performance Indicator

Provide a description of the KPI.

Apply to both KPI 1 and KPI 2.

Figure 2: Benefit Report Summary Worksheet 1



Benefits 1 to 6 (Worksheets 2 to 7)

The benefit profiles determine the level of realisation for each benefit in a given quarter. The profiles use information obtained from both the investment logic map and the benefit management plan.

- Benefits 1 to 6

The name of each benefit as identified in the investment logic map.

- Weighting

The significance of this benefit as identified in the investment logic map.

- The target value

The value expected by the last quarter.

Apply to both KPI 1 and KPI 2.

- Increase/Decrease

Indicates whether the value increasing or decreasing over time (e.g. a move from 100 complaints a year to 10 complaints a year would be a decrease).

Apply to both KPI 1 and KPI 2.

- First quarter

This is the first quarter in which realisation of the KPI will be measured and reported.

Apply to both KPI 1 and KPI 2.

- Last quarter

This is the last quarter in which realisation of the KPI will be measured and reported.

Apply to both KPI 1 and KPI 2.

Figure 3; Benefit Report Detail Worksheet 2-7

Benefit 1				Total Benefit	
Benefit Information				100.00%	
Weighting	100.00%				
KPI 1					
The Target Value	2500.00				
Increase/Decrease	Increase				
First Quarter	Q1 Year 2				
Last Quarter	Q4 Year 3				
KPI 1 Data			KPI 2 Data		
Quarter	Actual KPI 1	Target KPI 1	Quarter	Actual KPI 2	Target KPI 2
Q1 Year 1			Q1 Year 1		
Q2 Year 1			Q2 Year 1		
Q3 Year 1			Q3 Year 1		
Q4 Year 1			Q4 Year 1		
Q1 Year 2	100.00	200.00	Q1 Year 2		
Q2 Year 2	300.00	400.00	Q2 Year 2		
Q3 Year 2	500.00	800.00	Q3 Year 2		
Q4 Year 2	900.00	1200.00	Q4 Year 2		
Q1 Year 3	1300.00	1400.00	Q1 Year 3		
Q2 Year 3	1600.00	1600.00	Q2 Year 3		
Q3 Year 3	1900.00	1800.00	Q3 Year 3		
Q4 Year 3	2100.00	2000.00	Q4 Year 3		

• **Benefit Contribution (Worksheet 8)**

Information on the reporting quarters (past, present and future) is required in order to determine how much of the benefit has been realised to date.

○ Current Quarter

Select the appropriate values for each year (1st Quarter, 2nd Quarter, 3rd Quarter, 4th Quarter, Previous or Future Year).

1st to 4th Quarter: If this is the current year, select current reporting quarter.

Previous Year: Select Previous Year where the year is in the past.

Future Year: Select Future Year where the year is yet to commence.

○ First Quarter

Select the quarter in which benefit reporting commenced. This quarter must be within the first year of benefit monitoring.

Figure 4: Benefit Report Contribution Worksheet 8

Benefit Contribution					
	Year 1	Year 2	Year 3	Year 4	Year 5
Q1		0.50	0.93		
Q2		0.75	1.00		
Q3		0.63	1.06		
Q4		0.75	1.05		
Select Quarters					
Current Quarter	Future Year	4th Quarter	4th Quarter		
First Quarter	4th Quarter				

Appendices

Appendix 1: Glossary

Benefit Management

Benefit management is the process of organising and managing such that the benefits expected of the investment are tracked and reported.

Benefit Management Plan

A benefit management plan is the document which identifies the benefits expected to be achieved by a specific investment and specifies the criteria for their achievement and who is responsible for their measurement and achievement.

Benefit Report

A benefit report is status report on each benefit claimed in the benefit management plan. The raw data on the KPI's is entered and the output is reflected in terms of the total benefit achieved at a point in time.

Government

Government is the party that has the confidence of the lower house, and from whose numbers ministers are appointed.

ICT

Information and Communications Technologies

Investment Logic Map

An investment logic map is a clear, diagrammatic representation of the relationships between the investment rationale (drivers, objectives and benefits) and the project activities (business changes and enablers).

Investment Management Standard

The investment management standard is a document which provides direction on the implementation of this policy.

Investor

The person that has identified a business need and will be responsible for making an investment aimed at satisfying that need. The investor will ultimately be responsible for achieving the benefits that had been the intention of the investment.

IT

Information Technology

KPI

Key performance indicator

Project

A project is a planned activity that contributes to the resolution of an issue and is unique and temporary in nature. That is, has a designated end date and unique and well defined end result/s.

Appendix 2: Further Information

For further information:

- Go to <http://www.dtf.vic.gov.au>
- Select Information Systems and Infrastructure Office
- Select Contact details