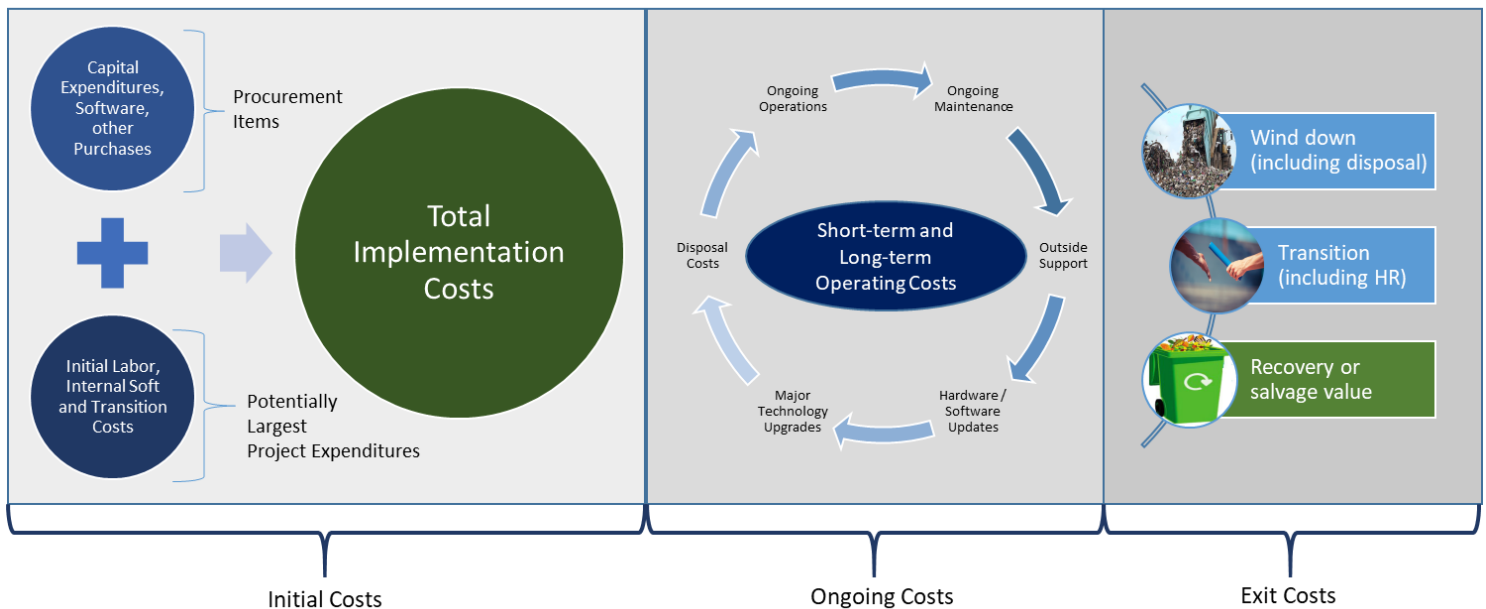


## Business Need

Major initiatives consume significant resources in terms of both financial and human capital. Understanding the overall cost profile is essential to effective decision-making. By analyzing the entire set of costs for all approaches to an initiative, business leaders can make sound judgments on the effective allocation of capital and the deployment of human resources.

- Matching the horizon of the planned use to the expected life of capital equipment can make some alternatives non-viable
- For some solutions, an upgrade and disposal mid-life is part of the solution
- End-of-life costs can be significant (e.g., disposal of equipment and layoffs of personnel)



## Key Issues

Life-Cycle Cost Analysis (LCCA) addresses many business issues found by our clients when using other approaches. The following examples illustrate the need for LCCA.

- Total costs for alternatives with back-loaded expenditures can be favored over better solutions with a lower total lifetime cost
- Failure to budget for operational and maintenance costs can cripple ongoing operations
- Major upgrades or equipment refurbishment can be consequential mid-project expenses
- Consumables including parts can be a deciding factor in selecting one option over another.

## Solution Approach

Actionable Strategies combines financial expertise, industry knowledge and vendor experience to help clients build a flexible Life-Cycle Cost model. Analysis activities include iteratively evaluating scenarios and varying model inputs until the options align to the strategic objective. Because the investment horizon of strategic projects tend to span many years, our approach is to provide clients with a model that can be recalibrated as costs, usage, options and other factors evolve.

For more information, please contact your Actionable Strategies account manager.