



# Project Definition

A New Approach

*Prepared by Integral Computing Services, Inc.*

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# Challenge

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Over time, the percentage of Business as Usual (BAU), routine operational - “keep the lights on”, and operational tasks being classified as projects has steadily risen. As a result, project managers are stretched thin and not necessarily focused on delivering the most valuable and strategic initiatives.

**Challenge:** Establish criteria to differentiate Project work from non-Project tasks

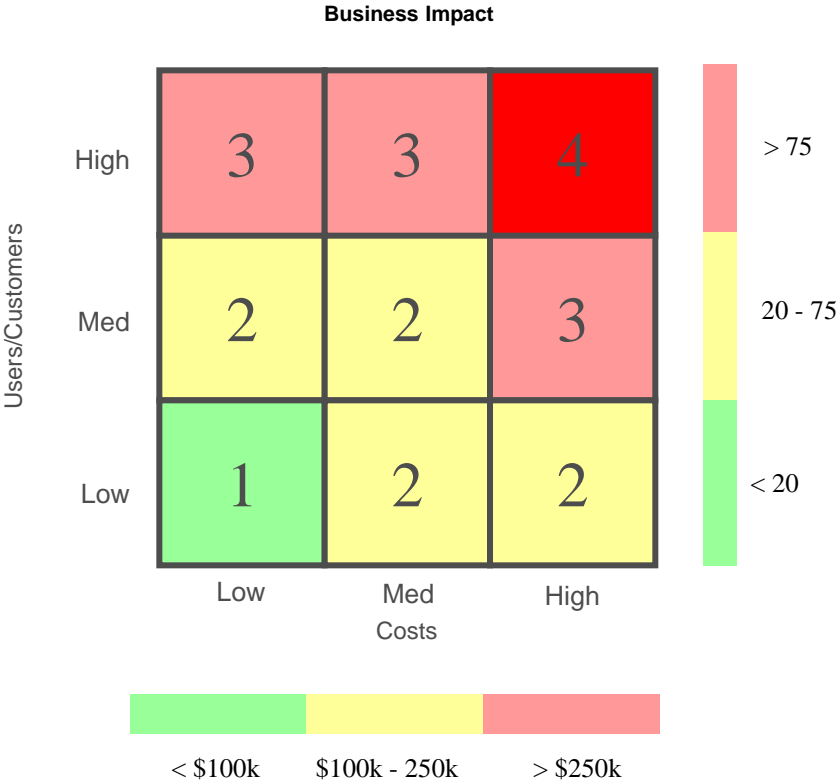
**Solution:** Evaluate proposed project work along three business metrics

1. *Business Impact* – How critical is the work relative to business operations. This metric is evaluated based on the number of impacted customers against possible cost outlay or cost avoidance
2. *Level of Effort* – How much labor and company resource is required to perform the work. This metric is the function of number or resources (human or otherwise) against forecasted duration of the effort
3. *Risk Profile* – Risk profiling can be a complicated process. For our purposes, a simplified approach is recommended. This metric is the composite score across four risk categories (defined in detail further in the presentation):
  1. Availability
  2. Performance
  3. Compliance
  4. Security



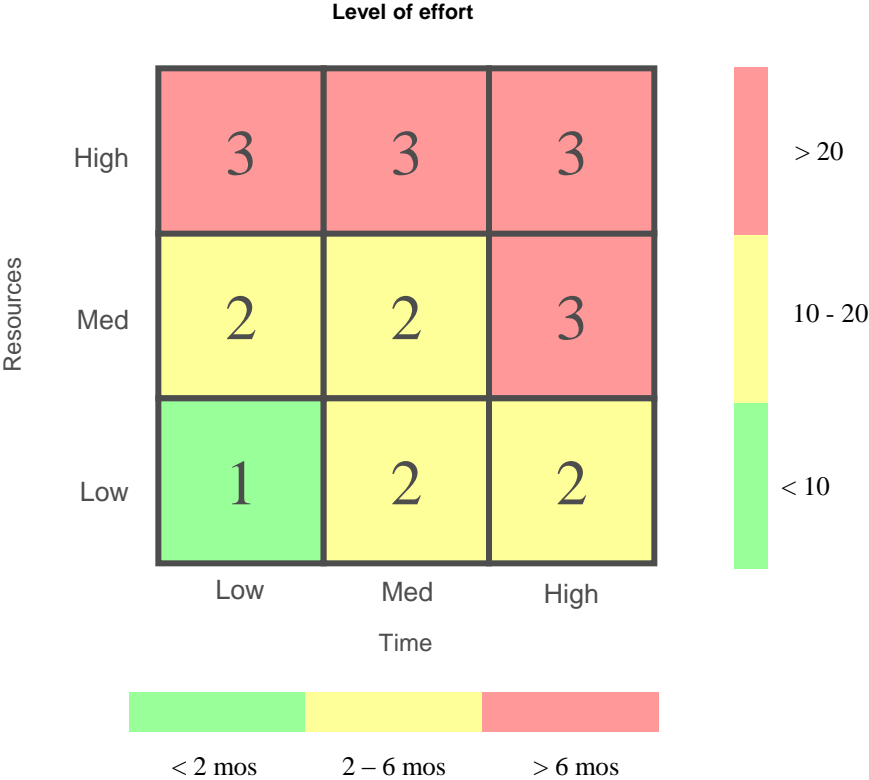
# Definitions – BUSINESS IMPACT

**Business Impact** is evaluated by the number of users/customer against the estimated project cost



# Definitions – LEVEL of EFFORT

**Level of Effort** is calculated by evaluating the number of resources (human and otherwise) against the forecasted duration of the effort



# Definitions – RISK

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**Risk Category** is defined as one of five possibilities

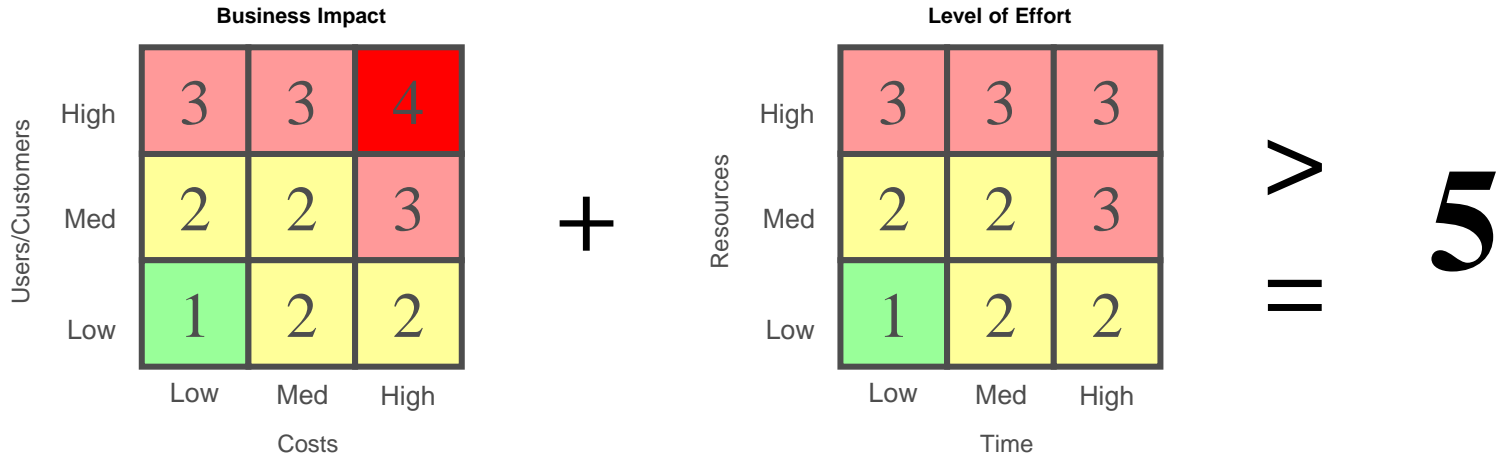
1. *Availability* – Occurrence/Failure of this risk element could potentially interrupt the business revenue stream
2. *Performance Degradation* – Occurrence/Failure of this risk element could degrade the business revenue stream
3. *Compliance* – Presence/Absence of regulatory controls such as SOX or PCI place the business at risk of punitive action, up to and including, ceasing business
4. *Security* – Existence of this risk element could violate company security policy and compromise intellectual property, customer privacy, etc.





# Evaluation Process

Work efforts will be evaluated across the defined metrics to derive a score. Work will be considered a Project if it meets the below criteria . . .



And/or

Sample Risk Analysis

Summary Analysis		Risk Calculation					Risk Definitions		Risk Value
Risk Category	High (15)	Medium (10)	Low (5)	Weight	Total	High (H)	Medium (M)	Low (L)	
Availability	45	60	15	3	120				15
Performance	60	0	10	2	70				
Compliance	0	60	0	2	60				
Security	15	30	0	1	45				10
Other Risk	0	10	10	1	20				
Totals	120	160	35		315				5
Weighted Total					315				

Risk	Risk Factors												Remediation		Cost					
	Availability			Performance			Compliance			Security			Other Risk		Option 1	Option 2	Option 1	Option 2		
	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L					
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TOTALS	1	2	1	4	2	0	1	3	0	3	0	7	1	3	0	4	0	1	2	3
SCORES	15	20	5	60	20	0	5	15	0	15	0	30	15	20	0	45	0	10	15	20
WEIGHTED SCORE	45	60	15	120	60	0	10	70	0	60	0	60	15	30	0	45	0	10	15	20
RISK VALUE																				

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# TBD



# Approach Benefits

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The benefits of this approach is two-fold:

- ① *The process is value-driven – The process focuses the Project Management team on the efforts with the highest business value and/or risk profile – efforts that truly require the specialized services and skill of the team*
- ② *The process is empirically-driven – Work is clearly, consistently, and objectively evaluated to determine whether or not it will be managed as a project. An exception process will be developed to handle exceptions*