

# Investment Lifecycle and High Value/High Risk Guidelines

*Stage 2: Prove presents the issues agencies should consider when they are building a full business case proposal for an investment. It assists agencies to revalidate the policy merit and strategy for change, conduct a solution options analysis, and prove that the recommended solution can be delivered as planned.*

*Remember: Engage with DTF representatives early in the business case development process.*

## 2 >>>

Stage 2 allows agencies and decision-makers to build a rigorous case for investing in a proposal, including proving the proposal has policy merit and is deliverable.

### Technical guidelines:

The full business case should be shaped over the entire life of the proposal. Technical research and analysis that is input into the full business case spans a vast array of disciplines and levels of expertise. To help with the trickier bits, DTF have developed the following specialist technical guidelines, including:

- ▲ Economic evaluation
- ▲ Real options
- ▲ ICT
- ▲ Governance
- ▲ Project costing and budgeting
- ▲ Procurement strategy
- ▲ Risk management

### Revalidate the strategic and policy case for change

*Is the policy merit and strategy for change still valid?*

#### CONSIDERATIONS:

Revalidate information and build the evidence base to support the work undertaken at Stage 1: Conceptualise.

#### KEY TASKS:

- ▲ Be very clear about the context for the proposal.
- ▲ Revalidate the problem.
- ▲ Revalidate the benefits the investment will achieve.
- ▲ Further investigate the strategic response.

#### BUSINESS CASE TEMPLATE:

Part 1, 2 and 3 of the full business case template.

#### USE OF THE IMS:

At this stage you should revisit the documents produced during the investment management standard workshops in Stage 1: Conceptualise. Is the information still valid?

### Conduct solution options analysis

*Have we fairly evaluated a range of feasible options to select the best VfM solution?*

#### CONSIDERATIONS:

Conduct a value-for-money comparison of solution options to select the recommended solution. Information to support analysis should be evidence based and defensible.

#### KEY TASKS:

- ▲ Select and describe solution options.
- ▲ Understand impacts and opportunities of solution options (socio-economic, financial, risk).
- ▲ Conduct economic evaluation.
- ▲ Integrate quantitative and qualitative impacts.
- ▲ Evaluate and rank options in an integrated analysis.

#### BUSINESS CASE TEMPLATE:

Part 4 of the full business case template.

### Prove the recommended solution can be delivered as planned

*Can the recommended solution really be delivered?*

#### CONSIDERATIONS:

Demonstrate how this investment will deliver on its intent, during its implementation and throughout its life.

#### KEY TASKS:

- ▲ Describe the recommended solution and implementation plan in detail.
- ▲ Outline how the investment will respond to uncertainty where applicable.
- ▲ Undertake rigorous project costing and determine project budget.

What is the plan for implementing and operating the investment from the following perspectives?

- ▲ Commercial and financial (procurement, risk assessment, cost, funding sources)
- ▲ Management (governance, stakeholder engagement and communications, project management strategy)
- ▲ Delivery (change management, timelines and mile-stones, performance measures and benefits realisation, readiness and next steps, signoff, exit strategy)

#### BUSINESS CASE TEMPLATE:

Part 5 of the full business case template.

## 3 >>

**What's next?:**  
*Stage 3: Procure*

## 1 CONCEPTUALISE

PRELIMINARY BUSINESS CASE

### STRATEGIC ASSESSMENT

Problem  
Benefits  
Strategic response  
Indicative solution

## 2 PROVE

FULL BUSINESS CASE

### Revisit and validate:

Problem  
Benefits  
Strategic response

#### Plus:

Value for money project options assessment  
Solution deliverability

BUILD EVIDENCE

## SCALABILITY

The level of detail in the full business case should be appropriate to the scale and complexity of the investment.

*Key issues to consider when preparing for a full business case:*

- ▲ Has broad and balanced research been conducted to support an evidence based approach?
- ▲ Have lessons from other investments been considered?
- ▲ Which stakeholders are best placed to assist with the development?
- ▲ Has the reason for government intervention been considered?
- ▲ Is this investment impacted by significant uncertainty?
- ▲ Should a real options approach be considered?
- ▲ What market based solutions could be appropriate to this investment?

## REVIEW YOUR THINKING

Throughout this process review your thinking using the investment assessment checklist (16+Questions) at each step.



For specific guidance, worked fictional examples and further information requirements, please refer to the **Stage 2: Prove** guideline: [www.lifecycleguidance.dtf.vic.gov.au](http://www.lifecycleguidance.dtf.vic.gov.au)

# Prove Process

**KEY**

- Guidelines
- Template
- Tool
- Booklet

**STAGE 2**

Government agency develops full business case (FBC)

- IMS
- Stage 2: Prove guideline
- Other technical guidelines

