COST MANAGEMENT PLAN

ONLINE HOTEL MANAGEMENT SYSTEM

SUMMER2016 HOTEL

ROXAS BOULEVARD

Pasay City, Metro Manila

APRIL 18, 2016

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Introduction

Mr. Balilo, the Project Manager of this Online Hotel Management System Project will be responsible for managing and reporting on the project's cost throughout the duration of the project. During the project status meeting, the he will meet with management to present and review the project's cost performance for the preceding month. Performance will be measured using earned value. He is responsible for accounting for cost deviations and presenting the Project Sponsor with options for getting the project back on budget. The Project Sponsor has the authority to make changes to the project to bring it back within budget.

Cost Management Approach

Costs for this project will be managed at the initiation phase of the Work Breakdown Structure (WBS). In the development of project charter, the planning of cost will already start. Control Accounts (CA) will be created at this level to track costs. Earned Value calculations for the CA's will measure and manage the financial performance of the project. Costs may be rounded to the nearest peso and work hours rounded to the nearest whole hour.

Cost variances of +/- 0.1 in the cost and schedule performance indexes will change the status of the cost to cautionary; cost variances of +/- 0.2 in the cost and schedule performance indexes will change the status of the cost to an alert stage. This will require corrective action from the Project Manager in order to bring the cost and/or schedule performance indexes below the alert level. Corrective actions will require a project change request and be must approved by the Project Sponsor before it can become within the scope of the project.

Measuring Project Cost

Performance of the project will be measured using Earned Value Management. The following four Earned Value metrics will be used to measure to projects cost performance:

- Schedule Variance (SV)
- Cost Variance (CV)
- Schedule Performance Index (SPI)
- Cost Performance Index (CPI)

If the Schedule Performance Index or Cost Performance Index has a variance of between 0.1 and 0.2 the Project Manager must report the reason for the exception. If the SPI or CPI has a variance of greater than 0.2 the Project Manager must report the reason for the exception and provide management a detailed corrective plan to bring the projects performance back to acceptable levels.

Performance Measure	**Cautionary**	**Alert**
Schedule Performance Index	Between 0.9 and 0.8 or Between 1.1 and 1.2	Less Than 0.8 or Greater than 1.2
Cost Performance Index	Between 0.9 and 0.8 or Between 1.1 and 1.2	Less Than 0.8 or Greater than 1.2

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REPORTING FORMAT

Reporting for cost management will be included in the monthly project status report. The Monthly Project Status Report will include a section labeled, "Cost Management". This section will contain the Earned Value Metrics identified in the previous section. All cost variances outside of the thresholds identified in this Cost Management Plan will be reported on including any corrective actions which are planned. Change Requests which are triggered based upon project cost overruns will be identified and tracked in this report.

Cost Variance Response Process

The Control Thresholds for this project is a CPI or SPI of less than 0.8 or greater than 1.2. If the project reaches one of these Control Thresholds a Cost Variance Corrective Action Plan is required. The Project Manager will present the Project Sponsor with options for corrective actions within five business days from when the cost variance is first reported. Within three business days from when the Project Sponsor selects a corrective action option, the Project Manager will present the Project Sponsor with a formal Cost Variance Corrective Action Plan. The Cost Variance Corrective Action Plan will detail the actions necessary to bring the project back within budget and the means by which the effectiveness of the actions in the plan will be measured. Upon acceptance of the Cost Variance Corrective Action Plan it will become a part of the project plan and the project will be updated to reflect the corrective actions.

Cost Change Control Process

The cost change control process will follow the established project change request process. Approvals for project budget/cost changes must be approved by the project sponsor.

Project Budget

The budget for this project is detailed below. Costs for this project are presented in various categories:

Fixed Cost	**Php 0.00**
Material Cost	**Php 1,762,214.20**
Incentive/Honorarium	**Php 500,000.00**
Training, Testing and Implementation	**Php 72,310.00**
Total Project Cost	**Php 2,334,524.20**

Detailed breakdown is attached.

Management Reserve: Php 300,000.00

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Sponsor Acceptance

Approved by the Project Sponsor:

JOSE BAUTISTA
Project Sponsor/Date Signed

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PARTICULAR	QNTY	RATE (Php)	NO. OF HOUR	COST
Incentive/Honorarium				
Project Manager	1	50,000/project	Regular office hours	50,000.00
Systems Analyst	1			50,000.00
Programmer/Analyst	3			150,000.00
Web Designer	2			100,000.00
Database Specialist/Administrator	1			50,000.00
Network Administrator	1			50,000.00
Documentation	1			50,000.00
Sub-total:				**500,000.00**
Material Cost				
Windows Server 2012 - Server Operating System (1 installer @ 85,000.00)				Php170,000.00
MS SQL Server - DBMS Software (1 installer @150,000)				Php150,000.00
Domain Name (1 year subscription)				Php690.00
Development Computer (1 set @ 25,000)				Php150,000.00
Data Cabinet (1 pc / 65,000)				Php65,000.00
6 port KVM Switch with Built-in Monitor(1 pc @ 85,000)				Php85,000.00
Router Firewall Rack mountable (1 pc @150,000)				Php150,000.00
Network Accessories (Patch Panel, Cat6 UTP Cable, Patch Cord, RJ45, etc.)				Php50,000.00
Fireproof Server Cabinet(1 pc @ 317,768)				Php317,768.00
UPS 3000 Watts for Server (1 pc @ 7,011)				Php7,011.00
Terabyte Harddrive with Case (1 pc @ 2,888)				Php14,440.00
CISCO Router(1 pc @ 4,998)				Php9,996.00
CISCO 48 port Switch(1 pc @ 45000)				Php90,000.00
LENOVO X3 100 M5 Server(1 pc @ 53,410)				Php160,230.00
EPSON L355 All-in-One (1 pc @ 10,295)				Php51,475.00
UPS (1 pc @ 2000)				Php20,000.00
AVR (1 pc @ 600)				Php6,000.00
LAN Analyzer (1 pc @ 997)				Php1,994.00

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Computer and Network Handtools (1 pc @ 1500)				Php1,500.00
MS Exchange Server (1 pc @ 13,570)				Php13,570.00
SQL Module for Backup Exec(1 pc @ 48,116)				Php48,116.00
Backup Exec 8(1 pc @ 2,748.50)				Php2,748.50
Norton Anti-Virus 2015 1:5 Corporate Edition Antivirus - Internet Security - Firewall (1 pc @ 3,679.54)				Php18,397.70
MS Office 2013(1 pc @10,120)				Php10,120.00
Paypal Monthly Fee				Php45,000.00
Credit Card Reader (1 pc @ 9000)				Php18,000.00
Sub-total				**Php1,762,214.20**
Testing, Implementation and Training				
Training, Implementation and Testing				72,310.00
Sub-total:				**72,310.00**
TOTAL				**Php2,334,524.20**

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Computation Reference:

Legend:

Earned Value (EV) - the actual value earned in the project
Planned Value (PV) - the value our project plan says we should have earned at this point
Actual Cost (AC) - the actual costs incurred to date
Schedule Variance (SV) - a measurement of the schedule performance for a project
Cost Variance (CV) - a measurement of the budget performance for a project
Schedule Performance Index (SPI) - measures the progress achieved against that which was planned
Cost Performance Index (CPI) - measures the value of the work completed compared to the actual cost of the work completed

- **EV = Total Project Budget x % of Completed**

- **SV = EV – PV**
  - *if SV == 0, the project is perfectly on schedule*
  - *if SV > 0, the project is ahead of schedule*
  - *if SV < 0, the project is behind schedule*

- **CV = EV – AC**
  - *if CV == 0, the project is perfectly on budget*
  - *if CV > 0, the project is under budget*
  - *if CV < 0, the project is over budget*

- **SPI = EV / PV**
  - *If SPI == 1, the project is on schedule*
  - *If SPI > 1, the project is behind schedule*
  - *If SPI < 1, the project is ahead of schedule*

- **CPI = EV / AC**
  - *If CPI == 1, the project is on budget*
  - *If CPI > 1, the project is under budget*
  - *If CPI < 1, the project is over budget*

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Earned Value Computation

	Description	Planned Value	Actual Cost	% Completed	Earned Value	Cost Variance	Schedule Variance	CPI	SPI
Kick-Off	A kick-off activity that officially declares the start of the OHMS Project. Mobilization of project team to develop Feasibility Study and Business Management proposal through thorough research and studies.(4/5-5/5/16)	13560.00	13560.00	100%	13560.000	0.00	0.00	1	1
Stage 2	Feasibility Study and Business Management Proposal made will be presented to the stakeholders and seek approval. (5/5-16/16)	40500.00	40500.00	100%	40500.000	0.00	0.00	1	1
Stage 3	Implementation of the BMP made on OHMS for Summer 2016 Hotel online operation with six phases. This phase includes both orientation and OHMS Software Designing for leveling of expectations and collaboratively make OHMS Design based on best future state model workable for Summer 2016 Hotel operation.	1762214.20	1762214.20	100%	1762214.200	0.00	0.00	1	1
Stage 4	This stage is a regular monthly evaluation of the OHMS project for a year by the IT Department in active participation of the Department Head and end-users	10390.00	10390.00	100%	10390.000	0.00	0.00	1	1
Stage 5	This stage is the culminating stage that includes the submission of final evaluation of the project and commendation of the project team. (1/3/2018)	507860.00	507860.00	100%	507860.000	0.00	0.00	1	1
		2334524.20	**2334524.20**	100%	2334524.200	0.00	0.00	1	1