

Background

The UK MOD 10 year equipment plan sets out a ~£84BN spend on support, far exceeding the ~£69BN procurement commitment

The National Audit Office (NAO) and MOD have identified that further work is required to better understand future support costs:

“Equipment support costs, which make up over half of the Equipment Plan, are not subject to the same level of detailed analysis as the procurement costs” – National Audit Office

“It has been recognised that large scale expansion and increasing reliance on outsourced support solutions within the Defence boundary has resulted in an incoherent, opaque and complex support landscape with subsequent knock-on effects and an overall perception of a lack of control of the contracted support operating landscape” – MOD, Support Cost Confidence Study, Letter of Introduction

The Question

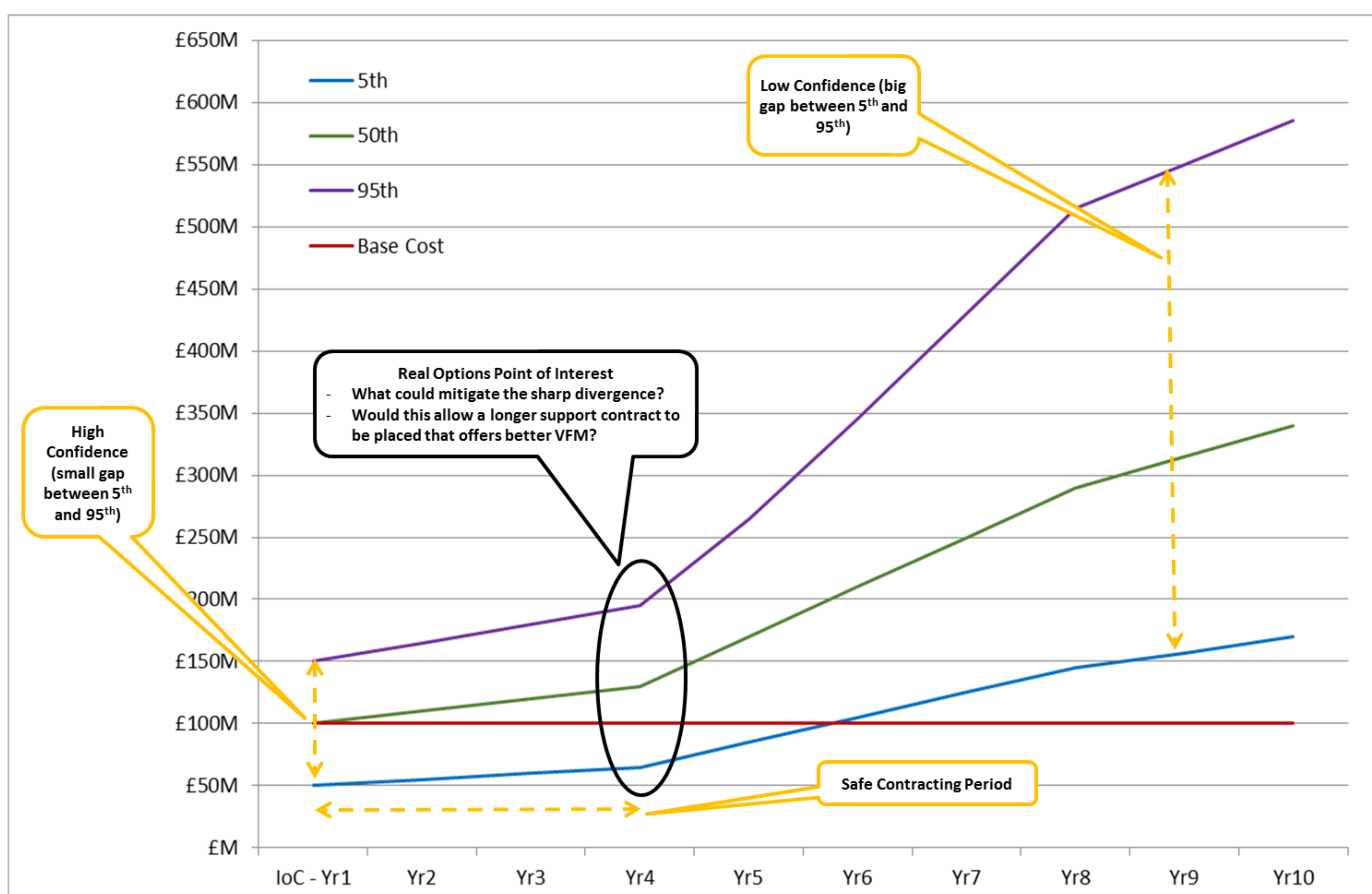
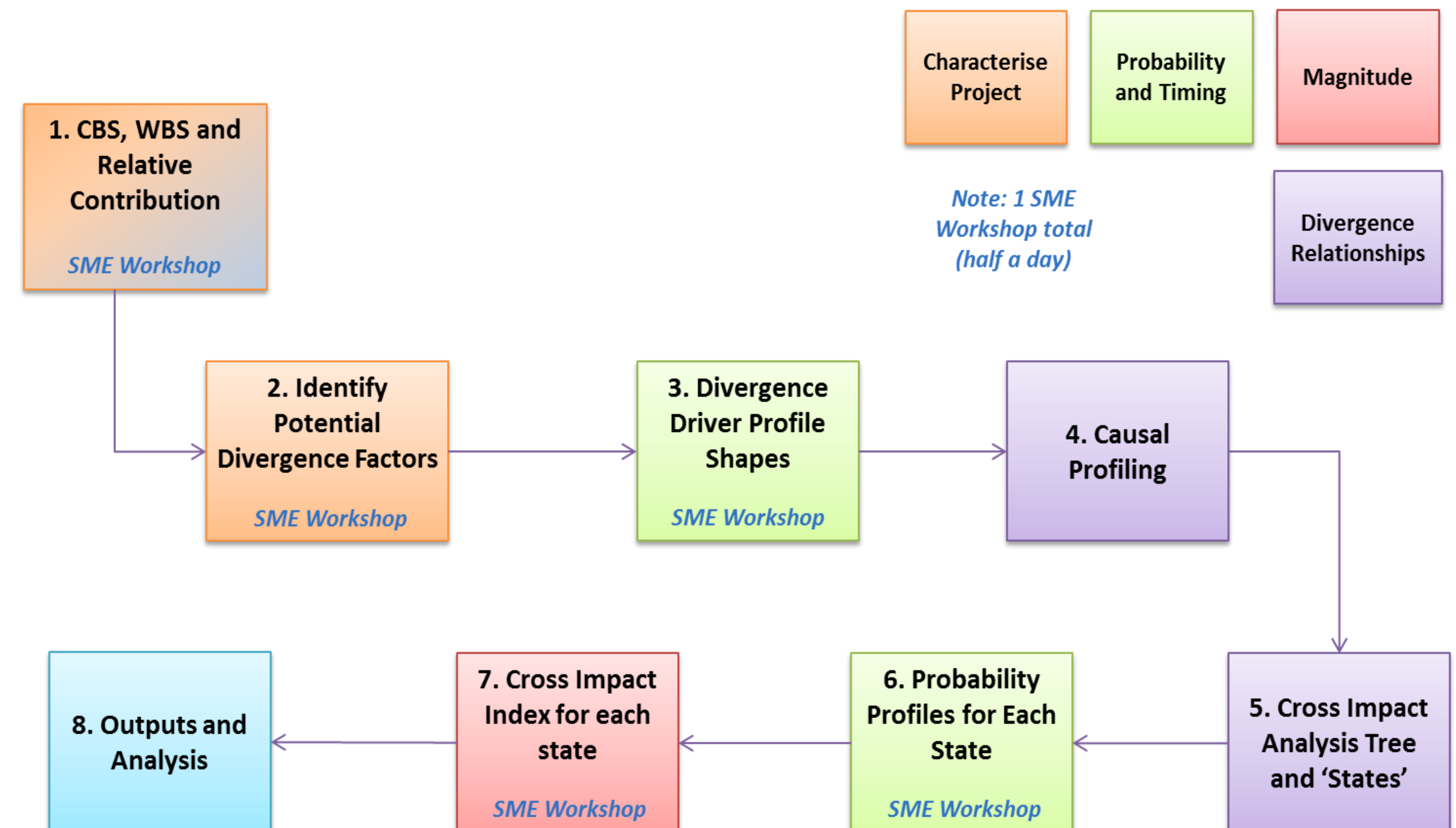
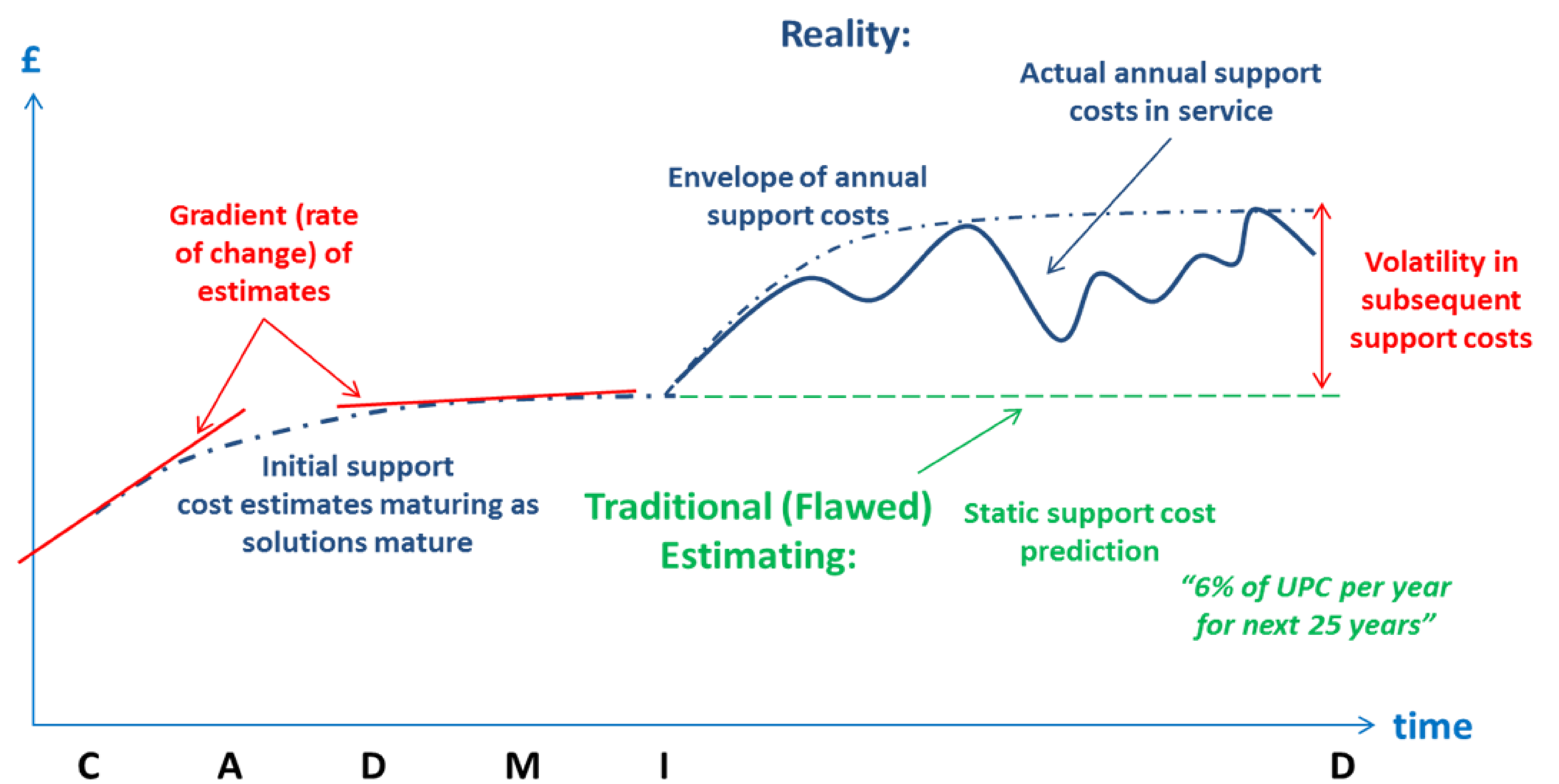
“What confidence can MOD have in its support costs?”

Approach

- Confidence is the inverse of uncertainty
- Thus there is a need to understand the causes of uncertainty, the ‘divergence drivers’
- Must understand probability, magnitude and timing of divergences in the absence of historical data
- Bring together a series of techniques as part of a Divergence Assessment Framework (DAF), underpinned by Subject Matter Expert (SME) views to determine confidence and to support the identification of what to do, where and when to improve confidence.

Divergence Assessment Framework

- Identify divergence drivers
- When will divergence occur? Uses beta curves/causal profiling
- How much divergence will occur? Uses Cross Impact Analysis
- Underpinned by three point estimating and Monte Carlo simulation



Case Study Conclusions

- **Achievability** – the proof of concept provides a credible and practical approach.
- **Desirability** – well received by stakeholders and readily assimilated by practitioners
- **Acceptability** - improves estimate quality, provides agenda to influence technical and commercial thinking
- **Exploitability** – Readily supports MOD procurement and support business activities

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