

Establishing Budgets for a 10 Year Technology Project

This program was undertaken to change an old information system technology to a modern open architecture that produces information on demand with greater speed, more versatility, and across diverse operating systems. Since it was designed as a replacement for an operational system, an evolutionary acquisition of capability over a 10-year period was planned. With four more or less equally spaced incremental releases of the new system, each providing added capability, the cost estimating challenge was to produce a credible estimate before initiating Increment 1.

This was more than a 10-year evolutionary development; since the new system became operational with completion of the first increment, maintenance began while future capability was under development and existing capability was being enhanced. All of these facets of cost, many of which are frequently overlooked, required addressing. The PRICE models were used due to the ability of the analyst to create an estimating breakdown structure that mirrored the way the system was expected to evolve. No other method was capable of dealing with a system acquisition that had a mixture of development and support activities occurring simultaneously. With a credible and comprehensive estimate of the true acquisition cost available at the outset, the government was able to establish a realistic budget and time phasing for full capability delivery.



CASE STUDY

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