CASG Project Controls
Cost Estimation – building better practice

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Capability Acquisition and Sustainment Group (CASG)
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Who we are

Cost Management
Cost Estimation ✓
Cost Forecasting
Schedule Management
Risk Management
### Within the Directorate

<table>
<thead>
<tr>
<th>Disciplines</th>
<th>Initiatives</th>
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<tbody>
<tr>
<td>Policy and Practice</td>
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### Improving the How

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<tr>
<td>Policy and Practice</td>
<td>Improving the How of doing our business started with the development of updated policy and practice</td>
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## Cost Estimation 12 Step Process

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<th>Purpose</th>
<th>Application</th>
<th>The Future</th>
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<td>The 12 step process is guidance based on the US Governance and Accountability Office (GAO) Cost Estimating and Assessment Guide and tailored to the Australian Defence environment.</td>
<td>The process represents the better practice methodology that CASG is to apply in the development and analysis of credible, accurate and contestable Cost Estimates.</td>
<td>This process provides the key requirements for an estimator, at each stage of the capability life cycle, commensurate with the size, nature and complexity of the capability being estimated.</td>
<td>Work to continue in developing: Links to other project controls practices of schedule and risk; Overarching One Defence policy; and Detailed templates and work instructions.</td>
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## Improving the How

Improving the How of doing our business includes the development of new tools

- **Policy and Practice**
- **Tools**
- **People and Professionalisation**
- **Governance and Assurance**
## Improving the How: Tools

### Cost Estimation Tools – current and new

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<td>Improvements to practice can be supported by tools to enable CASG cost estimation community to develop and analyse cost estimates.</td>
<td>Tools are needed to: 1. enable the development of estimates throughout the lifecycle; and 2. Be able to collate and report estimates to enable Executive decision making.</td>
<td>1. To enable development of estimates: ACEIT – best used on receipt of tender quality data. 2. To enable decision making: CEAMOT – new tool</td>
<td>- How to enable parametric estimation; - How to harness Defence cost data to improve estimates into the future; and - Building links to reporting tools to ensure only one source of truth.</td>
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## Improving the How: Implementation of CEAMOT

### Cost Estimation, Analysis Modelling Tool (CEAMOT)

| CEAMOT is an integrated application powered by IBM TM1 and Cognos Business Intelligence (BI) engines. | CEAMOT supports and maintains an audit trail for project costings from Gate 0 through to Gate 2. | CEAMOT delivers a system that provides a trusted source of truth through a repository of estimates, and delivers standardised presentation of estimates for Government approval | CEAMOT cost estimating and reporting processes replaces the MS Excel based Two Pass template which is unstable, prone to errors and inevitably hard to control in terms of multiple file copies and version control |
### Current State

- **CEAMOT** currently holds **193 projects**, and supports IIP Entry, Gate 0, Gate 1 & Gate 2 decisions.
- System rolled out with replication of 2 Pass Template attributes, and includes a range of reports & dashboards.
- **CEAMOT**'s functionality has significantly increased based on the input received from **CEAMOT Users**.

### Future State

- **CEAMOT** to evolve and transform as the preferred tool for cost modelling and estimation for all Defence projects.
- Reach an agreement with **DOF** on the use of **CEAMOT** to progress approval submissions; and for **DOF** to utilise excel reports from **CEAMOT**.
- **CEAMOT Support** is currently managed within **CASG** to be able to quickly respond to issues and development needs of the users. In the future this job can be transferred to **CIOG**.

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**Improving the How:**

- **Policy and Practice**
- **Tools**
- **People and Professionalisation**
- **Governance and Assurance**

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A key factor to any business improvement is how we set our people up for success.
### Training and Career Planning

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<td>People are our most valuable resource and CASG has organised itself into Functions to support our people in their training needs, career planning and be able to respond quickly to changing priorities.</td>
<td>Project Controls Career Pathways have been published. Training on 12 Step Process is available via CAMPUS.</td>
<td>Working with Defence Finance Group (DFG) and Contestability on One Defence view of the job family, considering: - What skills are needed in Defence and a plan for how to achieve skill level with formal and on the job training requirements.</td>
<td>Developing a Project Controls workforce framework to consider how CASG should set up its workforce for success, looking at: - The role industry will play; - How to train most effectively; and - How to make CASG an employer of choice.</td>
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### Improving the How

- Policy and Practice
- Tools
- People and Professionalisation
- Governance and Assurance

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*Background*

What do we have

Current Initiatives

The Future

**Development in this area continues**
## Governance and Assurance

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<td>To enable any new practice and embed it into the business we need to set up Governance Frameworks and Assure that business is being followed. If we get this right it will also provide valuable feedback to enable continuous improvements.</td>
<td>Have structures through the contestability and assurance organisations already in place.</td>
<td>Establishment of Performance Reviews (PPR). Working to improve requirements and policy directives (as a One Defence model).</td>
<td>Will formalise a PM Function assurance framework. As One Defence policy directives are formalised PM Function will move to implement these and adjust our governance and assurance as needed.</td>
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## The Future: Building Better Practice

### Major Challenges

- Effectively integrating a One Defence view of the Job Family over the CLC with a view of the different requirements for each organisation and stage.
- Harnessing Defence cost data in a responsible manner that enables us to improve cost estimation into the future.
- Consistent use of costing methodology to avoid differences in the quality of cost estimation undertaken.
### Opportunities

| An integrated understanding of cost estimation in the CLC from development, analysis and contestability allows for best practice to be imbedded in the business. |
| Development of credible cost estimates on projects allows confidence in funding requirements to deliver capability outcomes. |
| Consistent tools and practices allow for high level analysis and affordability discussions to be had to enable trade-offs and priorities to be assessed quickly. |

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*Any Questions?*