

VP Finance Report

**AEES Board of Governors Meeting
Orlando Florida
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Outline / Issues

- **AESS Finance Strategic Plan**
- **2014 Budget Update – Aug 29 IEEE HQ Feedback**
- **Issues Affecting 2014 Budgeting Process**
- **Summary**

Financial Strategic Plan

(ME Davis May 2013 BoG Presentation)

Objective: The AES Strategic Plan for Finances should be focused on realistic planning for future years to protect the current sources of income (Conference and Publications), and put resilience in the planning for unforeseen cost increases (IEEE Projects, Accounting Rules and Investment Market fluctuations)

Short Term Actions:

1. Strengthen Budgeting Process for establishing 2014 budget.
2. Strengthening the AESS liaison to Conferences and Publications to understand financial risk and upside investment funds potential for AES Initiatives

Three-Year Goals (2013-2015)

1. Understand publication moves (Magazine and Xplore -- Open Publications) and their impact on future financial flows.
2. Work with Conferences to Increase the Surplus returned to AES by ~~10~~⁵ percent a year.
3. Put checks and balances in the planning to improve the AESS Initiative planning, and protect against being put on Watch List.

Recent Environmental Factors Affecting Strategy Implementation

August 29 AES Budget Returned From IEEE HQ Heading For Being On Watch List !!

		FOR THE YEAR 2014					
BUS UNIT - 0100							
SUMMARY BY COST CENTER		2010	2011	2012	2013	2014	
		ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	
00100	INTEREST INCOME	0.0	0.0	0.0	0.0	0.0	
00380	TRANS ON AEROSP & ELECT SYS	475.1	467.2	465.3	583.8	430.3	
00381	AEROSPACE & ELECT. SYS. MAG.	286.2	257.9	272.7	176.3	147.4	
00382	AEROSPACE & ELECT. FEES	0.0	0.0	0.0	74.5	82.3	
01499	PERIODICAL RELATED - OTHER	0.4	0.5	0.0	0.4	0.4	
01600	NON PERIODICAL	2.9	2.2	0.0	4.6	0.0	
01700	MEETINGS/CONFERENCES	2,280.3	2,216.8	2,184.6	2,223.8	2,090.8	
01701	CONFERENCE RELATED - OTHER	0.0	0.1	(0.0)	0.0	(0.0)	
01702	GRANT	5.5	0.0	0.0	0.0	0.0	
01800	ADMINISTRATION	0.0	0.0	0.0	0.0	0.0	
01900	COMMITTEE & OTHER	0.5	0.2	0.4	0.0	0.4	
TOTAL INCOME		3,050.9	2,944.8	2,923.0	3,063.5	2,751.5	
00100	RMBSVC-INTEREST INCOME	(195.0)	285.2	(224.4)	0.0	0.0	
00380	TRANS ON AEROSP & ELECT SYS	479.6	396.9	404.2	281.8	425.9	
00381	AEROSPACE & ELECT. SYS. MAG.	372.0	426.4	381.1	354.4	364.0	
		0.0	0.0	0.0	0.0	0.0	
01499	PERIODICAL RELATED - OTHER	(0.0)	50.0	7.7	5.7	6.3	
01600	NON PERIODICAL	13.7	9.0	5.3	5.7	5.9	
01700	MEETINGS/CONFERENCES	1,406.9	1,496.6	1,323.0	1,412.3	1,434.4	
01701	CONFERENCE - RELATED	1.9	1.9	9.9	2.0	2.0	
01702	GRANT	5.5	0.0	0.0	0.0	0.0	
01800	ADMINISTRATION	355.3	378.2	419.2	440.7	306.2	
01900	COMMITTEE & OTHER	255.6	368.5	276.0	341.2	214.8	
TOTAL EXPENSE/RMBSVC		2,695.5	3,412.5	2,602.2	2,843.9	2,759.4	
TOTAL NET		355.4	(467.7)	320.8	219.6	(7.9)	
Public Imperatives						69.6	43.5
Travel & Governance						271.5	171.2

\$154K Reduction

\$ 21K Reduction

\$133K Reduction (optimistic)

\$154K Increase in Expenses!

\$22K Increase in Expenses!

\$261K Reduction (optimistic)

\$227K Reduction (optimistic)
Critical Issue For Meeting
AESS Operation Plan

Environmental Factors Affecting 2014 AESS Budget Planning

- **Global Economics Impact On Conference Attendance and Expected Surplus**
 - Significant Reduction In Conference Surplus 2013 and 2014
- **Anticipated Benefits From Publications' Reduction In Costs**
 - Apparently Costs /are Rising And Revenue Being Reduced
- **Desire For 2014 Chapters Summit In Netherlands**
 - Request for \$60K For Chapter Presidents Attendance

Meetings And Conferences

Conference Publications Revenue

		IEEE S/C BUDGET ENDING DECEMBER 31, 2014				
BUSINESS UNIT - 0100 AEROSPACE AND ELON IX COST CENTER - 01700 MEETINGS/CONFERENCE		IEEE Aug Return				
		R ACTUALS			2013	2014
ACCOUNT NUMBER		2010 ACTUALS	2011 ACTUALS	2012 ACTUALS	BUDGET	BUDGET
Conference Publications Distribution	3360000000	404.1	395.2	387.0	343.7	318.6
Conference Income	3610000000	1,876.2	1,821.6	1,797.7	1,880.1	1,772.2
Total Income		2,280.3	2,216.8	2,184.6	2,223.8	2,090.8
Insurance	4170000000	0.0	0.0	0.0	0.0	0.0
Bad Debt	4146000000	0.0	0.0	3.2	0.0	0.0
Conference Expense	4999000000	1,406.9	1,496.6	1,318.0	1,412.3	1,434.4
Pursvc-Other	5019010NAE	0.0	0.0	1.8	0.0	0.0
RmbSvc - Conference Publication	6022000000	0.0	0.0	0.0	0.0	0.0
Total Expense		1,406.9	1,496.6	1,323.0	1,412.3	1,434.4
Total Net		873.4	720.2	861.6	811.5	656.4

There Are Two Parts Of Conference:

- Returns From Xplore Downloads – Reduced Over Past 5 Years
- Surplus From Conferences Affected By Current Environment

Comparison Of Budget and Current Assessment For Conference Operations 2014

IEEE Budget Numbers

		2014			2014 Conference Budget			Society Share of Conference Budget		
03/01/2014	30718	2014 IEEE Aerospace Conferenc	14AAC	100.0%	632,857	517,580	115,277	632,857	517,580	115,277
05/05/2014	30154	2014 IEEE/ION Position, Location	14PLN	50.0%	381,530	313,076	68,454	190,765	156,538	34,227
05/19/2014	19992	2014 IEEE Radar Conference (R	14RAD	100.0%	403,005	330,295	72,710	403,005	330,295	72,710
9/15/14	18837	2014 IEEE AUTOTESTCON	14AUT	50.0%	876,070	684,884	191,186	438,035	342,442	95,593
		2014 IEEE/AIAA 33rd Digital Avionics Sys		50.0%	215,000	175,000	40,000	107,500	87,500	20,000
TOTAL 2014 BUDGET (see instructions tab - enter these amounts in cost center 1700)								1,772,162	1,434,355	337,807

Current Conference Organizers Assessment

Record #	Short Name	Date	Location	AESS Liaison	Financial %	Revised Expenses	Revised Revenue	Revised Surplus	AESS Net
30718	Aerospace	28-Feb-10	Big Sky, MT	Marina Ruggieri	100%	\$465,000	\$505,000	\$40,000	\$40,000
32597	ICNS	5-Apr-10	Herndon, VA		50%	\$97,076	\$107,576	\$10,500	\$5,250
30154	PLANS	4-May-10	Monterey, CA	?	50%	\$313,076	\$381,530	\$68,454	\$34,227
19992	RadarCon14	18-May-10	Cincinnati, OH	Brian Rigling	100%	\$338,260	\$406,405	\$68,145	\$68,145
32450	MetroAeroSpace	28-May-10	Benevento, Italy	Marina Ruggieri	100%	\$13,500	\$21,776	\$8,276	\$8,276
31341	NAECON 2014	23-Jun-10	Dayton, OH	Rob Ewing	50%	\$24,920	\$35,100	\$10,180	\$5,090
18837	AutoTestCon	14-Sep-10	St. Louis, MO	Bob Rassa	50%	\$475,000	\$600,000	\$125,000	\$62,500
33096	DASC	4-Oct-10	Colorado Springs, CO	Erik Blasch	50%	\$198,277	\$243,915	\$45,638	\$22,819
									\$246,307

Significant Change and Further Risk In Conferences' Surplus

AESS Publications – History and 2014 Budget

2014 IEEE S/C BUDGET						
PERIOD ENDING DECEMBER 31, 2014						
BUSINESS UNIT - 0100 AEROSPACE AND ELECTRONICS DIVISION IX						
COST CENTER - 00381 AEROSPACE & ELECT. SYS. M						
ACCOUNT NUMBER	PRIOR YEAR ACTUALS				2013 BUDGET	2014 BUDGET
	2009 ACTUALS	2010 ACTUALS	2011 ACTUALS	2012 ACTUALS		
Management View						
Total Income and Reimbursed Services	290.1	286.2	257.9	272.7	176.3	147.4
Total Expenses and Purchased Services	500.9	372.0	426.4	381.1	354.4	364.0
NET	(210.8)	(85.8)	(168.5)	(108.4)	(178.1)	(216.7)
Incremental Printing Expenses (\$000's)	290.5	189.8	217.0	163.5	234.0	238.7
Customer Service (Paid&Repl)	3.9	3.0	5.8	6.4	5.3	5.4
Total Incremental Print costs (\$1000)	294.3	192.9	222.9	169.9	239.3	244.1
Total Print Subs	4431	4272	4227	4005	3905	3999
Cost/Print Sub	\$66.4	\$45.2	\$52.7	\$42.4	\$61.3	\$61.0
Effective Print Sub Price	\$18.7	\$18.7	\$21.1	\$21.8	\$0.9	\$0.9
	1.5%	-3.6%	-1.1%	-5.3%	-2.5%	-5.3%

Do We Understand The Publications Business Model?

Chapters Summit Planning

- **Input 17 July From Ron Ogan**
 - The Chapters budget at \$13.9K will only cover rebates, if approved, and Chapter Awards..
 - We need to use Reserves to hold the Fourth Chapter summit for a cost of approximately \$60K. We have had three years to accumulate the costs and which amounts to \$20K per year.
 - We can look at lower cost venue if needed but the travel cost should be about the same to get 50-60% Chapter participation from the 54 active AESS Chapters..

- **Conclusion Based On Current Budget:**
 - We do not have any 2014 Surplus To Allocate To Chapter Summit
 - Only recourse is to use funds from Reserves
 - Need to have plan for managing attendance within *tbd* Budget

Summary

- **These Are Definitely Troubling Times For AESS**
 - Changing Economic And Operational Conditions Directly Affecting The Operational Budget
 - How Do We Continue To Deliver Quality Services To Members?
- **There Are Several Actions That BoG Needs Immediately:**
 - Engage With Conference Organizers On How They Are *Managing Change* In Their Upcoming Conference Performance.
 - Not Just VP Conference, But Each BoG Member Who Is Involved In Aerospace, Radar, DASC, AUTOTESTCON, Etc.
 - Understand The Transition Business Model Of Publishing
 - Are There Alternative Ways To Deliver Transactions And Magazines More Economically?
 - Decide On How We Can Afford The Chapter Summit.
 - Control Costs And Determine Most Beneficial Attendance Audience