

Demand and Technical Analysis

Workshop on CBA Methodology for Major Projects (OP RDI)

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Demand analysis – why?

- Demand = **the main justification of your investment**; the cornerstone of each major project – important also from point of view of **fin. sustainability**
- Requires a non-conventional approach by researchers:
 - „Who else needs / is interested in your project?“
 - „What will your project bring to others? And who are ‚the others‘ ...?“

Demand analysis – how?

- **Position** your project - who else is doing the same, how will you differentiate from them (leaders, catching-up...); how will your project fit the overall landscape?
- **Demonstrate the need** vis-à-vis overall trends, challenges, existing limitations in the field; demonstrate your supreme knowledge of your „users“, their needs.
- Provide **benchmarks** – nationally / internationally, show complementary / competitive elements (collaboration vs. competition, coop agreements).

Demand is not static!

- It needs to be **managed over time**...
- Management approach will vary, **depending on your users** (businesses, other academics – nationally/ internationally, combination of all...) – how will you **approach them**?
- Explain your **business model** – concrete terms (choice of clients, pricing - for free, for a fee, collaborative...).
- Show you have the **staff** and the **know - how** to manage the demand, cater for needs of users.

Technical analysis and options

- Technical analysis = justification of the selected approach, selected infrastructure / equipment.
- The choice of approach / technical solution should be based on a thorough reflection on **options**.
- There are always option, only **some are worth considering** though...

Options that may considered

- „Do nothing“ – implications of not building the infrastructure, re-organise what exists; „the easiest...“
- „Do something“ – assuming cuts & related alternatives; probably the most common, may have sub-options (how big is the „something“)
- „Do phasing“ – especially when thinking big and long-term, gradual (but: the programme ends 2015!)
- „Do combining“ – consolidation of diverse facilities; in some cases not so much in place right now...

Aspects to be considered

- Technical options – upgrading, gradual development, cuts in equipment...
- Locational options – why we choose this site / buildings?
- Procurement / ownership – renting, leasing, owning, outsourcing of operations...
- Timing – is this the best time to launch the project?

The best project...

- ...comes out of a sound demand and technical analysis.
- Should be the best option of all – as far as our judgment goes and as far as things can be predicted on the basis of bounded rationality...

Thank you for your attention!

Dr. David Uhlíř
david.uhlir@msmt.cz

