

Appendix F: EBT Terminal Deployment Cost Estimate

Government Sponsored POS Terminal Cost Model for State of Montana

EBT Terminal Deployment Cost Estimate

Assumptions		Comments
Equipment Lease Period	60 months	
Lease rate	10%	
Installation Cost amortization period	60 months	
Number of Retailers	520	
Number of POS Devices Installed	550	
Retailers requiring onsite installation support	10%	
Retailers requiring phone lines	5%	
Cost per phone line	\$30	
Transactions from Govt. sponsored POS	55,000	Assumption is that 40% of food stamp transactions come from EBT only devices
Monthly transaction count per terminal	100	Estimate is derived by dividing the estimated number of transaction occurring at government sponsored terminals by the number of terminals deployed.
Acquirer cost per transaction	\$0.08	Terminal acquirers charge between \$.04 and \$.10 per transaction. Because of the volume, \$.08 per transaction was used for this analysis.
Supply Reimbursement per transactions	\$0.0053	Amount reimbursed to retailer on a monthly basis for POS supply usage
Annual Retailer Turnover	10%	
Contract period for services	5 years	

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Installation Expense						Installation expense assumes that 90% of terminals will be installed by the mail, 10% installed onsite
Deployment Service	\$22.00	100%	\$22.00	\$0.37		All terminals are loaded and packaged from a central location, estimate for service received from VeriFone
Terminal shipment	\$7.50	100%	\$7.50	\$0.13		All terminals are loaded and packaged from a central location, estimate for service received from VeriFone
Helpdesk Install support	\$8.00	90%	\$7.20	\$0.12		Estimate received from VeriFone
Onsite installation support	\$150.00	10%	\$15.00	\$0.25		Estimate of \$150 per location based upon experience
Phone line installation	\$75.00	5%	\$3.75	\$0.06		
Terminal Driver installation	\$5.00	100%	\$5.00	\$0.08		Costs from terminal driver for installing new terminal into production
Total Installation Expense			\$60.45	\$1.01	\$1.01	
Retailer turnover expense						Turnover rate assumed at 8% annually, or 40% for life of 5 year contract
Pick-up equipment	\$15.00	50%	\$7.50	\$0.13		Shipping and processing cost of \$15 per terminal
Install cost for new retailers	\$60.45	50%	\$30.23	\$0.50		Install cost is total from Installation expense calculated above
Total turnover Expense			\$37.73	\$0.63	\$0.63	

Government Sponsored POS Terminal Cost Model for State of Montana

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Equipment Expense						The actual mix of terminals between single lane (Tranz 330 devices) and multi-lane (Tranz 340 units) is not known, however costs for both devices are comparable. Consequently the analysis does not distinguish between the two types of units.
Tranz 330 set-up	\$330.00	100%	\$330.00		\$7.01	Per terminal cost estimate from VeriFone, equipment is assumed to be leased under assumptions defined above
Phone line expense	\$30.00	5%			\$1.42	Assumes that 5% of retailers will require a phone line
Maintenance cost	\$5.60	100%			\$5.60	Monthly maintenance cost estimated received from VeriFone
Terminal helpdesk support	\$4.00	100%			\$4.00	Estimate from VeriFone for second level support provided for equipment problems. Maintenance is 24 hour replace by mail. First level support is from terminal driver.
Total equipment expense					\$18.03	
Total Installation and Equipment expense					\$19.67	

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Transaction Expense						Transaction expense is the cost for acquiring a transaction from a POS device and routing it to the issuer for approval. The charge also includes first level retailer support by the transaction acquirer.
Transaction Expense	\$8.00	100%	\$8.00		\$8.00	Cost is the transaction rate times the cost per transaction
Supply Reimbursement	\$0.53	100%	\$0.53		\$0.53	Cost is the transaction rate times the supply reimbursement cost per transaction
Total transaction expense					\$8.53	
Total monthly transaction and equipment expense per terminal deployed					\$27.67	

Total Equipment Installation Expense	\$33,248	One time implementation expense for POS devices
Total Equipment Operational Expense per month	\$10,262	Includes equipment expense and retailer turnover expense
Total Transaction Acquiring Expense per month	\$4,692	Includes transaction and supply reimbursement expense
Total monthly expense	\$14,954	

Government Sponsored POS Terminal Cost Model for State of North Carolina

EBT Terminal Deployment Cost Estimate

Assumptions		Comments
Equipment Lease Period	60 months	
Lease rate	10%	
Installation Cost amortization period	60 months	
Number of Retailers	2600	
Number of POS Devices Installed	2730	
Retailers requiring onsite installation support	10%	
Retailers requiring phone lines	46	
Cost per phone line	\$38	
Transactions from Govt. sponsored POS	355,000	Number of EBT only transactions obtained from operational reports
Monthly transaction count per terminal	130	Estimate is derived by dividing the estimated number of transaction occurring at government sponsored terminals by the number of terminals deployed.
Acquirer cost per transaction	\$0.06	Terminal acquirers charge between \$.04 and \$.10 per transaction. Because of the volume, \$.06 per transaction was used for this analysis.
Supply Reimbursement per transactions	\$0.0053	Amount reimbursed to retailer on a monthly basis for POS supply usage
Annual Retailer Turnover	8%	
Contract period for services	5 years	

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Installation Expense						Installation expense assumes that 90% of terminals will be installed by the mail, 10% installed onsite
Deployment Service	\$22.00	100%	\$22.00	\$0.37		All terminals are loaded and packaged from a central location, estimate for service received from VeriFone
Terminal shipment	\$7.50	100%	\$7.50	\$0.13		All terminals are loaded and packaged from a central location, estimate for service received from VeriFone
Helpdesk Install support	\$8.00	90%	\$7.20	\$0.12		Estimate received from VeriFone
Onsite installation support	\$150.00	10%	\$15.00	\$0.25		Estimate of \$150 per location based upon experience
Phone line installation	\$75.00	2%	\$1.26	\$0.02		
Terminal Driver installation	\$5.00	100%	\$5.00	\$0.08		Costs from terminal driver for installing new terminal into production
Total Installation Expense			\$57.96	\$0.97	\$0.97	
Retailer turnover expense						Turnover rate assumed at 8% annually, or 40% for life of 5 year contract
Deinstall Service	\$90.00	40%	\$36.00	\$0.60		Shipping, cleaning, and testing equipment to place back into inventory.
Install cost for new retailers	\$57.96	40%	\$23.19	\$0.39		Install cost is total from Installation expense calculated above
Total turnover Expense			\$59.19	\$0.99	\$0.99	

Government Sponsored POS Terminal Cost Model for State of North Carolina

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Equipment Expense						The actual mix of terminals between single lane (Tranz 330 devices) and multi-lane (Tranz 340 units) is not known, however costs for both devices are comparable. Consequently the analysis does not distinguish between the two types of units.
Tranz 330 set-up	\$330.00	100%	\$330.00		\$7.01	Per terminal cost estimate from VeriFone plus estimate for supplies and overlay, equipment is assumed to be leased under assumptions defined above
Phone line expense	\$38.41	2%			\$0.65	Assumes that 5% of retailers will require a phone line
Maintenance cost	\$5.60	100%			\$5.60	Monthly maintenance cost estimated received from VeriFone
Terminal helpdesk support	\$4.00	100%			\$4.00	Estimate from VeriFone for second level support provided for equipment problems. Maintenance is 24 hour replace by mail. First level support is from terminal driver.
Total equipment expense					\$17.26	
Total Installation and Equipment expense					\$19.21	

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Transaction Expense						Transaction expense is the cost for acquiring a transaction from a POS device and routing it to the issuer for approval. The charge also includes first level retailer support by the transaction acquirer.
Transaction Expense	\$7.80	100%	\$7.80		\$7.80	Cost is the transaction rate times the cost per transaction
Supply Reimbursement	\$0.69	100%	\$0.69		\$0.69	Cost is the transaction rate times the supply reimbursement cost per transaction
Total transaction expense					\$8.49	
Total monthly transaction and equipment expense per terminal deployed					\$27.70	

Total Equipment Installation Expense	\$158,241	One time implementation expense for POS devices
Total Equipment Operational Expense per month	\$49,809	Includes equipment expense and retailer turnover expense
Total Transaction Acquiring Expense per month	\$23,182	Includes transaction and supply reimbursement expense
Total monthly expense	<u>\$72,991</u>	

Government Sponsored POS Terminal Cost Model for State of Kentucky

EBT Terminal Deployment Cost Estimate

Assumptions		Comments
Equipment Lease Period	60 months	
Lease rate	10%	
Installation Cost amortization period	60 months	
Number of Retailers	2560	
Number of POS Devices Installed	2745	
Retailers requiring onsite installation support	10%	
Retailers requiring phone lines	60	
Cost per phone line	\$35	
Transactions from Govt. sponsored POS	360,000	Number of EBT only transactions obtained from operational reports
Monthly transaction count per terminal	131	Estimate is derived by dividing the estimated number of transaction occurring at government sponsored terminals by the number of terminals deployed.
Acquirer cost per transaction	\$0.06	Terminal acquirers charge between \$.04 and \$.10 per transaction. Because of the volume, \$.06 per transaction was used for this analysis.
Supply Reimbursement per transactions	\$0.0053	Amount reimbursed to retailer on a monthly basis for POS supply usage
Annual Retailer Turnover	8%	
Contract period for services	5 years	

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Installation Expense						Installation expense assumes that 90% of terminals will be installed by the mail, 10% installed onsite
Deployment Service	\$22.00	100%	\$22.00	\$0.37		All terminals are loaded and packaged from a central location, estimate for service received from VeriFone
Terminal shipment	\$7.50	100%	\$7.50	\$0.13		All terminals are loaded and packaged from a central location, estimate for service received from VeriFone
Helpdesk Install support	\$8.00	90%	\$7.20	\$0.12		Estimate received from VeriFone
Onsite installation support	\$150.00	10%	\$15.00	\$0.25		Estimate of \$150 per location based upon experience
Phone line installation	\$75.00	2%	\$1.64	\$0.03		
Terminal Driver installation	\$5.00	100%	\$5.00	\$0.08		Costs from terminal driver for installing new terminal into production
Total Installation Expense			\$58.34	\$0.97	\$0.97	
Retailer turnover expense						Turnover rate assumed at 8% annually, or 40% for life of 5 year contract
Deinstall Service	\$90.00	40%	\$36.00	\$0.60		Shipping, cleaning, and testing equipment to place back into inventory.
Install cost for new retailers	\$58.34	40%	\$23.34	\$0.39		Install cost is total from Installation expense calculated above
Total turnover Expense			\$59.34	\$0.99	\$0.99	

Government Sponsored POS Terminal Cost Model for State of Kentucky

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Equipment Expense						The actual mix of terminals between single lane (Tranz 330 devices) and multi-lane (Tranz 340 units) is not known, however costs for both devices are comparable. Consequently the analysis does not distinguish between the two types of units.
Tranz 330 set-up	\$330.00	100%	\$330.00		\$7.01	Per terminal cost estimate from VeriFone plus estimate for supplies and overlay, equipment is assumed to be leased under assumptions defined above
Phone line expense	\$35.00	2%			\$0.77	Assumes that 5% of retailers will require a phone line
Maintenance cost	\$5.60	100%			\$5.60	Monthly maintenance cost estimated received from VeriFone
Terminal helpdesk support	\$4.00	100%			\$4.00	Estimate from VeriFone for second level support provided for equipment problems. Maintenance is 24 hour replace by mail. First level support is from terminal driver.
Total equipment expense					\$17.38	
Total Installation and Equipment expense					\$19.34	

	Per Terminal Costs	% of terminals	Investment		Monthly Expense	Comments and Assumptions
			Total	Monthly		
Transaction Expense						Transaction expense is the cost for acquiring a transaction from a POS device and routing it to the issuer for approval. The charge also includes first level retailer support by the transaction acquirer.
Transaction Expense	\$7.87	100%	\$7.87		\$7.87	Cost is the transaction rate times the cost per transaction
Supply Reimbursement	\$0.70	100%	\$0.70		\$0.70	Cost is the transaction rate times the supply reimbursement cost per transaction
Total transaction expense					\$8.56	
Total monthly transaction and equipment expense per terminal deployed					\$27.90	

Total Equipment Installation Expense	\$160,142	One time implementation expense for POS devices
Total Equipment Operational Expense per month	\$50,413	Includes equipment expense and retailer turnover expense
Total Transaction Acquiring Expense per month	\$23,508	Includes transaction and supply reimbursement expense
Total monthly expense	<u>\$73,921</u>	