



SYSTEMS PLANNING  
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# **NATO Allied Transformation Command: Launching a Cost Estimating Capability**

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# NATO Allied Transformation Command: Launching a Cost Estimating Capability

- NATO established in 1949
- ACT established in 2003, transitioned from SACLANT
- NATO adopts New Governance Model in 2018
  - Allied Transformation Command (ACT) establishes Programme Management Office (PMO)
  - ACT recognizes cost estimating as a required function within PMO
- ACT launches new cost estimating capability in 2021
  - Cost Estimation
  - Cost Oversight
  - Analytical Support

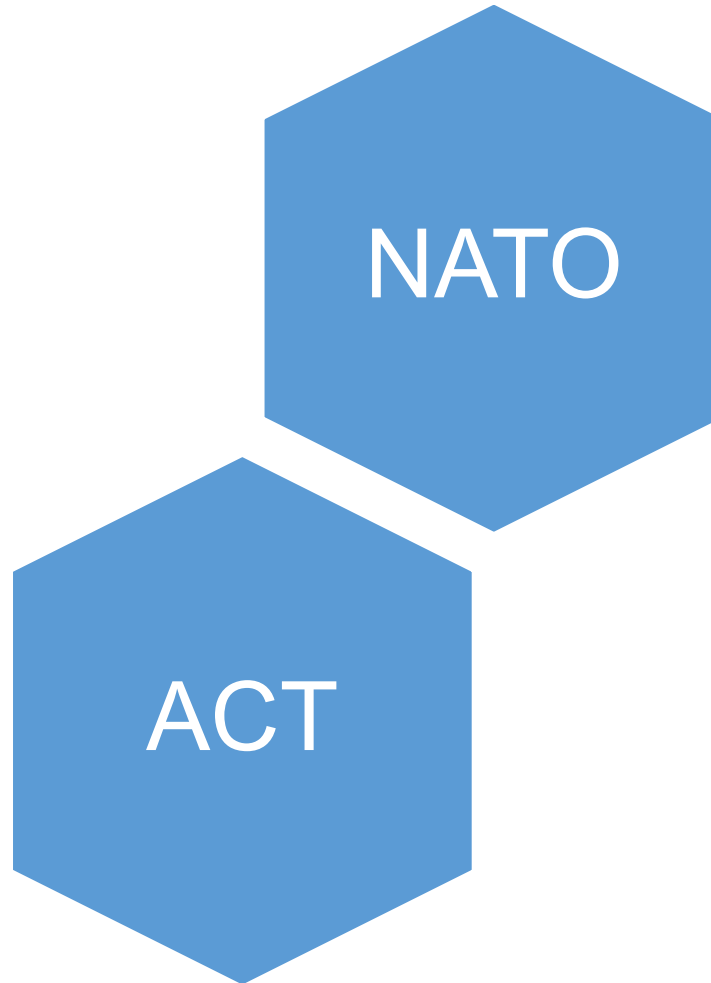


# North Atlantic Treaty Organization



- Inter-governmental Military Alliance
- 30 Nations
- Collective Defence and Consultation

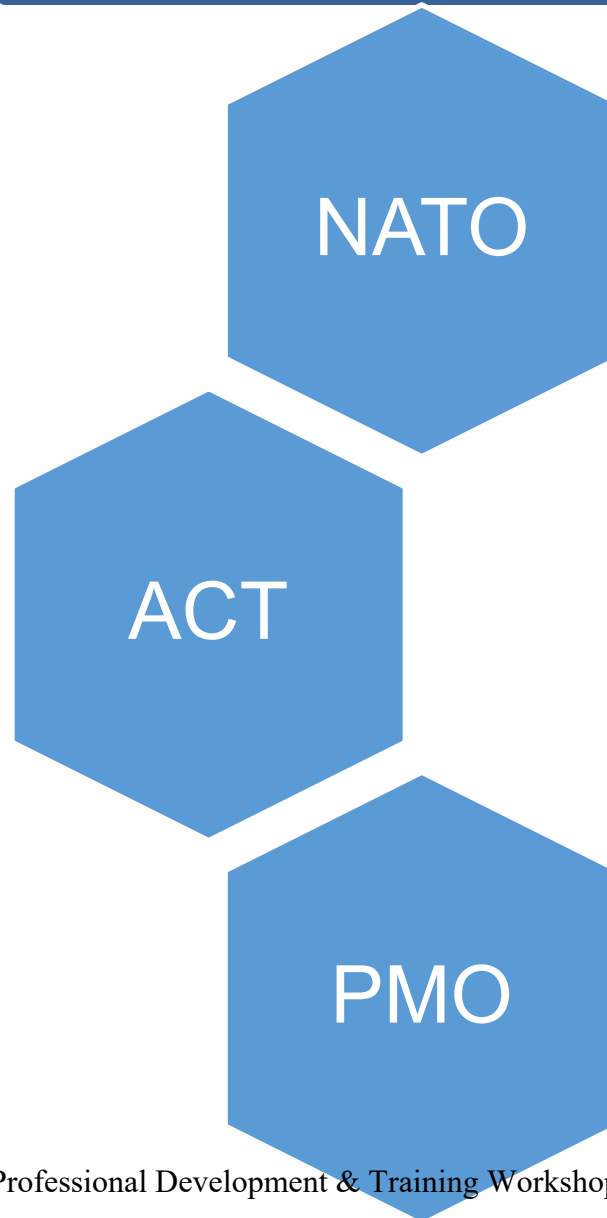
# North Atlantic Treaty Organization: Allied Command Transformation



# What Does Allied Command Transformation (ACT) Do in NATO?

- Allied Command Transformation, as NATO's Warfare Development Command, leads the military adaptation of the Alliance, contributing to the orientation of nations' efforts, ensuring coherence, assuring interoperability and delivering the connecting tissue that makes the Alliance's capability greater than the sum of its individual parts.
- Allied Command Transformation is organized around four principal functions:
  - Strategic thinking
  - **Development of capabilities**
  - Education, training and exercises
  - Co-operation and engagement

# NATO: Allied Command Transformation Programme Management Office

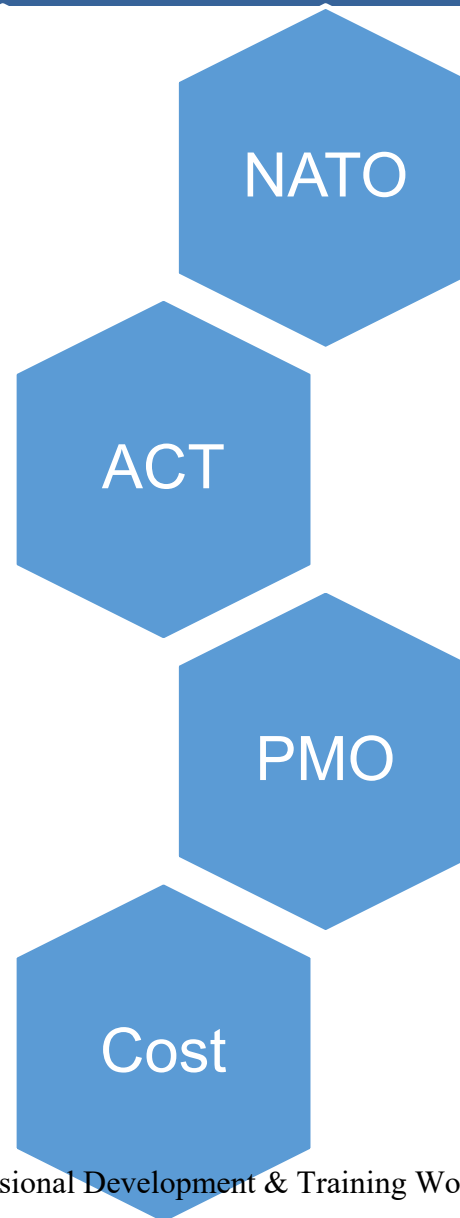


# What is the PMO at ACT? What do they do?

- ACT Programme Management Office
  - Provides capability development quality assurance process
  - Advises senior management composition of portfolio and progress against plans
  - Serves as hub for information for efficient use of relevant and updated data
  - Promotes and facilitates distribution of project and project information between management layer capability development stakeholders
- Services PMO supplies ACT
  - Programme and Project Management
  - Quality Assurance
  - Cost Estimation and Analytical Support



# North Atlantic Treaty Organization: Allied Command Transformation



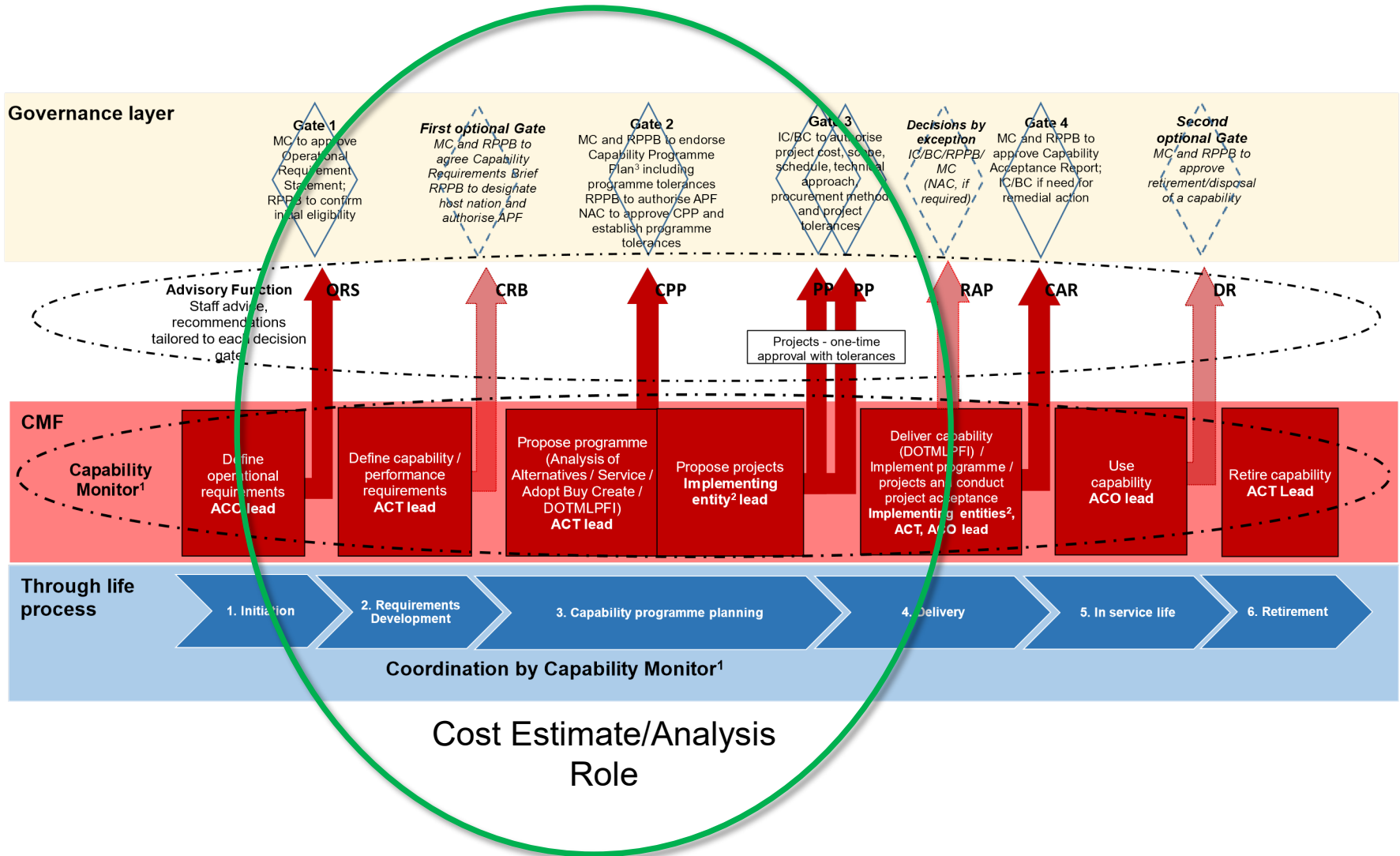


# Why Centralized Cost Capability?

- Provide independent, product based, data driven, repeatable life cycle cost estimates (LCCEs)
- Common cost estimation tool set, methodologies, data, training
- NATO Best Practices
- Integrate ACT teams working collaboratively
- Standardized processes and templates



# New Governance Model 2018 for Programme/Project Implementation



# Implementation of Cost Estimating and Analysis Capability

- Implement of full LCCEs across all organizational elements
- Provide consistent, defensible, credible and repeatable LCCEs leading to less requests for additional funding due to overruns
- Acquire cost estimation tools
  - Consistency of cost and schedule analysis
  - Risk & Uncertainty Analysis
- Oversee the development of Cost Estimation Requirements Documents prior to any cost estimation
- Establish and maintain a cost analysis supporting database and cost technical baselines for cost traceability and transparency
- Liaise with NATO Agencies to leverage cost data and handover cost estimates upon transition to next phase of the life cycle



# Who needs cost support and what is it?

- Who: Programmes being developed by ACT and overseen by ACT PMO, including infrastructure, software intensive programmes, Cyber, CIS, ISR
- What are Cost Activities:
  - ROM Estimates
  - Life Cycle Cost Estimates, independent and data driven
  - Repeatable Estimates using Standardized Processes and NATO Best Practices
  - Cost Technical Baselines
  - Oversight on estimates developed externally to ACT (contracted)
  - Training to Programme Managers for expected inputs and outputs of a cost estimate
  - Programme Managers and Programme Coordinators expectations as to the final cost product

# Priorities for ACT Cost Estimation and Analysis

- On Time Capability Delivery
- Accurate, Consistent, Repeatable Forecasting
- Reasonable Programme Costs
- ACT Acquisition-Focused
  - Adopt
  - Buy
  - Create
- Transparency and Traceability

# Challenges

- Undocumented business processes for cost estimating and analysis capability
  - Development and implementation of policies and processes
- Civilian/Military/Contractor mix of staff
  - Different backgrounds and experience levels with cost estimating
  - Military rotation every 3 years
- No cost tools or historical cost data
- Surge of NATO 2030
- Complex political environment
- Software Intensive Projects (SIPs)
- Customer Awareness
  - Brown Bags, word of mouth, ACT Directives and Templates
  - Programme and Project Management Training
  - Understanding the interface of cost estimating within a programmes



# What is the Future for ACT?

- Continue to implement and develop Cost Estimating and Analysis Team
- Provide all Cost Estimation and Analysis through its PMO
- Implement standard cost tools and templates for ACT and NATO
- Provide training for cost estimation as a management tool throughout the programmatic life cycle



# • QUESTIONS?



# POC Information

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