Idaho Technology Authority (ITA)

ENTERPRISE GUIDELINES – G200 PROJECT SUMMARY

Category: G225 – COST-BENEFIT ANALYSIS

CONTENTS:

I. DEFINITION

See ITA Guideline G105 (Glossary of Terms) for any definitions.

II. RATIONALE

These guidelines assist agencies in preparing an IT Project Cost-Benefit Analysis in compliance with ITA Policy P2030 – IT Large-Scale Project Review. The CBA provides a foundation for informed decision-making, budgeting, and project justification by comparing expected benefits against comprehensive lifecycle costs. Agencies should use CBA results for project planning, prioritization, and historical documentation.

III. GUIDELINE

The completion of a Cost-Benefit Analysis should be documented in the Cost-Benefit Analysis section of the Large-Scale Project Profile. A Summary of Key Findings should also be included to clearly present the results of the analysis. (see *G210 – IT Project Profile*).

The Cost-Benefit Analysis should include projections of the Total Cost of Ownership (TCO) and cover all phases of the project lifecycle. Agencies should apply their existing business, budgeting, and financial planning methods—such as accounting for the time value of money—and adapt them as needed to capture intangible or qualitative factors.

The analysis should compare the project's expected benefits in meeting agency objectives against its full lifecycle costs.

The following categories and related discussions can be used as a guideline for the preparation of an agency large-scale IT project Cost-Benefit Analysis.

Costs associated with an IT project can include:

1. Software acquisition and maintenance
2. Software development and maintenance
3. Personnel (permanent, temporary, contract, etc.)
4. Legal/administrative
5. Systems integration
6. Supplies
7. Training
8. Operations
9. Documentation
10. Hardware purchase, lease, upgrade, maintenance
11. Telecommunications systems and services
12. Professional services
13. Opportunity costs (compared to other alternatives)
14. Intangible costs
15. Contingency / Escalation

IV. PROCEDURE REFERENCE

Policies for cost-benefit analysis are detailed in ITA Information Technology Enterprise Policies *P2030 – Information Technology Large-Scale Project Review.*

V. CONTACT INFORMATION

For more information, contact the ITA Staff at (208) 605-4064.

VI. BENEFITS

The benefits associated with an IT project can include:

1. Support for Agency, Enterprise, or Government Strategic Goals - The project's expected benefits are clearly linked to defined success metrics or key performance indicators (KPIs).

2. Cost Reduction / Avoidance / Redirection – Reduce costs or avoid an increase in the costs of personnel, materials/supplies, workspace, maintenance, support, training, utilities, avoid penalties, etc..

3. Enhanced Service Benefits – Increase citizen service availability and access, reduce response time, improve delivery of services, better presentation of information, etc..

4. Improved Operational Effectiveness – Reduce error rates, increase resource efficiency/productivity, process improvement, expand capacity or capability, improved management information systems, reporting, etc..

5. Enhanced Financial Benefits – Increases in charges/fees or additional fees collected through enhanced collection efforts, grants, new or increased revenue sources.

6. Compliance with Enterprise Technology Standards (ITA).

7. Compliance with Statute, Health, Safety or Security Requirements – State or federal statutes, regulations, etc..

8. Risk Reduction and Improved Reliability – minimizing the likelihood of system failure, security breaches, or operational disruptions.

9. Intangible Benefits – Improved reputation, stakeholder confidence and public trust.

REVISION HISTORY

05/05/2026 – Updates emphasize lifecycle cost comparison, expand financial guidance, and refine cost and benefit categories.

07/01/13 – Changed "ITRMC" to "ITA".

06/16/09 – Added Procedure Reference, Contact Information and Revision History to this guideline; changed the layout and deleted Timeline.

4/11/2007 – Replaced "Major Project" language with "Large-Scale Project" to remain consistent with Idaho code.

Effective Date: June 19, 2002