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Welcome to CMS IT Governance Training – Building your Business Case - Analysis of Alternatives. In this short video we're going to explain what an alternatives of analysis is, why you need one, and where to start.

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A Business Case isn't the only time you will need to create an Analysis of Alternatives, but it is probably the most complex, so that's what we'll talk about most.

The Analysis of Alternatives is exactly what it says in the name – you identify and perform a comparison of various solutions for a specific business problem. They don't all have to be IT solutions and probably shouldn't be – we often fall back on solutions that we are most comfortable and familiar with, but in the long run, those aren't always the best choice.

This analysis is performed for various reasons – First, we want to figure out the best solution for our problem, even if it isn't the most convenient, so we want to demonstrate that we have assessed alternative solutions. Second, we also want to have enough information on hand to be informed so we can judge the different alternatives on an even basis, and we can't do that unless we put some effort into investigating the options. Third, we want to demonstrate that we have performed our due diligence in our acquisition planning, so that it will withstand potential future audits, and so we can be sure we are choosing the best solution.

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Sometimes Alternatives are easy to find – A Customer Relationship Management tool, for example, or a Business Intelligence tool. We already have several products in house here at CMS. You just might need to find the best fit. You can find information about them from our OIT sources in the Enterprise Architecture Group (EA).

After you submit your Intake form for the TLC process you may have an introductory meeting, where EA can provide some options and alternatives, and point you in the right direction for additional solutions. EA may also direct you to other Business areas that have similar functions, to see how they have solved their problem. They can have

good information, not just for identifying potential solutions, but also for estimating costs.

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Current guidance recommends that we house our system in the CMS Cloud whenever possible. Security requirements guide us to the most secure solutions.

Some business problems are more unique or more complex. CMS's preferred type of software acquisition is Open Source software, or Commercial Off the Shelf, or COTS, packages. But as a government agency, we often have unique requirements that Open Source or COTS packages cannot accommodate, or the customization would be too costly. So, we may need a custom software solution.

Oftentimes, different requirements and recommendations can be in conflict with one another. The Analysis will allow these conflicts to be assessed against each other.

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The Alternatives Analysis gives us the opportunity to choose 3 or 4 options that seem reasonable, and build out some information so we can compare them against each other. Even just identifying the options is a starting point that will allow you to move forward to compiling more information. You may start with more than 3 or 4 ideas, but you probably only want to go into detail on that many.

You are laying the foundation for your Analysis of Alternatives by reviewing multiple options and eliminating the ones that are not reasonable.

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For unique or complex projects, you might consider issuing a public Request for Information, or RFI to get some ideas about alternatives. This will give contractors the ability to weigh in with their proposed solutions, and may elicit some potential cost information too, though nothing in a response is binding. The RFI will take some months to do, and you have to have a well thought out Business problem defined in order to write one.

Doing nothing is also an option. If a process is already being performed manually, that could be included in the Alternatives Analysis as an option. In order to include it, you must do an analysis of the manpower costs, usually of manpower, for the existing

process. You can use this in your Cost Savings calculations, since your new process would replace the manual one.

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Providing a five year cost forecast can be the toughest part of the Analysis when you are assessing a brand new application. You can look for similar projects in the agency and estimate your costs along those lines. If you issued an RFI, that may give you some cost information. If there are no similar projects, you must build your cost estimate from known costs, adding estimates for elements where you have no firm information. Build your estimate component by component, and show each line item in your cost estimate, so if someone has more information than you about a particular component, they will be able to provide you with additional guidance.

Some of the component costs might be: Hosting, Software licenses, contractor costs, and training. You may have other costs that are specific to your project.

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The Governance Review Team, or GRT, will review your Alternatives in preparation for the Governance Review Board, or GRB. The GRT review is a forum for the CMS Subject Matter Experts to inform you about potential issues with your chosen options, or give you some good ideas about how to get more information about a specific alternative, or even tell you about an option that you had not even considered.

Going to the GRT doesn't mean that you are going to the GRB right away. You can use that review as an information gathering tool, as long as you have already done the groundwork, and go back to revise your Analysis using the guidance provided. It may lead you to do more research, and revision of your Analysis before you go to the GRB.

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The GRT will make written recommendations to the GRB about your Alternatives. You will know what those recommendations are before you go to the GRB, so if you prefer an Alternative that has negative feedback from the GRT you should have some solid reasoning behind that choice in order to defend it.

You will present your Alternatives to the GRB, usually concentrating your presentation on your preferred choice, if you have one. The members of the GRB may ask for more

detail about any of the outlined options, so you should be prepared to explain why you prefer the one you have chosen.

Rarely, the GRB may not agree with any of the outlined options, if they know of other solutions that should have been part of the Analysis. In that case they may request re-working of the Analysis or may approve a project to investigate possible additional options.

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Another time you may need to perform an Analysis of Alternatives is if your Annual Operational Analysis indicates that your investment isn't achieving its intended outcomes. In that case, your options for analysis will be more prescribed, as you will be comparing the existing investment against specific scenarios that could improve the financial outcome.

In Summary, you should now know why you are creating your Analysis of Alternatives, what the basics are in putting one together, and how it will be used.

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If you have questions about the CMS Governance process, the Target Life Cycle, how to start planning a project, or how to make changes to a project that is already in operation, feel free to reach out to us at I-T underscore Governance at C-M-S dot H-H-S dot GOV. Or visit our website at W-W-W dot C-M-S dot GOV slash T-L-C.