

## Got Engineers?

This report compares the benefits and costs of using **On-Demand CAD™** as a technique to ***balance the cost of your total CAD expense with your level of sales activity***. There are several unique benefits to using on-demand design that cannot be achieved otherwise:

- Eliminate the out of pocket costs of adding a CAD station
    - Software
    - Annual maintenance fee
    - High end computer
  - Increase sales by taking on additional work *and* maintain your cost/price ratio.
  - Remain flexible by balancing staff according to sales demand.
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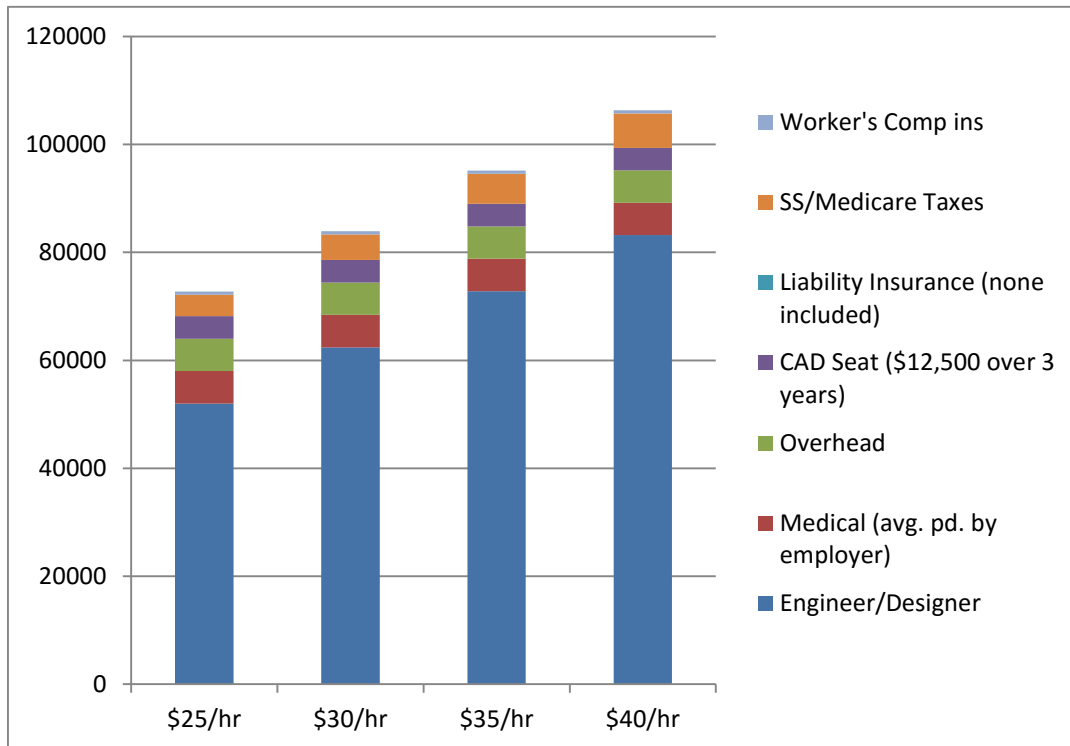
## A Complete CAD Solution

When it comes to implementing or expanding CAD capabilities, the cost of the software is usually what comes to mind, but there are other items that are part of a complete solution. Workstations, designers, training, and annual software maintenance costs are a few of the most obvious. If any one of these elements is missing, you don't have a solution, you have a problem.

Figure 1 illustrates how much you must spend on a complete CAD solution. At a bare minimum, you need the following:

- CAD software with appropriate modules
- Computer with video card and memory upgrades
- Design engineer, trained & experienced in your market and products

**Figure 1**  
**The Real Cost of a CAD Seat**



## Are Your Sales and Costs Always Balanced?

Here is a multiple choice question for you...

- A** You are not fully utilizing one or more of your current CAD licenses, but continue to pay maintenance fees for it.
- B** You need additional CAD help, but not enough to justify buying another seat.
- C** You are swamped with work, and you need to add a CAD station.
- D** Your workload and sales are perfectly balanced.
- E** Depending on when you ask, any or all of the above.

Outside of those rare companies that may choose (D), the best situation is probably (C), but if you did buy another CAD seat, you will also need to hire another employee to utilize it, which means you also get to have all of the fun of...

- Writing a job description
- Advertising
- Screening resumes
- Interviewing
- Hiring
- Learning that the person you hired isn't the person you interviewed
- Repeating the process and hoping the work load doesn't drop off, because you will still have the employee.

Each of these situations is really just a different facet of the same problem. The real issue is your ability to *balance* the CAD resource and the design workload.

Imagine what would happen if you could easily and continuously adjust the resource (CAD software/workstation/designer/maintenance/etc.) and the workload. What would that do for you? If you are thinking "Well, I can't do that because \_\_\_\_\_", think again.

When you need a taxi, do you purchase a car, fill the tank, buy a registration every year and pay a driver to be there when you need them? Of course not, you call a taxi when you want one, and you use it only as much as you need.

You may have heard it said that when you want to drill a hole, you don't need a drill and a bit, you just want the hole. In the case of CAD, you don't need all of the CAD stuff, you just want the design.

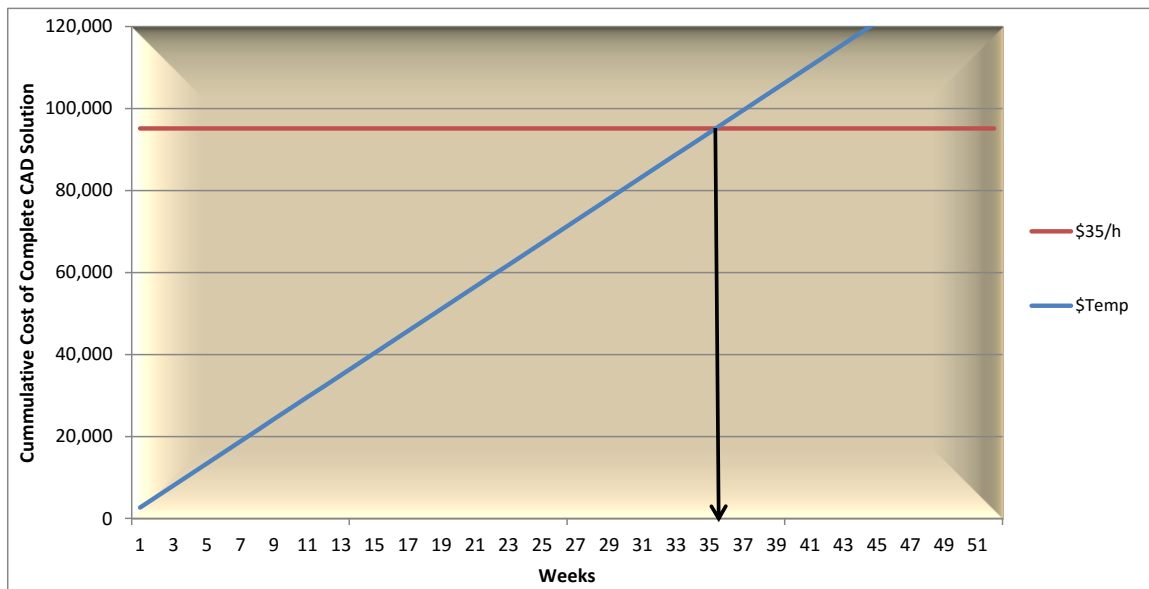
## **Balance: Are You Flexible or Locked In?**

Figure 2 illustrates how difficult it is to minimize the cost of a CAD designer. If you can keep your designers *loaded* with work, then you are in an ideal situation. However, realize that most businesses are *not* ideal.

If your rate for a design engineer is \$73,000 (\$35 per hour), and your workload is less than 35 weeks per year (that's about 75% of the time!), you are actually paying far more than you need to. That's because you are paying for all of the CAD hardware, software and employee expenses shown in Figure 1 for the entire year, but only using it part time. The less you use it, the more you could have saved by not buying it in the first place.

OK, not paying them that much? Suppose that you are only paying your designer \$52,000 per year (\$25/hour). The breakeven point, compared to On-Demand CAD™ is still at 27 weeks (or 56% of the time). All things considered, this is high, and you are paying far more per hour than you have to.

**Figure 2 – Utilization of CAD Resources**



The same inefficiencies come into play when you are forced to add a second (or third...) CAD license. When you add a license, you are forced to buy the *entire CAD system first*. If you don't keep the next designer busy the entire year, your cost per hour goes up. You can go from being ideal, to very inefficient, in a heartbeat. Obviously, this doesn't happen if you don't need to buy the CAD system.

## Conclusion

Looking at Figure 2, it's easy to see how difficult it is to keep the cost/profit balance, because the capital expense for the CAD license & maintenance must be added in. Unfortunately, you can't add a quarter of a CAD license. *Or perhaps you can.*

Using **On-Demand CAD™** staffing allows you to *optimize* the balance between your workload and your CAD resources. It's nearly impossible to maintain the cost/sales balance in the traditional way of adding one license at a time.

There are at least three significant savings opportunities. You can eliminate the following...

- Cost of a CAD license
- Annual maintenance fees
- Cost of a high end computer

The benefits of a complete On-Demand CAD solution are that you can...

- Take on additional work
- Remain flexible
- Adjust to marketplace demand

Even if you don't need or want the complete On-Demand CAD solution, other reasons to use temporary staffing are...

- Eliminating payroll expenses (W2's and checks).
- Eliminating matching payroll taxes (SS and Medicare).
- Eliminating benefit costs (vacation, medical, HR).
- Gaining workforce flexibility to match demand.
- Get a good look at the prospective employee before you hire them. (Try before you buy).
- No resumes, no advertising and no interviews!