

**TCO Estimator Tutorial**

1. Using the TCO Estimator online
2. Go to [www.reshorenow.org](http://www.reshorenow.org)
3. Click on TCO Estimator
4. Create a new account
5. Fill in the blanks
6. You will receive an email with instructions and the link to activate your account.
7. Log on
8. Click on View Example Form for a completed example. Be sure you click on Experimenting, Offshore, Outsourced, Outsourced at the top of the form if they are not already clicked.
9. Click on Complete and View Results at the bottom of the page to see the TCO calculation.
10. Go back to the blank Input Page by clicking on the other tab at the top.
11. Answer the questions at the top of the form.
12. Be sure to click on “Real Case” if you are analyzing a real case with best available data.
13. Click on “Experimenting” is you are just checking-out the system
14. You must answer the check box questions or you will not be able to see the Results page
15. We promise to keep your data confidential. We analyze and publish aggregate data but never release any data on individual cases
16. Input data and estimates. The TCO Estimator provides:
17. Surface freight cost from offshore country’s port of exit to Chicago.
18. Air freight from a major airport in the country to O’Hare.
19. The calculation tool to calculate 29 costs based on your inputs.
20. You can Save and come back. So just start and find out what additional values you need.
21. Many of the factors are expressed as a % of the purchase price of the item being analyzed.
22. For qualitative factors:

a. Do not expect perfection

b. Achieve relative accuracy: by part and country

c. Seek expert sources on the internet, e.g. Maplecroft on [risk](http://maplecroft.com/), Dept. of Commerce’s [ACETool](http://acetool.commerce.gov/) on a broad range if issues.

1. Review the Explanations on the Inputs page and the formulas on the Results page to help you refine your inputs.
2. When you have valued all possible factors, click on “Complete and View Results.”
3. The Results page shows the calculated costs, the formulas and line graphs of the U.S. and offshore TCO and price, how cost accumulates for each source and a 5 year forecast of TCO for each source.
4. Review costs on the Results page. If any are unreasonably high or low vs. other factors or vs. the other supplier, reevaluate your inputs.
5. If you have questions or suggestions, you can email me at info@reshorenow.org.
6. General plan for applying the TCO Estimator at a company
7. Sort the relevant components by family of parts.
8. Run a sample from each family thru the Estimator
9. Develop rules for each family, e.g.: “offshore price must be X% lower”
10. Note: Intended as:
11. A good analytical tool for the $100,000 Buy decision
12. A place to start and a great list of costs to consider for the $10M Buy decision or the $100M Make, new facility, decision.
13. Other thoughts:
14. Seek domestic improvement for cases where TCO is close.
15. For in-house: remember burden will not automatically be eliminated when you offshore and will be absorbed when you reshore.

Harry Moser 1/20/14

Harry.Moser@ReshoreNow.org