

Service Related Equipment (SRE)

The EIS contracts include the sale, leasing, installation, and maintenance of service-related equipment (SRE), i.e., the equipment that is needed to fully deploy a purchased EIS service. SRE is priced according to a catalog as described in EIS contract [Section B.1.3](#), which covers catalog pricing, and in the *Basic EIS Pricing Concepts Guide*.

The SRE category contains several specific Pricing Elements including payments for open-ended month-to-month terms; one-time payments; and equal monthly payments for terms consisting of 24, 36, or 48 months.

The purpose of this guide is to show how the Pricing Elements and the catalog pricing tables are used to calculate SRE costs.

Category: Service Related Equipment

Definitions: Please see EIS contract [Section J.12 Glossary of Terms](#) for clarification of technical terms and acronyms.

1. The SRE Pricing Elements

An SRE Pricing Element is a type of payment, e.g., the monthly payment on a 24-month equipment lease, or a one-time charge for equipment installation. The following Pricing Elements are defined in the SRE section of a contractor’s catalog:

- A one-time, non-recurring charge (NRC) for the outright purchase of equipment. At its discretion, the government may assume ownership of the SRE.
- An NRC for installation and outside moves of the equipment.
- A monthly maintenance charge (MMC).
- An NRC for inside moves of the equipment.
- An NRC for on-site modification or upgrade of the equipment.
- Monthly recurring charges (MRCs) for indeterminate month-to-month leasing of the equipment or for 24, 36, or 48-month installment payments. At its discretion, the government may assume ownership of the SRE after the completion of the SRE MRC payment term.

Table 1 below summarizes these Pricing Elements. Please see EIS contract [Section B.2.10.3](#) for more details.

Table 1—SRE Pricing Reference Table from EIS contract Section B.2.10.3.1

SRE Pricing Element	Description	Frequency	Calculated Price
1	SRE NRC	NRC	T
2	Installation NRC	NRC	F
3	Monthly Maintenance Charge (MMC)	MRC	F
4	Inside Move NRC	NRC	F
5	Upgrade NRC	NRC	F
12	Month-to-Month MRC	MRC	T
24	24-Month Installment MRC	MRC	T
36	36-Month Installment MRC	MRC	T
48	48-Month Installment MRC	MRC	T

The government calculates the price for all SRE Pricing Elements that have a “T” in the Calculated Price column (see the highlighted rows above that contain SRE Pricing Element 1, 12, 24, 36 and 48). The contractor enters the price for all other Pricing Elements.

2. Calculation of SRE Payments

As described above, SRE can be obtained using one of the following payment methods:

- A single payment (the SRE NRC)
- Installment payments of 24, 36, or 48 months (MRC)
- An open-ended, month-to-month arrangement (MRC)

The highlighted rows in *Table 1* above show the arrangements for which the government must compute the price. The purpose of this section is to explain how those calculations are done. For illustrative purposes, this section will use a sample *Product Specification Table* (*Table 2* below), a sample *Device Class Discount Table* (*Table 3* below), and a sample *SRE Monthly Payment Factor Table* (*Table 4* below).

(NOTE: A contractor’s SRE tables can be found using the same Section #'s used in this guide. For example, a vendor's *SRE Catalog—Product Specification Table* (*Table 2*) can be found in Section B.2.10.2.1 of the vendor's contract.)

In our examples, we will illustrate how the prices for the three payment methods listed above would be determined for our sample device, Router 2 (see the highlighted row for Case # 101 in *Table 2* below). Notice that Router 2 is in Device Class ID 1001, and has an Official List Price (OLP) of \$2,000.

NOTE: *Tables 2, 3, and 4* are for illustration purposes only and do not represent actual or approximate prices available under any EIS contract.

Table 2—Sample rows of an SRE Catalog – Product Specification Table (Section B.2.10.2.1) from an imaginary EIS contract

CLIN	Case #	SRE Type	Mfr.	Model No.	Part No.	UPC	Model/Part Description	Device Size	Rated for Energy Efficiency Compliance	Energy Efficiency Standards & Ratings	OLP	No List Price	Device Class ID	SRE MRC Options	Start Date	Stop Date	End of Sale Date	End of Life Date	Notes
EQ9000	100	S					Router 1				\$1,000		1001						
EQ9000	101	S					Router 2				\$2,000		1001						
EQ9000	102	S					Switch 1				\$1,500		1002						
EQ9000	103	S					Rack 1				\$1,200		1003						
EQ9000	104	S					Rack 2				\$1,700		1003						

Table 3—Sample rows of an SRE Device Class Discount Table (Section B.2.10.2.2) from an imaginary EIS contract

<i>Device Class ID</i>	<i>Device Class Description</i>	<i>Task Order Number</i>	<i>Percentage Discount from OLP</i>	<i>Start Date</i>	<i>Stop Date</i>
1001	Routers		10		
1002	Switches		12		
1003			9		

2.1 Single Payment Pricing

The SRE NRC is calculated as the OLP less the discount as determined by the Device Class ID. Our example device, Router 2, has an OLP of \$2,000 and is in Device Class ID 1001, which has a Percentage Discount from OLP of 10%. (See the highlighted rows in *Tables 2 and 3* above; the row with Case # 101 in *Table 2*, and with Device Class ID 1001 in *Table 3*.)

Thus, the discount for Router 2 is: $\$2,000 \times 10\% = \200 .

This means the SRC NRC is: $\$2,000 - \$200 = \$1,800$.

2.2 Installment Pricing

Pricing for 24, 36 or 48 Month Terms: The MRC for installment pricing is calculated by dividing the SRE NRC by the number of installment periods (i.e., 24, 36 or 48), and then multiplying the result by a Monthly Payment Factor.

Pricing for Month-to-month, Indefinite Terms: The MRC for an indefinite, month-to-month arrangement, is calculated by dividing the SRE NRC by 12, and multiplying the result by the Monthly Payment Factor in *Table 4* below.

2.2.1 Explanation of Payment Factors (in Table 4)

The government calculates the installments for both the definite and indefinite term arrangements using EIS contract *Table B.2.10.4.1* (see sample *Table 4* below). This subsection details how the figures in *Table 4* are computed.

The **Cost of Money Percent** is populated by the government and remains constant for a six-month period.

The **Margin Percent** is specified by the contractor and remains constant for the life of the contract.

The **Monthly Payment Percent** is calculated by: (1) dividing the Cost-of-Money Percent by 12; and (2) adding the result to the Margin Percent. So, using the figures from the highlighted row in *Table 4* below, the Cost-of-Money Percent divided by 12 = .067. Hence, the Monthly Payment Percent = $.067 + 0.5$ (Margin Percent) = 0.567.

The **Monthly Payment Factor** is 100% plus the Monthly Payment Percent, converted from percentage to decimal format. Using the figures in the highlighted row (containing SRE Pricing Element 12) from *Table 4* below, the calculation would be 100% + 0.567% = 100.567%, and that, converted to decimal format, would be 1.00567.

Table 4—Sample rows of an SRE Monthly Payment Factor Table (Section B.2.10.4.1) from an imaginary EIS contract

SRE Pricing Element	Cost-of-Money Percent (per annum)	Margin Percent	Monthly Payment Percent	Monthly Payment Factor	Start Date	Stop Date
12	0.8	0.5	0.567	1.00567		
24	0.8	0.6	0.667	1.00667		
36	0.8	0.7	0.767	1.00767		
48	0.8	0.8	0.867	1.00867		

Using the SRE NRC of \$1,800 for Router 2, as well as the values in the table above, the following MRCs are computed:

- **Month-to-month indefinite period MRC** = (\$1,800 / 12) * 1.00567 = \$150.85
- **24-month MRC** = (\$1,800 / 24) * 1.00667 = \$75.50
- **36-month MRC** = (\$1,800 / 36) * 1.00767 = \$50.38
- **48-month MRC** = (\$1,800 / 48) * 1.00867 = \$37.83

3. References and Other Sources of Information

- For more information on service-related equipment, please see:
 - EIS contract [Section B.2.10 Service Related Equipment](#)
- For additional EIS information and tools, visit the [EIS Resources Listing](#).
- Please see EIS contract [Section J.12 Glossary of Terms](#) for clarification of technical terms and acronyms.

Appendix—The SRE Catalog Product Specification Table

Table 5—SRE Catalog - Product Specification Table from EIS contract Section B.2.10.2.1

CLIN	Case #	SRE Type	Mfr.	Model No.	Part No.	UPC	Model/Part Description	Device Size	Rated for Energy Efficiency Compliance	Energy Efficiency Standards and Ratings	OLP	No List Price	Device Class ID	SRE MRC Options	Start Date	Stop Date	End of Sale Date	End of Life Date	Notes
		S, B, C, or A							Y/N				(From EIS contract Table B.2.10.2.2)						

Table notes:

- SRE Type:** S (stand-alone), B (base unit), C (configurable component), or A (accessory) - see definitions in EIS contract [Section B.2.10.5](#).
- Model No. & Part No.:** SRE model numbers and SRE part numbers are specified by the contractor. Where a model number is not available, “N/A” is used. The part number is the manufacturer’s part number.
- Model/Part Description:** SRE descriptions should be sufficiently complete that all capabilities and limitations of the SRE, as priced, are clear to the government.
- Device Size:** A numerical value from 1 to 5 representing the size of the SRE for device management purposes (see EIS contract [Section B.2.8.1.3](#)): 1=extra small, 2=small, 3=medium, 4=large, 5=extra large.
- Energy Efficiency Standards and Ratings:** Contractor-itemized energy efficiency ratings such as FEMP, EPEAT, Energy Star, etc.
- No List Price:** “T” if the price appearing in the OLP column is not an official list price, “F” otherwise.
- SRE MRC Options:** null for SRE Type A, otherwise an array value containing the monthly payment options being offered from the set {12, 24, 36, 48}.
- End of Sale Date:** This column is populated when an item may no longer be purchased.
- End of Life Date:** This column is populated when an item is no longer supported by the contractor.

NOTE: As with all catalog based pricing, the **Device Class ID** is used to determine the discount to be applied to the Official List Price (OLP).