

# DELIVERABLE 2 – BUSINESS CASE AND RETURN ON INVESTMENT

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O3 SOLUTIONS

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O3 is a modern web-based platform that leverages Advanced Work Packaging and Agile best practices to disrupt the status quo for companies in industrial construction who want to improve productivity, safety, quality, and predictability.

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# ATTACHMENTS

AWP Business Case & ROI.pptx

## OVERVIEW

Our first deliverable looked at the documents and knowledge base needed to get started with understanding Advanced Work Packaging (AWP).

In this second deliverable, we will continue to track the path of AWP implementation within a company by looking at what is needed to get management approval to start using AWP.

## KEY CONCEPTS

There are three key elements to this deliverable:

- AWP Overview – You need to be able to explain to your management team what AWP is, and how it will benefit your company.
- Business Case – Once you have explained the basics of AWP, focus on the financial aspect of implementation.
- Implementation Plan – Provide a very high level outline for the implementation plan.

The intent of this exercise is to get management approval to implement AWP. So you need to set this up in such a way that you get clear authorization to proceed, and that you have aligned on expectations and the high level plan.

## AWP OVERVIEW

We have provided a slide deck to show what information you should look to present to your management team as part of this request for approval. It includes the following major considerations:

- Start with the problem, to understand what you are trying to solve. Use industry data as a basis, but tailor to your company wherever possible. The more specific it is to your company, the more that management will identify with it.
- Once you have explained the problems you are looking to solve, provide an overview of what AWP is, and how it can address those problems. Be sure to spell out that this isn't a new concept; it has been a CII Best Practice since 2015 and many organizations have implemented it. If you are a contractor, you risk being left behind by your competitors if you don't implement it.
- Provide details of the fundamental structure of AWP, with a focus on construction-driven planning and construction-driven engineering. The "Advanced" part of AWP only works if construction input is being considered early in the project cycle.
- AWP Maturity will be a key concept in the management meeting. The potential benefits of AWP Implementation (the oft-quoted "10% saving in TIC) should only be expected for AWP-mature organizations. You won't get there on your first implementation. So temper the expectations, but make sure it is understood that the only way to get there is to start.

## BUSINESS CASE

To create the business case, we looked at Return On Investment (ROI), to show that the costs of implementing AWP will be outweighed by the savings.

To do this, we used two tools:

The CII ROI tool was developed in 2021 by the Performance & Benchmarking subcommittee, chaired by O3 Solutions AWP experts, with input from multiple Owners, Contractors and service providers. This tool uses basic information about project size (Total Installed Cost – TIC), project duration, AWP implementation category and organizational maturity. These data points are combined to create a projected ROI. *(Note: CII membership required to access this tool)*

For this exercise, we selected a sample project of \$150 million TIC, where we would implement full AWP, and recognized that our fictitious EPC company was at the lowest level of AWP maturity.

We made some minor adjustments to some of the default values, to illustrate that the tool can be configured to project conditions. *(Note: This is typically done in consultation with an O3 team member)*

The result was a projected saving (after cost) of \$4.8 million.

The second tool used was the original ROI tool developed by O3 Solutions. This tool looks further into the various areas of specific saving and considers the difference between implementing AWP using a manual approach (without software) and using a purpose-built AWP software like O3.

The same project details were used, and adjustments were made to the default values, to again show the configuration capabilities of the tool.

The result was a projected saving (after cost) of \$1.8 million if using a manual approach, and \$6.3 million if using a full technology approach.

## IMPLEMENTATION PLAN

Next, the slides moved on to a brief overview of the sequence of steps for implementation of AWP. This establishes that AWP will be rolled out to a pilot project first, after the development of company procedures and the selection of AWP technology.

The pilot project will serve as a basis for lessons learned and continuous improvement, before seeking management approval to implement AWP across other projects.

It will be important to discuss what success looks like for the pilot project, and what the expectations are from the management team. Ensure that everyone is on the same page about the measurable results, and what outcomes from the pilot will be needed for management to approach roll-out throughout the company.

Lastly, we provided a snapshot of the AWP organization chart for the pilot project. This is important because you need to be clear on the need for new and dedicated personnel, where they will reside in the project organization structure, and how long they will be needed for the project. *(Note: These additional positions have been included in the costs of the ROI, so these are already part of the business case).*

## QUESTIONS AND DECISION

Provide the management team with an opportunity to ask any remaining questions.

Then push for a decision at the end of the meeting. Try to get a commitment from management that they will support this process, and that they will nominate a corporate AWP Sponsor from the management team to act as the figurehead and vocal supporter for AWP within the company.