



Apet®360Pro™ Procurement Portal User Guide 11 – Part 2

Cost Model Instructions

Overview

This User Guide provides information on 360Pro's ability to capture prices in several different modes (Schedule of Rates and Plant NPV) and undertake analysis of those prices against weighted technical scores.

Function

To add the price module to a Job, Select the 'Yes' radio button alongside 'Cost Associated?' on the Job Management view when you are creating a Job. If the Job has already been created, select 'Edit' on the Job Info Tab and then the 'Yes' radio button alongside 'Cost Associated?'.

Selecting 'Yes' automatically reveals the 'Price' tab to you, the User, and the Provider. 'Yes' cannot be selected after the Job is published.

The 'Price' tab provides the functionality for the Provider to include their prices within a field that can be used to determine Value for Money (VFM).

In terms of scoring Price, 'VFM' is the default setting within the Price tab. Alternatively, you have the option to nominate a weighting for price via the 'Weight Price' radio button. When it comes time to run the Evaluation plus Risk Report, if you have weighted price, 360Pro will give a price result (lowest price receives the highest result) and that price result will be multiplied by the price weighting and will be taken into consideration when VFM is calculated.

If you have weighted price (via the in-built price tab), you must run the Evaluation plus Risk report to obtain your overall VFM results.

The Job Price tab

This tab enables you to select the cost option when the the 'Yes' radio button on the Job Management view is selected.

There are four types of cost models available:

1. Lump Sum – **Discussed in User Guide 11 Cost Model Instructions Part 1**
2. Total Cost of Ownership (TCO) - **Discussed in User Guide 11 Cost Model Instructions Part 1**
3. Schedule of Rates
4. Plant NPV (Net Present Value)

To set up the pricing model select the model you wish to use from the model selection dropdown.

A Provider Guide field is available for you to include some guidance to the Provider to assist them in correctly entering their pricing. Provider Guide field is not a mandatory field.

3. Schedule of Rates

To configure the Schedule of Rates Costs model, nominate the number of units (max 3).

Then select 'Add Item' to add an item to be priced.

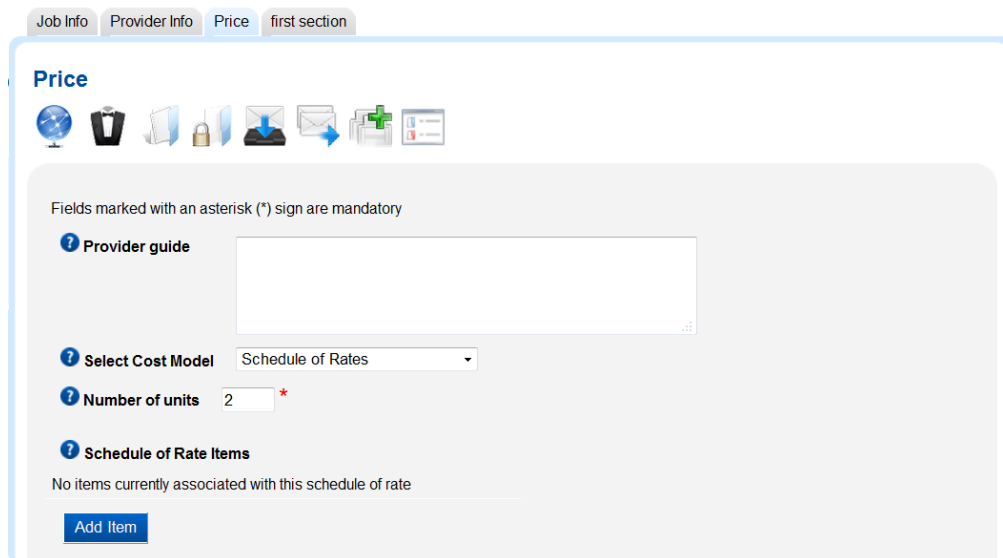


Figure 1 Your Perspective - Schedule of Rates

Next, add the Item name and unit size for each unit type, click Add to save and return. There is no limit on the number of Items that can be added to a Schedule of Rates

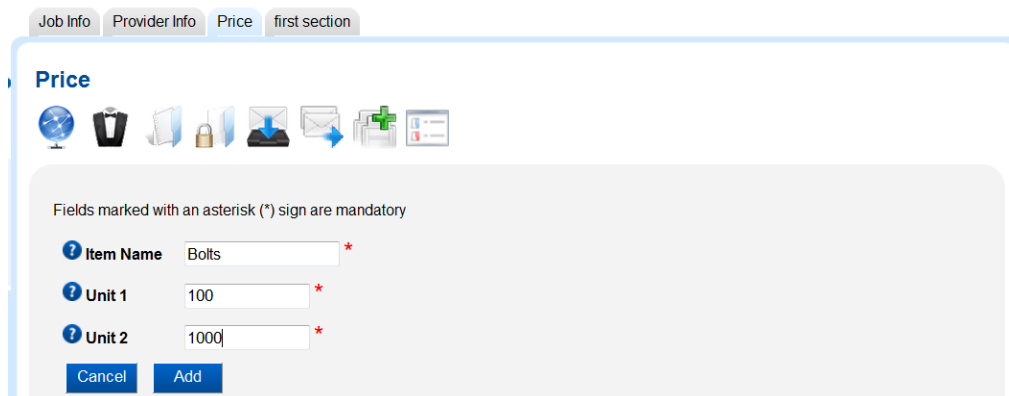


Figure 2 Schedule of Rates - Item Name and Units

The Job can then be published as normal.

The Provider then sees an additional tab with mandatory fields for their Prices for each Unit for each Item.

Job Info Your Info first section Price

Creating a Job

Review Contact Job Manager ?

Job Progress

100%	100%	0%
Your Info	first section	Price

Price

Please enter costs in one of the following formats: \$1000, \$1000.00, 1000.00 or 1000


Item Name	Unit 1	Cost	Unit 2	Cost
Bolts	100	23.00 *	1000	234.00 *
Nuts	100	23.00 *	1000	24.00 *
Washer	100	32.00 *	1000	329.00 *

Figure 3 Provider's Perspective – Schedule of Rates

Rates are visible to the Evaluator, including the calculated NPV/Aggregated Cost:

Job Info Evaluate Provider Info Price first section

Evaluation

 AngeWright - Costs

Cost Type: Schedule of Rates

Please enter costs in one of the following formats: \$1000, \$1000.00, 1000.00 or 1000

Item Name	Unit 1	Cost	Unit 2	Cost
Bolts	100	23.00 *	1000	234.00 *
Nuts	100	23.00 *	1000	24.00 *
Washer	100	32.00 *	1000	329.00 *

NPV / Aggregated Cost: \$594,800.00

Previous Next

Figure 4 Evaluator's Perspective - Schedule of Rates

In the Evaluation Report, a VFM comparison is provided in a table:

Results					
Provider Ranking					
Providers	Non Price		Price	Final Rank	
AngeWright Manual	66.67%	1	\$1462400.00	2	1
AngeWright	22.22%	2	\$594800.00	1	2

Figure 5 Summary Table - Schedule of Rates

4. Plant Net Present Value (NPV)

The net present value (NPV) or net present worth (NPW) of a time series of cash flows, both incoming and outgoing, is defined as the sum of the present values (PVs) of the individual cash flows of the same entity.

In the case when all future cash flows are incoming (such as coupons and principal of a bond) and the only outflow of cash is the purchase price, the NPV is simply the PV of future cash flows minus the purchase price (which is its own PV).

NPV is a central tool in discounted cash flow (DCF) analysis, and is a standard method for using the time value of money to appraise long-term projects. Used for capital budgeting, and widely used throughout economics, finance, and accounting, it measures the excess or shortfall of cash flows, in present value terms, once financing charges are met.

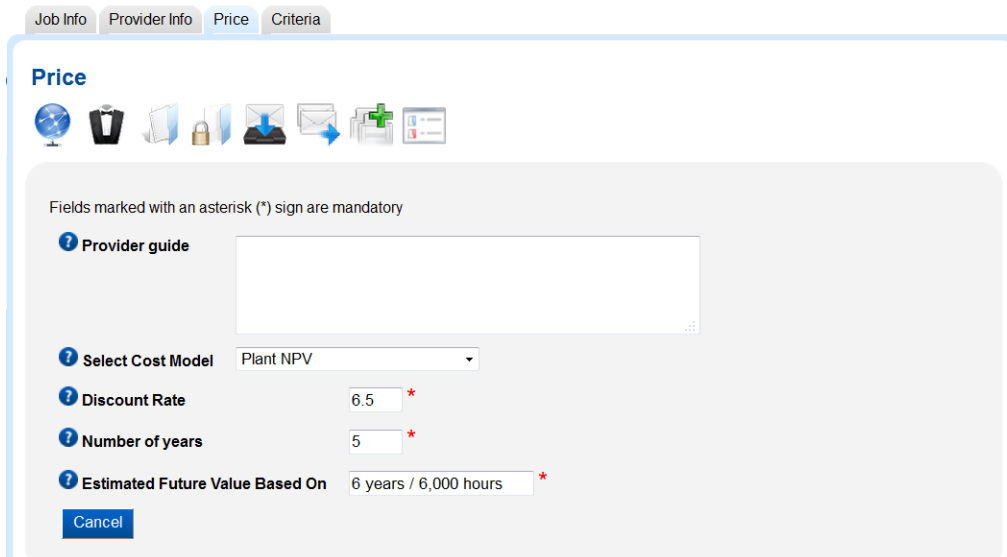
NPV can be described as the “Difference Amount” between the sums of discounted; cash inflows and cash outflows. It compares the present value of money today to the present value of money in future, taking inflation and returns into account.

To configure the Plant Net Present Value Costs model, you have to nominate the Discount Rate and the Number of Years.

The Discount Rate is used to calculate the Net Present Value of the various costs.

The Number of Years sets the number of years you wish respondents to enter information and be assessed upon.

The Estimated Future Value Based On states the condition on which the residual/future value is based on.



Job Info Provider Info Price Criteria

Price

Fields marked with an asterisk (*) sign are mandatory

Provider guide

Select Cost Model Plant NPV

Discount Rate 6.5 *

Number of years 5 *

Estimated Future Value Based On 6 years / 6,000 hours *

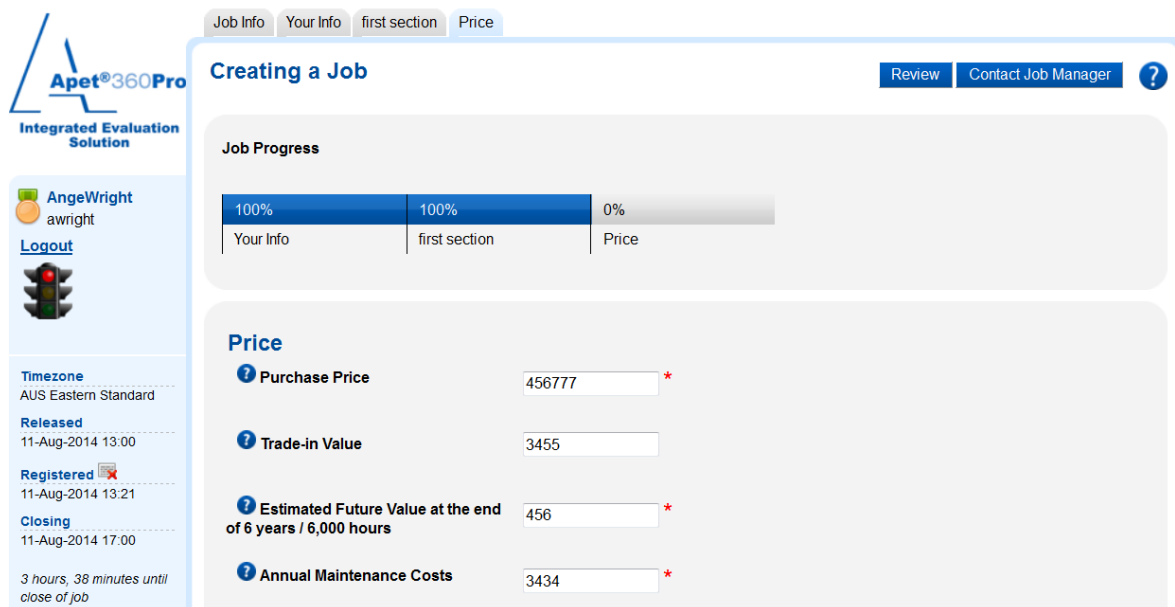
Cancel

Figure 6 Your Perspective - Plant Net Present Value (NPV)

The Job can then be published as normal.

The Provider then sees an additional tab with a series of fields:

- Purchase Price the initial cost of the equipment [Mandatory]
- Trade-in value the trade in price offered for existing equipment
- The Estimated Future Value the estimated residual value of the equipment after the stated condition
- Annual Maintenance Cost the annual maintenance cost of the equipment [Mandatory]



Job Info Your Info first section Price

Creating a Job

Review Contact Job Manager ?

Job Progress

100%	100%	0%
Your Info	first section	Price

Price

Purchase Price 456777 *

Trade-in Value 3455

Estimated Future Value at the end of 6 years / 6,000 hours 456 *

Annual Maintenance Costs 3434 *

Timezone AUS Eastern Standard

Released 11-Aug-2014 13:00

Registered 11-Aug-2014 13:21

Closing 11-Aug-2014 17:00

3 hours, 38 minutes until close of job

Figure 7 Provider's Perspective - Plant NPV

Rates are visible to the Evaluator, including the calculated NPV/Aggregated Cost:

Job Info Evaluate Provider Info Price first section

Evaluation

AngeWright - Costs

Cost Type: Plant NPV

Purchase Price *

Trade-in Value

Estimated Future Value at the end of 6 years / 6,000 hours: *

Annual Maintenance Costs *

NPV / Aggregated Cost:

[Previous](#) [Next](#)

Figure 8 Evaluator's Perspective - Plant NPV

In the Evaluation Report, a VFM comparison is provided in a table:

Results					
Provider Ranking					
Providers	Non Price		Price	Final Rank	
AngeWright	88.89%	1	\$467259.80	2	2
AngeWright Manual	66.67%	2	\$237820.10	1	1

Figure 9 Summary Table - Plant NPV

Lump Sum and Total Cost of Ownership (TCO) are discussed in User Guide 11 Cost Model Instructions Part 1.