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CAB/2515/MTG

2024-06-14

INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

SUBJECT

Presentation of the LTS Financial Model to CAB.

BACKGROUND

This document has been presented to the 55th CAB meeting - agenda item 8.4 by Mr Pierre Selva, IEC Treasurer.

ACTION

This document is for information.

Originator: CAB Secretariat



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LTS Financial Model CAB & CA Systems Impact

Pierre Selva
IEC Treasurer
2024.06.11

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Agenda: June 11, 2024 – CAB Meeting



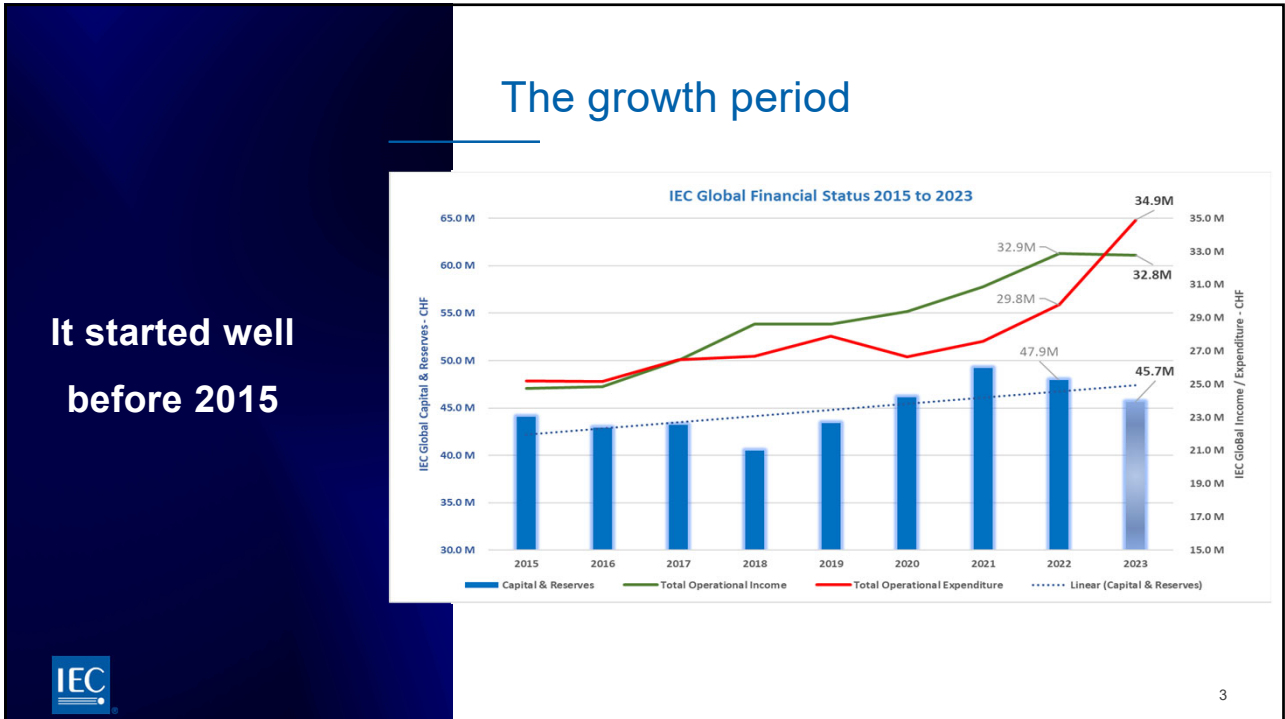
Considerations & Proposals ...

- Expected streams up to 2028
- The global financial landscape
- The Long Term Sustainability Task Force
- First proposals from LTS
- Growth opportunities
- In a nutshell

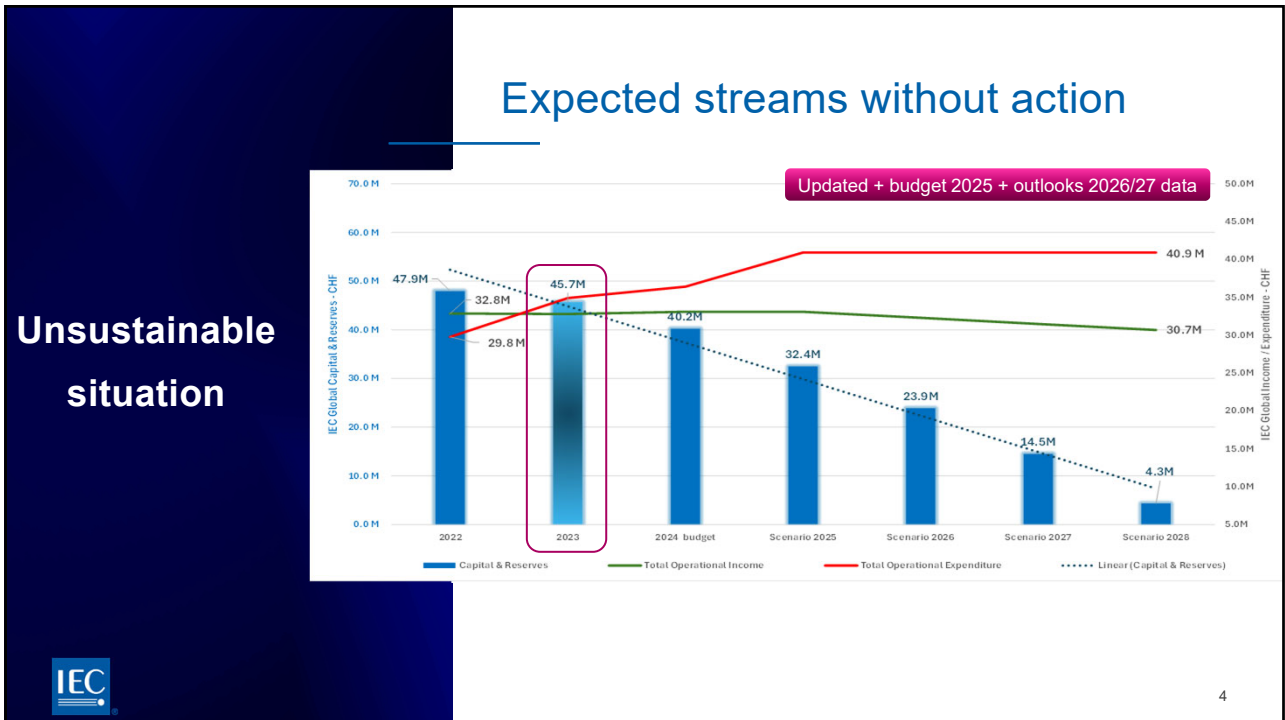


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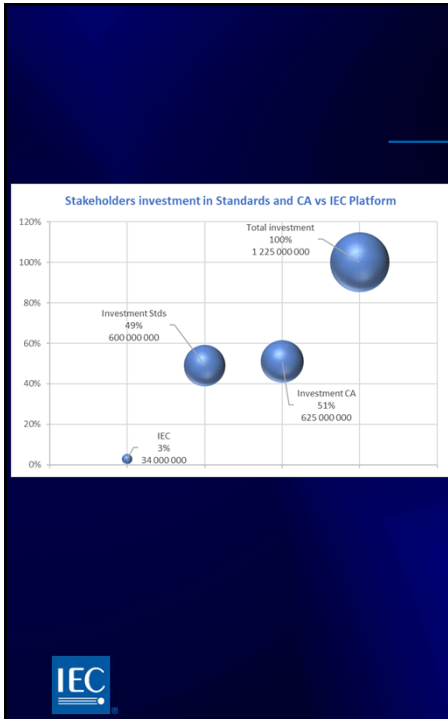
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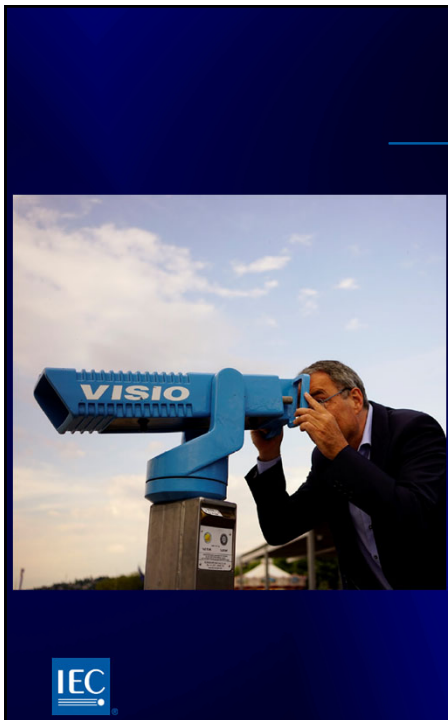


Global financial landscape



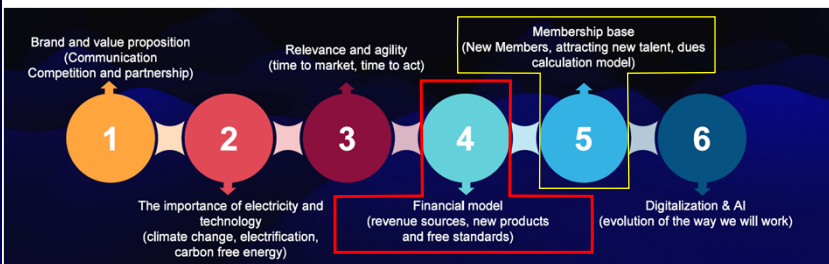
The cost of IEC is just a drop in the ocean ...

- 0.6 B CHF invested by stakeholders in Stds (20k experts, 30k CHF/year, Salary, Overhead, Travel) – Excluded fees paid by stakeholders to other organizations.
- > 0.6 B CHF invested by manufacturers to get certificates by the 4 CA Systems. (125 000 certificates issued with an average cost of 5k CHF, including Test' costs)
- Total = 1.2 B CHF, to be compared with 34 M CHF to operate the IEC platform ...



The Long Term Sustainability (IB TF7)

2 priorities identified



Operate under a new financial model that pushes the boundaries beyond current revenue streams, diversifies the portfolio through market-led products and services, and generates continuous income growth to deliver on IEC's ambition and strategy.

Continuously maintain and attract new experts and leaders to create a diversity of thought and further develop technical and leadership expertise. Increase country engagement by offering flexible participation modalities.




The first proposals (IB TF7)



Membership Model



Financial Model

Redesign the membership categories

Offer a clearer Value Proposition

Integrate CA membership's dues into the National Committee's dues



Redefine the whole budget process

Provide a stronger basis to develop new systems


Adjust the prices to the right market value

Update of Statutes & Rules of Procedures

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The first proposals (IB TF7)



Financial Model

Budget process

- No more formal budget to be done by the 4 systems
- Only provide the price changes, the new expenses and incomes, the needs for resources (as we do in our own companies)
- More flexibility, Access to the whole IEC resources
- Keep an annual Incomes & Expenses statement by system
- Full integration in the IEC Budget (better visibility from the NCs)

New systems

- More capability to develop new systems and new offers, thanks to the global resources of IEC
- To have a dedicated fund to invest in new systems / offers

Adjusting prices

- To give a true value to the Certificates and Test Reports
- To align the prices between system
- To reflect the market value of the certificates
- To provide a strong contribution to the IEC
- To create a fee for the Test Report and to increase the fees per Certificate

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Several growth opportunities identified



From Today's Model \approx CHF 8 to 10 M required to balance the budget

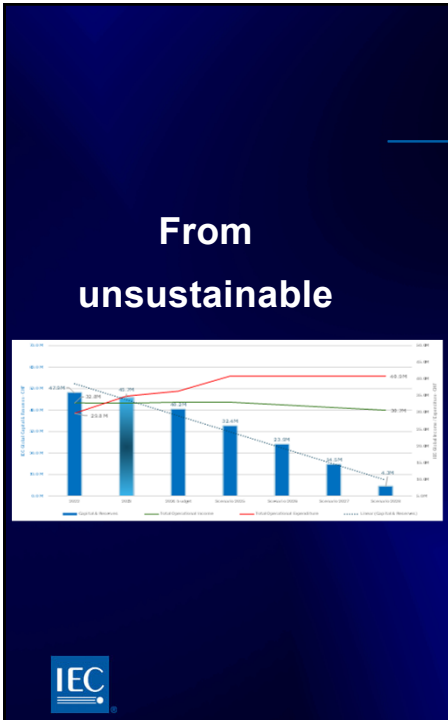
Sources of the Revenue (assumptions/opportunities)

Membership Dues (New Membership Model)	+ 1 M ↑
Net Sales (New webstore & customer relations)	+ 0.2 M
Market Penetration (Participating NCs)	+ 2 M
Net Royalties (New Membership Model)	+ 2 M
CA Systems maximum revenue growth opportunity IECEE Certificates + Test Reports (Recommended range CHF 80 to 100)	+ 11.2 M
New Products/Services (VAPs sales)	+ 0.8 M
Smart new digital products	<i>unknown</i>

These assumptions together provide **CHF 17.2 M**
(The IEC will be able to recover a sustainable future)

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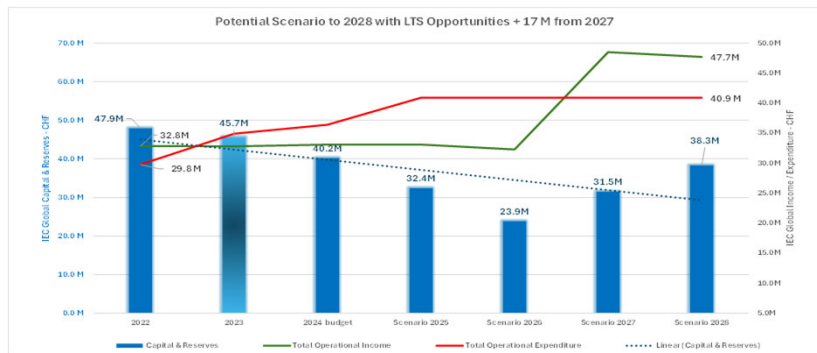
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From
unsustainable


What could the future look like ?

To sustainability



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In a nutshell

- **No more individual budget / More resources available**
- **Focus on operation of the systems and development of new offers**
- **CA activities are reaching a new place in the IEC community by creating and increasing fees**

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Thank you for your attention

And now, let's discuss it !

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