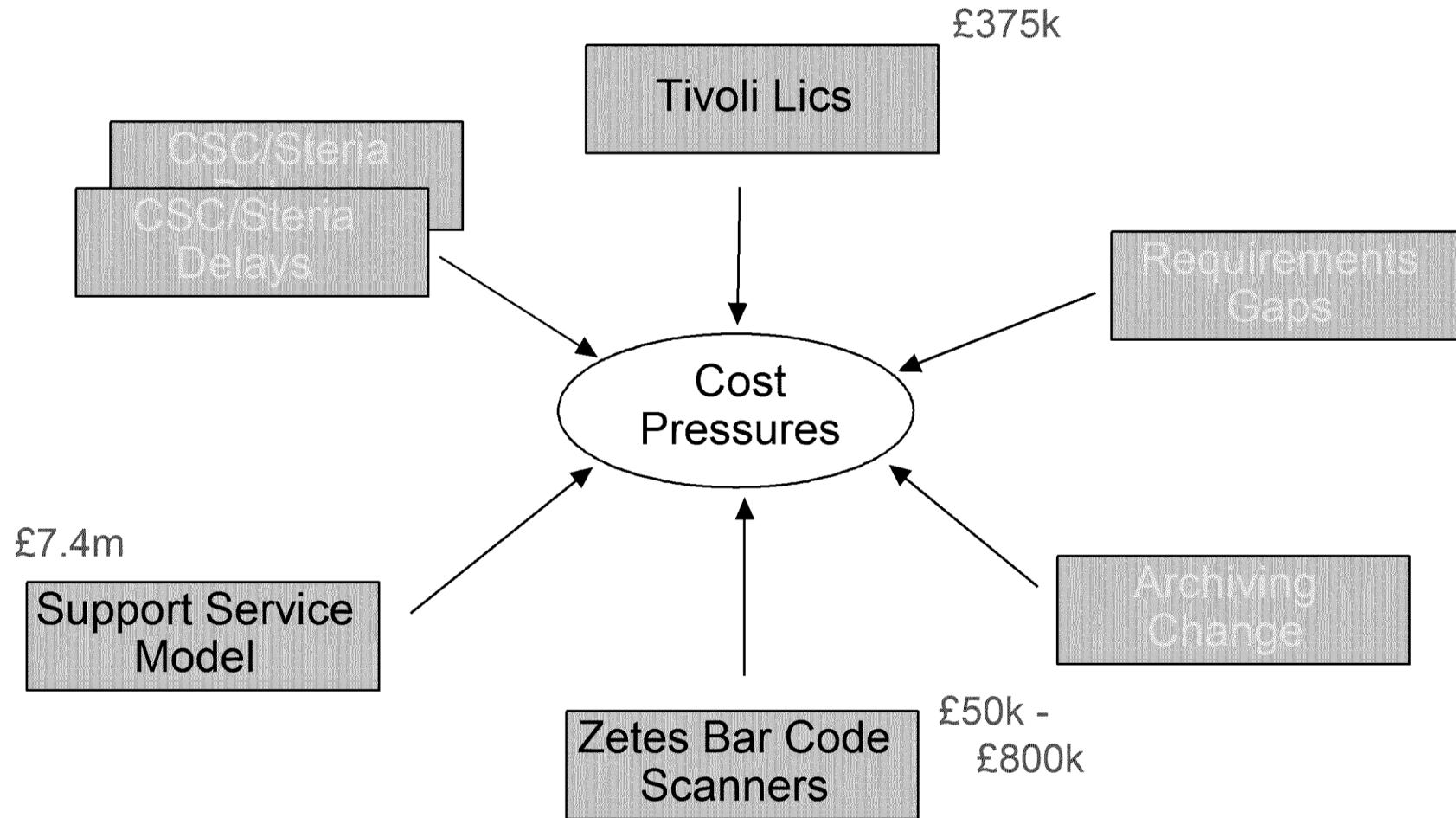


# POLSAP – Cost Pressures on Programme



## What POL want - Price

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- Service £8.4m - £8.75m
- Project £6m (includes £3.1m already contracted and completed)
- Excludes:-
- Tivoli Licences (Answer expected 2/10/09 maybe £375k)
- Zetes development (Answer expected 9/10/09 £50k to £800k)
- Any pending change requests (DR, SAP User Maint etc.)

## Impact on margin

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- Service £8.4m price delivers £0.9m margin at 11%
- Service £8.75m price delivers £1.3m margin at 14%
  - Service take a challenge on cost reduction of x% over life of contract?
  - This includes contingency of £400k pending SAP Apps sign off 2/10/09
- Project £6m price delivers £1m margin at 17.2%\*
  - \*Assumes SAP Practise deliver £230k credit promised at CAR