

Pricing Transition from Base Service Charges to Labor Minimums – Xactimate, XactRemodel, XactPRM Methodology

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Executive Summary

Xactware is transitioning from a default estimating model that uses Base Service Charges to a default model that uses Labor Minimums, as discussed in the Labor Minimums white paper published in November 2011.

While users will still be able to estimate using a Base Service Charge model if they wish, there will no longer be an option to automatically apply Base Service Charges to estimates created in Xactimate version 28. This change will also affect the next major releases of XactRemodel and XactPRM. As mentioned in the previous white paper, this change will impact the way users write and price estimates.

The following outlines the transition plan that Xactware will follow to support clients who are upgrading to the new release; it documents the design functionality of version 28 as it relates to the conversion of estimates from prior versions; and it presents the new procedure for those clients who may choose to continue using previous versions of software.

Consistency

Earlier documentation about the Labor Minimums change outlines the key differences between the Labor Minimums and Base Service Charge models.

In summary, the Base Service Charge model provides the option to break out drive time, planning, and mobilization fees from the line item price into a separate service charge, which allows estimators to independently manage these costs.

On the other hand, the Labor Minimums model includes an assumption for drive time, mobilization, and planning within the line item price. This model also ensures that the labor portion of each task group (e.g., gypsum repair, carpet repair, etc.) is adjusted, when needed, to meet a pre-defined minimum amount. There is no separate “service charge” with the Labor Minimums model, only a “minimum adjustment” which may apply at the end of the estimate to ensure that the labor portion has met the required minimum charge for each trade or group.

Migrating estimates and price lists from previous versions

Xactimate version 28 will support estimates created in prior versions and pre-version 28 price lists that use the Base Service Charge model.

Users will be able to transfer price lists and estimates from the prior version into version 28 and can continue to work on them just as they had before. Once transferred, prior price lists can be manually managed and updated should estimators wish to continue to use the Base Service Charge model within version 28.

Writing new estimates within version 28

Any new estimates created in version 28 and all Xactware published price lists downloaded for version 28 will follow the Labor Minimums model. All new price lists published by Xactware for version 28 will be available beginning February 2013. During the transition period from Feb. 1 to Aug. 1, 2013, price lists published for version 28 will support both the Base Service Charge and Labor Minimums models. This is specifically to give users who have migrated to version 28 the opportunity to update and complete estimates that were created in prior versions with current price lists. It is important for users to understand that both models will not be supported in a single estimate. New estimates created in version 28, using Xactware published price lists, will only have the option to follow the Labor Minimums model. Users can choose to turn off the application of all Labor Minimums for an entire estimate or merely disable an individual minimum charge if desired.

As always, Xactware tries to allow its customers as much flexibility as possible. Estimators will still be able to use a Base Service Charge model, if preferred, within newly created estimates in version 28; however, this will require a manual modification to the line item prices, as well as the addition of a Base Service Charge line item to the estimate since the Base Service Charges tab will be replaced by a Labor Minimums tab. There will be no option to automatically apply Base Service Charges to newly created estimates in version 28.

Repricing a Base Service Charge Estimate with a Labor Minimums Price List

As noted above, when transferring an estimate that uses the Base Service Charge model from a prior version into version 28, the application ensures the estimate is maintained in its original form as a Base Service Charge estimate, regardless of whether the Base Service Charges were set to apply, do not apply, or factor into line item costs. An estimate that was begun in the prior version as a Base Service Charge estimate cannot be converted to an estimate in which Labor Minimums are automatically applied.

Within version 28, users can choose to reprice a Base Service Charge estimate created in a prior version using a version 28 price list. If done during the transition period (Feb. 1 until Aug. 1), the estimate will reprice using Base Service Charges just as in the previous version. As of Aug. 1, Base Service Charges will no longer be supported in version 28 price lists. As such, if customers choose to reprice a prior version (Base Service Charge) estimate with an Xactware price list published after Aug. 1, 2013, the Base Service Charges that existed in the estimate will be removed. Additionally, labor minimums will not be automatically applied since the Base Service Charge estimate does not have the structure to store the Labor Minimums. If they wish, estimators can manually add Minimum (MN) line items to fully convert to a Labor Minimums estimate.

Transition Period

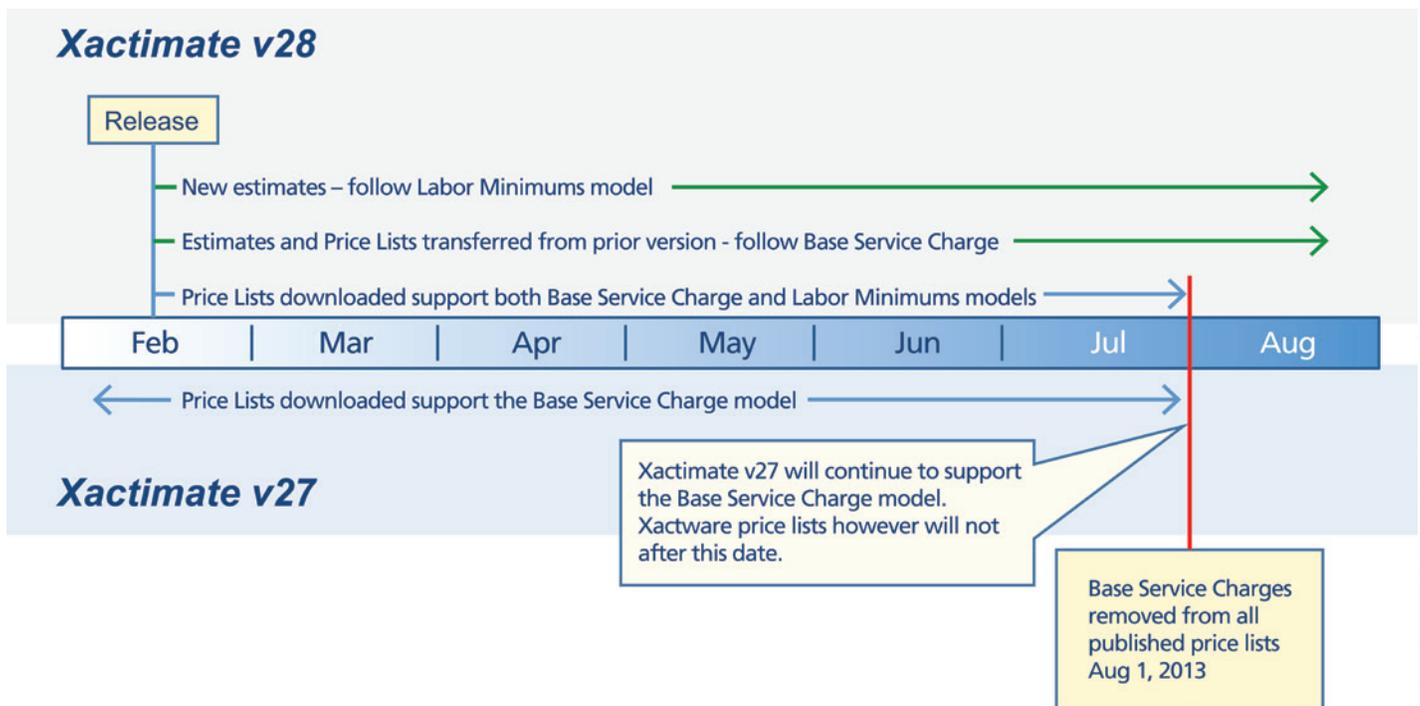
While the two estimating models of Base Service Charges and Labor Minimums can logically result in different unit prices, Xactware's goal is to ensure that the same price is being published across all supported software. This need for consistency is critical for clients who work together, but who may not all be using the same edition of software. Conversely, Xactware understands that many customers will likely not install Xactimate version 28 as soon as it is available, nor will they want the additional burden of manually managing minimum charges in the prior version once Base Service Charges are removed from the price list. To allow for this, Xactware is taking a balanced approach and will continue to fully support the Base Service Charge model in all published price lists (pre-version 28 and version 28) through July 2013. As of Aug. 1, 2013, price lists published by Xactware for prior versions will be updated to match the prices in the Labor Minimums model to ensure complete consistency across all versions of the software.

Important

Beginning Aug. 1, 2013, all price lists published for pre-version 28 (Xactimate versions 25 and 27) will be transitioned so that the prices match what is published within the version 28 price lists.

As of Aug. 1, 2013, previous versions of Xactimate will continue to operate using a Base Service Charge model. However, Xactware price lists published as of Aug. 1 will contain the same prices as will be published for version 28. Users estimating in prior versions after Aug. 1 will see no effect on the unit price when selecting "apply", "do not apply", and "factor in to unit costs." Line item prices will be the same for each of these settings and all Base Service Charge hours will be set to the default of zero.

The three options listed above ensure that estimators who continue to work in versions 25 and 27 will be using the same prices as those who have upgraded to version 28. The only difference is that version 28 will apply Labor Minimums automatically by default, and the prior versions will not. Estimators who remain on the prior versions will need to manually enter and manage Minimum Charges by adding the appropriate Minimum (“MN”) line items to convert to a labor minimums estimating model.



To reiterate, this transition changes the default pricing model used in Xactimate, XactRemodel, and XactPRM. However, customers can estimate using either pricing model in any version of software and arrive at a correct price (by adjusting prices, adding Minimum line items, etc.).

This transition period between February and July should give customers sufficient time to upgrade to the latest version of software or to familiarize themselves with how the changes affect estimates in their current version.

Feedback

For a full description as well as the latest available information related to this change, please see the dedicated Labor Minimums page at www.xactware.com/laborminimums. Feedback can be submitted through the “tell us what you think” link on the Labor Minimums page or by email to Xactware’s Pricing Data Services team at:

- pricing@xactware.com for English-speaking U.S. users
- pricing@xactware.ca for English-speaking Canadian users
- prix@xactware.com for French-speaking users
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