

TCPS[®]

Total Capital Planning Solution



Our Crumbling Infrastructure

Action Required

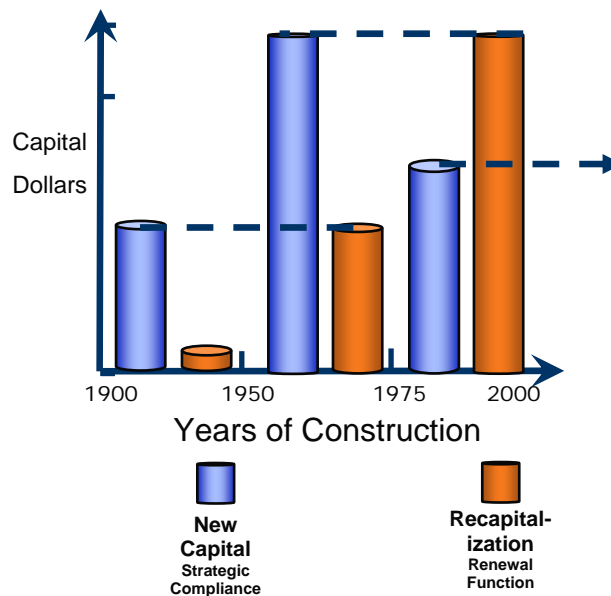
Within most public and private corporations today, senior management teams are searching for ways to deal with the growing problems posed by their large and aging infrastructure base.

While the reasons for the decline in the condition of these assets are many, including a weak economy and population growth, there is only one solution, one that requires organizations to rethink their financial strategies and management processes. It is focused on not just new capital spending, but on total capital planning — a process that weighs the need to deal with existing capital assets against the need to create New Capital Assets.

This solution can only come from using the Total Capital Planning Solution from Altus Capital Planning.

The massive build-up of capital assets over the past half century means that public and private organizations need to allocate an ever-increasing amount of new Capital to preserve their aging infrastructure base.

Capital Asset Spending Requirements





Introducing TCPS®

Altus' Total Capital Planning System (TCPS®) provides an organization with a set of methodologies and technologies to help senior management effectively manage the Capital expenditures associated with their physical assets, and identify and solve aging physical asset issues before they become problems in the future.

TCPS® is an integrated decision-support tool that re-tasks new capital into four distinct categories: **Renewal, Program, Regulatory, and Strategic.** With TCPS®, every organization is able to develop new Capital business strategies, processes, methodologies, and technologies so they can identify, document, analyze, approve, and execute activities associated with both new and existing physical assets.

By understanding the nature of Capital spending, organizations using TCPS® are able to successfully manage physical assets and can:

- Provide better corporate governance by introducing the Capital Asset planning process into its core business functions;
- Improve its ability to financially review, assess, plan, and approve Capital spending;
- Allow operational and technical asset management personnel to develop plans that are tied directly to the strategic goals of the organization; and,
- Steer itself into a leadership role within its industry sector.

Initiating a Capital Planning Process

To effectively manage physical assets today and into the future, an organization needs to create then integrate a Capital Planning Process into its existing Financial, Project Execution, and Maintenance Management systems. The key to this process is classifying the capital required for each Renewal, Program, Regulatory, or Strategic expenditure. Each task or "Event," is;

- the estimated capital cost for the task,
- the best estimate of when the capital will be spent,
- its rank relative to other events, and
- its Approval status.



Targeting Capital Assets

This initial stage of the Capital Planning Process requires an organization to:

- **define each Asset** (e.g. road, building, manufacturing Process etc);
- **break down each Asset into constituent parts** (e.g. a road segment, building components, process equipment); and,
- **create Capital tasks or "Events" for each asset** (i.e. activities requiring Capital expenditures at some point in time based on organizational importance).

When complete, the organization will have a database that gives it a clear understanding of the Capital demands and be able to optimize asset usage across the entire organization.

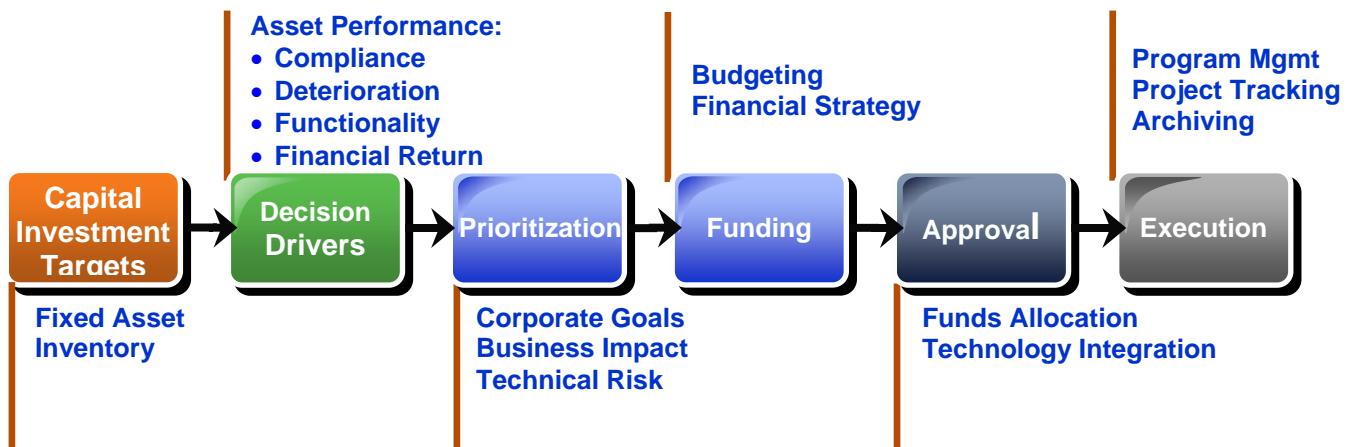
Making Capital Decisions

Once each Capital Event has been identified and stored in the TCPS® database, the Capital Asset Planning Process (CAPP) begins. CAPP aligns events with an organization's investment strategies by attaching Decision Drivers to each proposed spending activity. These Decision Drivers can consider a number of characteristics to describe the type of Capital required including:

- Condition of Installed assets (Renewal Capital);
- Performance of Installed asset (Functional Capital);
- Liabilities (Regulatory Capital); and,
- Return on Investment and Impact on operational capability (Strategic Capital)

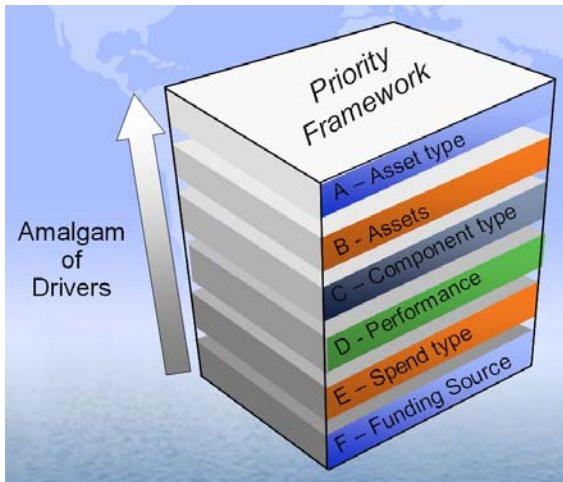
After establishing a comprehensive and structured list of specific Capital Events that require funding sometime in the future — a major accomplishment for most organizations — and applying the Decision Drivers to each, the next steps of CAPP come into play: Prioritization and Funding Allocation.

Capital Asset Planning Process (CAPP)



Setting Priorities

Prioritization provides an objective assessment structure — a common set of metrics — across a series of similar type of events (i.e. Renewal Risk Mitigation, Functional Upgrade, Regulatory Liability, and Strategic Investment) for the entire organization that are ranked from High Priority to Low Priority. This priority ranking process provides a common Corporate Capital Planning language as well as a level of Capital planning discipline normally not present in most organizations.



Only TCPS® provides corporations with the ability to assess individual Capital events in terms of their strategic importance to the organization, which allows for an appropriate prioritization of activities relative to one another.

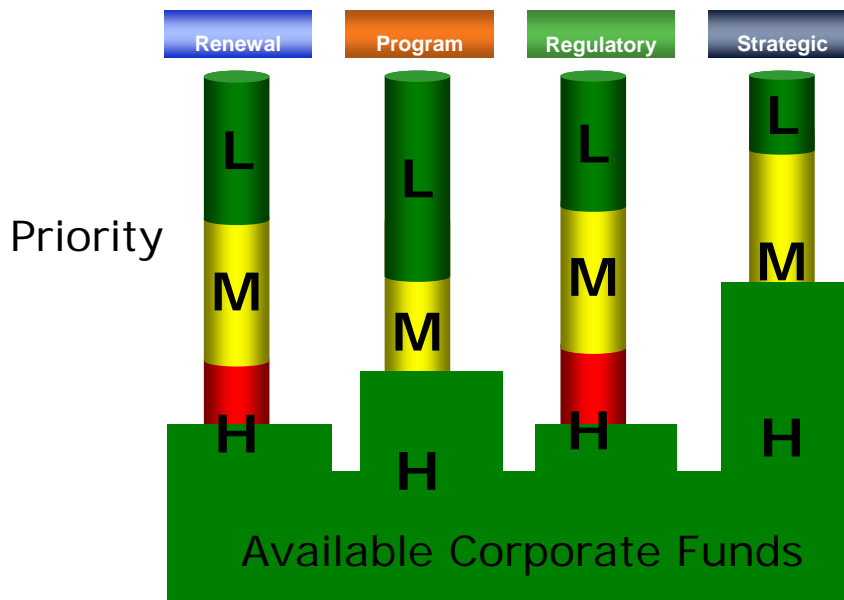


Funding Allocation Planning

With events prioritized and related to one another across the organization, they can then be approved for inclusion in the overall Capital Plan.

The inherent differences between Renewal, Program, Regulatory, and Strategic events (in terms of achieving business objectives) require that they be funded through one of four separate Capital pools. These pools can then be managed as distinct entities representing the same type of risk or opportunity across the organization.

This management model allows organizations to allocate a level of funding to each of the Capital pools with a full understanding of the risk and opportunity being mitigated or leveraged. It also allows an organization to understand the level of Capital funding needed to sustain the physical asset base years into the future.



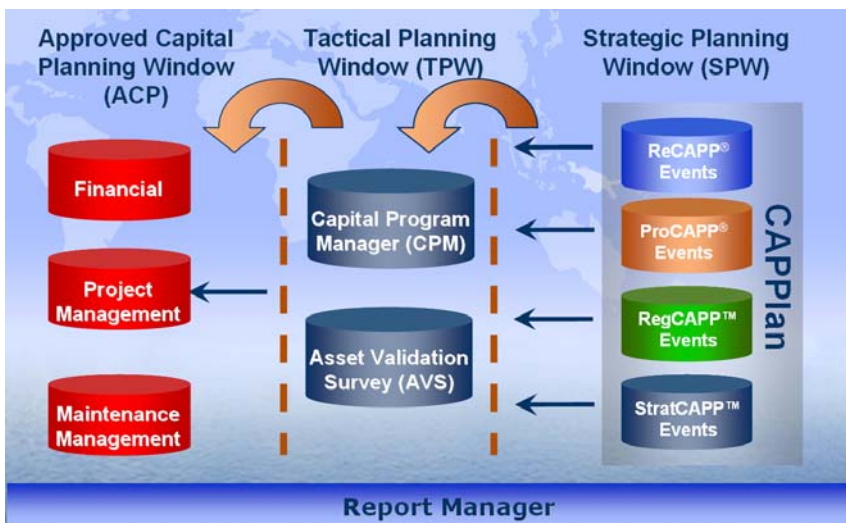
Taking Control with the Total Capital Planning System (TCPS®)

Altus Capital Planning's TCPS® links the user with four datasets (ReCAPP®, ProCAPP®, RegCAPP®, and StratCAPP®) and is managed in Project Management and Program Planning windows comprising the Capital Program Manager (CPM).

The CPM allows users to manage Capital events over time, and prioritize and approve activities while reporting on all Capital Events in the entire TCPS® database through the Custom Reports view. The CPM is also the gateway to the Current Year Capital plan because it is managed through business systems, including Finance, Project, and Maintenance Management technologies.

TCPS® and its CPM define all the Renewal, Program, Regulatory, and Strategic spending needs so users have a thorough understanding of the entire organization's Capital needs. It also allows users to track activities through three planning windows for a full current-to-long-term picture of Capital asset requirements: the Strategic Planning Window (SPW = 5+ years in the future); the Tactical Planning Window (TPW = 1 to 5 years); and the Approved Capital Planning window (ACP = the current and sometimes past Capital Year).

The Capital Planning Process is also supported by powerful tools for assessment (AVS) and Business Case Development (CAPPlan®).



CAPPlan®'s powerful financial tools help assess the investment value (IRR, NPV, ROI) of any Capital spend. You can address business fit versus risk and analyze costs and revenues through various scenarios

The ability to track and manage the movement of Capital Events from the planning windows is a business process organizations must strive to put into place if they hope to optimize their expenditures of Capital towards corporate goals and objectives.

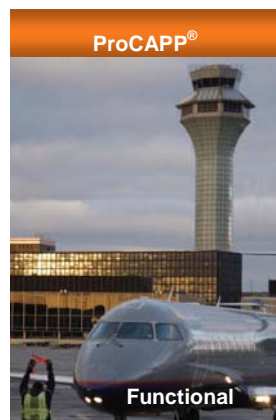
Without these methodologies and process disciplines, organizations will never be able to take a long-term perspective on its Capital liabilities and, ultimately, its corporate longevity.

The TCPS® Data Sets



ReCAPP®

(Renewal Capital Asset Planning Process) helps you plan and prioritize the renewal of your physical assets using lifecycle planning principles. Using ReCAPP®, you determine funding levels based on maintenance practices, desired condition values, and financial returns.



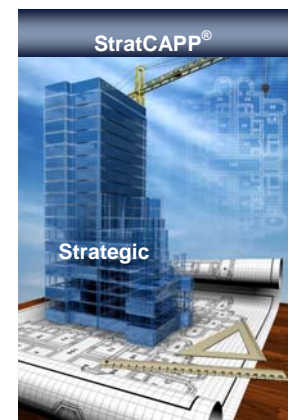
ProCAPP®

(Program Capital Asset Planning Process) focuses on the functionality of assets. It helps you plan and prioritize spending to reach the desired level of asset functionality and lets you assess the performance of an asset against a pre-determined standard.



RegCAPP®

(Regulatory Capital Asset Planning Process) tracks regulatory issues (e.g. PCBs) and their appropriate action (e.g. cleanup). It lets you document risk and liability and helps prioritize decision-making based on legal responsibility and stewardship so you can develop an environmental capital plan.



StratCAPP®

(Strategic Capital Asset Planning Process) lets you include new strategic capital needs, whether for physical assets or new products.

Implementing TCPS®

New Thinking Requires New Processes

Implementing the Total Capital Asset Planning Process requires both vision and technology within an organization. TCPS® also requires the corporation to take steps to align the capital business process for the management of physical assets with the strategic goals of the organization.

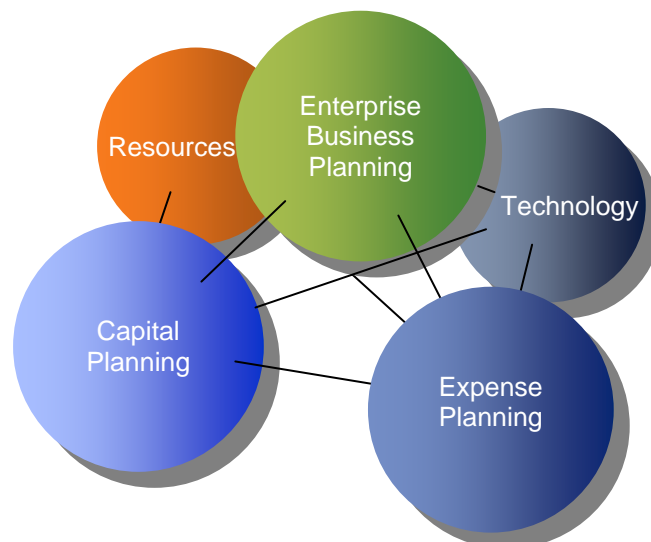
These steps include:

- Making the physical Capital Asset Planning Process an integral part of the overall business planning process;
- Involving key Financial, Operational and Technical personnel in the Capital Planning Process in order to integrate existing processes which impact capital planning, approval, design, contract management and approval; and,
- Increasing the time available to analyze and plan Capital data, rather than collecting often-repetitive information on a year-over-year basis.



CAPP in the Enterprise Environment

The Current Operating and Capital budgeting processes can then be integrated into the new Corporate Business practices by introducing these new management processes to its people through technology and methodology. This is the expertise CPSI will bring to new clients and which TCPS® will offer in the realm of business technology.





Revitalize your Business with TCPS®

Effective Capital planning is becoming an increasingly important management priority. And, up until now, there has never existed an integrated business solution for management as powerful as TCPS®.

By using TCPS®, your organization will fully understand the nature of its Capital spending and how it relates to future growth aspirations, as well as its existing asset base.

Ultimately, with an effective Capital Management process in place, you and your organization are in a position to:

- Improve Corporate Strategic Capability;
- Improve Corporate Financial Performance;
- Enhance Capital Planning Process;
- Utilize assets better; and,
- Increase Shareholder Value.

By systematically managing the Capital planning, funding and spending processes, an organization can effectively measure its Capital needs of both new and existing physical assets. Only then can they realize the true benefits of their Capital investment practices.



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