

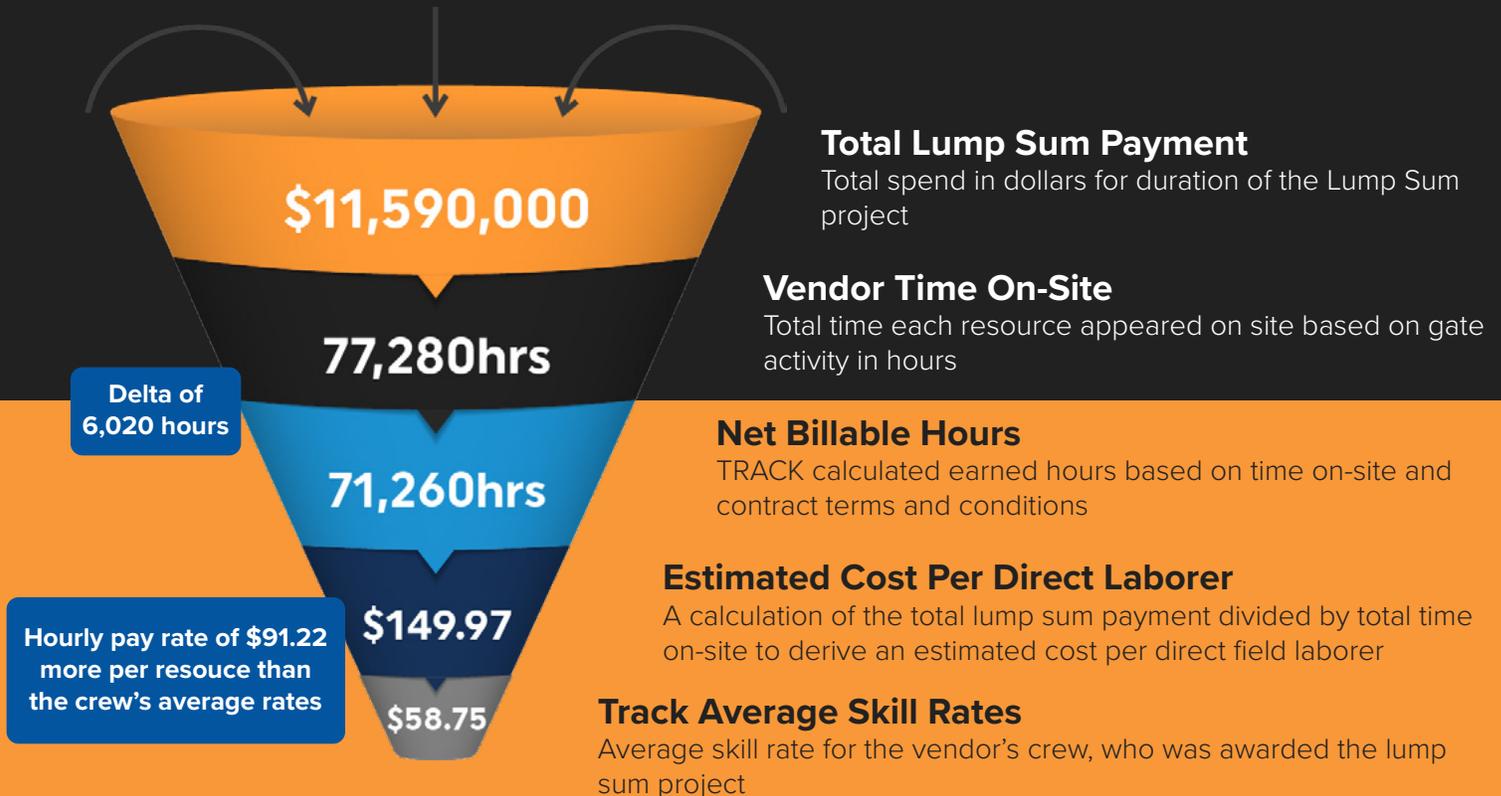
LUMP SUM IN TRACK

How TRACK can give you the data you need to make better contracting decisions

Auditing Your Lump Sum Jobs

Lump sum contracts are easy and put all of the risk on the contractor. The downside is the built in risk premiums associated with lump sum contracts. The question is, do you know how much risk premium you are actually paying?

The example below shows a lump sum contract worth \$11.59 million that was run through TRACK as if it were a Time & Material job. After going through TRACK, it is estimated that this job's premium risk cost was \$5.29 Million and the estimated cost of doing this lump sum job on a time & materials contract is \$6.3M!



ESTIMATED COST OF LUMP SUM JOB UNDER A TIME & MATERIAL CONTRACT

Labor Cost	\$4.2 Million
Equipment & Material Cost	\$2.1 Million
Estimated Total Cost	\$6.3 Million