



Al Shirawi Facilities Management

Experience the difference

Life Cycle Cost

Sum of all recurring and one-time (non-recurring) costs over the full life span or a specified period of a good, service, structure, or system. It includes purchase price, installation cost, operating costs, maintenance and upgrade costs, and remaining (residual or salvage) value at the end of ownership or its useful life.

What is the Importance of LCC



- The importance of LCC in FM companies is that they can now provide a precise time table when an equipment will be replaced because it has reached its End Of Life or it has reached its expected end of service based on OEM Manual
- After providing the time table, FM companies can now prepare and forecast expenses that will come either from refurbishment of a facility or replacement of an equipment.
- Once the costing has been prepared, FM will then combine the time table and costing. Owners will now have then have an actual year on year budget (Opex/Capex) for their facility and the equipment.
- It is also a source of P and R Jobs

Requirements of Developing LCC

- Manufacturer's Equipment Operational Maintenance Manual
- Bill of Quantities – Construction and Equipment
- Maintenance History Record of Equipment and Facility – Updated and Current
- Asset List
- Asset Condition Survey – current or within 3 months period

1.0 Specialized System – This are systems which are being outsourced and maintained by Specialized Sub Contractors

2.0 Equipment Description - Make/Model/Brand/Capacity/Supplier

3.0 Installation Date – When the unit was commissioned

4.0 Expected Life – Based on OEM and Warranty, If no OEM - Look from Google Manual, If no OEM - Forecast by Equipment's Running Time. Note that if it runs more than its recommended usage. Consider 50% Life gone with yearly 5% of decline in performance of parts, If no OEM - Consider manufacturing date and consider if spare parts would be still available in market or if the unit will be out of production after a couple of years

5.0 Current Life – Active number of years unit is in use

6.0 Condition - Status/Repaired/Replaced/EOL - End of Life

7.0 Quantity – Specify number of units in each equipment

8.0 Recommendation - Indicate whether for replacement of new/Buy spares based on availability and unit due to End of Production, You will decide when and how the equipment will be replaced based on OEM or your findings

9.0 Unit Cost – Forecast Cost to purchase per unit with corresponding tax, after which multiply by the percentage margin of ASFM plus tax

10.0 Cost to Client – Unit Cost multiply by the percentage margin of ASFM plus tax

11.0 Number of Years – Forecasted Years to be implemented

LCC – Things to be Considered

- In LCC, years of implementation depends on the client requirement. But it should follow a minimum 3 to 5 month plan and maximum of 10 years
- Recommendation is very important because this would be the basis of your strategic implementation
- In the Recommendation, it is important to indicate the level of importance of the equipment. From Operational, Safety or Aesthetic.
- Always remember to include secondary parts of the system in the list that will in some way would require replacement. Example: Flanges, Valves, Chilled Water Line Insulation
- Civil Works is also a major factor to be considered in LCC. Under this is painting, masonry and fit out.

LCC – Things to be Considered

Questions