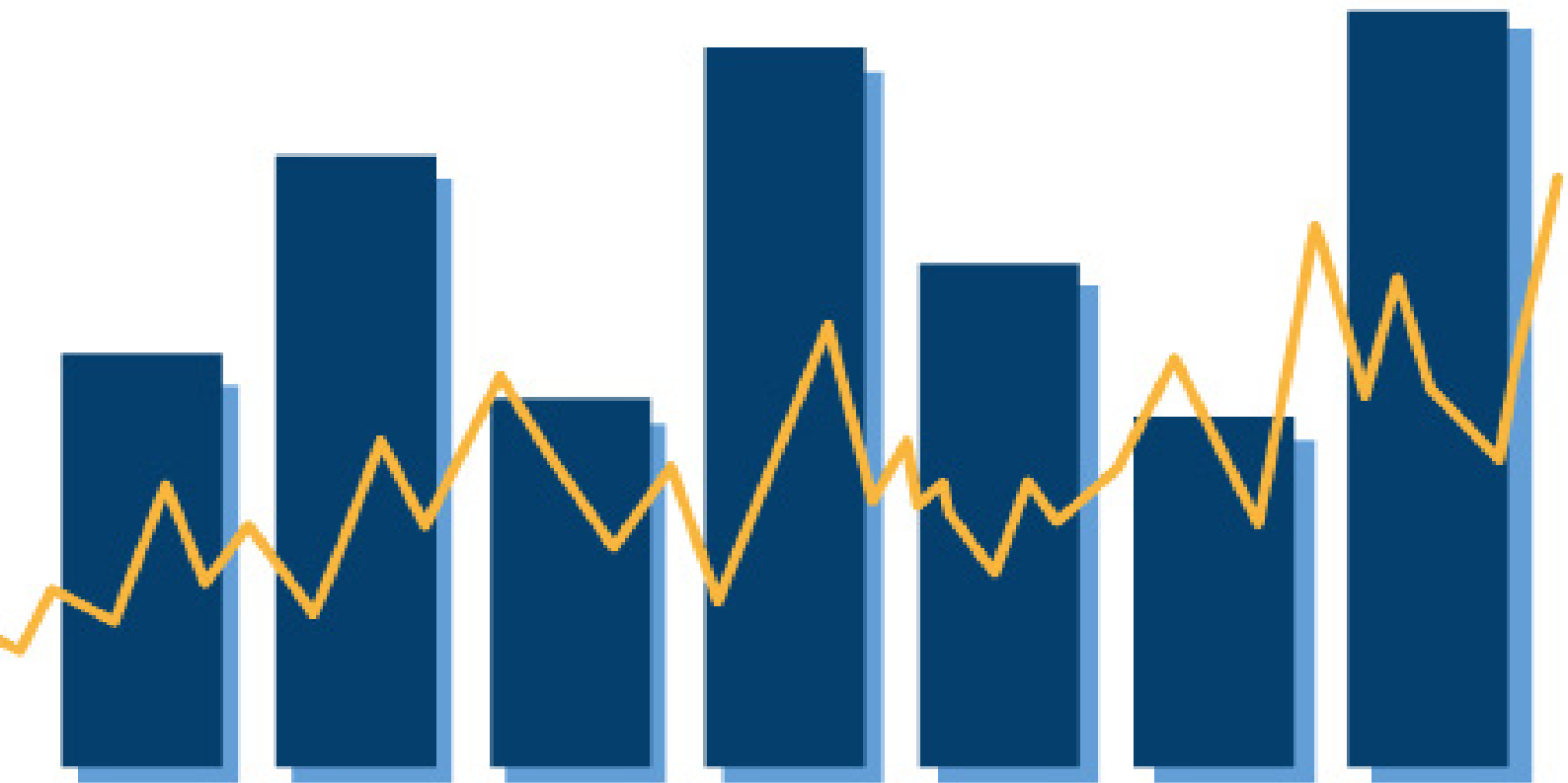


Business Case for Cost Benchmarking

Cost management leaders are looked to for insights on the spot in value management and other design meetings. Having answers on the tip of their fingers is crucial to the decision making process and their value add offering.



Current Situation

Both cost and quantity benchmarks are commonly requested by clients and can be valuable add-ons to cost plan reports. However, many Cost Management firms do not have a centralised benchmarking database and reporting solution.

When cost managers receive requests of this nature, or alternatively, when assessing the validity of a cost plan, manual processes are followed. Spreadsheets are compiled, paper based bulk checks done and word reports written. This is both time consuming and

prone to error.

Pressure on cost management firms to provide indicative estimates is also driving the need for cost benchmarking solutions that can provide the basis for parametric modelling and early stage forecasting. Using benchmarks to sense check estimates, assess design principals and guide early stage investment decisions is a value add services that the cost manager can provide. Unlocking the valuable IP stored in years of estimates and post contract cost control reports.

Very few large projects perform well to the project management triple constraints of cost, time and scope. In contrast to small projects, which have more than a 70 per cent chance of success, a large project has virtually no chance of coming in on time, on budget, and within scope; which is The Standish Group definition of a successful project.

The Standish Group, CHAOS Manifesto, 2013

Proposed Situation & Scope

The cost management firms that invest in systems and processes focused on unlocking cost information end up having:

A centralised database and intuitive interface that connects to core cost planning tools (e.g. CostX and Cato) that allows cost managers to quickly and accurately import their estimates.

Reporting capability of this system to provide insights and value add to clients when issuing cost reports.

The platform for answering the following questions:

1. What is the average elemental rates for particular sectors, project types, asset types and work types for a particular location or across locations or across a sample set of projects
2. Using the same function, what is the average trade rates over the past 12 months in a specific location to update a rate library in a cost planning tool
3. Display average Floor rates as a bar chart for particular sectors, project types, asset types and work

types for a particular location or across locations

4. Display benchmark efficiency and design ratios, for example wall to floor ratio, wall area finishes comparison, perimeter over plan ratio and functional units to floor area etc.
5. List Architects from most expensive to cheapest for a specific work type (e.g. New Build, Refurbishment etc) in a particular sector and similar asset type (e.g. School)
6. List the top 10 most expensive buildings (based on whatever ratio the user chooses for example floor rate) by asset type (e.g. museums, office towers, residential apartments etc) across a location and period of time.
7. Show me the design characteristics and functional units of each project listed (e.g. excavation required, area per floor, no. of levels, no. of rooms etc)
8. Using past projects, price a new project using parameters of my choosing
9. Utilise past projects to cash flow phase new estimates.

UniPhi is that system

“

A central database and reporting engine for past projects metrics is critical to the success of the modern cost management business.

”



Benefits

UniPhi deployments should target productivity savings of between 10% and 30% on the activities that they relate. Examples of where these benefits occur are:

Streamlined cost benchmarking: - Integration with cost planning tools means that there is no extra effort to capture benchmark data. Utilising UniPhi's sense check auto calculations into the QA process not only creates efficiencies and improved effectiveness but also means that the benchmarking database will naturally grow without the need to change process or spend time consolidating cost planning data. Accessing the benchmark reports will mean that analysing benchmarks will be significantly quicker.

Typical benefits to be derived from other features include:

Efficient production of client deliverables: - Integration with your key cost planning tool means that UniPhi

can provide for one smooth workflow to support your clients. Cost plan reports, bank reports, cost to complete reports and progress payment processes will all be streamlined. Time saved in this area will be up to 1 day per week for junior cost managers and 4 hours per week for directors who no longer need to do manual bulk check calculations or scramble to find information required to QA a cost plan.

Finding information faster: - UniPhi's transparent design enables users to find information far quicker than the usual file share structure. Information stored in the system can be accessed intuitively from multiple locations and via multiple browse and search options. For example, all progress payment recommendations are displayed in the contracts module against the contract, in the resources module against the contractor and in the documents module under the "Progress Payment Recommendation" template.

Costs

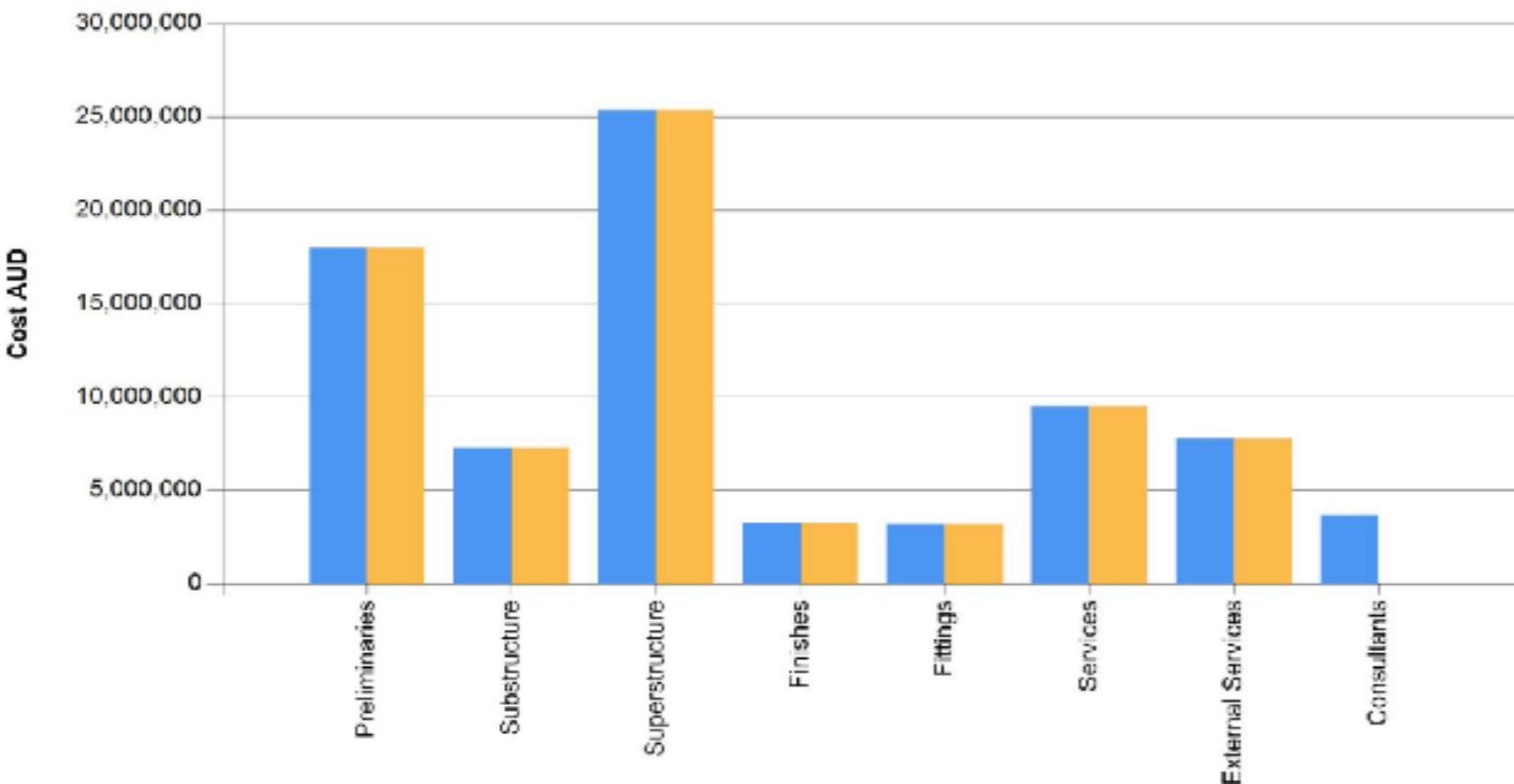
Subscription Fees

Number of users	1-20	21-50	51-100	101-300	300+
Price per user per month	\$50	\$50	\$50	\$50	
Discounts	0	10%	20%	30%	Enterprise
Discount for 12 months in advance	10%	10%	10%	10%	10%
Max Per month cost	\$1,000	\$2,250	\$4,000	\$8,890	\$10,000
Max Per month cost (12 months in advance)	\$900	\$2,025	\$3,600	\$8,001	\$9,000
Max Yearly Cost	\$12,000	\$27,000	\$48,000	\$106,680	\$120,000
Max Yearly Cost - Paid 12 months in advance	\$10,800	\$24,300	\$43,200	\$96,012	\$108,000

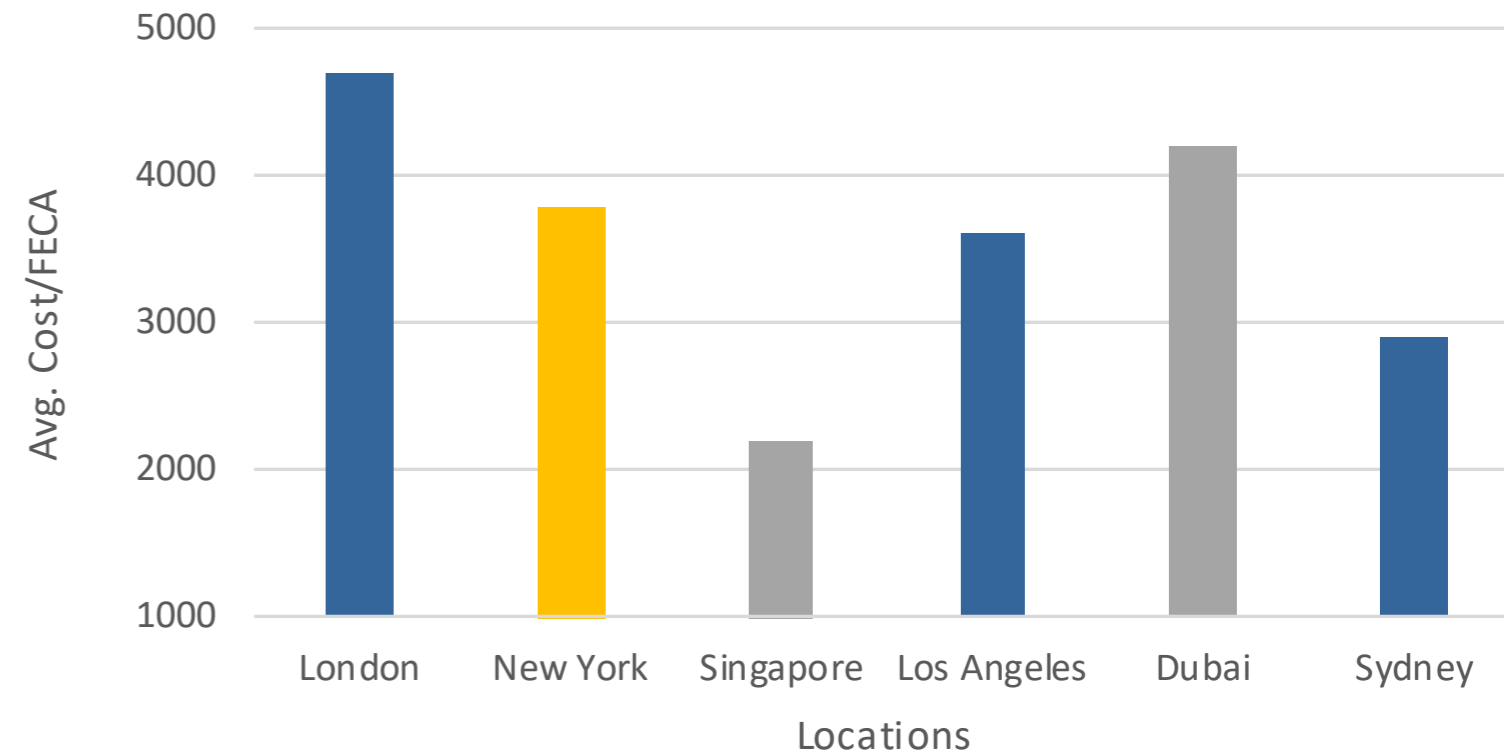
Note that an enterprise subscription is for unlimited users but is restricted to one server per deployment only(excluding staging and training).

Cost Plan Changes

Current Original estimate



Benchmark Cost by Location



Deployment Process

By focusing the deployment on benchmarks only, the system will be easy to deploy. The critical activities will be on the cost management team to define the following:

- Sectors (e.g. transport, commercial, residential, retail etc)
- Asset types (e.g. Museum, Highway, School etc)
- Work type (e.g. New Build, Refurbishment, Extension etc).
- Elemental Structures (e.g. NPWC, Trade)
- Key ratios (e.g. Wall to Floor)
- Sense Checks (e.g. Finished floor compared to FECA)

UniPhi provides a hosting service and can have the application running inside 24 hours. Once the above has been defined, the end users will be trained in 2 x 2 hour sessions (along with a one day system admin training for a couple of staff) and the system will be operational.

Other features can then be trialled and the cost of rolling these out assessed against the benefits.

The critical success factor of a UniPhi deployment is utilising its pre-contract and post contract cost reporting capability to embed the cost data capture into the cost managers day to day, removing the need for cost benchmarking data capture to be a side activity,

Mark Heath - UniPhi Managing Director

Other Opportunities

UniPhi has a variety of other features in addition to these benchmarking features. These features come with the benchmarking software at no extra cost and can be evaluated in due course. These include:

Timesheets: -inputting of time spent on projects can be captured quickly onsite via a tablet or in the office. Integration of contract deliverables into the timesheet means that team members know how much time has been allocated for the task and when it is to be completed. They then advise not only how much time they've spend on a deliverable but how much time is remaining, automating % complete calcs. Timesheet data can also be integrated into UniPhi documents which you can create, such as site reports.

Financial management: – The ability to forecast hours per resource per phase of a project as well as the associated revenue. This when combined with timesheets above will then generate monthly WIP as well as allow for more conservative risk adjusted revenue forecasting.

Customer relationship management - UniPhi stores organisations, their sites and the people who work at those sites as three distinct entities. This means you can track conversations and sales across an organisation or across a site or with an individual at

that site. There is almost no limit to the analysis of sales and customer trends including win/loss ratios, profitability per customer and highest and lowest revenue per customer.

Cost plan reporting: - UniPhi's integration with key estimating tools means that cost managers can quickly import their plans into a central repository and then use UniPhi's document engine to generate high quality cost reports. This document engine eliminates the risk of transpose errors, improves the standardisation of reporting (through the application of standard fonts and logos etc) and reduces the time taken to compile these reports.

Post contract management: - UniPhi's contracts module enables cost managers to efficiently manage the recommendation of payments for contractors which then dynamically updates client cost reports and financial reports to banks. This includes cash flow reporting, year to date, project to date and at completion expenditure and a full report on variations by contractor.

Element	Average Cost Rate	Project A	Project B
Preliminaries	266	475	826
Building	2,460	2,471	4,137
Other Cost	30	31	420
Total Cost	2,756	2,977	5,383

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