

Validation Model for Commerical Company T.I and Build-To-Suit Construction.  
(flooring change out)

Facility information

|                                |            |
|--------------------------------|------------|
| Typical Square Footage         | 20,000     |
| Number Projects Next 12 Months | 100        |
| Cost of Testing Single Site    | \$2,200.00 |

Empirical information acquired by means of observation and experimentation

|   |    |     |      |   |
|---|----|-----|------|---|
| (1) Number of Projects with Sealer            | 20 | 50% | 10   | <b>Number of Projects With Problems</b> |
| (2) Number of Projects with Advanced Adhesive | 30 | 25% | 7.5  |   |
| (3) Number of Projects with Standard Adhesive | 50 | 0%  | 0    |   |
|   |    |     | 17.5 |   |

17.5

Validation Model Worksheet (ROI)

| Scenario 1: Floor Installation Failure Cost         |         | Additional Cost Per Sq. Ft. | Additional Cost Per Store | Annual Cost            |
|---|---------|-----------------------------|---------------------------|------------------------|
| A. Original Installation (with standard adhesive)   |         | \$ 3.00                     | \$ 60,000.00              | \$ 1,050,000.00        |
| B. Merchandise/Fixture Move                         |         | \$ 0.10                     | \$ 2,000.00               | \$ 35,000.00           |
| C. Removal Old Floor                                |         | \$ 0.75                     | \$ 15,000.00              | \$ 262,500.00          |
| D. Slab Mitigation of Failed Floors (includes prep) |         | \$ 4.00                     | \$ 80,000.00              | \$ 1,400,000.00        |
| E. New Floor Covering and Adhesive                  |         | \$ 3.50                     | \$ 70,000.00              | \$ 1,225,000.00        |
| F. Lost Sales During Repair (%)                     | 2 12500 | \$ 1.25                     | \$ 25,000.00              | \$ 437,500.00          |
| G. Lost Management Time                             | 40 85   | \$ 0.17                     | \$ 3,400.00               | \$ 59,500.00           |
| <b>Total Cost Without IFTI (Sum A through G)</b>    |         | <b>\$ 12.77</b>             | <b>\$ 252,000.00</b>      | <b>\$ 4,469,500.00</b> |

| Scenario 2: Ad Hoc Approach                        |                    | Additional Cost Per Sq. Ft. | Additional Cost Per Store | Annual Cost            |
|--|--------------------|-----------------------------|---------------------------|------------------------|
| A. Testing (100 Stores)                            |                    | \$ 0.06                     | \$ 1,200.00               | \$ 120,000.00          |
| B. Stores with Advanced Adhesive (0%)              |                    | \$ -                        | \$ -                      | \$ -                   |
| C. Stores Requiring Sealer (%)                     | 0.5                | \$ 3.25                     | \$ 65,000.00              | \$ 3,250,000.00        |
| D. Lost Sales Due To Project Delay                 | 0.2 50000          | \$ 2.50                     | \$ 50,000.00              | \$ 500,000.00          |
| E. Lost Management Time                            | 8 85               | \$ 0.03                     | \$ 680.00                 | \$ 34,000.00           |
| F. Installation Failures                           | \$ 252,000.00 0.05 | \$ 0.63                     | \$ 12,600.00              | \$ 220,500.00          |
| <b>Total Current Annual Cost (Sum A through F)</b> |                    |                             |                           | <b>\$ 4,124,500.00</b> |

| Scenario 3: Employing IFTI's Risk Management System   |  | Additional Cost Per Sq. Ft. | Additional Cost Per Store | Annual Cost            |
|---|--|-----------------------------|---------------------------|------------------------|
| A. Testing (100 Stores)                               |  | \$ 0.11                     | \$ 2,200.00               | \$ 220,000.00          |
| B. Stores with Advanced Adhesive (30%)                |  | \$ 0.65                     | \$ 13,000.00              | \$ 390,000.00          |
| C. Stores Requiring Sealer (20%)                      |  | \$ 3.25                     | \$ 65,000.00              | \$ 1,300,000.00        |
| D. Lost Sales Due To Project Delay                    |  | \$ -                        | \$ -                      | \$ -                   |
| E. Lost Management Time                               |  | \$ -                        | \$ -                      | \$ -                   |
| <b>Total Annual Cost Using IFTI (Sum A through E)</b> |  |                             |                           | <b>\$ 1,910,000.00</b> |

| Failures vs. Employing IFTI's Risk Management System | Savings         |
|--|-----------------|
|  | \$ 2,559,500.00 |

Total Savings Per Store \$ 25,595.00

\*For every \$1.00 spent with IFTI, Commerical Company saves: \$11.63

| Ad Hoc Approach vs. Employing IFTI's Risk Management System | Savings         |
|---|-----------------|
|   | \$ 2,214,500.00 |

Total Savings Per Store \$ 22,145.00

\*For every \$1.00 spent with IFTI, Commerical Company saves: \$10.07