

Shared Server Infrastructure

Q. Explain why the cost of NP's Shared Server Infrastructure is increasing at a time when competitive forces in the Server and shared storage market are causing prices to fall.

A. In 2004, the proposed budget for Shared Server Infrastructure is \$644,000, a reduction of 9% from 2002 and a reduction of 59% from 2003F.

The budget for 2005 – 2008 is estimated. As outlined in Schedule B, Shared Server Infrastructure, page 78-79, “all materials and services for this project will be purchased after examining the competitive bids of prospective suppliers.” If competitive forces are causing prices to fall, this will be reflected in these bids from the suppliers.