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Modern Methods of Cost Estimating and interaction with Planning with NOMITECH's CostOS

This article discusses the application of Interoperable systems used in the Building Industry (as well as in Process industries), and how Cost Estimating with CostOS can become the bridge that connects the Design phase with the Construction phase.

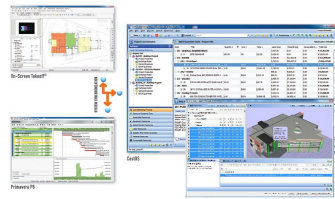
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PRLog (Press Release) - Oct 05, 2010 - New Standards in Cost Estimating

Current Situation

Things have progressed to a great extent since Microsoft Excel was the absolute solution for Cost Estimating. Even if Excel can indeed be used for this purpose (or even for planning) this is not the proper way to move forward. The major problems that companies face today with the use of Excel spreadsheets are:

- 1. It is very time consuming, and sometimes impossible, to find historical data
2. Estimators need to undertake repetitive work for tasks such as crew composition, productivity calculation etc
3. They cannot share cost data with colleagues.. What if somebody leaves the company?



Screenshot3

4. Planners need to undertake repetitive work to build the project schedule/programme
5. Estimators may forget cells when making sums (one cell might be the cause for a company to shut down)
6. If the quantity takeoff changes the estimators need to manually input new data
The above problems are caused because Excel is not a database, and even if someone tries to apply it as such there are strict limitations.

Relational Resource Databases for Cost Estimating

Nomitech's CostOS uses relational resource cost databases to store historical data. The idea of such databases is fairly simple and can be summed up in one paragraph as below:

"The Cost of all of our activities (usually described as BOQ Items), depends on the Cost of the Resources that we use. The resources are categorised as follows:

- Material
- Labour
- Equipment
- Subcontractor
- Consumables

There is always a relation between resources and cost and this relation is captured in a Relational Resource Cost Database"

By maintaining such a database, and making use of the powerful search engine of CostOS, estimators can very quickly find priced items, and amend them according to their project's needs. Different levels of users have access to different parts of the database and cost information is shared instantly.

Third Parties Providing Cost Information and how it can be used to get Activity Durations

There are several organisations today, whose major task is to develop and provide Cost Databases. These databases are very useful for reference and they can be used as a basis for building a company's own database. Some of these Cost Databases, and specifically the Reeds (RS Means) Database and the Richardson also provide productivities in addition to the resources required to calculate the Cost.

Nomitech realised the importance of this information and this is why it recreated these databases and applied them as relational resource databases, online. The fact that they are provided online is very important, because users do not have to worry whether their cost data is up to date. Most important though, is that with a click of a button, estimates that were created in the past can be updated instantly with the new resource rates. The fact that these databases are also resource-related has the

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advantage that they can be applied internationally. Estimators can amend the productivities, the salaries, the material prices, the currencies and so on and apply them in their own country and project location. Moreover the amendments they make on the BOQ items provided by the online databases, are stored on their local database.

CostOS uses two methods for calculating the cost:

- i. The productivity method
- ii. The man-hour / total units method

The online databases make use of the productivity method. Thus the following equation:

Activity Duration (hrs) = Budgeted Units / Productivity (Units / hr)

is applied to calculate the Activity durations when exporting to scheduling systems like Primavera P6, MS Project, ASTA Power Project etc

#### Integrating Cost Estimating with Planning

Although it may sound obscure, the vast majority of Planners rarely co-operate with the estimators in depth. In most cases the estimator hands over his estimate to the Planner, who in turn has to create the project programme starting from scratch or from a list of BOQ Items (best case scenario). Once finished with the estimate, almost no one checks whether there are enough resources and/or budget to finish the project on the specified milestones. Moreover, extended durations of the activities, due to various site conditions, might mean decreased productivities and thus increased cost. To calculate the new cost, planners must create a resource-loaded programme, and it is well known that this takes tremendous amount of time and effort, especially for large projects.

Some companies on the other hand start from the schedule first, they define the durations and the constraints and then they give it to the estimator to calculate the cost. Once the budget is calculated by the estimator, it is very difficult to make changes either on the schedule or on the estimate and most of the time planners and estimators get very frustrated by each other's changes.

After examining the above facts, Nomitech implemented a very important feature that synchronises the estimate with the project schedule. The estimate can be exported as a resource-loaded list of activities in Primavera, with Durations, WBS codes and budgeted units ready for the planners to start putting in the logic – or the opposite: a Primavera Project can be imported in CostOS and the estimators can start working from there. Whichever method has been used, from there on the estimate and schedule are in line with each other. With one click, changes that are made in the schedule are reflected in the estimate and vice versa.

In addition due to CostOS's ability to synchronise with On-Screen Takeoff as well, changes made in the drawings and thus in the quantities can be then synchronised with the estimate, and the planners can see the effect on their activity durations, at the click of a button.

#### BIM Estimating and 3D Cost Visualiser

Nomitech recently implemented the 3D takeoff tool. This allows users that have a 3D model of their project to perform Estimating directly on the model, the so-called: "Estimate what you see method"

Using the 3D model, estimates can be finished in just minutes rather than days. Mechanical systems can be automatically recognised by CostOS and with just two clicks the estimators can get quantities of pipes, fittings, etc. Such measurements usually require many hours of manual effort, and there is always the risk of manual mistakes.

Despite the advanced productivity of using the 3D model for estimating, the true value of this method lies in the end product. That is a cost-loaded 3D model, which can be used for true value engineering and even for marketing purposes. The user can click on any element on the 3D model and see the cost associated with it as well as the resources, and their cost, required to build it. Designers, contractors and clients can then work on the 3D model together and optimise the project design or find more cost effective solutions. Finally contractors can apply "an offer layout" on the 3D model, invite their clients to their offices and discuss with them how much the last will have to pay for the different parts of the project.

For more information on Nomitech's estimating product please refer to our website: [www.nomitech.eu](http://www.nomitech.eu) and contact your local dealer to arrange a presentation.

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Nomitech or New Open Mind Technologies is a leading software company providing highly innovative and advanced cost estimating software systems for project owners, contractors, engineers and designers. CostOS BIM Estimating delivers value engineering.

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