

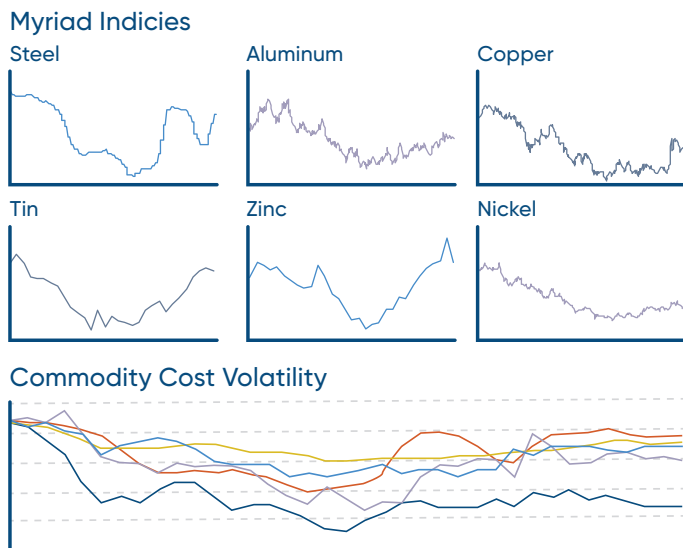


NAVIGATE COST COMPLEXITY WITH SHOULD-COST ANALYSIS

2 CHALLENGES TO EFFECTIVE COST MANAGEMENT

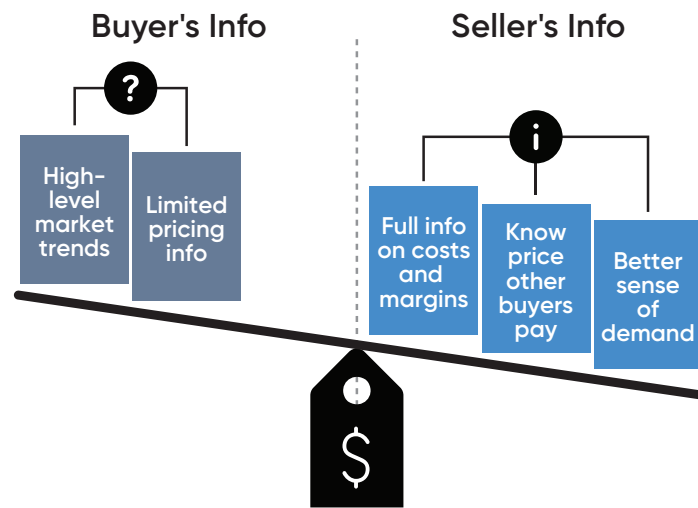
01 Market Dynamics

Commodity & labor market trends drive costs at the item level



02 Information Asymmetry

Limited insight hinders supplier relationships & negotiations



SHOULD-COST TACKLES BOTH CHALLENGES

Uncover Market Opportunities, Mitigate Risk

Answer questions around how O&M, project, category & item costs move



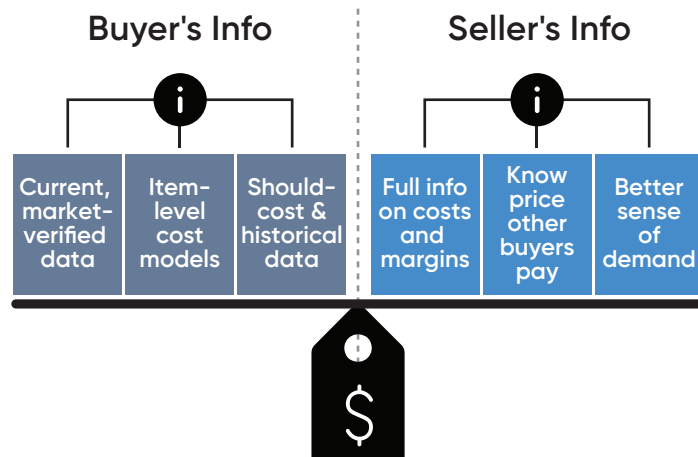
5%-15%

Incremental savings per dollar of spend with should-cost analysis*

*PowerAdvocate analysis of sourcing events that did & did not leverage should-cost

Enhance the Supplier Relationships

Manage risk in a fair & balanced way



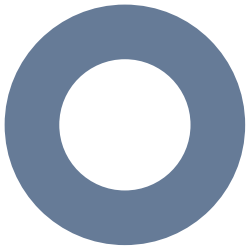
THE SHOULD-COST VISION

- Gain **transparency** into cost drivers of equipment, materials & services.
- Build deeper, **data-driven insights** that inform decision-making.
- Enhance supply chain's **strategic position** within the enterprise.

5 STEPS FOR EFFECTIVE SHOULD-COST ANALYSIS

Build

01 Start with an Item

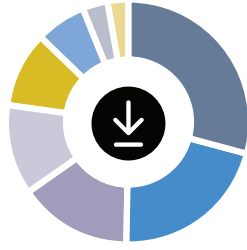


02 Define Cost Structure



Scour internal data sources

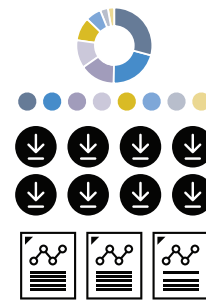
03 ID Indices for Cost Inputs



Download external data

Maintain

04 Update Each Cost Component



Maintain market data

05 Forecast Each Element

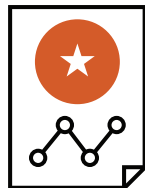


Anticipate the next...

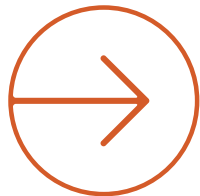
INSIGHTS AT SCALE ENHANCE SUPPLY CHAIN'S STRATEGIC POSITION

Deliver

Translate Data into Insights



Apply analytics to unlock actionable intelligence



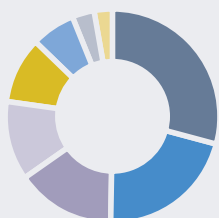
Create enterprise-wide value

- Better budgeting & planning
- More accurate capital project escalation forecasting
- Strategic supplier relationships & negotiations
- New Total Cost of Ownership-focused management & operational levers

BETTER COST DATA FOR BIGGER IMPACT

Efficient, scalable should-cost modeling & analysis with **PowerAdvocate Cost Intelligence®**

Relevant Cost Structure Data



INDUSTRY SPECIFIC

PowerAdvocate "FactBase"™
\$2.5T+ energy spend database
Standard cost model library
Custom cost model templates

Automated Updates & Calculations



LARGE, GRANULAR DATASET

Master cross-index data library
Central hub of data & should-cost assessment

Built-in Forecasting



ACCURATE MARKET CONTEXT

Deep market insights & analysis
5-year forecasts at item & category level