
THESES SIS/LIBRARY
R.G. MENZIES LIBRARY BUILDING NO:2
THE AUSTRALIAN NATIONAL UNIVERSITY
CANBERRA ACT 0200 AUSTRALIA

TELEPHONE: +61 2 6125 4631
FACSIMILE: +61 2 6125 4063
EMAIL: library.theses@anu.edu.au

USE OF THESES

This copy is supplied for purposes
of private study and research only.
Passages from the thesis may not be
copied or closely paraphrased without the
written consent of the author.

**The importance of Complex Product Systems to
the space industry in Australia:
A small satellite case study**

**A thesis submitted for the degree
of Doctor of Philosophy of
The Australian National University**

James Bradfield Moody

National Graduate School of Management

This thesis presents research undertaken at the National Graduate School of Management, Australian National University, under the supervision of Professor Bruce Stening. The work submitted in this thesis is a result of original research carried out by myself, except where duly acknowledged.

A handwritten signature in black ink, appearing to read "James Bradfield Moody". The signature is fluid and cursive, enclosed within a thin, dark oval outline.

James Bradfield Moody

January 2004

Acknowledgements

There is a large number of people that I would like to thank for helping me to write this thesis.

Firstly and most importantly, I would like to offer my most heartfelt thanks to Bruce Stening, my PhD supervisor, for not giving up on me when other forces in my life caused me to lose track of what is important. Bruce is not only an excellent supervisor but an exceptional mentor whose guidance I value very highly. I am fortunate to have been blessed in knowing such a person.

I would also like to thank Mark Dodgson, my original supervisor, for convincing me to undertake my PhD with the National Graduate School of Management and for offering insightful and perceptive supervision on the shape that this thesis should take.

My co-supervisors, John Richards and Alan Snyder, have also been instrumental in helping me to complete this work. I have greatly appreciated their advice and guidance in putting this work together, and the time that they have spent in reading it in draft form.

To all of the members of the FedSat project, including Mirek Vesely, Carl Todd and Brian Embleton, thank you for being good colleagues and great friends. My time on the project is one which I will never forget and I could never have done it without you.

And finally, I would like to thank my parents; my father, Miles, for reading parts of the thesis and listening to my theories when he had much better things to do and my mother, Lynne, for always being there for me.

James Bradfield Moody

Abstract

The great paradox of the space industry in Australia is why, given a strong history of space involvement and a capacity for excellence in space and other complex projects, Australia is unique among developed countries in that it does not have a recognizable space agency and it has little space policy.

To try and understand this paradox, this thesis follows the development of the FedSat satellite project, formed in 1998 to ‘re-ignite the Australian Space Industry’. It asks the central question, “Can Australia develop an indigenous satellite industry made up of high-value, complex products?”, framed against the backdrop of innovation, management and policy issues in a multidisciplinary context.

The techniques used to analyse the FedSat project draw heavily on the Complex Product System (CoPS) framework, which proposes that high-cost, one-off products have unique innovation, management and policy dimensions and as such, require a different approach to analysis. It is found that CoPS are not only an ideal mechanism for analyzing a satellite project, but also a means of placing the space industry within the purview of innovation theory for future comparison with other projects across a range of industry sectors.

Within the space industry, a popular management technique in the 1990s was the ‘Faster, Better, Cheaper’ Small Satellite Philosophy. This philosophy was applied during the development of the satellite project, once successfully and once unsuccessfully, highlighting the importance of the inherent drivers of the management philosophy. A theory is developed around the Small Satellite Philosophy to give benefits to other reduced resource CoPS, giving an insight into the relationship between complexity, management and risk in these projects.

As a key aspect of answering the research question, the policy issues surrounding the development of the satellite under the Cooperative Research Center (CRC) programme are presented. It is found that, while there may be an inherent capacity within Australia for the development of CoPS, Australia's innovation policy does not recognise their importance and the CRC framework is inherently unsuited to their development.

The key conclusion of the thesis is that, based on the current space policy and innovation mechanisms in Australia, it is currently impossible for Australia to develop a space industry made up of high-value, complex products. However, drawing on the FedSat experience, a new way for Australia to enter the space industry is presented; one that is based on the formation of specific policy to address the development of CoPS. This policy would enable projects such as FedSat to be properly coordinated and funded, if it was found that they are in the national interest and continue to build the nation's capability in the development of complex products.

This thesis aims to contribute to literature on both the application of CoPS to new industries and the development of the space industry in Australia, through the empirical analysis of a high-profile Australian project. Indeed, ideas developed in this study will form a resource for the future development of other indigenous space projects within Australia and CoPS projects internationally.

Table of Contents

CHAPTER 1 BACKGROUND AND MOTIVATION.....	1
1.1 INTRODUCTION.....	1
1.2 APPROACH TO THE RESEARCH QUESTION	2
1.2.1 <i>Complex Product Systems</i>	5
1.2.2 <i>Small Satellite Philosophy</i>	6
1.2.3 <i>Australian Space Policy</i>	7
1.3 SIGNIFICANCE OF THIS STUDY	7
1.4 THESIS OUTLINE.....	9
CHAPTER 2 RESEARCH METHODOLOGY	13
2.1 INTRODUCTION.....	13
2.2 ALTERNATIVE RESEARCH DESIGNS.....	14
2.3 INVESTIGATION BY CASE STUDY METHOD.....	14
2.4 THE FEDSAT CASE STUDY	16
2.4.1 <i>Questions</i>	17
2.4.2 <i>Propositions</i>	17
2.4.3 <i>Units of Analysis</i>	18
2.4.4 <i>Information Sources</i>	20
2.5 ANALYSIS	25
2.5.1 <i>Clustering</i>	25
2.5.2 <i>Cross Verification</i>	27
2.5.3 <i>Drawbacks</i>	27
2.6 CONCLUSIONS	28
CHAPTER 3 COMPLEX PRODUCT SYSTEMS.....	30
3.1 INTRODUCTION.....	30
3.2 BACKGROUND AND DEFINITIONS	31
3.2.1 <i>The firm</i>	31
3.2.2 <i>Projects and Products</i>	32
3.2.3 <i>National Systems</i>	33
3.2.4 <i>Complex Systems</i>	34
3.3 THE DEVELOPMENT OF CoPS IN THE INNOVATION LITERATURE.....	38
3.3.1 <i>Complexity in the Historical Context</i>	38
3.3.2 <i>CoPS Development</i>	39
3.3.3 <i>CoPS as a new Analytical Category</i>	40
3.3.4 <i>CoPS and the Economy</i>	44
3.3.5 <i>New concepts and models in CoPS Management</i>	46
3.4 CoPS CHARACTERISTICS	50
3.4.1 <i>CoPS vs. Mass Production</i>	50
3.4.2 <i>CoPS Defining Terms</i>	53

3.5	EXAMPLES OF COPS	60
3.5.1	<i>Categories of CoPS</i>	60
3.5.2	<i>Examples of CoPS</i>	60
3.5.3	<i>Software and CoPS</i>	63
3.6	COPS TOOLS.....	64
3.6.1	<i>Critical Product Dimensions</i>	64
3.6.2	<i>CoPS Industry Evolution</i>	66
3.6.3	<i>CoPS Phases</i>	68
3.6.4	<i>CoPS Organisation</i>	69
3.7	QUANTITATIVE METHODS	70
3.7.1	<i>CoPS Management Tools and Techniques</i>	70
3.8	CONCLUSIONS	74
CHAPTER 4 COPS AND THE SATELLITE INDUSTRY		76
4.1	INTRODUCTION.....	76
4.2	THE SPACE INDUSTRY IN HISTORICAL CONTEXT	77
4.2.1	<i>Generation 0 - Getting to Space</i>	78
4.2.2	<i>Generation 1 - Government Space</i>	78
4.2.3	<i>Generation 2 - Commercial Space</i>	79
4.3	THE CURRENT INTERNATIONAL SPACE INDUSTRY	82
4.3.1	<i>Industry Size</i>	82
4.3.2	<i>An International Comparison of Space Programmes</i>	85
4.3.3	<i>Investment in National Space Programmes</i>	90
4.4	THE INTERNATIONAL SPACE INDUSTRY AS A COPS	91
4.4.1	<i>The International Missile Industry</i>	91
4.4.2	<i>The Telecommunications Industry</i>	93
4.5	SATELLITE PROJECTS	96
4.5.1	<i>Satellite Applications</i>	96
4.5.2	<i>Satellite Architectures</i>	97
4.5.3	<i>Satellite Development Phases</i>	100
4.5.4	<i>Satellite Management</i>	101
4.5.5	<i>Satellite Development in the Innovation Literature</i>	103
4.6	COPS AND THE SATELLITE INDUSTRY	104
4.6.1	<i>Satellites within the CoPS Taxonomy</i>	104
4.6.2	<i>CoPS Defining Terms</i>	104
4.6.3	<i>Satellite Phases</i>	110
4.6.4	<i>Satellites as CoPS</i>	111
4.7	CONCLUSIONS	112
CHAPTER 5 THE MANAGEMENT OF SMALL SATELLITE PROJECTS		114
5.1	INTRODUCTION.....	114
5.2	SMALL SATELLITES	115
5.2.1	<i>Satellite Architecture</i>	116
5.2.2	<i>Small Satellites and CoPS</i>	117
5.3	FASTER, BETTER, CHEAPER?	118
5.3.1	<i>The Goals of FBC</i>	118
5.3.2	<i>A Theoretical Investigation of FBC</i>	120
5.3.3	<i>An Empirical Investigation of FBC</i>	123
5.3.4	<i>Case Studies</i>	125

5.3.5	<i>Failures in FBC</i>	128
5.3.6	<i>Conclusions</i>	130
5.4	THE SMALL SATELLITE PHILOSOPHY.....	131
5.4.1	<i>Separation of Project Management and Technical Management</i>	132
5.4.2	<i>Strong Systems Engineering</i>	133
5.4.3	<i>Quality Assurance</i>	133
5.4.4	<i>Small Integrated Teams</i>	133
5.4.5	<i>Empowerment</i>	133
5.4.6	<i>Experienced Managers</i>	134
5.4.7	<i>Frequent Review</i>	134
5.4.8	<i>Accelerated development</i>	134
5.4.9	<i>Minimal documentation</i>	134
5.4.10	<i>Requirements Flexibility</i>	135
5.4.11	<i>Partner-like relationship with vendors</i>	135
5.4.12	<i>Exchanging Risk for Cost</i>	135
5.4.13	<i>Removal of Redundancy - Keep it Simple Stupid</i>	135
5.4.14	<i>Qualifying by Design or Similarity</i>	135
5.4.15	<i>Use of modern technologies</i>	136
5.4.16	<i>Use of software</i>	136
5.4.17	<i>Standardized Interfaces</i>	136
5.5	CLASSIFYING THE SMALL SATELLITE PHILOSOPHY	138
5.5.1	<i>Functional Lines</i>	138
5.5.2	<i>Drivers and Outcomes</i>	139
5.5.3	<i>Technical Experience</i>	141
5.5.4	<i>A new management methodology?</i>	142
5.6	THE SMALL SATELLITE PHILOSOPHY AND CoPS.....	143
5.7	CONCLUSIONS	146
CHAPTER 6 THE AUSTRALIAN SPACE INDUSTRY		148
6.1	INTRODUCTION.....	148
6.2	INNOVATION IN THE AUSTRALIAN CONTEXT	149
6.2.1	<i>Explicit Policies</i>	149
6.2.2	<i>Implicit Policies</i>	151
6.2.3	<i>CoPS in the Australian Context</i>	153
6.2.4	<i>Innovative Capacity</i>	154
6.2.5	<i>CoPS mechanisms in Australian Innovation Policy</i>	156
6.2.6	<i>Cooperative Research Centres</i>	157
6.2.7	<i>Conclusions</i>	159
6.3	AUSTRALIAN SPACE POLICY IN THE HISTORICAL CONTEXT	160
6.3.1	<i>Generation 0 – Getting to Space</i>	160
6.3.2	<i>Generation 1 – Government Space</i>	161
6.3.3	<i>Generation 2 – Commercial Space</i>	163
6.4	THE CURRENT AUSTRALIAN SPACE INDUSTRY	165
6.4.1	<i>Factor Conditions</i>	165
6.4.2	<i>Demand Conditions</i>	165
6.4.3	<i>Related and Supporting Industries</i>	167
6.4.4	<i>Firm strategy, structure, and rivalry</i>	169
6.4.5	<i>Size of the Industry</i>	169
6.4.6	<i>Space Industry Overview</i>	177

6.5 AUSTRALIAN SPACE FROM A POLICY PERSPECTIVE.....	178
6.5.1 <i>Launch sites</i>	179
6.5.2 <i>SLASO.....</i>	180
6.5.3 <i>FedSat</i>	180
6.5.4 <i>Conclusions.....</i>	182
6.6 RE-ENTERING THE INDUSTRY	183
6.6.1 <i>Benefits of an Australian Space Industry.....</i>	183
6.6.2 <i>Impediments to Growth.....</i>	185
6.6.3 <i>Industry Opportunities</i>	186
6.7 CONCLUSIONS	187
CHAPTER 7 SMALL SATELLITE CASE STUDY	188
7.1 INTRODUCTION.....	188
7.2 PROJECT HISTORY	189
7.2.1 <i>The Formation of the CRCSS.....</i>	190
7.2.2 <i>The FedSat Satellite</i>	193
7.2.3 <i>Requirements Analysis and Bid.....</i>	198
7.2.4 <i>Satellite Development in the UK</i>	205
7.2.5 <i>Transition to Australia.....</i>	212
7.2.6 <i>Satellite Development in Australia</i>	217
7.2.7 <i>Launch and Operations.....</i>	225
7.3 FUNCTIONAL ANALYSIS	227
7.3.1 <i>Overall Project Organisation</i>	227
7.3.2 <i>Project phasing and feedback loops</i>	234
7.3.3 <i>Management tools.....</i>	236
7.3.4 <i>Risks and opportunities.....</i>	240
7.3.5 <i>Learning</i>	243
7.3.6 <i>Managing inter-company technology interfaces and stakeholders</i>	244
7.4 THE SMALL SATELLITE PHILOSOPHY.....	245
7.4.1 <i>Space Innovations Limited.....</i>	245
7.4.2 <i>CRCSS FedSat Team.....</i>	250
7.5 SUCCESS/FAILURE AND PERFORMANCE	253
7.5.1 <i>Technical Success Criteria.....</i>	253
7.5.2 <i>Research Success Criteria</i>	254
7.5.3 <i>Commercial</i>	255
7.5.4 <i>Industry-wide</i>	256
7.5.5 <i>Factors for Success</i>	257
7.6 CONCLUSIONS	258
CHAPTER 8 PROJECT ANALYSIS.....	259
8.1 INTRODUCTION.....	259
8.2 FEDSAT FROM AN INNOVATION PERSPECTIVE	261
8.2.1 <i>CoPS and FedSat</i>	261
8.2.2 <i>Structural Issues.....</i>	269
8.2.3 <i>Lessons Learnt</i>	276
8.3 MANAGEMENT OF THE FEDSAT PROJECT	288
8.3.1 <i>The Small Satellite Philosophy in the FedSat Project</i>	289
8.3.2 <i>Small Satellite Philosophy and CoPS</i>	297
8.3.3 <i>Specific lessons</i>	303

8.3.4	<i>The Management of Space CoPS</i>	306
8.4	POLICY IMPLICATIONS.....	308
8.4.1	<i>The CRC Programme</i>	308
8.4.2	<i>The Role of Government</i>	313
8.5	CONCLUSIONS	316
CHAPTER 9 CONCLUSIONS		317
9.1	INTRODUCTION.....	317
9.2	PROJECT SUCCESS.....	318
9.3	REBUILDING AN INDUSTRY.....	324
9.3.1	<i>Market</i>	324
9.3.2	<i>Human Resources</i>	325
9.3.3	<i>Capital</i>	325
9.3.4	<i>Government Support</i>	325
9.3.5	<i>Industry Structure</i>	326
9.3.6	<i>Management Skills and Future Projects</i>	329
9.3.7	<i>Government Policy</i>	329
9.3.8	<i>Future Projects</i>	330
9.3.9	<i>The Role of CoPS</i>	334
9.4	COPS AND AUSTRALIA	336
9.4.1	<i>CoPS: A New Way of Entering the Space Industry in Australia</i>	338
9.4.2	<i>CoPS and Australia</i>	339
9.4.3	<i>CoPS and spin-offs</i>	340
9.4.4	<i>The Creation of CoPS Industries</i>	340
9.4.5	<i>CoPS and reduced resources in other industries</i>	341
9.5	GENERALISATION	341
APPENDIX I – GLOSSARY		I
APPENDIX II – PROJECT CHRONOLOGY.....		IV
APPENDIX III – INTERVIEW TEMPLATE		V
APPENDIX IV – SPACE INNOVATIONS LIMITED		XI
APPENDIX V – CRC FOR SATELLITE SYSTEMS.....		XVIII
APPENDIX VI – REFERENCES.....		XXV

Figures

Figure 1-1: Areas of Investigation	4
Figure 2-1: The FedSat Satellite, Source: CRCSS.....	16
Figure 2-2: Satellite development phases	19
Figure 2-3: The FedSat satellite bus (with payloads highlighted).....	20
Figure 3-1: Firm vs. Project Processes, Source: (Brusoni, 1998)	32
Figure 3-2: Dimensions of Complexity.....	36
Figure 3-3: Woodward's Spectrum of Production Processes, Source: (Hobday, 1998)42	
Figure 3-4: CoPS Management Challenges, Taken from (Brady, 1995)	49
Figure 3-5: Examples of CoPS and Mass Produced Goods, Source: (Davies, 1997e) .61	
Figure 3-6: Critical Product Dimensions of Complex Product Systems, Source: (Hobday, 1998)	65
Figure 3-7: CoPS Life Cycle, Source: (Davies, 1997e)	67
Figure 3-8: Sample Organisation of a CoPS Project, Source: (Hobday, 1998)	69
Figure 4-1: The Development of the International Space Industry	77
Figure 4-2: Space Industry Revenues 2001, Source: (ISAG, 2002).....	83
Figure 4-3: Composition of Space Industry Segments, Source: (ISAG, 2002).....	83
Figure 4-4: 2001 World Space Business, Source: (Euroconsult, 2001).....	84
Figure 4-5: Number of Objects Launched into Outer Space as of 8/11/99, Source: (UNOOSA, 1999)	86
Figure 4-6: Space Expenditure in 2000, Source: (ISBC, 2002)	87
Figure 4-7: Space Expenditure as a proportion of GDP, Source: (ISAG, 2002)	88
Figure 4-8: Division of National Space Programmes	89
Figure 4-9: Cellular Mobile Telecommunications Systems: Source (Davies, 1997e)..	94
Figure 4-10: Satellite Applications	96
Figure 4-11: Spacecraft Architecture	99
Figure 4-12: Example of Space Segment Architecture.....	100
Figure 4-13: Sample Unit Development Cycle	101
Figure 4-14: Satellite Work Breakdown Structure, Source: (Bearden, 1995)	102
Figure 4-15: Comparing the Cost of Space Systems, Source: (Wertz, 1996).....	105
Figure 4-16: Satellite CoPS Defining Terms	108
Figure 4-17: Critical Product Dimensions of Complex Product Systems.....	110

Figure 5-1: Small Satellite vs. Large Satellite Projects, Source: (Boland, 1999)	116
Figure 5-2: Example of small satellite architecture	117
Figure 5-3: Small Satellite Goals, Source: (NASA, 1999)	119
Figure 5-4: Faster Better Cheaper Metrics, Source: (Mosher, 1999).....	119
Figure 5-5: A selection of NASA FBC Missions, Source: (Mosher, 1999)	120
Figure 5-6: Performance vs. Cost Relationship	122
Figure 5-7: Cost Model Comparison between large and small satellites, Source: (Bearden, 1996).....	124
Figure 5-8: A Selection of SSP methodologies	132
Figure 5-9: SSP Characteristics	137
Figure 5-10: Characteristics of the Small Satellite Philosophy	139
Figure 5-11: Drivers and Outcomes	141
Figure 6-1: Competitive Advantage, Source: (Porter, 1990)	152
Figure 6-2: Australian vs. International Space Industry – Generation 0, Source: (Dougherty and James, 1993)	161
Figure 6-3: Australian vs. International Space Industry – Generation 1, Source: (Dougherty and James, 1993)	162
Figure 6-4: Australian vs. International Space Industry – Generation 2, Source: (Dougherty and James, 1993)	164
Figure 6-5: The Australian Space Sector, Source: (Moody and Schingler, 2001)....	167
Figure 6-6: Australian Space Revenues, Source: (ISAG, 2002)	171
Figure 7-1: The Development of the FedSat Project	189
Figure 7-2: CRCSS Partners, Source (CRCSS, 2002)	192
Figure 7-3: CRCSS Organisation Structure, Source (CRCSS, 1999).....	193
Figure 7-4: FedSat Architecture.....	206
Figure 7-5: The FedSat satellite bus.....	207
Figure 7-6: Organisation of the FedSat Project.....	228
Figure 7-7: SIL Structure, Source: (SIL, 2000).....	230
Figure 7-8: FedSat Life Cycle	235
Figure 7-9 Ideal SIL Project Gantt Chart: Source (Moody and Ward, 1999)	247
Figure 7-10: Large Satellite Software Engineering Waterfall Model, Source: (European Space Agency, 1981).....	248
Figure 7-11: Small Satellite Software Engineering Rapids Model, Source: (Moody and Ward, 1999)	249
Figure 8-1: FedSat CoPS Defining Terms	267
Figure 8-2: Application of CoPS Critical Product Dimensions to the FedSat Project	268

Tables

Table 2-1: Supplementary Questions	17
Table 2-2: Case Study Propositions	18
Table 2-3: Structured Interviews.....	21
Table 2-4: Project Reviews	23
Table 2-5: Cluster Topics.....	26
Table 3-1: Rothwell's Generations of Innovation Models, Source: (Brady, 1995)	43
Table 3-2: Placement of CoPS within the innovation framework	44
Table 3-3: CoPS vs. Mass Produced Industries, Source: (Hobday, 1998).....	52
Table 3-4: CoPS Defining Terms.....	53
Table 3-5: CoPS Case Studies	62
Table 3-6: Sample CoPS Project Phases.....	68
Table 4-1: Satellite Defining Terms.....	97
Table 4-2: Sample Satellite Developmental Phases, Source: Adapted from (Wertz, 1998)	101
Table 4-3: Sample CoPS Project Phases.....	111
Table 5-1: SSP Relationships per mission	144
Table 5-2: SSP Relationships over a number of missions	145
Table 6-1: Backing Australia's Ability Programmes, Source: (DISR, 2000a)	150
Table 6-2: Commonwealth Agencies using Space Applications, Source: Amended from (ISAG, 2002).....	166
Table 7-1: CRCSS FedSat Goals	195
Table 8-1: Key Analysis Questions.....	260
Table 8-2: Australian Project Team Initiated Technical Changes, Source: (Vesely, 2003)	278
Table 8-3: Implementation of the SSP at SIL	294
Table 8-4: Implementation of the SSP at the CRCSS.....	295
Table 8-5: FBC effects due to reductions in complexity	301
Table 8-6: FBC effects due to SSP management	301
Table 8-7: FBC effects due to increased risk/mission	302
Table 8-8: SSP Relationships per mission	302

Table 8-9: Applicability of the CRC structure to CoPS.....	312
Table 9-1: FedSat Technical Success.....	319
Table 9-2: FedSat Research Success.....	320
Table 9-3: FedSat Commercial Success.....	320
Table 9-4: FedSat Industry Success	322
Table 9-5: CoPS Policy Suggestions.....	338