



Cost Assurance and Analysis Service (CAAS)

Capacity and Capability Development Programme

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20 Sep 11

CAAS – Background 1

CAAS Vision:

“To be the MOD’s professional provider of choice for cost assurance and analysis services”

CAAS Mission:

“To enable the MoD to make better informed Value for Money decisions through life”

CAAS consists of 6 Key Delivery teams:

- Cost Forecasting (CF)
- Cost Engineering (CE)
- Cost Certification (CC)
- Industry Analysis (IA)
- Data Management & Cost Analysis (DMCA)
- Quality Management & Assurance (QMA)



CAAS Background 2

- CAAS Staff reduced from 700 to 300 between 2000 and 2010.
- No significant recruitment, training and development activities wound down.
- CAAS unable to support all key MOD projects, link broken with the MoD capability area.
- 2009 Gray Report highlighted the need for an effective MoD cost assurance capability.



CAAS Background 3

- CAAS Development included as a key component of the Defence Acquisition Reform Programme (DARP) in 2010.
- **Increase Capacity** from 322 to 532 staff by FY12/13)
- **Increase Capability** (with an external partner)
- **Phase 1** – Established current position by Dec 2010
- **Phase 2** – Define and implement an improvement programme thereafter
- **Defence Reform Report June 2011** – "We welcome the development and increased use of the independent costing capability provided by the Cost Assurance and Analysis Service. The Department should mandate the use of this service more broadly across Defence to support investment decisions and planning."

Phase 1 CAAS Development Programme – Where Are We?

Strategic partnership entered into with KPMG/Bechtel/Rand in Sep 10 to benchmark CAAS performance – this reported in Jan 11

Key Shortfalls identified in the Phase 1 review were:

- CAAS is introspective and not customer facing
- CAAS not engaging at programme level
- Not involved at earliest stage of project start up with DCDS (Cap)
- No through life engagement approach – reactive point interventions
- CAAS not providing analytical insight to customers
- Technical tools not refreshed
- No data management strategy
- Lack of quality management
- Lack of learning & development

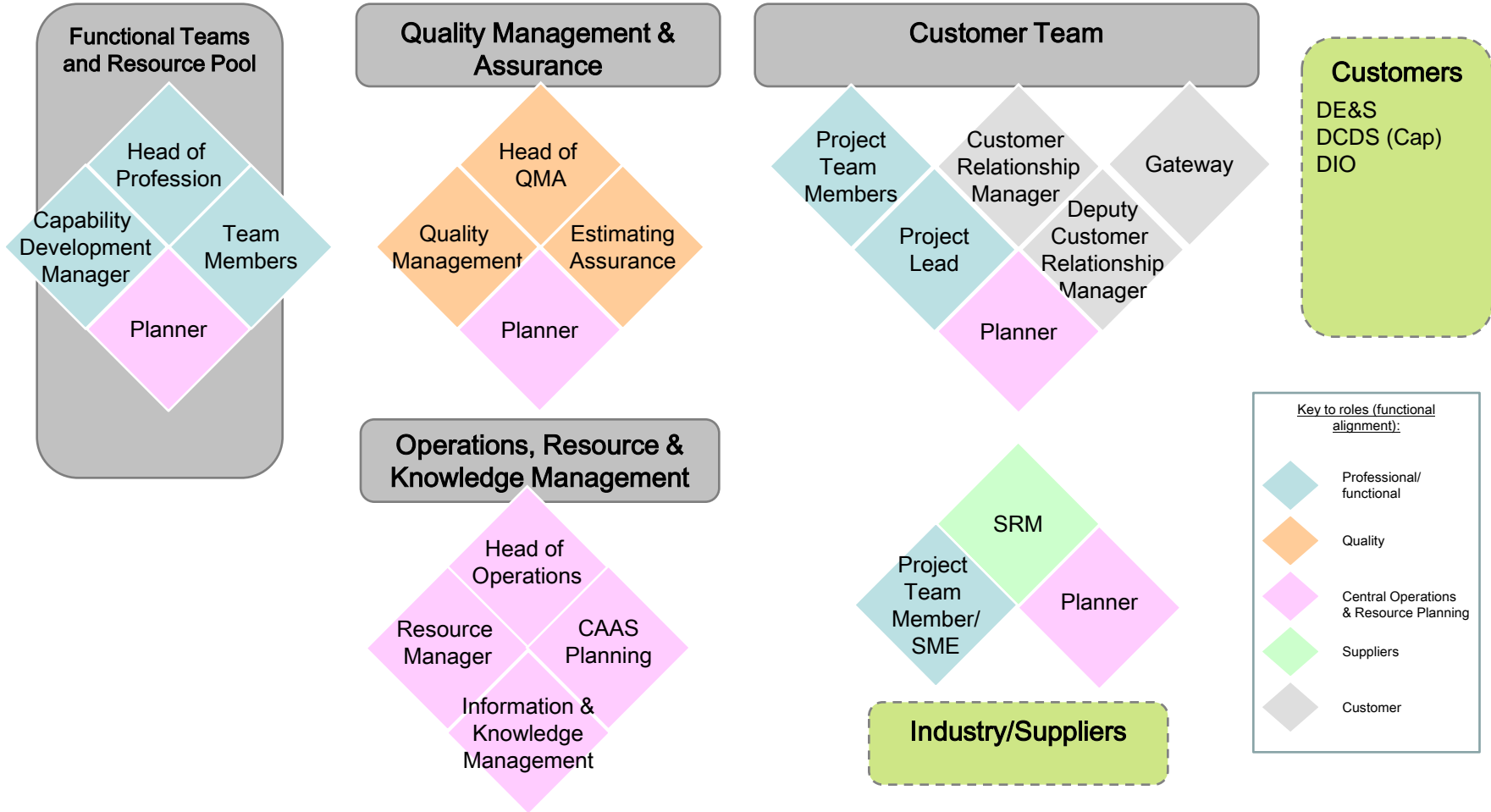
Not performing in upper quartile Of peer organisations



CAAS Development Programme – Where Are We going?

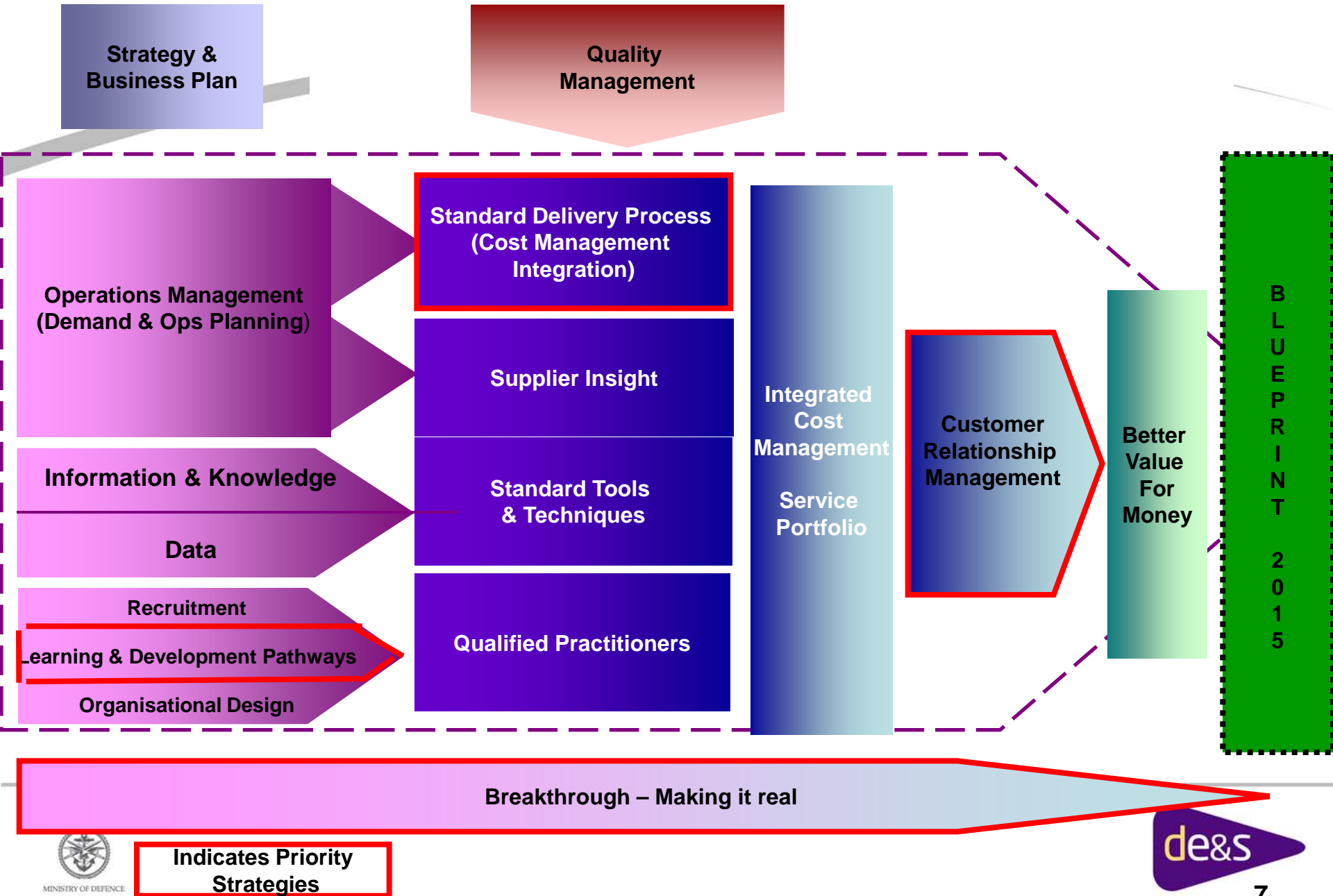
2015 Blueprint

Leadership



Business Support Function

CAAS Development Programme – How will we get there?



CAAS Development Programme – What Are Our Priorities?

How will the programme deliver the vision for CAAS 2015?

Four workstreams will deliver the priority areas:

Customer Relationship Management - implement an approach that enables CAAS to understand its customers' business and align its processes and resources to effectively respond to customer needs.

Cost Management Integration - we will deliver independent costing services in a seamless integrated manner through the project lifecycle

Enhanced Professionalism and Improved Capability - accelerated development of CAAS staff to improve their skills and professionalism

Brought to life through Breakthrough - roll out new ways of working across Operational staff in a phased approach, involving staff in implementation, in order to learn from experience and improve the approach.



CAAS Development Programme - Customer Relationship Management

From....

No Strategy

Ad-hoc approach

Individual Relationships

No Customer Focused Teams

No Customer management

Process

To....

Customer-facing teams

Permanent CRM Lead at Board Level

Understands it's Customers' Business

Maintain strategic relationships

Implement a Closed Feedback Loop



CAAS Development Programme - Cost Management Integration (CMI)

From....

Reactive

Project Based Focus

Linked to investment decision only

No Planning Round linkage

No accountability in CAAS

No continuous improvement

To....

Regular engagement on key project & programmes.

Standardised Approach

Clear Customer Accountability

Year on Year Improvement



CAAS Development Programme - People

From....

Awareness -Practitioner-Expert (A-P-E) definitions by function

Very limited functionally focussed L&D interventions

Lower priority on core skills

Uncoordinated approach to managing sector specific knowledge

To....

CAAS-wide, structured and evidence based approach to L&D

‘Common technical’ skills

Core skills and sector insight focussed on customer needs

Capability framework mapping out one consistent A-P-E definition cross CAAS (including core, common technical and functional technical)

Transition period where existing functional ‘P’s will be time bounded to up skill to the newly defined CAAS ‘P’



Key Challenges For The Future

- Impact of Defence Material Strategy
- Impact of Defence Reform on Front Line Commands
- Could CAAS become a centre of excellence for cost management services pan government?
- Retention of key staff





Cost Assurance & Analysis Service
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