

## Chairman's Address



The festive season is nearly upon us so it is a good time to reflect on what has been a very successful year for the Society. Attendances at our workshops have continued to rise, we are more widely recognised in our own right and have attracted many new younger members whom we hope will form the backbone to the costing community in the future.

The success of this year's workshops is down to good organisation and planning. I would therefore like to take this opportunity to give my thanks to all the committee members who have supported the Society throughout the year.

Looking forward to next year we have a first class programme of workshops, events and conferences. Full details of these can be found at page 6.

In addition to the SCAF organised programmes we are supporting the quadrennial international ISPA/SCEA Conference and the adjoining international meeting of the US based Space Systems Cost Analysis Group (SSCAG). These events are also being supported by the European Aerospace Working Group on Cost Engineering (EACE). Both of these events occur over 14-18 May at the Sheraton Hotel, Brussels, Belgium.

We are delighted to see that government departments are now showing more interest in the area of cost analysis. This involves much greater interpretation of cost and schedule estimates for future programmes. This is a long overdue step in the right direction and will provide more meaningful support into the business decision making process.

As this is the last newsletter of the year we would like to take the opportunity to wish you all the very best for Christmas and the New Year and look forward to seeing you at our workshops in 2012.

### SCAF 2011 Annual Conference

Our Annual Conference was held 20<sup>th</sup> September 2011 at the Royal Institution of Naval Architects, Victoria, London. The conference theme was "**Transforming and Improving Cost and Time Estimating for the next Decade**". Inside you can find details from the event. Copies of the conference presentations can now be viewed or downloaded from the SCAF website

[www.scaf.org.uk](http://www.scaf.org.uk)

### SCAF Workshops

In November 2011, SCAF together with the European Aerospace Working Group on Cost Engineering (EACE) supported the Association of Cost Engineers (ACostE) who were celebrating their 50<sup>th</sup> anniversary. The joint two day conference and workshop was held at the Ricoh Stadium in Coventry.

The start of 2012 will see us back in Bristol for the February workshop on "**Through Life Costing**". In April we have the annual SCAF "Cost Challenge". The 2011 challenge based on the International Society of Parametric Analysts (ISPA) Renew Your Training (RYT) format saw presentations from five teams contributing in a participative training session with the added benefit of top-level critique by senior government and industry executives. These workshops have been very popular with attendees gaining knowledge and improved understanding of costing issues.

### Future Events

Later in the newsletter we provide details on all our planned future events for the year. Please make a note in your diaries for those scheduled for 2012.

**Arthur Griffiths**

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### Inside this issue:

<b>Next SCAF Workshop</b>	2
<b>2011 Annual Conference</b>	3
<b>The 2011 PG Pugh Award</b>	4
<b>November workshop</b>	4
<b>International Meetings</b>	5
<b>Future Events</b>	6
<b>Contacts</b>	7

# Next SCAF Workshop

Tuesday 7<sup>th</sup> February 2012

The BAWA Centre

Filton, Bristol

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## Theme: “Through Life Costing”

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HM Treasury puts Through Life Costing at the heart of the Treasury Green Book (Appraisal and Evaluation in Central Government). Through Life Cost (TLC) considerations include the Financial Cost (which is relatively straightforward to calculate) and the Environmental and Social costs which are more difficult to quantify and assign numerical values. Typical areas of TLC expenditure include Planning, Design, Development, Procurement, Operations, Maintenance, Updates, Depreciation and Cost of Finance and Disposal.

Through Life Costing now has greater emphasis and is becoming a key component in the Ministry of Defence’s (MoD) financial business management process. The technique has extensively been used for option evaluation, budget setting and for decision making with a view to minimising acquisition and support costs throughout the life of an asset. However, broader-based through life costing will require greater consideration being given to cost benefits, indirect or intangible costs as well as direct costs. Our workshop speakers include:

- **Dr Linda Newnes**, University of Bath – *“Cost of Avionics Through Life Availability: a discussion on the CATA programme”*.
- **Andy Nicholls**, PRICE Systems – *“Addressing the Challenges of In-Service Costing”*.
- **Tom Tiner**, Cost Assurance and Analysis Service, Ministry of Defence – *“Schedule and Cost Analysis”*.
- **Jon Rees**, Rolls-Royce plc – *“RAMS, a Case Study for In-Service Management”*.
- **Dale Shermion and John Scire**, QinetiQ – *“Implementing Performance Based Contracting in Through Life Projects”*.
- **Tony Hargraves**, Atomic Weapons Establishment – *“Implementing Benefits Management”*.
- **James Fiske**, Franklin and Andrews – *“Inflation and Cost Forecasting: estimating lifetime carbon emissions”*.
- **Andrew Pearson**, Rolls-Royce Submarines – *“Cost Estimating as part of the ILS Process”*.

## Registration and Costs

Registration and coffee will be available from 09.00. The Workshop will commence at 10.00 am. This workshop is FREE to members of the Society. Non-members are welcome to attend at a cost of £80.00 per delegate. These costs include all refreshments, a buffet lunch and **FREE** attendance to all future SCAF organised events until August 2012.

To register, please email: [ndmorrill@dstl.gov.uk](mailto:ndmorrill@dstl.gov.uk)

Or call 023 9253 7271

## SCAF Annual Conference, 20<sup>th</sup> September 2011, Royal Institution of Naval Architects, London

The Annual Conference continues to promote great interest in cost analysis and cost forecasting. The event attracted a full house with attendees from across the country and internationally. We had an impressive group of speakers and a very engaged group of attendees who participated with lively discussion and probing questions asked throughout the day. The theme for the conference was **“Transforming and Improving Cost and Time Estimates for the Next Decade”**. The speakers and topics presented included:



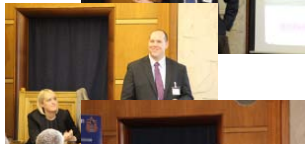
**Neil V Davies**, Chief Economist and **John Ogilvie** (Head of Appraisals and Evaluation), Division of Economic Statistics and Advice, Ministry of Defence – *“Transforming and Improving Cost and Time Estimates for the Next Decade – the Challenge for Investment Appraisals in MoD”*

This was followed by a presentation by **Mark Wright**, Head of Cost Forecasting, Cost Assurance and Analysis Service, Ministry of Defence. Mark provided *“An Overview of the CAAS Development Programme”* which included its vision for the future of defence cost forecasting, cost engineering and pricing.

**Dan Galorath**, Founder and Chief Executive Officer at Galorath Incorporated provided an international insight with his presentation on *“More Successful Projects on Time and to Cost”*. Other speakers were:



**Bob Barton**, Managing Director, Niteworks, *“Cost, Value and Affordability – Optimism or Objectivity”*.



**Hans Pung**, Vice President, RAND Europe and **Sarah Jilbert**, Independent Consultant, *“Using Enterprise Modelling to Better Manage the UK Submarine Programme”*.



**Professor Trevor Taylor**, Royal United Services Institute for Defence and Security Studies, *“The Politicisation of Cost Forecasting in Defence”*.



**Mark Jones**, PhD Researcher, Airbus UK and Cranfield University, *“A Manufacturing Technology Maturity Impact Assessment Model and Framework”*



**Paolo Ponzio**, Industrial Cost Analyst and Auditor, European Space Agency, *“The Missing Bit in Parametrics: How can parametrics improve?”*.

Our thanks to all the speakers and the attendees for making this one of the most successful and engaging events of the year. The 2012 Annual Conference will take place on Tuesday 18<sup>th</sup> September at the BAWA Centre, Bristol. If you are interested in making a presentation at any of our workshop and conference then please contact our Secretary Neil Morrill on 02392 537 271 or email: [ndmorrill@dstl.gov.uk](mailto:ndmorrill@dstl.gov.uk)

## The 2011 P.G.Pugh Award

This is the Society's most prestigious award and this year was highly competed between a number of very innovative and thought provoking presentations given throughout the year.

The 2011 winner was **Team QinetiQ** who, in response to the SCAF "Annual Cost Estimating Challenge" presented a paper that compared the merits of both 'Spiral' and 'Traditional' development routes.

The Case Study demonstrated the use of alternative development processes in the context of Unmanned Aerial Vehicles, with plans for continuous improvement of a vehicles performance and capability over its lifetime.

The paper was presented by **Mark Burdett** (on behalf of the Team) who is a Senior Consultant with QinetiQ and has been working in the defence industry as an analyst for 10 years.



**Dale Shermon (left) receiving the 2011 PG Pugh Award on behalf of Team QinetiQ**

Congratulations to Mark and Team QinetiQ and we look forward to more exciting presentations during 2012.

## Joint Conference with ACostE, November 2011, The Ricoh Stadium, Coventry

SCAF together with European Aerospace Working Group on Cost Engineering (EACE) were delighted to co-sponsor this event which was being held to celebrate the 50<sup>th</sup> Anniversary of the Association of Cost Engineers.

The venue was impressive with an on-site hotel, spacious conference rooms and even a casino. The two day conference had two separate tracks with the second day being dedicated to practical workshops on specific themes.

The event attracted international speakers and attendees from China, Russia, USA and Europe.



The conference was well attended and it was very interesting to understand the current estimating and cost control issues within the construction, petro-chemical and other associated industries.

Pictured left is a representative view from the conference halls and bedrooms which are very different from the ones we normally see from hotels. *It was a shame that there was no evening football match as that would have been a real added bonus.*

Please see below the details of the ISPA/SCEA Joint International Conference and Training Workshop. This will followed on the 17<sup>th</sup> and 18<sup>th</sup> by the joint SSCAG/EACE/SCAF meeting that will be held at the same venue. A “Call for Papers” has been distributed for both events. If you plan to present a paper at either event then please forward your details to [chair@scaf.org.uk](mailto:chair@scaf.org.uk)

## Early Announcement

### 2012 ISPA/SCEA Joint International Conference & Training Workshop

#### Assuring Cost Efficiency: Global Solution

14-17 May 2012

ispa

Brussels, Belgium

SCEA  
Society of Cost Estimating and Analysis

Every four years, ISPA and SCEA present an annual conference in a non-US venue to accommodate our international membership and to provide a unique experience to meet with professionals and friends around the world. For 2012, we are pleased to announce our annual conference in Brussels, Belgium.

#### Consider the advantages to you:

- International networking opportunity with NATO mission and European Commission (EC) members
- Government and industry key-note speakers
- Subject matter experts on panels
- Nearly 100 workshop speakers—in several languages—offer hands-on opportunities in Parametrics, Risk Analysis, Earned Value Management, Whole Life Cost Analysis, and more
- Full training program to prepare for ISPA or SCEA certification
- Central European location; easy access via air and rail
- Traditional ISPA Receptions, Awards Banquet, and Guest Tour Program following the legacy of Brighton, Cannes, Munich, Frascati (as seen on right), and Noordwijk

#### At an affordable cost:

- €775 (members), €825 (non-members)
- €130 room rate (breakfast included)
- Cheaper room rates (€80) before and after conference
- Airline shoulder season assures lower air cost
- Discounted registration rate for sponsor members
- Adjoining SSCAG/EACE meeting (17-18 May 2012)

Visit the conference website @ [www.cvent.com/d/5cqw2](http://www.cvent.com/d/5cqw2)

#### Additional Sponsors Include:



[www.ispa-cost.org](http://www.ispa-cost.org)



Come to Brussels—heart of the Europe Union and home of NATO Headquarters. Enjoy the amenities of our international venue—the Sheraton Brussels. Enjoy the best international networking experience available — once every four years!

## Future Events

### SCAF Workshops and Seminars for 2012

- 07 Feb 2012** “Through Life Costing”, BAWA Centre, Bristol. Our speakers will discuss: current policy, applicability, TLC methods and techniques, in-service estimating challenges, logistics, benefits realisation and asset sustainment.
- 24 April 2012** “Annual SCAF Cost Estimating Challenge Workshop”, BAWA Centre, Bristol. Estimating teams are invited to participate in an estimating challenge based on case study information provided by SCAF. Top level critique will be provided by senior government and industry executives. This programme will be instructive, entertaining and suitable for a wide interest audience (estimators as well as managers).
- 12 Jun 2012** “Estimating for Partnering and Service Provision”, Ashton & Lea Golf Club, Preston, Lancashire. The workshop will discuss the various estimating practices and commercial requirements to support business decision making processes.
- Early July** “SCAF Summer Workshop” (Venue to be determined), This event will comprise a morning workshop and, in the afternoon, an opportunity for friends and colleagues to gather in an informal environment.
- 18 Sep 2012** “SCAF Annual Conference, BAWA Centre, Bristol. Our annual conference offer a wide range of topics and, over the years, has provided a platform for innovative speaking and thought gathering on current cost related issues.
- Nov 2012** Workshop theme, venue and date to be confirmed.

### Other Related Events

- 14-17 May 2012** ISPA/SCEA Joint International Conference and Training Workshop, Sheraton Hotel, Brussels, Belgium
- 17-18 May 2012** SSCAG/EACE/SCAF – International Meeting”, Sheraton Hotel, Brussels, Belgium

**Networking  
for the Cost  
Estimating  
and Analysis  
Community**

**SCAF is not responsible for the content of any external websites published in this Newsletter.**



**Bridging relationships  
in cost estimating**

For over 20 years the Society has sought to illuminate key issues in the analysis and forecasting of project costs—and to promote best practice within the cost forecasting community.

The Society provides a single point of contact for advice to those wishing to address key issues in the analysis and forecasting of costs and timescales of complex programmes.

Workshops and seminars are held at regular intervals throughout the year. A newsletter is published electronically 3 times a year.

Collaborative links with other societies has always been maintained and a library of relevant papers are available. A single annual payment at the Annual Conference entitles members to attend all the years' programme of SCAF events at no further cost. The Summer Reception is also provided free to SCAF members and their guests.

SCAF is committed to providing Continuing Professional Development (CPD) through the provision of its skills workshops and its support to Professional Development courses.

The Society therefore continues to provide members with exceptional value for money.

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