

Reducing the Costs of Standards Activities

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Agenda

- How much do standards cost?
 - Who pays those costs?
- How to reduce costs
 - Development process
 - Approval process
 - Organizational infrastructure



The Costs of Standards Work

- Usually the first thing that comes to mind:
 - Cost of membership/participation in the standards organization (i.e. dues)
 - Sale of standards documents
- Supports organizational staffing, secretariat, and infrastructure
- But actually a minor cost compared to...



The Costs of Standards Work

- Participation costs of standards activities
 - Salary/time costs
 - Travel/meeting costs
- Can be very expensive compared to dues/fees



Costs: An Example

- Hypothetical standards activity
 - 20 engineers
 - Eight different companies
 - Three year long project



Costs: An Example

- Dues
 - SDO charges €15k dues
 - Members participate in three other activities

$$€15,000 \times 8 \times .25 = €30,000$$



Costs: An Example

- Time/Salaries
 - Engineers cost €150k/year (salaries, benefits, office space, equipment, etc.)
 - Are devoting 20% of their time to the standards activity

$$€150,000 \times 20 \times 3 \times .2 = €1,800,000$$



Costs: An Example

- Meetings/Travel
 - Meet f2f four times a year
 - Travel costs of €2000/person
 - Meeting space, food costs of €2000

$$((20 \times \text{€}2000) + \text{€}2000) \times 4 \times 3 = \text{€}504,000$$



Costs: An Example

- Organizational Staffing/Secretariat/Infrastructure
 - Already covered by dues



Costs: An Example

- Total participation costs
 - Dues €30,000
 - Salaries €1,800,000
 - Meetings €504,000

$$\begin{aligned} & \text{€30,000} + \text{€1,800,000} + \text{€504,000} = \\ & \text{€2,334,000} \end{aligned}$$

(Scale these numbers as appropriate)



Costs: An Example

- Many SDOs get half of their revenues from the sale of documents
 - Dues revenue €30,000
 - Sales revenue €30,000



Lessons Learned

- Even if the SDO has other, even perhaps significant, revenue sources (e.g. sale of standards, events, sponsorships, etc.) these only supplement or offset dues costs
 - SDO revenue of €60k from this project, compared to €2m+ in costs to participants
- Participation costs are much higher than anything else (dues, etc.)



Why Do Members Participate?

- SDO Members/participants are “investors” in the standards process; expect a return on investment
 - Sales of implementations/products
 - Royalties/license fees
 - Indirect revenue through industry leadership/reputation
- Government agencies may also invest in the process; expect societal benefits
- All investors are interested in reducing the cost of the investment

How to Reduce Costs (Maybe)

- SDO could lower dues
 - Results in a decline in services to the members
 - But insignificant compared to participation costs
- Members could participate less (fewer people, less time)
 - Slows delivery of work
- Members could send lower-salaried people
 - Results in more junior people working on the specification; lower quality, slower delivery
- Committee could hold fewer f2f meetings
 - Fewer opportunities for f2f collaboration
 - (but perhaps less exotic locations would be wise :-)

How to Reduce Costs (Better)

- All of the costs in our example (dues, salaries, meetings) have a time element; therefore...
- Making the standards process more efficient will reduce costs; "Time is Money"



Additional Benefits

- A streamlined process also provides
 - Quicker time to market with the standard
 - Quicker ROI for investors
 - Fewer lost market opportunities



A More Efficient Approval Process

- How many review cycles? How long are reviews?
- How many approval steps/levels?
- Are approvals only on certain calendar schedules (e.g. quarterly), or only at plenary meetings?



A More Efficient Approval Process

- But...
 - Tradeoffs with thoroughness of reviews, degree of consensus, level of openness
 - Streamlined approval can sometimes be “rubber stamping”
 - Quality of results needs to be uppermost concern



A More Efficient Development Process

- Advance planning by SDO and by the Committee
 - Proof of need, problem statement
 - Adequate resources for project
 - Well defined scope and deliverables
 - Definition of use cases, requirements
 - Identification of existing work (for reuse, interoperability, and to avoid duplication)
 - Planning for implementation guidelines, proofs of concept, conformance tests
- Roadmap helps prevent false starts, change of direction

A More Efficient Development Process

- Committee structure
 - Technical experts concentrate on the specification, others work on supporting items (e.g. conformance tests, implementation guidelines); use of subcommittee structure
 - Strong committee leadership; keep the work on track
- Oversight/Coordination Committee to coordinate among various committees; reduce duplication, promote reuse



Other Contributors to Efficiency

- IP and licensing
 - Early declarations through *ex ante* patent policies allow participants to understand in advance what licensing requirements/restrictions will be; prevent restarting or changing direction to avoid essential patents



A More Efficient Infrastructure

- SDO should provide tools/infrastructure to promote effective/efficient use of volunteers' time; allow them to work on their areas of greatest expertise
 - Email, archives
 - Document management, version control
 - Electronic balloting
 - Process tracking
 - Meeting minutes
 - Comment tracking
 - Calendars and action items
 - etc.
- Technical experts did not join the committee in order to be clerical workers



A More Efficient Infrastructure

- Also benefits the organization
 - More efficient use of SDO secretariat resources
 - Accurate record keeping; accountability to members
 - Accurate determination of voting eligibility, easy calculation of balloting results
 - Tracking sectoral or interest category balance of committees
 - Be prepared for appeals, audits



Spreading the Costs

- Increase membership/participation in the activity
- Does not reduce costs (may increase overall) but reduces the burden on any single member
- Accomplish this by
 - Proactively recruiting members
 - Communicate/publish status of work projects
 - Make it easy to join



Conclusions

- Common perception of “cost of standards” falls far short of total costs
- Participation costs far greater than SDO dues, sale revenues
- Participation costs can be reduced through a combination of
 - process changes
 - provision of infrastructure
 - costs sharing



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