

APPENDIX G
ALTERNATIVES ANALYSIS

Alternatives analysis is an evaluation of all feasible and reasonable alternatives meeting the proposal vision and goals. Comparing alternatives helps the proposal writer identify potential weaknesses, as well as solutions for such weaknesses, prior to project funding. In addition, alternatives analysis can strengthen the position for proposing the selected project by examining several alternatives and showing that the selected project yields greater returns, stronger linkage to strategic goals or lower costs for the organization.

The development and refinement of alternatives is an iterative process. Preliminary analysis of each alternative can include the development of:

- High-level project plans
- Assumptions
- Advantages/Disadvantages
- Risks
- Initial Cost Estimates
- Initial Benefit Estimates

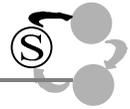
Be sure to attach the following documents to the Capital Investment Proposal Criteria portion of the Application:

Deliverable	Directions	For Additional Help
Alternatives Analysis Template	Print/Attach a copy of your completed alternatives analysis template to the application.	This appendix.
Summary	Print/Attach a summary of your alternatives analysis to Chapter III, Part II, Section 2.2	See last page of this appendix for additional details

Alternative Requirements

OMB Circular A-94 delineates the minimum number of alternatives that should be investigated. VA subscribes to this list and emphasizes that the minimal requirements necessary for submission to VACIB are the following:

Information Technology – At least six alternatives are possible, but a **minimum of 3 viable alternatives is necessary** to complete the alternatives analysis. One of the alternatives that must be addressed is **contract out** for the function. Other alternatives that may be considered are to buy commercial off-the-shelf (COTS), share, develop capability in-house, or develop architecture options for IT hardware initiatives. **Status quo** (continue with no change) must be provided for a comparative baseline. It may



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also be considered a viable alternative. **Leasing** must be addressed, in discussion only, if it is not considered a viable alternative.

Potential alternatives for the project categories include, but are not limited to the following options:

Project Category	Renovate	Build	Buy	Lease	Status Quo	Share	Contract for Function	VA Developed Software	Total Options
IT			x	x	x	x	x	x	6

In addition to exploring all viable alternatives, the following four criteria should be met when evaluating each potential investment:

- **Ensure that the same information set is provided for each alternative** – evaluate each alternative using the same criteria (as demonstrated in the template).
- **Ensure that all information gathered is documented** – be sure to include any data sources and calculations that are used to support analysis.
- **Ensure that internal valuations are comparable to industry standards** – use generally accepted estimates when evaluating expected costs and benefits.
- **Ensure that the impact variables or assumptions on each alternative are identified** – document and explain all assumptions and any variables that are not explicitly stated in the analysis.

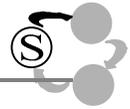
Complete the Template

The accompanying Microsoft Word® template (Alternatives Analysis Template.doc) will provide the proposal writers with a format that they can use to assemble the alternatives analysis. The template is based on the Decision-Making Hierarchy for FY2002 (See *Guide*, Figures 1&3).

Populating the table should begin after the Capital Investment Proposal Criteria (Chapter III, Part II) have been reviewed, analyzed and completed. This includes identifying performance measures and benefits (quantitative and qualitative), and conducting a Cost-Effectiveness Analysis, and Risk analysis for each alternative.

The information for the PROPOSED alternative should be listed in the Alternative #1 column. Further, if there are more than four viable alternatives, create another copy of the template listing the additional alternatives. To do this, save/print the results of the first four, then rename the columns with the additional alternatives, and save/print the second set. **On all copies, be sure to replace ‘Alternative #_’ (located across the top of the template) with the actual name of the identified alternatives.** For example:

Alternatives	Status Quo	Lease	Renovate	Build
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For each alternative, describe how it affects each of the sub-criteria from the decision model. This analysis should be completed using the Capital Investment Proposal Criteria document (see Chapter III, Part II).

For example:

Criteria	Alternative #1	Alternative #2	Alternative #3	Alternative #4
Strategic Alignment -- One VA	Consistent with VA/VBA mission and goals – Ease of Access, Customer Satisfaction, Prompt Delivery of Services & Benefits. VHA proposal to fund construction costs up to \$2.5 million for <i>Enhanced-Use Lease</i> . Sharing of existing VAMC programs	Does not address One VA	Consistent with VA/VBA mission and goals – Ease of Access, Customer Satisfaction, Prompt Delivery of Services & Benefits Sharing of existing VAMC programs	Does not address One VA

Evaluating the Alternatives Analysis

During the validation phase, the panel will review and score the quality of information, appropriate supporting documentation, and the summary results based on the information provided in the template. Further, they will evaluate whether all feasible alternatives were addressed with completeness.

The summary should:

- Describe in detail the best alternatives to the proposed investment along with the rationale for choosing or not choosing it.
- Describe why the selected alternative is the best option for meeting program needs.
- Include a description of the capacity of alternatives to handle the anticipated demand with associated cost. The alternatives could be larger or smaller investments than the one being proposed, or require alternative modes of delivery.
- Demonstrate that each alternative was compared using the same types of analysis.

