Inside Look:

AssetWorks Capital Asset Management (CAM)

AssetW⚙RKS

Do you struggle with efficiently managing your assets due to a lack of clear, accurate and accessible data?

You're not alone.

Many fleet organizations today struggle with collecting and analyzing asset data. As a result, their ability to manage the planning, procurement and disposal processes is hindered. AssetWorks' Capital Asset Management (CAM) application is the first software solution on the market that is specifically created to help you do your job in the most efficient way you can.

CAM is designed to support any type of mechanical asset, including vehicles, rail and off-road equipment, trailers and towed equipment tools, stationary equipment and machinery, computers and networking hardware and more.

CAM has four primary modules: Analytics, Planning and Budgeting, Procurement and Remarketing. Each module is linked to a database, which is integrated with the maintenance system. Additionally, CAM can be integrated with an Enterprise Resource Planning (ERP) system, such as SAP or PeopleSoft, to support financial and fixed asset management functions.

Why spend extra money on assets that are failing or past their ideal replacement period? Let CAM save you time and money on your asset management. In this guide, you'll learn about CAM's powerful features and how it works to save time, money and your assets.

Analytics

Life-Cycle Cost Analysis (LCA) helps fleet managers measure the long-term economic sustainability of their organization's assets. When you calculate the total cost of ownership over the life of an asset, you not only improve your organization's bottom line, but you also find the answer to the age-old question: should I hold onto or sell this asset? This minimizes the cost of investment and maximizes the profitability an asset will return.

Do you feel like you're wasting time manually extracting and transforming data in order to calculate life-cycles? CAM has the functionality to accurately and automatically do this for you. No longer will you have to suffer through pulling data from your maintenance system and cleaning it of maintenance costs. Instead, the data is sent straight to a life-cycle cost model within CAM and is aggregated with annual operating and capital costs for a comprehensive report.

How to Calculate LCA in CAM

CAM's Life-Cycle Cost Model uses cost and operating data extracted from the maintenance system to calculate a Mean Equivalent Annual Cost (MEAC). This model analyzes the life of similar assets to identify an optimal replacement point.

CAM generates two types of Life-Cycle Cost Models: periodic Category Reference Models and on-demand Custom Models. Category Reference Models can be selected and scheduled to run in the background monthly to update the life-cycle model for each asset category set up in CAM.

Custom Models allow you to create a selection of assets based on specifications, assignments and model parameters and assumptions as needed.

The data is compared with set parameters to calculate the cost curves for groups of like assets to generate the MEAC for each year. The year with the lowest MEAC is the optimal replacement year.

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One of the simplest ways to confidently compare asset optimization and costs is to utilize a uniform scoring system. CAM allows you to set your own parameters to display your data exactly as you want.

Asset Scoring

Each measure and parameter is weighted and summarized to come up with the overall score of the asset. This scoring and ranking aids in setting the replacement priority for an asset and identifying assets that are performing better or worse than others. Additionally, a graph displays the results for each of the selected measures for that asset to allow easy identification of high scoring measures.

Repair Analysis

The repair analysis uses a cash-flow method to consider capital costs, repair/upgrade costs, rental and replacement costs and to create an estimate of future maintenance and operating costs for both the existing and new units. You can make an informed decision about the cost of extending an asset's life when faced with costly repair decisions.

Maintenance Cost Forecasting

How often is your organization held up by trying to manually crunch the numbers for Maintenance Cost Forecasting? By calculating Maintenance and Repair Units (MRUs), your organization can simplify and condense your vehicle assets into a universal scoring system. This could allow you to express the details of both trucks and compact cars on the same measurement system, which can give you a more accurate estimation of the necessary labor staffing for your targeted window of time. Traditionally, forecasters would practice this complicated process through lengthy, convoluted spreadsheets that often end up with inaccurate numbers. In addition, they are ultimately incredibly time-consuming for your department.

CAM has the capability to optimize and streamline the complicated spreadsheet process of identifying labor hours. Within the system, you can determine an average by category and then divide that average into a base unit to come up with actionable results. CAM automates this entire procedure for you! It employs a special system so that it calculates the average by year of service (age) and then uses that number based on the age distribution of the fleet. Normally, you might use a traditional measurement, which is just an average for the category, but if you have a particularly young or old fleet, your requirements may be well off the average. Thankfully, CAM is able to adapt to the age and specifications of your fleet, so you can always be confident in your accurate data. More accurate results help to illustrate the impact of aging vehicles on staffing needs.

Planning and Budgeting

If you have ever felt overwhelmed by the amount of numbers flying around while you're trying to predict asset costs and departmental budgets, then the Planning and Budgeting module in CAM is for you.

The Planning and Budgeting module uses current operating costs, utilization data and the replacement guidelines that you've created to identify when assets should be scheduled for replacement. The module supports both request-based and plan-based budgets. In addition to planning for replacements, you can also plan and budget for growth, initiative and contingency assets.

Types of Budgeting

When it comes to budgeting, your organization can operate on a number of paths. Most notably, organizations will utilize plan-based budgets and/or request-based budgets. They are fairly self-explanatory, but a plan-based budget will require your organization to set aside time before the next fiscal year to lay out all of your finances, income and planned expenditures. This allows you to adhere to certain spending parameters. On the other hand, a request-based budget is developed as you go – expenditures and costs are in flux and pop up as they are needed. CAM is able to assist with the creation and execution of both of these:

Plan-based budgets have one or more tactical plans assigned to the budget. As a result, the assets that are planned for the same fiscal year as the budget are automatically added to it. Approving the budget creates asset requests which will later begin the procurement process. This automates much of the planning and initial procurement process, saving your organization time and money.

Request-based budgets do not require plans. Instead, assets start as a request which will be assigned to an existing budget. This process is useful for managing new, contingency and write-off assets where the assets that are being requested are not known during the planning stage. It can also be used to incorporate assets budgeted or on order before CAM was implemented.
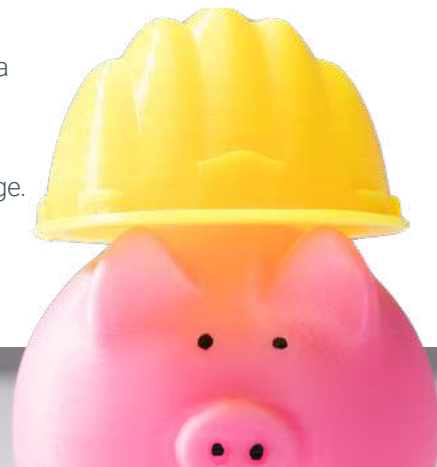
Data-Driven Planning

CAM automates the planning process and can quickly select, evaluate and forecast the replacement of an asset, as well as its subsequent replacements for up to 30 years in the future. The planning process is directly integrated with the asset history so that setup and execution can take just a few minutes. CAM also allows for plan-specific adjustments and scoring, as well as the linking of multiple plans to generate scenarios and alternative plans. When plans are finalized, they are added to a budget and locked in once the budget is approved.

Plan Setup

CAM allows you to have tremendous flexibility in how plans are set up, including, but not limited to:

• Determining if the plan is a replacement, growth/initiative or contingency plan.

• Determining the length of the plan, from a few months to 30 years.

• Creating a baseline plan that can be linked to other plans for comparison purposes.

• Using the standard asset scoring settings, or customize the scoring just for the plan.

• Determining which users and departments can have access to the plan to view and/or update.

Procurement

One of the most important steps in asset management is recognizing when it is time to procure new assets and how to properly optimize those assets at the start of their life-cycles.

In CAM, the procurement process starts with an asset request, which can be created automatically when a budget is approved by a field asset user, asset manager, engineer or procurement specialist. For each request, you can select from a list of planning specifications, designate requests for approval, track production and accept and assemble received components into a finished asset.

Asset Requests and Approvals

When you are ready to request new or replacement assets, they can easily be built in CAM by identifying who the request is for, how it is to be funded and the type of asset to be purchased. In addition, requests can also include services and non-assets that will be incorporated into the cost, such as training.

Upon submission, approvers are notified of pending requests, which they can approve or deny.
If denied, requests can be modified and resubmitted.

Let's breakdown the CAM Procurement functionality a bit further:

Orders for Assets and Services

Orders for assets and services can be constructed from approved requests. Common components can be combined into a single order from a vendor. Additionally, each component possesses its own schedule detailing the department, funding source, delivery location and selected options.

Asset Design

At the core of the procurement module is an interface that allows you to design simple and complex assets. They are divided into categories of similar equipment configurations and business applications. Categories can be made up of one or more components, with each component representing a part sourced from another supplier and assembled to make the finished assets.

Delivery Allocation

You may find yourself needing to schedule coordinated deliveries to several different locations. The Delivery Allocation function supports you in the process of assigning a schedule for delivery to each receiving location. The allocation prioritizes scheduling assets to replace those out-of-service first, followed by a ranking based on the assets' scores.

Asset Disposal

You will eventually have to remove assets from your organization as they are replaced, and this process can be overwhelming if not managed properly. The Disposal Module supports the process of flagging assets for disposal, tracking the asset through a user-defined disposal process, capturing the reason, cause and method of disposal and building a remarketing profile for the asset.

Remarketing - Effectively managing the disposal can have a considerable impact on the life-cycle cost of owning assets. Remarketing provides functions to help you track how and why assets are being disposed, as well as information to help set the asking price of the asset.

Settlement - When the asset goes through the step that sets the final disposal status and the asset is sold, you can record information about the buyer of the asset and the method of payment.

Reconciliation - You can also record and reconcile the disposal expenses and revenue from sale, trade-in, rebates and other credits. The net revenue is compared to the book value of the asset to determine the profit or loss of the asset from the sale.

ERP Integration

If your organization is taking advantage of an ERP system, such as SAP, you can integrate directly with CAM. The most common integration points include:

- **Order Ready for ERP.** Once an order has been created and displays the information for each requested component, the order is deemed ready in CAM and is sent to the ERP system to either create a requisition to be sent through the ERP approval process, or to create a new order in the ERP system.

- **Change Orders.** As updates and changes to the order are made in CAM, CAM sends those updates to the ERP system to keep the two orders in sync with the line and cost details.

- **Asset Acceptance.** CAM sends a notice to the ERP system that an order schedule has been received and accepted so that the ERP system can pay the vendor for the received line item.

- **Asset Assembly.** The details of a received, fully assembled asset are sent to the Fixed Asset module. This creates the asset in the ERP system and begins to track the depreciation.

AssetWorks FleetFocus Integration

CAM also fully integrates with AssetWorks FleetFocus. FleetFocus updates CAM with summarized transactions costs, including reports for maintenance, downtime, utilization and capital transactions.

The integrations between CAM and FleetFocus include, but are not limited to:

- **Asset Synchronization:** CAM can create an asset in FleetFocus and complete its record as it is built. Depending on how the asset's components are managed in FleetFocus, the asset can be sent to FleetFocus as a single unit or as individually associated components.

- **Warranty Terms:** When warranties are setup as options, CAM can send the terms based on your selected option to FleetFocus, which sets up the asset's warranty term in FleetFocus.

- **Reject Manager:** This functionality allows you to manage records that fail validation or cannot be matched to a record when the interface runs. The reason for rejection is displayed and you can correct the records and resubmit them without having to rerun the entire interface.

ROI Examples

This paper only explains a few of the numerous features and capabilities of AssetWorks' Capital Asset Management (CAM) system. You can take advantage of all of its features in order to receive the maximum amount of benefits for your organization.

Are you ready to see significant ROI? Learn more about the other features of CAM and schedule your custom demo today at assetworks.com/fleet/cam.

Did you know? AssetWorks' CAM is currently being used to optimize a number of organizations by managing **over $1 billion worth of assets**

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