

- v) Volume discounts provided by many VANs would change unit-costs based on the assumed volumes.
- vi) **Kleinschmidt** and **SITA** quoted prices in US currency.
- vii) **Kleinschmidt** users pay their own long distance charges to reach the mailbox.

**To eliminate these factors, the following adjustments were made:**

- i) Two new pricing models were created that reflected *annual* costs for domestic and international usage. Three volume levels were used to understand how volume discounts would affect costs. A *uniform set of assumptions* was used across all VANs. The new models focused on the freight forwarder's charges but ensured that all charges were equally shared between the freight forwarder and its partners.
- ii) All US prices were converted to Canadian currency at the rate of \$1.18.
- iii) A cost of \$0.05 per thousand characters was added to Kleinschmidt charges to account for long distance or Datapac charges for Canadian users accessing **Kleinschmidt**. A cost of \$0.20 per thousand characters was added for international users.

### **Domestic Pricing Model**

The domestic pricing model calculated overall annual costs for a Canadian freight forwarder's domestic EDI usage for the initial three years of operation. The following volume assumptions were used:

1st year	Send 50 Documents per month
2nd year	Send 300 Documents per month
3rd year	Send 900 Documents per month

The average monthly costs per year ranged as follows:

1st year	\$40.00 - \$440.00 with an average of \$139.00
2nd year	\$82.00 - \$606.00 with an average of \$219.00
3rd year	\$154.00 - \$994.00 with an average of \$480.00

With this model **AT&T**, **Immedia** and **SterlingOrdernet's** prices were at the low end of the range. In the middle range were **GEIS**, **IBM** and **TDNI**. **Kleinschmidt** was at the upper end of the range.