

# EXECUTIVE SUMMARY

Headquartered in Seattle, Washington, with branch offices in more than 10 countries, Contoso provides IT solutions and consulting services to leading enterprises around the world. We specialize in working with suppliers of specialty materials and services to help them expand their reach in the global marketplace. Most of our clients are either segment leaders or—like Fabrikam—rapidly growing innovators in their respective industries.

Our market specialists have paid close attention to your company’s recent technological breakthroughs in product durability. With consumers demanding ongoing improvements in quality, even as the market imposes commodity pricing, we believe that Fabrikam has the potential to dominate several market niches. However, your current biggest challenge in reaching that potential is to rapidly expand your production capacity while maximizing your existing investment in production resources.

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# CURRENT SITUATION

Fabrikam products are now enthusiastically embraced by the marketplace. Your fulfillment capacity has historically exceeded orders, but as of Q2 this year, orders and capacity were nearly equal. Recent forecasting predicts that orders will exceed capacity over the next two quarters.

Fig 1.Order demand is growing faster than fulfillment capacity

The challenge for Fabrikam is to meet growing demand before competitors enter the market with similar products, but not to overspend on new infrastructure. In other words, Fabrikam must increase capacity while minimizing expansion costs in order to gain a rapid return on investment (ROI). At Contoso, we recognize the challenges that confront players in your market and believe that our solutions and expertise can help your company to address them.

# SOLUTION

Our Consolidated Messenger line of business solutions complements your business processes, including your current Enterprise Resource Planning (ERP) system by adding functionality designed specifically for your industry. We can customize Consolidated Messenger to integrate easily with your company’s IT environment.

# COSTS

Contoso works with your IT managers and planners to determine exactly which software and hardware components you need in order to implement the Consolidated Messenger solution effectively. By omitting optional components for processes that your organization does not use, we’re able to keep costs down. Additionally, our rates for consulting and other on-site services are highly competitive.

However, the following table summarizes the largest expense category, direct labor costs:

|  |  |  |  |
| --- | --- | --- | --- |
| Direct Labor Costs | Hours | Rate Per Hour | Total Cost |
| Process Engineer | 200 | $125.00 | $25,000.00 |
| Software Developer | 225 | $125.00 | $28,125.00 |
| IT Consultant | 40 | $100.00 | $4,000.00 |
| Integration Expert | 280 | $75.00 | $21,000.00 |
| Hardware Technician | 280 | $65.00 | $18,200.00 |
|  |  | **Total Labor Costs:** | **$96,200.00** |

An accompanying Microsoft Office Excel spreadsheet provides a detailed break-down of this proposed project’s estimated costs, including:

* Resource hours and rates
* Hardware, software, and other material costs
* Subcontractor fees
* Travel
* Reimbursable fees, taxes, and miscellaneous costs

# IMPLEMENTATION PLAN

Contoso will work closely with Fabrikam IT managers, planners, testers, and other stakeholders to ensure that deployment proceeds without having to take critical production systems offline. We have extensive experience in designing test systems, including setting up simulations and virtual servers as part of any pilot project, and in transitioning pilot projects into pre-production and production phases.

This document represents the completion of the Proposal Planning phase, which includes initial discovery, proposal planning, proposal development, our internal management review, and delivery to you. This document represents the completion of the Proposal Planning phase, which includes initial discovery, proposal planning, proposal development, our internal management review, and delivery to you.

If you approve the proposal by November 15, we can begin the project in earnest on December 1, setting up test servers and a test manufacturing line over a five-day period. Total deployment time is six to nine months, with a three-month buffer to allow for slips in critical dependencies. A more complete schedule is provided as a separate document.

Fig3. Delivery timeline outline

# BENEFITS

Adding Consolidated Messenger to your existing processes helps your company streamline production, minimize inventory-carrying costs, configure complex products, and manage personnel, material, and data processing more effectively. The Consolidated Messenger solution accomplishes these goals by linking by key vertical-market functionality to your existing ERP processes.

For example, you can expedite time-to-market for new products and upgrades by integrating engineering bills of materials with internal applications. And an integrated IT system can also help you identify components and sub-assemblies already in-house that can be used in new product designs.

Specifically, with Consolidated Messenger, Fabrikam can expect to:

* Expand production capacity by nearly 50 percent, from the current 47,000 units per quarter to 70,000.
* Increase total production cost by only 20 percent, primarily through increased consumption of raw materials as production reaches its peak.
* Decrease unit production costs by 15 percent through more efficient production processes, volume discounts on raw materials, and increased economies of scale.

# CONCLUSION

The fast pace and global reach of the high-tech industry demands continual innovation, speed, and agility. High-tech manufacturers face tough challenges: shorter product life cycles, unpredictable demand, and price erosion caused by fierce worldwide competition.

Fabrikam has addressed these challenges by implementing a state-of-the-art ERP system. However, our Consolidated Messenger solution can further enhance that ERP system to optimize your supply chain; enable complete real-time visibility with customers, partners, and suppliers; and support leaner processes. As a result, Consolidated Messenger contributes to a robust, flexible IT infrastructure that can help you improve innovation and time-to-market.

As you consider our proposal, we ask that you take into account what differentiates us from other consultants:

* Given our consulting and solution expertise in the markets you serve, Contoso is uniquely qualified to help Fabrikam expand its capacity and to deliver on the promises of the Consolidated Messenger solution.
* We understand your issues and your markets, and we have a proven track record in helping suppliers of specialty materials and services to increase their market penetration.
* We are formally certified as an ISO 9000, ISO 9001, and Six Sigma organization; and we are a Microsoft Gold Certified Partner.
* We look forward to working with Fabrikam on this project and to bringing our expertise together with yours to further extend your market reach.

# Appendix A

## Objectives, Approach, and Methodology

Contoso takes a structured, holistic approach to solution deployment by defining specific milestones during which we ensure that your implementation of Consolidated Messenger is performing as expected. With core strengths in analyzing vertical markets and in project management, our consultants work with your IT department every step of the way to integrate key functionality into your business and manufacturing processes.

###### Objectives

Contoso solutions support flexibility in your business processes while achieving the following objectives:

* Deploying the solutions rapidly
* Preserving your IT investment
* Integrating seamlessly into your current IT infrastructure
* Shrinking development cycles for add-on custom functionality
* Responding quickly to customer trends

With our technology in place, you can run your business in ways that can help improve operations, open visibility into the supply chain, and increase your competitiveness—worldwide.

###### Approach

Market pressures require innovative companies like Fabrikam to find new ways to streamline every aspect of their business operations, including successfully maintaining many complex processes, complying with regulatory and customer mandates, and managing a wealth of product-specific characteristics such as quality, durability, and low price. In addition, ongoing operational and inventory challenges require closer interaction among research and development labs, procurement, production, and marketing.

###### Methodology and Results

Customer demands for fast deliveries and ever-lower costs, coupled with increasingly difficult regulations, place many new and unique challenges on companies like Fabrikam. Add to that a continual need for innovative product formulas and continually changing packaging variations—and the result is escalating complexity in all areas of the business, including development, purchasing, manufacturing, distribution, and sales.

Our solution strategy combines your process expertise with our expertise in capacity maximization. This methodology distinguishes Contoso from other consultants who take a less interactive approach. Because Consolidated Messenger helps your people manage manufacturing as well as a broad range of other business areas, it minimizes the need for systems from multiple vendors, which makes integration easier and keeps our methodology simple.

Our Consolidated Messenger line of business software complements your current business processes by adding functionality designed specifically for your industry. Additionally, we can customize Consolidated Messenger to integrate easily with your internal proprietary tools. Our research indicates that using Consolidated Messenger can expand your production capacity by nearly 50 percent while increasing total production cost by only 20 percent. This increased economy of scale will also decrease your unit production cost by 15 percent. Our plan is to deploy the solution over a period of six to nine months.

# Appendix B

## Opportunity Analysis Process Flow

As part of deploying our business solutions, we want to ensure that all problems and known errors affecting the IT infrastructure are identified and recorded as early as possible. Recording problems and known errors ensures that they can be managed and tracked during their life cycle, providing valuable information for other processes, such as incident management, change management, and service desk procedures.

Problem management can be graphically presented in the form of a process flow diagram that identifies the activities that need to take place in order to ensure that the adverse impact from incidents and problems is minimized and that recurrence of the incidents is prevented.

In this process, the identified underlying problems are associated with the corresponding incidents that have occurred. Additionally, the process works to identify suitable workarounds that provide customers with service restoration or service improvement while a more permanent solution is being sought.