



## PAS 55 – A new hype?

As professionals in the Utility market, we at UMS Group were surprised with the enormous interest in PAS 55. What were people thinking? What are their expectations? What are their experiences? UMS Group used the Linked-In forum to facilitate several discussions and, in April 2010, we polled members to explore this new “thing” called PAS 55. Results of this poll, and some interpretation from our point of view, are discussed in this white paper.

We have also facilitated a forum discussion using these poll results at a “Risk Based Asset Management” conference held in Bonn in May 2010. Not unexpectedly, the forum discussion aired a range of views, questions and some degree of alignment.

*(By J. Schipper, Managing Director UMS Group Europe and L. Dik, Associate, UMS Group Europe)*

### Introduction – PAS 55

PAS 55 is a publicly available specification offering guidelines and good practices to enable optimal management of physical assets and infrastructure. This standard is an interesting framework for improving the effectiveness of the life-cycle management system, particularly in capital intensive environments, such as electricity, gas and water networks, airports, railways and food producers. The specification addresses the link between the strategic business objectives and the policies and plans for asset operation and maintenance management. Moreover, PAS 55 not only specifies a management system within the Asset Management functional organization, but also throughout the entire business. PAS 55 can be easily integrated into other management systems such as ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

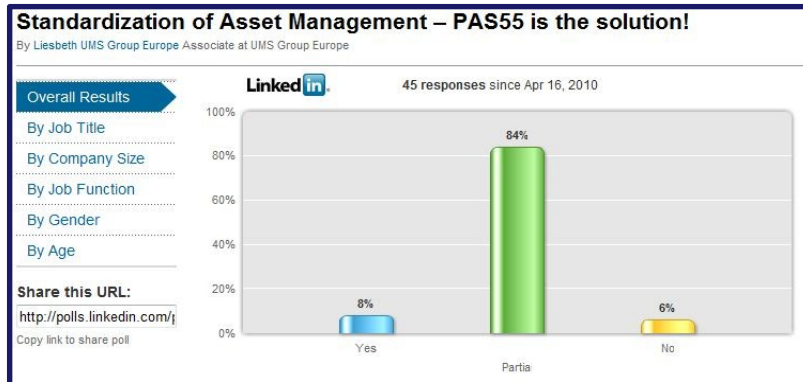
Although not required in other unregulated industries, PAS 55 has been receiving a lot of attention from regulators and other regulated industry leaders over the last few years. The British regulators of the gas and electricity markets and of water providers (OFGEM and OFWAT, respectively) have adopted the specification, and the Energy Court in the Netherlands has set up a Dutch standard (NTA 8120) for the management of electricity and gas networks based on PAS 55. In addition, a growing number of companies recognize that excellence in Asset Management is a crucial element of their business and have adopted PAS 55 as a directive. UMS Group believes there is now sufficient momentum in adoption of PAS 55 to establish it as the global standard for infrastructure Asset Management excellence.

In September 2009, UMS Group introduced the PAS 55 forum on the professional network Linked-In. Soon after the introduction, many people working in utilities and utility service suppliers from around the globe joined this forum to discuss and to share experiences. As of June 2010 more than 550 people are active members of the PAS 55 forum. To them, we put forth the following questions on PAS 55.



## Standardization of Asset Management – Is PAS 55 the solution?

From earlier discussions on the forum we discovered that people consider PAS 55 very helpful in defining and applying Asset Management standards.

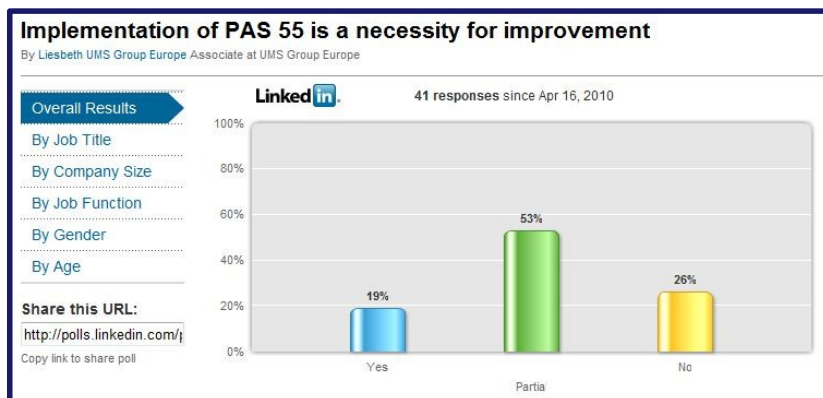


Forty-five (45) people responded to the question “Standardization of Asset Management – is PAS 55 the solution”? As can be seen in the diagram, the vast majority responded that PAS 55 is the solution for Standardization. Our interpretation of this result is that PAS 55 facilitates

standardization. PAS 55 is a “guideline” that helps to create an environment and even a “culture” of consistency and discipline in the way of infrastructure asset life-cycle decisions. How the guidelines are implemented is dependent on the specific driver’s interpretations of each organization. Unfortunately, this certain freedom is also what often makes it difficult for organizations to apply PAS 55. However, this culture fits well in an environment where standardization of Asset Management is a key goal.

## Implementing PAS 55 – A necessity for improvement

Having learned this, we asked our forum whether PAS 55 is a necessity for improvements. As can be seen, only 19% of the people who responded confirmed this statement.



PAS 55 at the moment is not an ISO standard. However, the goal is to get the current specification up to the level of an international standard, facilitating the development and persistence of a learning environment as soon as possible. The Deming-cycle (“plan, do, check, and act”) is

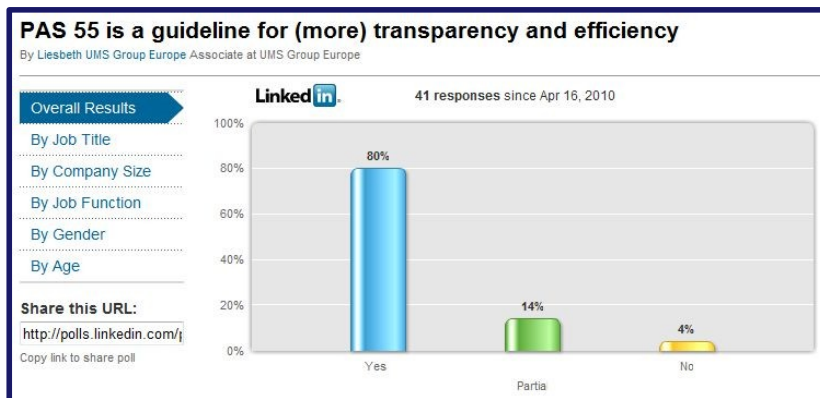
an important element of such standards. The PAS 55 specification adopts this learning cycle. Therefore, although it could be expected that people responded positively to this question respondents recognize that more than a specification needs to be involved in improvement transformations.

The question asked is “while PAS 55 is so comparable with other existing standards, what is the need for it?” To answer that question, we explored other points to capture our respondents’ thoughts.



## PAS 55 is a guideline for more transparency and efficiency

The next question we asked in our poll was whether or not the PAS 55 guideline would bring more transparency and efficiency.

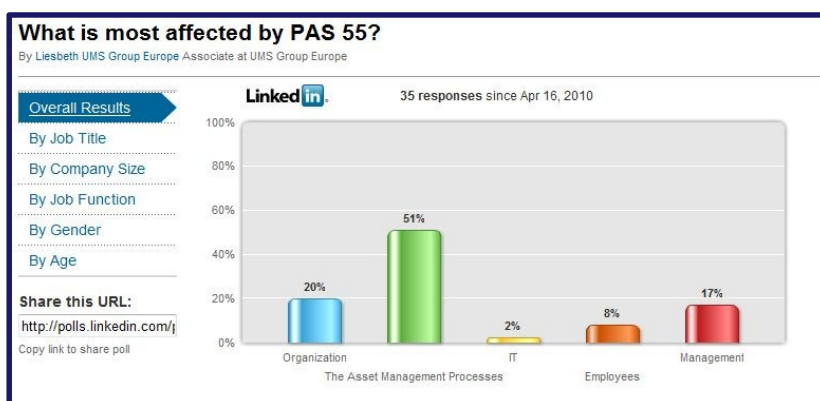


Our respondents were quite clear in their answers in this case. 80% acknowledged that PAS 55 guidelines will, in the end, result in more transparency and efficiency. In our expert opinion, we agree with this line of thinking. In our experience, the strength of the PAS 55

guidelines is the strong connection which it establishes between strategy, tactical decisions and day-to-day operational practices. Once the PAS 55 guideline is implemented, it facilitates decision making on all levels of the organization. In the end, it will support comprehensive alignment which leads to improved transparency and efficiency.

## What is most affected by PAS 55?

One can question how innovative the PAS 55 requirement is. It is not a look-alike from ISO. Doesn't it just mean that I have to do a lot of documenting and process description? We addressed this concern on our forum and asked our group to answer the following question: "What would be most affected by PAS 55?"



As can be seen from the results of the poll, the opinion of our respondents is that Asset Management Processes will be most affected. Other areas that will be significantly affected are Organization and Management.

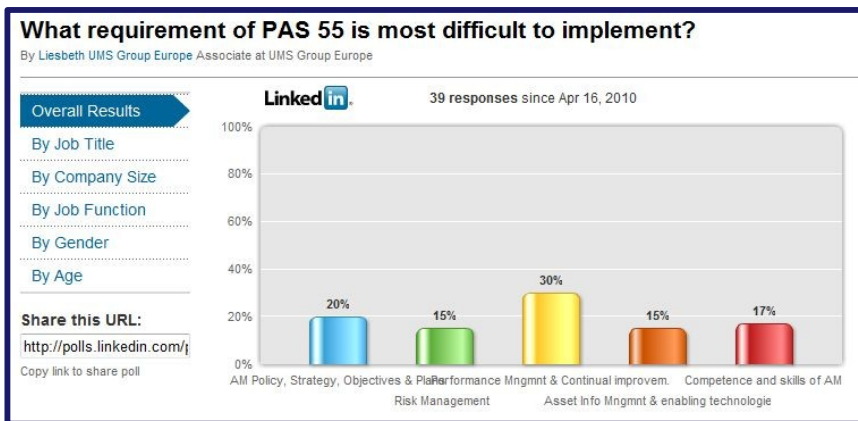
These results are interesting.

From our experience, after several implementations, we have learned that three areas which are most affected are: the design of the business value framework, the risk management process and the need for data to support risk analyses.



## What requirement of PAS 55 is most difficult to implement?

So what requirement of PAS 55 is most difficult to implement? Based on our experience, we expected that implementing risk management and data management would be the most difficult requirements to implement.

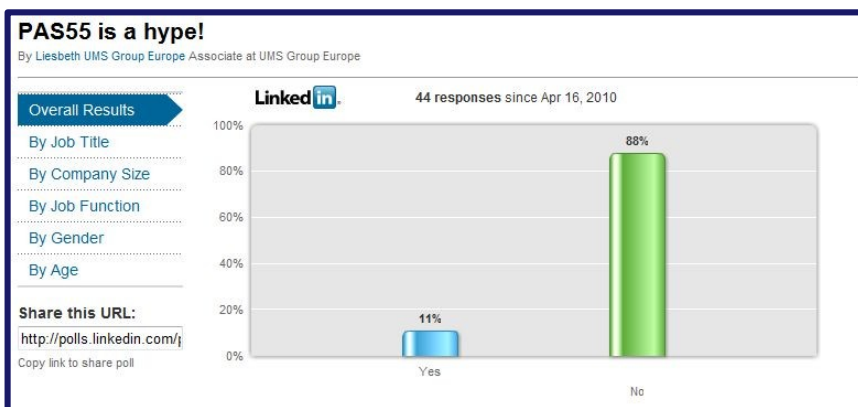


From our poll we learned that implementing improvement and performance management is seen as most difficult. However, we can see that other areas are also considered difficult to implement. We can understand this result by taking into

account that most participants in the discussion forum are assumedly interested in PAS 55 and are not yet working under quality management systems. Consequently, improvement and performance management are seen as new requirements and probably most difficult to implement.

## Is PAS 55 hype?

We asked on our poll whether PAS 55 can be considered hype. Or will this be something which will permanently change our way of looking at Asset Management?



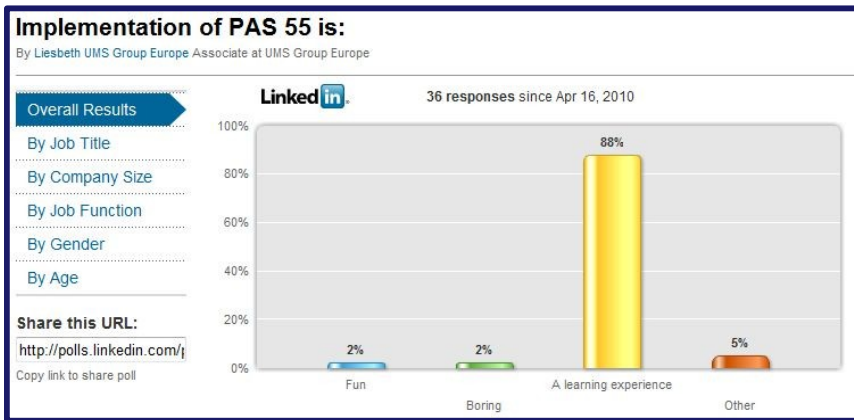
89% of the respondents have the opinion that PAS 55 is more than just hype. This indicates that in the market there is a demand for a common interpretation of "Asset Management" and that there is potential for improving Asset

Management practices, leading to better operating and financial results. A common terminology and process construct make comparison between organizations possible and eventually leads to even more improvement.

## Implementing PAS 55



The last question on our poll was to discover how people viewed implementing PAS 55.



Only 2% viewed implementing PAS 55 as “fun”. However, it is certainly not seen as something “boring”. Most people responded that implementing PAS 55 was viewed as a “learning experience”.

So maybe companies should embrace this new requirement and discover the learning experience that implementing PAS 55 certainly will bring. In our portfolio of projects where we have guided companies to certification, we have seen two types of implementation:

- 1) Those companies that implemented PAS 55 from the perspective of “window dressing” (i.e., it is nice to have, others have it, or the regulator wants me to have it). These companies experienced the PAS 55 implementation less as a learning experience and more as a typical management “flavor of the month” initiative.
- 2) Those companies that implemented PAS 55 with a bottom line objective of establishing a learning culture and reaching out for improvement potential, have consistently provided feedback that it was a learning and growth experience.

## Summary remarks

The summary of our findings after conducting this poll on the Linked-In group is as follows:

- PAS 55 is only a partial solution
- PAS 55 is partly a necessity to achieve improvement
- PAS 55 is a guideline to transparency and efficiency
- PAS 55 mostly affects Asset Management processes
- PAS 55 requirements for Performance Management and Improvement Management are most difficult to implement
- PAS 55 is not viewed as just hype
- PAS 55 is largely viewed as a learning experience

For those struggling with the question whether PAS 55 would be a good investment, we have tried to show what it is, what the effort is, and what it might bring you. We hope this paper is beneficial for all readers. For more information, please contact us at: [jschipper@umsgroup.com](mailto:jschipper@umsgroup.com) or [ldik@umsgroup.com](mailto:ldik@umsgroup.com)