

# HIDDEN COSTS IN AUTOMATION PROJECTS

## A Project Manager's Guide to Avoiding Budget Surprises



Many automation projects begin with an approved budget but end up costing significantly more than expected.

The problem is rarely the PLC upgrade itself. It is the hidden costs that were never identified during planning. Use this checklist to uncover common budget risks before they impact your project.

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### ASSESS EXISTING SYSTEMS THOROUGHLY

- PLC hardware reviewed
- Control panels inspected
- Existing software assessed
- Network infrastructure reviewed
- Obsolete components identified
- Third-party equipment documented
- Site survey completed
- Documentation accuracy verified



★ Unexpected discoveries are one of the biggest causes of budget overruns.

2



### IDENTIFY DOCUMENTATION GAPS

- Electrical drawings available
- PLC backups available
- SCADA backups available
- Network diagrams current
- Previous modifications documented
- Documentation verified
- Missing information identified
- Documentation update costs considered



★ Poor documentation often creates additional engineering costs.

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### PLAN FOR OBSOLESCENCE RISKS

- End-of-life hardware identified
- Spare part availability reviewed
- Supplier lead times checked
- Compatibility risks assessed
- Migration requirements documented
- Temporary solutions identified
- Procurement risks reviewed
- Replacement strategy defined



★ Obsolete systems often create hidden project costs.

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### DEFINE PROJECT SCOPE CLEARLY

- Deliverables documented
- Scope boundaries defined
- Exclusions documented
- Testing activities included
- Training requirements defined
- Documentation requirements included
- Acceptance criteria agreed
- Stakeholder approval obtained



★ Unclear scope often becomes expensive scope creep.

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### INCLUDE TESTING & COMMISSIONING COSTS

- FAT included
- SAT included
- Site testing included
- Commissioning support included
- Shutdown support included
- Contingency time allowed
- Defect resolution included
- Restart support planned



★ Testing is cheaper than fixing problems during production.

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### REVIEW CHANGE MANAGEMENT RISKS

- Change process defined
- Approval routes agreed
- Budget impacts assessed
- Schedule impacts assessed
- Scope updates documented
- Stakeholder communication defined
- Risk reviews completed
- Changes formally recorded



★ Uncontrolled changes create uncontrolled costs.

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### ALLOW FOR CONTINGENCY

- Technical contingency included
- Resource contingency included
- Schedule contingency included
- Procurement contingency included
- Commissioning contingency included
- Risk allowances documented
- Escalation plans defined
- Budget reserves approved



★ Unexpected issues should be expected.

## BUDGET RISK SCORE



**50+ CHECKED**  
Excellent budget control.



**40 - 49 CHECKED**  
Good preparation with manageable risks.



**30 - 39 CHECKED**  
Moderate risk of overruns.



**BELOW 30 CHECKED**  
High likelihood of hidden project costs.

## THE BENEFITS



**BETTER BUDGET CONTROL**  
Reduce unexpected expenditure.



**FEWER SURPRISES**  
Identify hidden risks early.



**IMPROVED PROJECT PLANNING**  
Build more accurate budgets.



**LOWER PROJECT RISK**  
Reduce costly changes.



**GREATER STAKEHOLDER CONFIDENCE**  
Demonstrate financial control.

## HOW STRATOS HELPS

- ✓ Detailed site surveys
- ✓ Obsolescence assessments
- ✓ Scope definition
- ✓ Budget risk reviews
- ✓ Testing strategies
- ✓ Migration planning
- ✓ Change management support
- ✓ Commissioning expertise



**ELIMINATE HIDDEN COSTS BEFORE THEY IMPACT YOUR PROJECT**  
Speak to an Engineer Today

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