Conformal use of ECOS

ESA AO/1-6156/09/I

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ECOS

The ESA Costing Software, ECOS, is a free-of-charge application for the preparation of the price proposal for an ESA project.

- Based on the ESA Conditions of Tender
- Implements ECSS recommendations on the definition of the Cost Breakdown Structure
- Standardizes Cost Elements enabling a fair tender evaluation and the total price justification by giving transparency and traceability to cost details
- Prints automatically the required PSS-A forms
Requirements

- AO/1-6156/09/I requires the use of ECOS for the preparation of the price proposal and for printing the PSS-A forms.

- Latest version: 4.2.0017 can be downloaded by contacting the ecoshelp@esa.int

- The *Conformal Use of ECOS*, according to requirements expressed in Annex 2 of the SCoT, will be evaluated under Criteria 4 and 5
Support

- A few key points are addressed within this presentations:
  - WBS and ECOS methodology
  - Rates and overates implementation
  - Consistency

- General and specific support can be obtained from the Agency via the ECOS helpdesk
  - Related to technical issues
  - Related to the use and methodology

- Training Courses are fully booked, but new users can learn the software via
  - Video Training
  - Integrated Help
Work Breakdown Structure

- Pre-defined top levels can be further broken down in specific tasks.
- The WBS should be built directly in ECOS, to avoid unnecessary adaptations risking ending up in non-conformal issues.

- ECOS WBS consists of the Product Tree and associated Support Functions.
- No difference between Product Tree vs Service Breakdown, can be freely defined.
- Use Standard Support Functions to define the Work Packages (activities).
ECOS WBS

- The Product Tree (Service Breakdown) is used to define major branches of the overall price proposal (i.e. phases, major tasks) and project specific tasks.
- The Support Functions are used to identify Work Packages (one or more for any specific task).
- ECOS includes a Standard List of *generic* Support Functions that are organised hierarchically. This hierarchy will be reflected in the WBS, but it has no impact on the user defined hierarchy of tasks and WPs.
- All WPs defined under a Product Tree item can be considered at the same level.
Costing of WPs

The lowest level of the WBS in ECOS is a Support Function = Work Package

Each WP can be costed using the typical Cost Breakdown per element of the PSS-A2
Subcontractors

Outsourced activities and respective WPs are handled in ECOS by generating ITTs (or RFQs) and integrating the received and selected Tender Answers. These are ECOS files generated by the software and are the only (proper) way to exchange ECOS files.
Rates and Overheads

- Implemented in ECOS into the *Rate File* that can reproduce the typical structure of ESA promulgated rates and overheads.
- Bidders who wish to propose more convenient rates are suggested to create a simple structure, i.e.:
  - A few labour categories, well defined and explained in a separate section of the financial proposal.
  - Possibly include any overhead in the gross applicable hourly rate.
- Additional support to implement specific issues can be obtained via the helpdesk in maximum confidentiality.
Rates escalation

- There is a lot of flexibility in ECOS for defining different rates and overheads per year.
- However, some considerations must be kept in mind:
  - ECOS will apply the differences that you establish according to the way you define the costs distribution; therefore be careful in setting the correct duration and distribution to your cost elements.
  - ECOS escalation is defined as % change w.r.t. the previous year, referred to a unique reference rate (per labour category or Direct Cost OH).
  - Escalation is only calculated when the type of price is FFP.
  - Various solutions in applying different rates per year.
Applying different rates and OH per year

- Various solutions, convenience depends on case-by-case situation
- **Preferred**
  1. Simple escalation applying % change at cost category level
  2. Replicating per year rates and/or overheads definitions and applying them as relevant (with some limitations on overheads)
  3. Partitioning the work breakdown per year and creating ITTs cascades and different rate files (this impacts the WBS)
- The complexity of this operation depends on how complex is your rate file structure
- Final solution can be a combination of methods
Consistency

Maintain an overall consistency check on your ECOS proposal:

- **Constant granularity of WBS** (avoid too small and too large WP)
- **Define WPs start and end dates according to Master Plan**
- **Engineer/Plan together with your Core Team partners how to handle subco, escalation, use of Support Functions ... before starting the actual process**
- **Describe and justify your cost data** (use the Exhibit A of PSS-A2 and/or the text in the Financial Proposal document)
Conclusions

- The **quality of the ECOS** file delivered will be part of the tender evaluation.
- **Do not wait for the last week** to start the process and make use of the helpdesk support also to have a feedback on your solutions (i.e. WBS, Rates, distributions, granularity ...)
- **Appoint a responsible** for the preparation of the ECOS file and (if not already familiar with ECOS) have him/her train by performing tests, etc.
- **Discuss** the ECOS solutions with your Core Team partners to provide a consistent Integrated Tender.
End

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