

4N6XPRT Systems

Expert System Software for Litigation
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4N6XPRT Software Economic Analysis

This analysis has been prompted by several inquiries from our customers as to costs, and whether they can afford to stay current with our software. This is one illustration of an analysis you can do to evaluate the question. In no way is this an attempt at "price fixing".

For the purposes of this cost justification, I will be looking at three of our software programs - Expert AutoStats®, Expert VIN DeCoder®, and 4N6XPRT StifCalcs®. Further assumptions are that current pricing as of November 16, 2007 will be used for the new purchase, each program will be updated yearly at current pricing, the bill through rate will be at our Individual Vehicle Data Search Service pricing, and that each vehicle has damage reviewable under a CRASH III type analysis.

Initial Purchase Costs at current (November 2007) pricing:

Expert AutoStats®	\$ 595.00
Expert VIN DeCoder®	\$ 525.00
4N6XPRT StifCalcs®	<u>\$ 475.00</u>
Sub-Total	\$ 1,595.00
Credit Card Handling	\$ 30.00
Electronic delivery	<u>\$ 0.00</u>
TOTAL	\$ 1,625.00

Given our IVDSS charge of \$40.00 for a Expert AutoStats + Expert VIN DeCoder printout, and \$40.00 for a 4N6XPRT StifCalcs report, you have a bill through rate of \$80.00 per vehicle. Therefore, with a bill through rate equivalent to our IVDSS charges, you need 21 vehicles (actually, 20.31 vehicles) in the purchase year to recover your actual costs for the software. **Assuming 2 vehicles per collision, this is equal to 11 cases.**

Because all three of these programs are databases which need to be kept current, you will need to update the programs, which will be an additional yearly cost.

First year's Update Costs at current (November 2007) pricing:

Expert AutoStats®	\$ 195.00
Expert VIN DeCoder®	\$ 195.00
4N6XPRT StifCalcs®	<u>\$ 175.00</u>
Sub-Total	\$ 565.00
Credit Card Handling	\$ 30.00
Electronic delivery	<u>\$ 0.00</u>
TOTAL	\$ 595.00

Given the same IVDSS charges, you need 8 vehicles (actually, 7.44 vehicles) in subsequent years to recover your actual update costs for the software. **Assuming 2 vehicles per collision, this is equal to 4 cases.**

First Two years costs = \$2,220.00.

Again, given the same IVDSS charges, you need 28 vehicles (actually, 27.75 vehicles) in the first two years to recover your actual costs for the original software purchase plus the first year of updates. **Assuming 2 vehicles per**

collision, this is equal to 14 cases in two years, or 7 cases per year.

Continuing this billing rate after the first two years will allow you to continue to cover your update costs with the “first” 4 cases of each year. The additional cases in the year will help to finance the software you need for other aspects of the business, but have a more difficult time billing through to your clients. In essence, our software is now MAKING, not costing, you money! What’s more, this is NOT additional business you need to acquire, just proper cost accounting in your current billings.

This is just one set of assumptions, feel free to vary them to fit your business situation.

Respectfully,

Daniel W. Vomhof III

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General Manager/Technical Support