

KLOX
Customer Economic Analysis
Raw Customer Interview Data
August 2011

Notes: The following analysis is the result of interviews conducted with individual specialty contracting companies representing various sized companies in the plumbing, HVAC and electrical. The purpose of the analysis was to determine the expected annual savings derived from using Klox, per employee, in 3 representative specialty trade categories. Interviews were conducted in June-August, 2011.

The quantifiable projected savings, detailed below, do not include all sources of expected savings, as some of those are not quantifiable because "you can't know what you don't know." Where areas of each analysis are blank, the customer did not have sufficient data to support analysis. Also, one significant feature, Inventory Management, that will not be available in the Klox application until early 2012, is assumed to be included in Klox in these customer interviews. Based on these interviews, the average expected savings per employee, per year, is presented immediately below.

This is presented for illustrative purposes only. While these savings projections are the results of detailed interviews with contracting companies that reviewed Klox in detail, results such as these are not guaranteed. The savings potential for any given contracting company will depend on many factors, and unique circumstances and the extent to which Klox is subsequently used throughout the business. Actual results may vary.

Average Savings \$23,839

	Customer A			Customer B			Customer C		
	Before Klox	After Klox	\$/Empl/ Yr	Before Klox	After Klox	\$/Empl/ Yr	Before Klox	After Klox	\$/Empl/ Yr
# of Field Employees	4	4		1	1		17	17	
# of Administrative Employees	1	1		1	1		2	1	
Savings									
Total Savings, Annual per Employee			\$20,050			\$25,724			\$25,744
Administrative Operations									
Admin Employee, Time Usage, %									
Scheduling				30%	20%		15%	12%	
Employee Timekeeping	10%	2%					10%	5%	
Preparing Payroll	5%	5%					10%	5%	
Preparing & Sending Invoices	40%	20%		35%	17.50%		12%	7%	
Materials Ordering	25%	25%					12%	8%	
Reviewing & Chasing Receivables	10%	5%		20%	10%		8%	5%	
Reviewing and Paying Payables	10%	9%		10%	10%		12%	8%	
Insurance Audit Prep & Defense				1%	1%		8%	5%	
Inventory Management							7%	5%	
Other Accounting/Office Work	3%	10%		4%	4%		6%	4%	
Total	100%	66%		100%	63%		100%	64%	
Total Comp, \$/Year	\$50,000	\$50,000		\$40,000	\$40,000		\$67,000	\$67,000	
Field / Admin Employee Ratio	4	6		1	1.60		8.5	13.28	
Admin Cost / Field Employee / Year	\$12,500	\$8,333	\$4,250	\$40,000	\$25,000	\$15,000	\$7,882	\$5,045	\$2,838
Employee Hours/Day	8	8		8	8		8	8	
Employee Days / Week	5	5		5	5		5	5	
Employee Work Weeks / Year	50	50		50	50		49	49	
Average Hourly Billing Rate, Field Employee	\$80	\$80		\$85	\$85		\$98	\$98	
Average Hourly Wage Rate, all in, Field Employee	\$35	\$35		\$50	\$50		\$40	\$45	
Average Ratio of Materials Costs / Labor Costs	1.0	1.0		1.0	1.0		1.0	1.0	
Field Operations									
Emergency Supply Runs									
Runs/Year/Employee	26	4		50	10		75	45	
Average Run Duration, hours	2	2		1	1		1.5	1.25	
Annual Cost of Supply Runs/Employee	\$4,160	\$640	\$3,520	\$4,250	\$850	\$3,400	\$11,025	\$5,513	\$5,513
Scheduled Supply Runs									
# of Scheduled Supply Runs/year							75	50	
Average Time Spent at Supplier/employee/run, hours	2						1.5	1.25	
Cost / Year / Employee							\$11,025	\$6,125	\$4,900
Time Sheet Completion / Klox Usage									
Time Required / Day, minutes	15	0					15	7	
Cost / Day / Employee	\$8.75	\$0.00					\$10.00	\$5.25	
Cost / Year / Employee	\$2,188	\$0	\$2,188				\$2,450	\$1,286	\$1,164
General Wasted Time									
% Wasted	10%	5%		10%	5%		15%	7%	
Cost / Day / Employee	\$28	\$14		\$40	\$20		\$48	\$25	
Cost / Year / Employee	\$7,000	\$3,500	\$3,500	\$10,000	\$5,000	\$5,000	\$11,760	\$6,174	\$5,586
Working Capital									
Receivables Carrying Cost									
Annual Revenue, per employee									
Labor	\$160,000	\$160,000		\$170,000	\$170,000		\$196,000	\$196,000	
Materials	\$160,000	\$160,000		\$170,000	\$170,000		\$196,000	\$196,000	

	Total	\$320,000	\$320,000	\$340,000	\$340,000	\$340,000	\$392,000	\$392,000		
Average Invoicing Delay, days		17.5	7	5	1		5	1		
% Service Calls (T&M)				50%	50%		50%	50%		
Avg DSO's, from Invoice, days - Service Calls				21	0.75		21	0.75		
Avg DSO's, from Invoice, days - Contracts				30	30		30	30		
Average DSO's from Invoicing, days		21	18	25.5	15.375		25.5	15.375		
Total Days O/S		38.5	25	30.5	16.375		30.5	16.375		
Implied Cost of Capital		15%	15%	15%	15%		15%	15%		
Receivables Financing Cost / Employee		\$5,133	\$3,333	\$1,800	\$4,321	\$2,320	\$2,001	\$4,982	\$2,675	\$2,307
Inventory Carrying Cost										
Average Inventory Carrying Period, days		20	13.3	15	7.5		20	10		
Implied Cost of Capital		20%	20%	9%	9%		9%	9%		
		\$1,778	\$1,185	\$593	\$646	\$323	\$323	\$994	\$497	\$497 -
Revenue Collectibility Enhancement										
Revenue Collectibility										
% of Revenues, Justifiably Over Budget (>10%)		35.00%	35.00%				25.00%	25.00%		
Average Overage, %		25.00%	25.00%				20.00%	20.00%		
Collectibility % on Excess		30.00%	60.00%				40.00%	70.00%		
Lost Revenues / Employee / Year		\$9,800	\$5,600	\$4,200			\$5,880	\$2,940	\$2,940	
Improved Project Bidding		NOT QUANTIFIABLE			NOT QUANTIFIABLE			NOT QUANTIFIABLE		
Inventory/Tools "Shrinkage"		NOT QUANTIFIABLE			NOT QUANTIFIABLE			NOT QUANTIFIABLE		