

Overview of economic aspects of Contingency

Performance of the business case

Basic principle of Business case performance

The economic analysis measures to what extent a candidate mitigating strategy is cost beneficial against a « wait and see » base case under which no strategy of service continuity would be put in place.

A successful economic analysis requires:

- Modelisation tools
- An appropriate set of values
- Continuous dialogue with the stakeholders
- To follow a logical framework

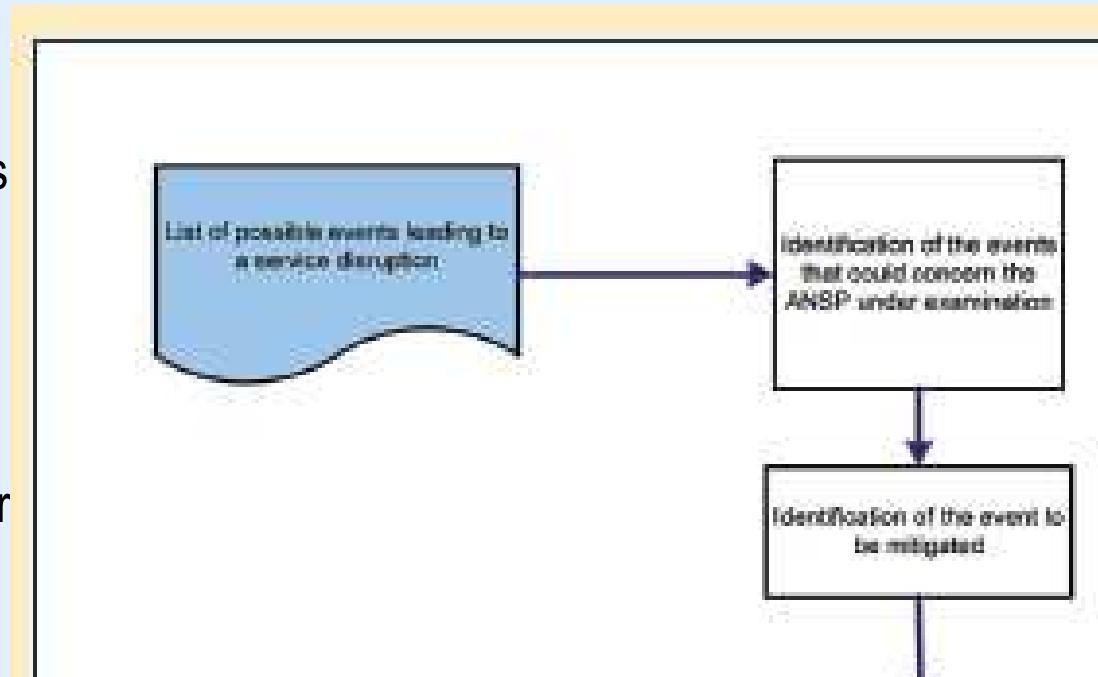
Performance of the business case

Summary of the logical framework for the performance of the economic assessment

- Hazard assessment
 - List and describe the outages
 - Determine the probability of occurrence of –clusters of- outages
 - Perform the economic assessment of the “wait and see” scenario
- Develop candidate mitigating strategies for each -cluster- of outages and
- Perform safety & security assessment
- Perform economic analysis of each mitigating strategy
- Drop the not cost-effective strategies & rank the cost-effective strategies by merits
- Propose an informed policy of service continuity

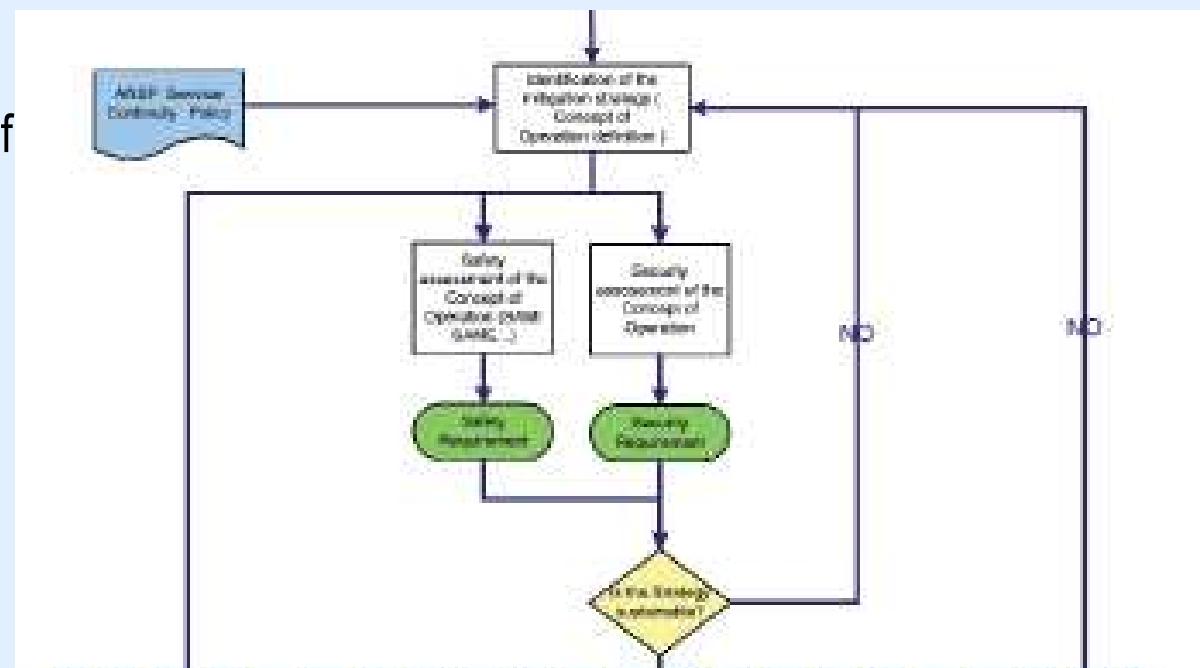
Logical framework for the economic assessment (1/3)

- Hazard assessment
 - List and describe the outages
 - Determine the probability of occurrence of –clusters of outages
 - (Perform the economic assessment of the “wait and see” scenario: at this stage or later)



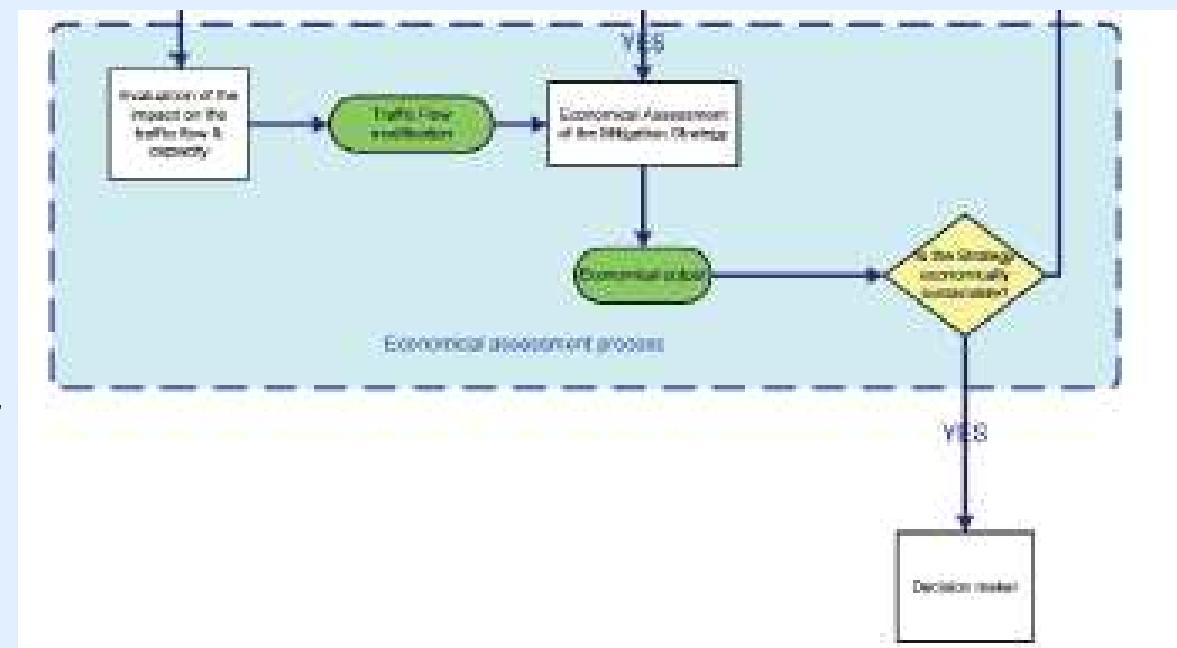
Logical framework for the economic assessment (2/3)

- Develop candidate mitigating strategies for each -cluster- of outages and
- Perform safety & security assessment



Logical framework for the economic assessment (3/3)

- Perform economic analysis of each mitigating strategy
- Drop the not cost-effective strategies & rank the cost-effective strategies by merits
- Propose an informed policy of service continuity



Economic assessment is only a part of the decision

The decision takes into account:

- Safety and security assessment
- Availability of resources
- Priorities in the allocation resources
- Opportunity to link decisions together
- Binding nature of the legal framework (e.g. SES, ICAO)
- Political decision
- ...

