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Member scheme USPI-NL

Summary

The new business model of USPI was endorsed by the MB at the USPI annual meeting of 31 May 2012. The new model has consequences for the financial operation of the association and the foundation USPI-NL. One of the consequences concerns the membership scheme. This document defines the new terms effective 01 January 2012. A big change compared to the previous scheme defined by the FOPT[i] study in 2004 and effective 01 January 2005 is the separation of member participation in the USPI network and member participation in projects. The threshold to join the USPI network will be low with the flexibility to choose participation in industry projects at will.
The second change concerns a managed opening up of the association to other industrial sectors through so-called SIG's(Special Interest Groups).

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PWHM van Exel
On behalf of the EC

Director Stichting USPI-NL
Amersfoort, 29 Jan 2013

[i] Future Operations Planning Team

1. Background and introduction

The world has changed over the past 15 years of existence of USPI-NL. The key changes have been:

- Fewer engineering staff have become available in member companies, in particular on the industry side.
- A higher degree of automation has been reached e.g. through MS Office type software and continuously developing commercial Engineering Software.
- The promise of STEP (ISO 10303) as expected at the time wasn't materialized and turned out to be a very long road. For the process industry it has been superseded almost entirely by the ISO 15926 standard.
- The number of industrial companies wishing to be deeply involved in the develop of international standards has become relatively small. Implementation is their foremost goal. Also ageing of the engineering population in Western Europe and USA has turned high quality engineers into private consultants.
- The developers of international standards therefore more and more have become consultants with good knowledge and drive but without immediate support of any industry company apart from financial support.
- The amount of implementation projects both at individual company level and at joint industry level is now growing but still needs time to expand.
- The focus of asset information mgt in process industry is shifting from EPC to maintenance and operations.
- Under TC184/SC4 a gradual transition has started from standards development to standards maintenance and implementation.
- In the development and implementation of international standards in practice cooperation started with companies from other industrial sectors such as building & construction, shipbuilding, aerospace, automotive.

As a result the EC has felt it necessary to change the business model of USPI to fit better the changed environment and today's engineering business in the plant engineering supply chain.

2. Existing business model

The existing business model of USPI-NL that dates from the 2004 FOPT study no longer fits the changed environment and the member company needs of today. In particular:

- The membership fees covered both participation to the USPI network, support to the awareness activities of USPI and support to the not project oriented standardization activities to which USPI participated internationally such as ISO meetings and industry group meetings. Many of those costs were cumulated in the costs of the office of Stichting USPI-NL, i.e.: the salary of the Director and the costs for rent, ICT, subscriptions etc.

- The initial standardization task of USPI was very much geared to the development of standards. Less consideration was given to maintenance and implementation of standards which came later.

- The original USPI member contribution was based on the standardization and awareness tasks. Since the number of participants actively interested in these tasks was relatively small contribution rates therefore had to be relatively high. This level of support sometimes was difficult to justify by management board members to their company management.

- The split between ": regular members" and "extended members" has added value in that it made it possible for companies to join at more modest rates and still participate in the network. In fact that was a step into the new business model.

- The association did not know membership for other industrial sectors than the process industry plant engineering supply chain.

3. The new business model of USPI

For the above reasons the Executive Committee has drafted a new business model for USPI taking these considerations into account. That model was approved and endorsed by the MB in May 2012.

The new model still builds on the five key roles of USPI as defined in the FOPT study of 2004. The main changes of the new business model compared to the existing model are:

- The non-profit nature of USPI-NL and Stichting USPI-NL remain as they are considered an important condition to achieve progress in achieving the mission of USPI.

- The funding of the USPI networking activity is separated from the funding of other joint industry activities. The costs of networking are born by Stichting USPI-NL.

- Membership will allow companies to be part of the USPI network at a low membership fee with easy access to all parties.

- Member companies will be able to choose participation in the joint industry activities other than the networking itself. These joint industry activities will be executed as projects with a proposed and agreed TOR[ii] (Terms Of Reference). The costs of the joint projects will be born from the project participants and from possible project subsidies from NL, EU or Global schemes.

- Workshops, conferences and knowledge materials will be made available to member companies at fee minus a reduction compared to non-member participants.

- The association opens up to other industrial sectors supply chains through SIG's (Special Interest Group) for managed and focused cooperation with companies from other industrial sectors.

3.1. Other industrial sectors

The membership of companies from other industrial sectors has become logical and possible through the work of the Dutch NEN standards committee NC381184 in which the sectors Ship building, Building & Construction, Aviation and Aerospace and process industry work together on standards for interoperability and integration
It is also noted that contractors and equipment suppliers have market shares distributed over these sectors.

It is not the intention of USPI to fully open up to other industrial sectors. That would require a major change of the association and a long and intensive debate with those other sectors. The process industry plant engineering supply chain "club feeling" therefore will remain essential. To give a better place to the interaction taking place

[ii] Terms Of Reference

already and expected to take place the coming years, it has been decided to start so called Special Interest Groups (SIG's) of companies interested in the interaction with the process industry on this subject.

3.2. Key roles and funding of USPI

The interest layers in the new business model correspond to the key roles defined in the FOPT study in 2004.

1. *Platform function*
   The base task of USPI will remain to maintain and further develop the USPI network that has grown over the past 15 years of existence of USPI.
   This will require mostly man-hours from member companies and partners.

   The costs of this activity are the costs of the man-hours of the network participants that are born by themselves and the costs of the office of Stichting USPI-NL supporting the network. These costs will be born from contributions and donations.

2. *Strategy & Vision for life cycle data*
   USPI has been excellent in this activity and will continue this activity. This involves running brainstorm workshops, drafting and maintaining strategic documents such as the Orchid Roadmap, the Next Generation Scenario.

   The costs of this activity are the costs of man-hours of the workshops and associated drafting and editing which are born by the participants either members or partners. The external costs are funded by Stichting USPI-NL from contributions, donations and subsidies from NL, EU and Global where possible and effective.

3. *Implementation of life cycle data "frameworks"*
   This activity is the most appealing to the members as they bring the direct benefits of standardization. Implementation is realized through joint industry implementation projects.

   The costs of the activity are the man-hours and external costs of the projects as per the TOR. These are born by the members, non-members, Stichting USPI-NL for the coordination and administration and subsidies of NL, EU, Global where possible and effective.

4. *Knowledge center*
   Stichting USPI-NL will maintain the knowledge about asset information and knowledge management. It should be noted that the total knowledge about asset information management and standardization is very much collective knowledge residing amongst members and partners in the network. A small but important part of the knowledge, in particular the overview and the education and outreach resides in Stichting USPI-NL itself.

   The costs of this activity are man-hours of members and partners born by themselves and the costs of the office of Stichting USPI-NL which are born from contributions, fees of workshops and best practices and donations.

5. *International standards*
   USPI has a key role in the development of new international standards either industry de-facto standards or ISO/ IEC standards.
   The costs of this activity are the cost of man-hours and external costs from the standards development teams including members and partners.
   These costs are born from the project participants as per the project TOR.

USPI also is involved in maintenance of international standards under maintenance schemes such as ISO 15926-4 under ISO TC184/SC4RDA.

The costs are the costs of tools and man-hours to maintain the standard. These costs are to be born from industry consortia taking part in the joint global maintenance schemes. The costs of the share of USPI are to be born from man-hours from members and partners, contributions and donations.

3.3. Financial security

Under the new business model the five USPI roles can be supported financially since the state of standardizing of asset information in the process industry plant engineering supply chain has progressed from development of standards to implementation of standards. This means the income lost from lower contributions will come from facilitating implementation projects and from training workshops and conferences and subsidies form NL, EU or Global.
In order to minimize the associated risk, the salary of the Director of Stichting USPI-NL will come from a fixed payment for 1d/wk and from income earned only if and when earned.
The business plan data for 2012 as approved by the MB on 31 May 2012 are shown in Annex 2 that illustrates the new business model formula.
For the longer term the expectation is that the income will grow to a secure level sufficient to attract other project leaders and staff who will ensure continuation of the work of USPI.

3.4. Membership rules

Following rules apply to membership

- Members can be:
  - plant owners
  - EPC contractors
  - contractors and engineering firms
  - equipment suppliers
  - software suppliers
  - consultancies
  - training institutes
  - universities

- Membership is by company. Corporate membership is possible and can be split over affiliates. Member companies can be located in any country

- By way of introduction for a maximum period of 2 years non-Dutch based companies joining USPI will have a reduction of 50% on contribution as it will be more difficult for them to participate physically in direct discussions.

- Universities are considered a separate group with a very low contribution as they do not benefit from membership the same way as does the industry. In return their investment will be man-hours to develop theories and models.

- Foundations acting as one legal company can join the association only as a whole.

- Associations and groups cannot join as such. The usual way to cooperate with them is to agree a mutual MOU.

3.5. Members from other industrial sectors

Since 01 Jan 2012 cooperates with other sectors in “Special Interest Groups (SIG) that are created with a purpose. Companies from other industrial sectors i.e. Shipbuilding, Building & Construction, Aviation and Aerospace, Defense and process industry can

join a SIG. This is a new option that will need to grow from cross sector contacts. The exact rules for this type of cooperation are to be decided over time in dialogue with the company in hand.

3.6. Mailing list members

In some special cases a person with real interest in the subject matter but without a company behind him, wishes to join the organization. This is possible through special mailing membership.

- Any individual person who is not employed by a company can join the association as a mailing list member. Examples are retired staff wishing to stay informed and involved.
- In exceptional cases staff still active for a company can be accepted as mailing list member. This will require approval by the EC (Executive Committee).

4. Contribution fees & man-hours

The contribution fees for members of USPI are determined according following rules:

- The contribution depends on company size measured in number of employees. For this purpose size existing categories have been maintained, a separate category for universities has been added.

- Members are supposed to spend a number of man-hours to support the USPI Network by participating in the activities of the network. This can be e.g. by participating in workshops and conferences and making presentations.

- The contribution for universities has been kept at a very low threshold of € 250, as a compensation it will be mandatory to invest at least 16 man-hours in kind.

- Members can freely choose to participate in projects. In that case they will respect the project terms of reference. Funding of the project is done jointly in € and/or in man-hours. No reductions are given to members.

- Participation to workshops, conferences and knowledge material will be at cost since USPI is a non-profit organization. Members enjoy a reduction of 25%.

- Members can choose to financially support the base layer activity of Stichting USPI-NL through donations. This will assist to cover for the costs of the participation in the development of international standards that are not yet defined as a USPI project and the networking activities.

5. Member benefits & duties

Member benefits

- Members will have easy access to the USPI Network active in asset information management of plants and products over the life cycle. This network includes
  - Companies in the plant engineering supply chain such as plant owners, contractors and equipment suppliers
  - Industrial associations and standardization consortia
  - Knowledge institutions, environmental institutions
  - Governmental bodies such as ministries, subsidy agencies
  - National standards bodies such as NEN, DIN, JNC, etc.
  - European standardization bodies such as CEN.
  - ISO –IEC standardization committees, in particular ISO TC184/SC4, ISO TC59, IEC TC65, etc.

- Members drive the direction of the association USPI since they have the right to endorse strategic decisions proposed by the EC and to give authority to the EC to take non-strategic operational decisions.

- Members will be automatically invited to join networking activities, standards development and maintenance projects, implementation projects and training and awareness activities.

- All members enjoy 25% reduction to participation in the activities of USPI-NL. Mailing members enjoy no such reduction.

- Members including mailing list members will be informed about life cycle data developments through newsletters and publications and website

Member duties

- Each member has one representative from mgt staff who will join the Management Board of USPI as MB member. The MB member has following tasks:
  - Taking care of the two-way traffic between company and association.
  - Taking care of the financial transactions and administration matters between the company and Stichting USPI-NL. This task can be delegated to an administrative focal point for membership
  - Ensuring the membership of USPI is sufficiently highlighted in the communication channels of the company both internally and externally.
  - Ensuring membership is formally endorsed at Head Office level and/or endorsed at local level by top mgt.

- Membership can be terminated as per the end of the period of 12 months following the formal announcement to terminate the membership. This will help to protect Stichting USPI-NL which does not have large capital, from financial shocks.
  - This commitment is mentioned in each business plan endorsed at the yearly MB meetings.

- Finance and admin is taken care as follows:
  - Any changes in address of company and staff relevant to USPI will be communicated to Stichting USPI-NL as soon as possible.
  - Any invoices for contribution and services of USPI are paid correctly within 30 days after invoice date.
  - A PO number is provided for companies that require this.
  - An e-mail invoice address is to be provided to enable e-invoicing to save time and costs.

6. Transition period 2012-2013 onwards

The new business model will reduce the direct income from contributions. In order to have some time to absorb this financially a transition measure has been proposed.

The larger companies will be asked to accept an invoice for the same amount as in 2011 thereby donating the remainder contribution money over and above the new rates for them to Stichting USPI-NL to assist in funding of the non-funded activities such as standards development and maintenance for which no funding plan exists yet.
Some companies have already accepted this. These donations will be reviewed in 2013 to decide whether this should be continued the next years or put in another form.

7. Version control

Date	Version	Who	Description
17 Dec 2014	Ver2.4	Paul van Exel	- Editorials - Made text on transition period more flexible.
24 Nov 2014	Ver2.3	Paul van Exel	Incorporated change of rule for termination of membership from next calendar year to running period of 12 months.
23 Oct 2013	Ver2.2	Paul van Exel	Changes rate table Annex 1. - Changed largest corporate from € 5000 to € 2500 - Added special category for €0 OOP and 16 manhrs
28-Dec-2012	Ver2.1 3rd draft	Paul van Exel	Some editorials
28-Dec-2012	Ver2.0 2nd draft	Paul van Exel	Expanded on the new business model and added financial information from the approved BP 2012.
27-Nov-2012	Ver2.0 1st draft	Paul van Exel	New member scheme approved by EC and endorsed by the MB on 31 May 2012.
6-Oct-2005	Ver1.0	Paul van Exel	New member scheme approved by EC 2005
16-Jan-2005	2nd Draft	Paul van Exel	Details of new scheme proposed in FOPT web-questionnaire endorsed by MB
26-May-2005	1stDraft	Paul van Exel	Draft proposed to MB, strategically approved

8. Version history USPI member scheme

Date	Version	Description	
Jan 2012	V3	New business model with separation between network participation and project participation	
Dec 2004	V2	Introduce concept of normal and extended members	
Jan 2002	V1.1	Switch to euro's	
July 1997	V1	Start of the formal association	

Annex 1 Contribution rates USPI as per 01 Jan 2012

The new rates are contained in the bold rectangle. The figures for normal and extended members are only for historic comparison.
In the new business model there is only one type of members. Regular and extended types have been abolished

Category		**Ia**	**Ib**	**II**	**III**	**IV**	**V**	**VI**	**VII**
Company size		Small	Small	Medium	Medium - Large	Large	Corporate	Special	University
Type	Reduction compared to 2004	Single company	Single company	Single, BU	Single, BU or Part of corporate	Single, Part of corporate	Corporate	Man-hours	University
Nr of Employees		0 – 5	5 – 50	50 – 200	200 – 500	500 – 5000	> 5000	[-]	[-]
Contribution 2004	[-]	€ 455	€ 455	€ 910	€ 1815	€ 4540	€ 9080	[-]	[-]
Normal members									
Contribution 2005	- 10%	€ 400	€ 400	€ 800	€ 1600	€ 4000	€ 8000	Na	Na
Contribution 2006	- 20%	€ 350	€ 350	€ 750	€ 1500	€ 3500	€ 7000	Na	Na
Contribution 2007 - 2011	0%	€ 300	€ 350	€ 750	€ 1500	€ 1200	€ 1500	Na	Na
Extended members									
Contribution 2005	Min, 0%	€ 900	€ 900	€ 1800	€ 1800	€ 4500	€ 9000	€ 250	€ 250
Contribution 2006	+ 10%	€ 1000	€ 1000	€ 2000	€ 2000	€ 5000	€ 10000	€ 250	€ 250
Contribution 2007 – 2011	+ 10%	€ 500	€ 1000	€ 2000	€ 2000	€ 5000	€ 10000	€ 250	€ 250
New business model									
Contribution 2012	**reduced**	**€ 325**	**€ 700**	**€ 1400**	**€ 1700**	**€ 2400**	**€ 2500**	**€0**	**€ 250**
Man-hours								**16iii**	**16iv**
Mailing members									
Contribution 2005 – 2011	[-]	€ 100							
Contribution 2012	**[-]**	**€ 100**							

[iii] Special members will pay their contribution in kind contribution to significant projects and activities in USPI.
[iv] Universities will pay their contribution mostly in kind i.e. 16 man-hours. The contribution in cash is low with €250.

Annex 2: The 5 key roles of USPI

6. **Platform function**
   - To provide a platform for members to exchange problems, developments, views
   - To contact and involve other companies
   - To cooperate with other consortia both within in the Netherlands and abroad such as Japan, USA.

7. **Strategy & Vision for life cycle data**
   - Setting the global direction for life cycle data.
   - Taking ownership for the Next Generation Scenario.
   - Deepen the NGS into branches

8. **Implementation of life cycle data "frameworks"**
   - Providing frameworks and methodologies for life cycle data.
   - Specification of requirements to software vendors.
   - Initiating and stimulating pilot and company projects.
   - Sponsor life cycle data developments.

9. **Knowledge center**
   - Provide readiness assessment to industry branches and industry as a whole.
   - Offer workshops, training, certification
   - Promote life cycle data initiatives e.g. running conferences, publishing articles, distributing newsflashes.

10. **International standards**
    - Develop of international standards
    - Maintenance of international standards
    - Enhancement of international standards

Annex 3. Approved budget Stichting USPI-NL for 2012 under new business model

Financial Positon Stichting USPI-NL - for approval MB of 31 May 2			**Budget approved**							
Liquid assets at 1 Jan 2011	93,092		Budget to align with balance of 2011 currently being checked by accountant							
Debts outstanding	65,800									Rate director
Creditors outstanding	52,297									€/hr
Working Capital on 1 Jan 2011	106,592									New
Reserve for exit payment - Director USPI	73,487									€ 60.50
Average Monthly Costs	8330		6976							
All money in €	**Previous model**		**New model**	Base Layer	Standards	Joint impl	Workshops	Conferences	Maturity	Typical year
All figures Excl BTW			€		Creation	projects			scheme	Standards
	DraftBudget 2012 MB		DraftBudget 2012 MB							
Working capital at 1 Jan after reserves	**33,106**		**33,106**							
Member subscriptions	59,875		42,769	32,375	10394					42,769
Donations			0							0
EU FP7 Project AGLOS	0		0							0
Subsidy MKM project	22,000		22,000			22,000				24,200
Subsidy WCP-IP project	15,000		15,000			15,000				16,500
eBook Project			0			0				0
ISO/NEN contributions			0							0
ISO 15926 -4 TS am1 + Maintenance	0		0							0
ISO 15926-11/6/AP221	0		0							0
CFIHOG HandOver Guide based ISO15926	4,000		4,000		4,000					
Workshops ISO15926-4/AsBuilt/ISO 8000	19,800		19,800				19,800			21,780
PELC 2012 - SPAR EUROPE 2012	0		0							0
Information Maturity scheme Ships	6,000		6,000						6,000	6,600
Other income (Interest)	1,500		1,500	1,500						1,500
Total income	**128,175**		**111,069**	33,875	14,394	37,000	19,800	0	6,000	**113,349**
Office costs	20,737		17,934	17,934						17,934
Director costs salary + insurances	79,221		65,775	15,774	17,001	25,000	6,000		2,000	72,353
Cost of workshops 3x	9,000		9,000				9,000			9,000
Cost of maturity scheme	2,500		2,500						2,500	2,500
Costs external contracts	0		0							0
ISO/NEN travel, contributions	6,760		6,760		6,760					6,760
ISO 15926 -4 TS am1 + Maintenance	0		0							0
ISO 15926-11/6/AP221	0		0							0
Reserve										0
Total costs	**118218**		**101969**	33,708	23,761	25,000	15,000	0	4,500	**108,547**
Nett balance	**9957**		**9100**	167	-9,367	12,000	4,800	0	1,500	**4803**
Working capital at 1/1/2012 after reserves	43,063		**42206**							
Working capital at 1/1/2012 before reserves	116,549		**115692**							
			Nr of days	0.8	0.9	0.8	0.2	0.1	0.1	**2.9**
Creditors outstanding expected			Cum days	0.8	1.7	2.4	2.6	2.7	2.9	
Debtors outstanding			Max days Director							4.0
Liquid assets at 1/1/2012			Surplus in days							1.1