Annex C – EXAMPLE OF A TYPICAL LCC QUESTIONNAIRE

In order to conduct a comprehensive life cycle cost analysis, information from the supplier is required. This information can be gathered through formal approaches such as a Request for Information (RFI) or a more contractual Request for Quotation (RFQ) or Request for Proposal (RFP). If there is more than one potential supplier a tender competition may be conducted and an Invitation to Tender (ITT) will be issued. All the requests or ITT will contain some sort of life cycle cost questionnaire. Based on the experience of the participating nations in SAS-054, this annex gives an overview of elements that should be requested in a life cycle cost questionnaire.

There is no standard life cycle cost questionnaire that can be used for all acquisition projects. Any life cycle cost questionnaire should always be tailored for each specific case.

The questionnaire should first request information and data for all the ground rules and assumptions that have been taken into account in developing the cost estimates, preferably in the form of an MDAL (Master Data and Assumptions List) or CARD (Cost Analysis Requirements Document).

Other information should also be requested such as:

- Economic uncertainties;
- Demands for payment in advance;
- Different financial solutions; and
- Benefits with "dual use" (e.g. scale factors with more users).

At the very minimum, the total cost should be broken down into the following main cost areas (data that must be provided is shown *in italics*).

- Initial investment or acquisition costs, including development;
- Annual cost of operation and maintenance; and
- Cost of phasing out and disposing.

These main cost areas should, if possible, be broken down into the following cost elements:

1) Initial Investment or Acquisition Costs, including Development

- Procurement costs of the system

  Number and price per system

  Number and price per subsystem

- Initial logistic support costs

  Initial costs for training (operating and maintenance personnel)

  Initial costs for spare parts

  Initial costs of Test and Support Equipment

  Initial cost of documentation

  Initial costs computer hardware (e.g. interfaces) and software

  Initial costs for infrastructure (facilities)

  Initial costs consumables

- Preparation costs

  Costs of testing prototypes

  Costs of installation of the system and adapting the system to the country specific circumstances

  Costs for testing and acceptance system

  Costs of transport and distribution of the system

- Other procurement costs

  e.g. costs of technical assistance (CETS or FSR)

2) Annual Cost of Operation

- Costs of operating personnel

  These costs will be not be provided by the supplier. However, in order to compare the number and type of operating personnel available and required, the supplier shall provide *the number and type of personnel required to operate the system*.

- Costs of periodic training operating personnel (both training new personnel and refreshment courses).
  - Costs of update service of operating documentation.
  - Costs of use infrastructure (facilities) for operating the system.
  - Costs of use of consumables.

  The costs may not be provided by the supplier. However, these costs can be calculated using the unit price and *the estimated use of fuel, oils, lubricants, ammunition and maintenance material***.**

3) Annual Cost of Maintenance

- *Costs of maintenance personnel at operational level.*

  These costs will be not be provided by the supplier. However, in order to compare the number and type of maintenance personnel available and required, the supplier shall provide the number and type (education level and type) of maintenance personnel required at operational level.

- *Costs of maintenance personnel at depot level.*

  These costs can be calculated by using the number of Man Maintenance Hours (MMH) at depot level for each type of personnel spent on maintenance on the system.

- *Costs of other personnel.*

  Costs of any other personnel not yet included.

- *Costs of periodic training maintenance personnel (both training new personnel and refreshment courses).*

- *Costs of spare parts consumption.*

- *Costs for outsourcing maintenance.*

- *Costs of use of Test and Support Equipment.*

- *Costs of update service of maintenance documentation.*
- *Costs of updating computer hardware and software.*
- *Costs for use of infrastructure required for maintenance.*
- *Package, handling, storage and transportation costs.*
- *Cost of recommended and mandatory modifications of the system.*

4) Cost of Phasing Out and Disposing

- *Possible retail price of the system or subsystems, after xx years of operation.*
- *Costs to dismantle or destruct the system or subsystems.*
- *Possible retail price of logistic support elements.*
- *Costs to destruct logistic support elements.*

For production contracts the following information should be specified for each cost element of the CBS in the price quotation:

- Labour cost – hours times hourly cost for each level of resources (e.g. Senior/Junior Engineer, Technician, etc.), including any external sub-contracted work;
- Material cost – if necessary, specifying costs for materials procured in country, in Euro countries or outside Euro countries – including a 2% surplus for scrap and also customs and insurance expenses where applicable; and
- Overheads – including material handling and other expenses (e.g. royalties, contract duties, production investment) where appropriate.