Project Viability Model & Forecast Financial Modeling

Purpose

The client required the development of a 'Build, Own, Operate' project financial model to evaluate an investment in a new university campus. The proposed project was structured as a Public-Private Partnership to promote new educational facilities and attract international students. The model requirements included:

- Project evaluation tool with various levels of detail to allow for model expansion as the project matured,
- Detailed construction phase modelling with development phase timing and cost estimates provided by the project management team,
- A scenario handler to enable the ability to flex key drivers such as timing, construction delays and costs, student demand, international/domestic student ratios, staff/student ratios, and government grants,
- Financial statements and dashboards to present key metrics of the project to multiple project stakeholders.

Approach

Working closely with the project management team, we developed a model with flexibility to evolve as the project progressed from an initial high-level concept to a well-defined investment proposal. The model layout and dashboards allowed the client to efficiently adjust assumptions and analyse the impact of these changes on the key project metrics. The dashboards and data visualisations that accompanied the model allowed the team to efficiently analyse and present the project's results.

Outcome

Completion of the model provided the management team with a long-term view on the financial viability of the project under various well-defined scenarios. The client was able to easily modify assumptions and view the financial impacts of these changes in a live-meeting environment, efficiently utilising the time and experience of the management team in attendance without having to take the conversation offline.The scenario handler allowed the user to capture desired scenarios within the model for future reference and to see the impact of key drivers on the investment returns.Forecast continued to support the client with model updates and analysis as the project progressed through multiple viability assessment stage-gates.