

## ❖ Synopsis

This article provides information and instructions for updating a v4.06 Cost Tool (CT) Excel Workbook with a stand-alone Material Inflation Worksheet. This addition of a material inflation calculation and estimation tool improves the accuracy and relevance of the Cost Tool to current market inflation costs and volatility. Previous Cost Tools provide limited features for applying incremental material inflation cost adders.

**Application Engineers** and **Project Engineers** are the target audience for adding this process and instructions

This Phase 1 worksheet is an interim solution to enhance our estimating tools with material inflation features for quotations of expected orders in 2022 and forecasts for 2023. Following a manual entry of values and dates in the “Inputs” section of this worksheet, a “Total Inflation Cost Adder” value is calculated and is required to get manually entered into the main cost section.

A Phase 2 Cost Tool solution is in current development where more integrated and streamlined inflation estimation features will supersede this Phase 1 interim worksheet. The launch timing of Phase 2 has not been set but is expected for late summer or early Fall of 2022.

## ! Important

**Effective June 13, 2022**, all new quotations that use the Cost Tool (CT) for cost and price estimates will require this Phase 1 Material Inflation Worksheet to get embedded into the CT workbook and filled out appropriately.

**What this means to you:** If you are currently working on a CT-based quote and it has not been issued to the customer, your Cost Tool must have this Phase 1 Material Inflation Worksheet inserted and filled out per the instructions provided in this Article.

**What happens if the CT is not updated for new quotes:** Any new order submittals (CT-based) with a quotation date on or after June 13, 2022, will get checked for the following:

- Cost Tool version v4.06
- Worksheet inserted into the Cost Tool
- Accurate completion of manual “Inputs” of costs and dates
- The calculated “Total Inflation Cost Adder” value entered in the Cost-Main section of the CT

If any of these checks fail, the **Order Administration** team will follow instructions to reject the order until this requirement is met.

## Phase 1 Material Inflation Worksheet Example

Material Inflation Cost Worksheet (Phase 1)		
Row	Category	Values
1	Sum of all standard costed materials	\$200,000
2	Sum of all materials costs from recent estimates	\$200,000
3	Sum of material costs not requiring inflation adjustment	\$0.00
4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
5	Average Sourcing/Vendor quote date for materials	4/2/2022
6	MTS Quotation Expiration Date	8/1/2022
7	Expected customer PO date	2/1/2023
8	Count of months from Customer PO date to Engineering Releases Date	2
Row	Category	Values
9	2022 Inflation Rate	10.3%
10	2023 Inflation Rate	4.5%
Row	Category	Values
11	Summation of all material costs (rows 1+2+3)	\$400,000
12	2022 inflation month count for standard costed materials (rows 4 & 8)	15.9
13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
14	2023 inflation month count for standard costed materials (rows 4 & 8)	3.1
15	2023 inflation month count for estimated material costs (rows 5 & 8)	3.1
16	Inflation cost adder for Row 1 standard materials	\$29,563
17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
18	Total inflation cost adder (row 16 + row 17)	\$48,654
19	Material Inflation Percentage Adjustment	12.2%

### "Inputs" Section

The Application Engineer or Project Engineer will possess the most knowledge of the cumulative material costs. These values must get entered prior to order submittal and pricing review/approval processes.

### Annual Inflation Rates

These inflation rates are calculated and published by the Sourcing team and Finance.

### Calculated Results

The total inflation cost value in Row 18 must get entered in the Cost Main page to produce a corrected Sold Cost result.

## ❖ Phase 1 Material Inflation Worksheet Example

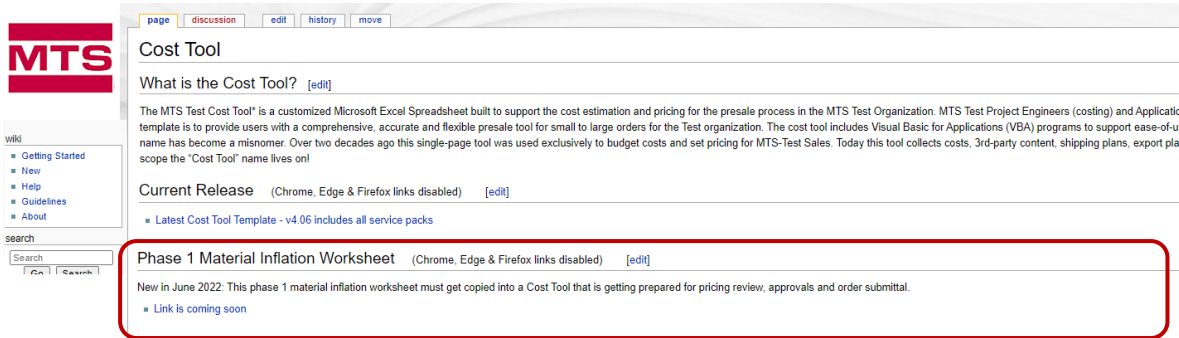
Material Inflation Cost Worksheet (Phase 1)		
Row	Category	Values
1	Sum of all standard coated materials	\$200,000
2	Sum of all materials costs from recent estimates	\$200,000
3	Sum of material costs not requiring inflation adjustment	\$0.00
4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
5	Average Sourcing/Vendor quote date for materials	4/2/2022
6	MTS Quotation Expiration Date	8/1/2022
7	Expected customer PO date	2/1/2023
8	Count of months from Customer PO date to Engineering Releases Date	2
Rates		
Row	Category	Values
9	2022 Inflation Rate	10.3%
10	2023 Inflation Rate	4.5%
Results		
Row	Category	Values
11	Summation of all material costs (rows 1+2+3)	\$400,000
12	2022 inflation month count for standard coated materials (rows 4 & 8)	15.9
13	2022 inflation month count for estimated material costs (rows 5 & 9)	9.8
14	2023 inflation month count for standard coated materials (rows 4 & 8)	3.1
15	2023 inflation month count for estimated material costs (rows 5 & 9)	3.1
16	Inflation cost adder for Row 1 standard materials	\$29,563
17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
18	Total inflation cost adder (row 16 + row 17)	\$48,654
19	Material Inflation Percentage Adjustment	12.2%

The calculated output for "Total Material Inflation Adder" gets entered as a new line-item cost in the -02 "Contingency" section of the "Cost-Main" page

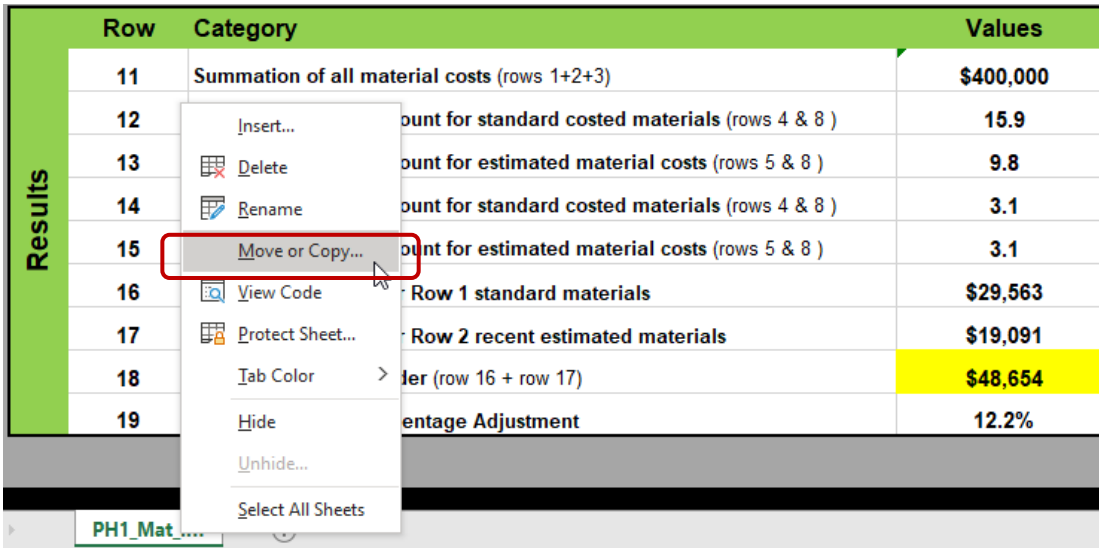
MTS		Insert Rows	Add Material Line	Add Labor	Add Subjob	Add Local Purchase	Material Update	Paste Note	Error Check	Main Cost Total = \$590,457 (w/o Options)			
v4.06, 10/22/2021 (FY21 Labor Rates)						Customer: University of Manchester						System Description: Custom Landmark	
Date Costed:	2-Feb-22	Quote Date:	3-Mar-22	PE:	Randy Strop	SFDC Opportunity Number:	OP360729	Opportunity Status:	Full Quote	ME:	Steve Lemmer		
Leadtime (ARO-Ship)	6 Months	Application Engineer	Kevin Jones	EE:	Sandip Sura	Quotation:	-	Sales Engineer	Paul Hold	Others:	Yunming Hu (SIE)		
Enter Notes Here:													
Current FY Rates			Main System Costs										
-01 Project Management	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$33,271	Notes						
-02 Contingency (Main Costs)	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$88,788	Notes						
Enter % in "Qty"			\$501,670	8.0%	\$40,134								
2022 & 2023 Material Inflation Adder from Ph1 Worksheet			\$48,654	1	\$48,654								
-03 Forecasted parts	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$108,000	Notes						
-05 Spares, Misc.	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$0	Notes						
-10 Mechanical	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$80,000	Notes						
-15 Transducers	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$24,622	Notes						

## ❖ Instructions to install the Phase 1 Material Inflation Worksheet

1. Download the latest copy of the Phase 1 Material Inflation Worksheet from the MTS Intranet > Wiki > Cost Tool site:



2. Open a v4.06 Cost Tool and open the downloaded copy of the Phase 1 Material Inflation Worksheet
3. Right-click the cursor on the Material Inflation page tab titled "PH1\_Mat\_Inf" and select the "Move or Copy..." command:



Row	Category	Values
11	Summation of all material costs (rows 1+2+3)	\$400,000
12	Count for standard costed materials (rows 4 & 8 )	15.9
13	Count for estimated material costs (rows 5 & 8 )	9.8
14	Count for standard costed materials (rows 4 & 8 )	3.1
15	Count for estimated material costs (rows 5 & 8 )	3.1
16	Row 1 standard materials	\$29,563
17	Row 2 recent estimated materials	\$19,091
18	Order (row 16 + row 17)	\$48,654
19	Percentage Adjustment	12.2%

## ❖ Instructions for installing the Phase 1 Material Inflation Worksheet


4. Click the drop list arrow to view all open Excel workbooks. Choose the target CT you wish to insert this Phase 1 Material Inflation Worksheet
5. Choose which page in the Cost Tool (CT) where you desire this new Inflation worksheet to reside
6. Check the "Create a copy" box
7. Click "OK"

Row Category	Values
	\$400,000
Materials (rows 4 & 8 )	15.9
Material costs (rows 5 & 8 )	9.8
Materials (rows 4 & 8 )	3.1
Material costs (rows 5 & 8 )	3.1
	\$29,563
Materials	\$19,091
	\$48,654
	12.2%

**Success!**

## Instructions for entering information in the Phase 1 Material Inflation Worksheet

- To seek help or additional information, click any cell in the "Values" column to view a popup note that provides detailed information and guidance



### Material Inflation Cost Worksheet (Phase 1)

v4.06, 7 June 2022

	Row	Category	Values
Inputs	1	Sum of all standard costed materials <span style="float: right; border: 2px solid red; border-radius: 50%; padding: 2px 10px; font-weight: bold;">1</span>	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8)	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8)	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8)	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

aka: "Cost Roll Date". As of 2022, this is an annual date that occurs at the fiscal year start. This date is the basis for all standard costed materials in row 1.

Use FINDER to determine the most recent "Last Pricing Date" value

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

2. Enter values for rows 1 - 8

Row		Category	Values
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Row		Category	Values
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Row		Category	Values
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8)	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8)	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8)	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

Row 1 – Manually sum the cost of all standard materials with part numbers and standard costing

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	
	5	Average Sourcing/Vendor quote date for materials	
	6	MTS Quotation Expiration Date	
	7	Expected customer PO date	
	8	Count of months from Customer PO date to Engineering Release	
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8)	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8)	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8)	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

SAP's Material Master produces the source costing for FINDER, The Cost Tool and Newton

Look in the "Cost-Main" and "Options" section of the Cost Tool for these standard materials. Be careful to include only materials with part numbers and costs derived from SAP, The CT, FINDER or Newton



## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

Row 2 – Manually sum the cost of all materials where the unit cost is more recent than the standard materials in row 1

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	
	6	MTS Quotation Expiration Date	
	7	Expected customer PO date	
	8	Count of months from Customer PO date to Engine	
Rates	9	2022 Inflation Rate	10.0%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8)	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8)	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8)	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

Look for materials in the "Cost-Main" and "Options" section of the Cost Tool where the cost estimates were estimated with input from Sourcing and our vendors

This collection of materials represent a more recent, accurate cost estimate that accounts for inflation volatility

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

**Row 3** – Manually sum the cost of any materials that require no inflation adjustment. An example of this material is a straight cost transfer of materials from a cancelled project into a new OP. This is an uncommon material and will mostly remain at \$0.00.



### Material Inflation Cost Worksheet (Phase 1)

v4.06, 7 June 2022

Row	Category	Values
1	Sum of all standard costed materials	\$200,000
2	Sum of all materials costs from recent estimates	\$200,000
3	Sum of material costs not requiring inflation adjustment	\$0.00
4	Standard cost update date (aka "Cost Roll Date")	
5	Average Sourcing/Vendor quote date for materials	
6	MTS Quotation Expiration Date	
7	Expected customer PO date	
8	Count of months from Customer PO date to Engineering Releases Date	2

Do not enter materials with present-day cost estimates in this field.

Row	Category	Values
9	2022 Inflation Rate	10.3%
10	2023 Inflation Rate	4.5%

Row	Category	Values
11	Summation of all material costs (rows 1+2+3)	\$400,000
12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
16	Inflation cost adder for Row 1 standard materials	\$29,563
17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
18	Total inflation cost adder (row 16 + row 17)	\$48,654
19	Material Inflation Percentage Adjustment	12.2%

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

Row 4 – Enter the date of the last “Cost Roll” where standard materials are updated annually

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	
	6	MTS Quotation Expiration Date	
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

Keep this date set at 10/1/2021

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

Row 5 Enter the average date when materials were estimated by Sourcing and our vendors

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	
	7	Expected customer PO date	
	8	Count of months from Customer PO date to Engineering Release	
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

Make a best-effort estimate of a single, averaged date that represents when material costs were estimated by MTS Sourcing and MTS's vendors

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

Row 6– Enter the quotation expiration date that is found on the first page of the MTS Quotation for our customer

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	
	8	Count of months from Customer PO date to Engineering Release	
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

This date is important to communicate and comply due to high inflation volatility

## Instructions for entering information in the Phase 1 Material Inflation Worksheet

Row 7– Enter the date MTS expects to receive the customer’s PO for the Order Entry process

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Release Date	0
Rates	9	2022 Inflation Rate	
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

Estimate the date when MTS is expected receives the customer’s actual PO document.

## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

**Row 8**– Estimate and enter a realistic count of months from receipt of the Customer PO to when the bulk of engineering releases occur

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Rates	9	2022 Inflation Rate	
	10	2023 Inflation Rate	
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

Obtain an estimated schedule from the PE to determine this interval

## Instructions for entering information in the Phase 1 Material Inflation Worksheet

Rows 9 – 10 These inflation rates are determined by Sourcing and Finance. No input needed.

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Row	Category	Values	
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Row	Category	Values	
Results	11	Summation of all material costs (rows 1+2+3)	
	12	2022 inflation month count for standard costed materials (rows 1 & 2)	
	13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8)	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8)	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

These values are averaged from a comprehensive commodities inflation model



## ❖ Instructions for entering information in the Phase 1 Material Inflation Worksheet

Rows 11 – 17 Calculated results leading to row 18 value. No input needed.

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Rates	9	2022 Inflation Rate	
	10	2023 Inflation Rate	
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	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	3.1
	16	Inflation cost adder for Row 1 standard materials	\$29,563
	17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
	18	Total inflation cost adder (row 16 + row 17)	\$48,654
	19	Material Inflation Percentage Adjustment	12.2%

Remember to click any cell in the "Values" column to view a popup help note

## Instructions for entering information in the Phase 1 Material Inflation Worksheet

Rows 18 This total inflation cost adder value must get entered in the -02 Contingency section of the "Cost-Main" section.

Material Inflation Cost Worksheet (Phase 1)			
Row	Category	Values	
Inputs	1	Sum of all standard costed materials	\$200,000
	2	Sum of all materials costs from recent estimates	\$200,000
	3	Sum of material costs not requiring inflation adjustment	\$0.00
	4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
	5	Average Sourcing/Vendor quote date for materials	4/2/2022
	6	MTS Quotation Expiration Date	8/1/2022
	7	Expected customer PO date	2/1/2023
	8	Count of months from Customer PO date to Engineering Releases Date	2
Rates	9	2022 Inflation Rate	10.3%
	10	2023 Inflation Rate	4.5%
Results	11	Summation of all material costs (rows 1+2+3)	\$400,000
	12	2022 inflation month count for standard costed materials (rows 4 & 8 )	15.9
	13	2022 inflation month count for estimated material costs (rows 5 & 8 )	9.8
	14	2023 inflation month count for standard costed materials (rows 4 & 8 )	3.1
	15	2023 inflation month count for estimated material costs (rows 5 & 8 )	1.5
	16	Inflation cost adder for Row 1 standard material costs	\$27,000
	17	Inflation cost adder for Row 2 recent estimates	\$21,654
18	Total inflation cost adder (row 16 + row 17)	\$48,654	
19	Material Inflation Percentage Adjustment	12.2%	

**IMPORTANT** – You must enter this value into the -02 Contingency section as a new line item

## ❖ Instructions for entering the Row 18 Total Material Inflation Cost Adder into the CT

1. Navigate to the "Cost-Main" (or "ASG-Cost-Main") page and open the -02 Contingency section
2. Click on the empty cell below the contingency line-item row ("A" column)
3. Press the "Add Material Line" command at the top of the page

?

3

Add Material Line

Add Labor

Add Subjob

Add Local Purchase

Material Update

Paste Note

Error Check

?
**Main Cost Total = \$541,803**  
(w/o Options)

v4.06, 10/22/2021 (FY21 Labor Rates)

Customer: University of Manchester			System Description: Custom Landmark		
Date Costed:	2-Feb-22	Quote Date:	3-Mar-22	PE: Randy Strop	
SFDC Opportunity Number:	OP360729	Opportunity Status:	Full Quote	ME: Steve Lemmer	
Leadtime (ARO-Ship)	6 Months	Application Engineer	Kevin Jones	EE: Sandip Sura	
Quotation:	-	Sales Engineer	Paul Hold	Others: Yunming Hu (SIE)	
Enter Notes Here:					

Current FY Rates

Main System Costs

	Material	Labor Type	Cost (\$)	Qty	Cost x Qty (\$)	\$33,271	Notes
1	-01 Project Management						Notes
	-02 Contingency (Main Costs)			8%	\$0	\$40,134	Notes
	Enter % in "Qty"		\$501,670	8.0%	\$40,134		
	-03 Forecasted parts					\$108,000	Notes
	-05 Spares, Misc.					\$0	Notes
	-10 Mechanical					\$80,000	Notes
	-16 Transducers					\$34,622	Notes
	-20 Actuators					\$0	Notes

If you are using the "ASG" Cost-Main page, follow the same steps listed above

Result!

	-02 Contingency (Main Costs)			8%	\$0	\$40,134	Notes
	Enter % in "Qty"		\$501,670	8.0%	\$40,134		
	Enter <b>Material</b> Descriptions...		\$0	0	\$0		

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## ❖ Instructions for entering the Total Material Inflation Cost Adder into the CT

4. Enter a description in the "A" cell of the newly inserted row
5. Enter the Row 18 "Total Inflation Cost Adder" value into the "Cost (\$)" cell of the newly inserted row. Set Qty value to "1".

Customer: University of Manchester		System Description: Custom Landmark	
Date Costed:	2-Feb-22	Quote Date:	3-Mar-22
SFDC Opportunity Number:	OP360729	Opportunity Status:	Full Quote
Leadtime (ARO-Ship)	6 Months	Application Engineer	Kevin Jones
Quotation:	-	Sales Engineer	Paul Hold
Enter Notes Here:			
Main System Costs			
-01 Project Management	Material	Labor Type	Cost (\$)
-02 Contingency (Main Costs)			Qty
			Cost x Qty (\$)
			\$33,271
			8%
			\$0
			\$88,788
			Notes
			Notes
			\$501,670
			8.0%
			\$40,134
			\$48,654
			1
			\$48,654
-03 Forecasted parts	Material	Labor Type	Cost (\$)
			Qty
			Cost x Qty (\$)
			\$108,000
			Notes

**4** Enter % in "Qty"  
2022 & 2023 Material Inflation Adder from Ph1 Worksheet

**5** \$48,654

Row	Category	Values
1	Sum of all standard costed materials	\$200,000
2	Sum of all materials costs from recent estimates	\$200,000
3	Sum of material costs not requiring inflation adjustment	\$0.00
4	Standard cost update date (aka "Cost Roll Date")	10/1/2021
5	Average Supplier/Vendor quote date for materials	4/20/2022
6	MTS Quotation Expiration Date	8/1/2022
7	Expected customer PO date	2/1/2023
8	Count of months from Customer PO date to Engineering Release Date	2
Row	Category	Values
9	2022 Inflation Rate	10.3%
10	2023 Inflation Rate	4.5%
Row	Category	Values
11	Summation of all material costs (rows 1+2+3)	\$400,000
12	2022 inflation month count for standard costed materials (rows 4 & 8)	15.9
13	2022 inflation month count for estimated material costs (rows 5 & 8)	9.8
14	2023 inflation month count for standard costed materials (rows 4 & 8)	2.1
15	2023 inflation month count for estimated material costs (rows 5 & 8)	2.1
16	Inflation cost adder for Row 1 standard materials	\$29,569
17	Inflation cost adder for Row 2 recent estimated materials	\$19,091
18	Total Inflation cost adder (row 16 + row 17)	\$48,654
19	Material Inflation Percentage Adjustment	12.2%

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## ❖ Completion

1. Save your updated CT
2. The price and sold cost reflect a cost correction for material inflation

Opportunity Snapshot <span style="float: right;">?</span>			
University of Manchester - Custom Landmark			
<b>2</b>	<b>MTS BOM Price = \$1,180,915</b> <small>(May include Options)</small> 3rd Party Content Price = Software Price = Pay Terms Price Adder = Ship & Export Price Adder = <b>\$600</b> Extended Warranty Price Adder = Bank & Bond Fees Price Adder =	Main Margin = <b>50.0%</b> 3rd Party Margin (avg) = Ship & Export Margin = <b>16.7%</b> Bank & Bond Fees Margin = <b>16.7%</b>	
	<b>Total Price = \$1,181,515</b> <small>(Excludes any Applicable Taxes)</small> Total Price in Foreign Currency = <b>937,556</b> <i>GBP</i>	<b>Overall Order Margin = 50.0%</b> <i>0.79352 GBP/USD 07-Jun-22</i>	
<b>2</b>	<b>Order Sold Cost = \$590,957</b> <small>(Sum of All Costs)</small> 3rd-Party Content Cost = Local Cost = <b>\$500</b>	Contingency for "Main" Costs = <b>8.0%</b> Contingency for Options = <b>8.0%</b> Cost of Bank Fees & Bonds =	
	Sales Order Type = <b>InterCompany</b> Country of Import = <b>UK (IC)</b> <u>MTS-Mpls</u> Cost of Ship & Export=	InterCo is DDU, Retail Order is DAP (Preferred), Named Place of Destination, Prepaid <u>MTS-Affiliate</u> Cost of Ship & Import = <b>\$500</b>	
Costing Date: <b>2-Feb-22</b>		Print Date: <b>7-Jun-22</b>	Current FY Rates
Application Engineer: <b>Kevin Jones</b>		PE: <b>Randy Strop</b>	Quotation: <b>-</b>

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## ❖ Important

The Phase 1 Inflation Worksheet replaces the Pricing Page's "Enter Inflation Adder". Do not use this field.

Pricing ?		Williams F1 Transmission Test System		v4.06, 10/22/2021 (FY21 Labor Rates)	
40/50/10 Pay Terms	Costed with See "ASG_Cost-Main"	Exchange Rate = 0.79352 GBP/USD	9-Jun-22	SO Type = InterCompany to UK (IC)	InterCo is DDU, Retail Order is DAP (Preferred), Named Place of Destination, Prepaid
<b>Notes</b>					
<b>0.0 %Adders &amp; Foreign Currency</b>					
Select Currency ▶	<b>GBP</b>	Latest Currency Exchange Rate (GBP per USD)=	0.79352	Rate Date=	9-Jun-2022
		Prior Currency Exchange Rate (GBP per USD)=	0.74217	Prior Rate Date=	21-Oct-2021
Pay Terms % Adder = Calculated in the "Terms" Sheet		40/50/10 Pay Terms (MTS Standard)			
Enter %Adder for Negotiation "Cushion" ▶			Enter Extended Warranty ▶ See "Rates" Page for Ext Warranty Values.		
Enter Inflation Adder ▶			Enter Misc Taxes ▶ Do not Enter VAT or Duty		
1.0 Main	<b>! Do Not Use</b>		1.0 Total =	\$5,471,349	4,341,625 GBP
2.0 Software			2.0 Total =		GBP
3.0 Third-Party Content			3.0 Total =	\$803,452	637,555 GBP
4.0 Options - Cost Based			<a href="#">Reset Margins</a>		GBP
5.0 Options - Price Listed			5.0 Total =		GBP
6.0 Shipping and Export (From "Shipping" Worksheet)			6.0 Total =	\$48,619	38,581 GBP
7.0 Bank Fees (From "Bank_Fees" Worksheet)			7.0 Total =		GBP
8.0 Price Summary & Stats (1.0-7.0)			<b>Total Price =</b>	<b>\$6,323,421</b>	<b>5,017,761 GBP</b>