

To: Keith Avis[Keith.Avis@ofgem.gov.uk]
Cc: Richard Kayan[Richard.Kayan@ofgem.gov.uk]
From: Andy Luckhurst
Sent: 2012-08-30T16:11:15Z
Importance: Normal
Subject: FW: Follow up on DPA Costs Meeting
Received: 2012-08-30T16:11:17Z

Keith,

Following our discussion this morning, here is an update (please note that the email continues below the table).

1. Look at ways in which we can cut down on IT costs – delaying implementation – early manual solution etc.

As discussed, the options in my document have been discussed at length with Rita, Paul etc but the manual costs of additional admin staff etc need to be quantified at your end

2. Detailed justification as to why spend on IT contingency is necessary – need to show how things and assumptions have changed from the feasibility study

2.1 We are not saying that we will need to spend the contingency, but what we are saying is that when estimates are provided in the early stages of a project (in this case, the feasibility study), the percentage of contingency that needs to be allocated is higher. As the requirements are refined, further estimates are completed and a lower contingency level is added to them, reflecting the increased level of uncertainty. Please note that we do not plan to use contingency – the assigned project resources are based on the timings from the original estimates.

- 2.2 Some additional points that need to be added to the ones covered in my document

2.2.1 The estimates which we have provided are the same as the ones in the feasibility study. They have not changed. What has changed is that one of the assumptions made at the feasibility study stage no longer applies – i.e. that we will be able to “piggy back” a GB release. This has added just over £36K (before contingency) to the cost when compared to the option that was assumed at Feasibility Study stage

2.2.2 The lack of clarity over when we could start the project (which has been uncertain for many months) together with the need to re-assign and recruit resources, has put pressure on the already tight timescales we committed to at the Feasibility Study stage.

2.2.3 Lessons learned from other projects, requests from the Ofgem operational team involved in UAT, and the need to allow sufficient security related testing, have extended the time that will be required for the project testing phases.

3. Show release and Penetration test costs split by volume

Please refer to comments below, which I hope will enable you to understand my calculations and vary them to suit anticipated volumes if this is required.

Details	Estimate before contingency	Estimate with contingency (release costs 33%, other costs 100%)
Current Estimate (assumes a single, standalone release for NI)	£178,565 This was taken from the original feasibility study estimates (option 1B – standalone NI release)	£347,591 Following the meeting with Matthew last week, I have reduced the level of contingency for the tasks purely relating to the release (6 days on the original estimate breakdown)
Estimated cost of November release if Option 3 is chosen	£164,663	£319,787

	<p>This has been calculated by deducting QA testing time as follows:- Test Preparation tasks were estimated at 17.575 days – this has been divided by 2 on the assumption that only half the functionality would be delivered. Test execution was calculated at 16 days x 3 cycles plus regression testing, so has also been halved (8 days x 3 cycles). Regression testing would still be required in November. The original estimate of £178,565 can therefore be reduced by £13,902, leaving £164,663</p>	
<p>Cost of January release for DETI (assumes release costs are divided 50:50)</p>	<p>£28,869</p> <p>Total cost of release was calculated as £40,105. This is extra QA time (on same basis as above i.e. half the functionality delivered), plus regression testing (23 days). This gives a total of £23,654. Infrastructure costs (30 days, or £12,720) have been added, and an assumed allocation of IT staff has been added (10% of a</p>	<p>£57,738</p>

	.Net developer, 10% database developer, and 20% of a Business Analyst for one month). This is required during test phases. The cost of this is £3,731. All these costs come to £40,105. Reducing this by £13,902 leaves £28,869	
Cost of January release for DETI (assumes only marginal costs passed to DETI)	£22,509 See above calculations. A deduction of 50% of the infrastructure costs (30 days divided by 2) has been assumed. This could be varied if other volumes of uptake were assumed, but other costs would still apply	£45,018
Overall estimated cost for DETI (50:50 basis)	£193,532	£377,525
Overall estimated cost for DETI (Marginal cost basis)	£187,172	£364,805

To be absolutely clear where I stand as PM at present, I am continuing to work on the assumption that Option 3 will be taken forward and will be guiding the team accordingly until you tell me otherwise. If I do not do this, the November deliverable will be in jeopardy and additional costs are likely later on.

As I keep reiterating, resources have been allocated for the next month on this assumption, so even if we are told to stop the project, these costs (up to £80K) will continue to be incurred unless we can re-deploy the team members to other activities.

Regards,
Andy

Andy Luckhurst

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From: Andy Luckhurst
Sent: 30 August 2012 08:55
To: Keith Avis
Cc: Luis Castro; Rita Chohan
Subject: RE: Follow up on DPA Costs Meeting

Keith,
Sorry – I have meetings until 10 but agree we do need to catch up. When does your meeting finish?
I will send a more comprehensive email to you later this morning.
Regards,
Andy

From: Keith Avis
Sent: 30 August 2012 08:44
To: Andy Luckhurst
Cc: Luis Castro; Rita Chohan
Subject: Follow up on DPA Costs Meeting

Morning Andy, following the meeting last night with Bob and Matthew, grateful if you could give me a call when you are free so that I can pop down for a chat about next steps. I have a meeting at 10:00, so before then would be helpful.

In short, the action points from the meeting are to:

For me

Arrange a teleconference between Matthew and Fiona and DETI for Monday
Set up a pre-meeting with Matthew before the teleconference.
Talk to Offshore about their stand alone electronic system

For you

Look at ways that we can cut down IT costs – delaying implementation – early manual solution etc.
Detailed justification as to why spending on IT contingency is necessary – need to show how things and assumptions have changed from the feasibility study
Show release and penetration costs split by volume – Matthew mentioned this as something that he was very keen to see before I left last night.

I understand that you are not in the office tomorrow, so grateful if you could confirm that you could provide details here by close of play today – hence the need for an early chat.

Thanks
Keith

Keith Avis

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