

# CMMS ROI calculator

Justifying the cost of computerized maintenance management software

So you have heard about the benefits of Computerized Maintenance Management Software (CMMS), and now you are faced with discovering ways to offset the cost. At eMaint, we have helped thousands of customers achieve savings in areas such as labor, inventory, downtime and asset lifecycle costs using our CMMS solution. By implementing a CMMS, organizations can increase technician wrench time, improve planning and scheduling parts, reduce downtime by preventing failures, and extending the life of assets.

To that end, we have assembled a framework to assist you in calculating your estimated return on investment (ROI) with CMMS. Estimating your ROI using detailed data about your business can help illustrate the quantifiable benefits of implementing CMMS with crystal-clarity.

## How much you can save by implementing CMMS

By estimating the reduction in cost for issues that a CMMS works to improve, you can determine how much your organization can save per year. To calculate the total for your CMMS savings, we start by breaking up the cost benefits of CMMS into four major categories:

1. Labor/Productivity
2. Parts/Inventory
3. Downtime
4. Asset Health

Looking at these separately and considering the potential reductions, you can calculate your total annual savings from implementing CMMS.

### 1. Labor / productivity

Labor and Productivity are of the utmost importance in every business. Various factors can impact productivity, such as downtime, manual data entry, not having the correct parts on hand, and a “fire fighting” maintenance mode, where technician time is tied up in unplanned corrective maintenance. Without tools like a proper work scheduling solution, you might be wasting more resources than you realize.

eMaint’s planning and scheduling tools can help you increase efficiency through better work management. By using these tools, organizations are able to use maintenance resources more

efficiently, improve service and responsiveness to internal and external customers, standardize work procedures and avoid rework. In addition, a CMMS can help you save in the following vital ways.

### Reduce data entry through real-time mobile maintenance

With CMMS, gone are the days of being tied up in the office, entering work orders and requests, spare parts and equipment into a spreadsheet or on paper. Using MX Mobile, eMaint’s wireless mobile solution, you can access your real-time CMMS data on-the-go. To find how much money your company could be saving with real-time mobile entry, follow the steps below.

How to calculate annual savings from reducing data entry:

Number of employees who perform data entry		
	X	
Employees’ average hourly salary	\$	
	X	
Number of business days/year		260
	X	
Conservative daily savings of 30 minutes (or) high-end savings of 1 hour		0.5 (or) 1
	=	
<b>YOUR ANNUAL SAVINGS</b>	\$	

### Maximize labor resources through better planning and scheduling

Unnecessary downtime or lack of the right resources on-hand bogging down your productivity? Minimize downtime by making sure the right equipment is available when you need it, using eMaint’s work order scheduling software solution. If your company does not track preventative maintenance, your team might be inundated with corrective maintenance work on your equipment. eMaint has built-in tools to help you efficiently plan and schedule your work orders to decrease non-wrench time, or time spent on non-productive maintenance work. To calculate the savings that can be found by eliminating this issue, follow the steps below.

How to calculate annual savings by maximizing labor resources:

Number of employees who perform unplanned maintenance	<input type="text"/>	
		X
Employees' average daily salary	\$ <input type="text"/>	
		X
Number of business days/year	260 <input type="text"/>	
		X
Conservative 10% savings (or) high-end 20% savings	0.1 (or) 0.2 <input type="text"/>	
		=
<b>YOUR ANNUAL SAVINGS</b>	\$ <input type="text"/>	

**Reduce time spent manually assembling reports and KPIs**

Consider the time your team spends assembling, editing, finalizing and distributing reports. eMaint's fully-customizable reporting and dashboard tools make it easy to create and modify reports (or select from over 95 pre-loaded reports), output them as text, PDFs, charts or graphs, add them to dashboards or generate and email them automatically on a pre-determined schedule. To calculate how much money you could save from a reduction of time spent assembling reports, follow the steps below.

How to calculate annual savings from reducing time spent assembling reports:

Hours spent assembling reports weekly	HRS. <input type="text"/>	
		X
Employees' average hourly salary	\$ <input type="text"/>	
		X
Number of weeks/year	52 <input type="text"/>	
		X
Conservative daily savings of 10% (or) high-end savings of 30%	0.1 (or) 0.3 <input type="text"/>	
		=
<b>YOUR ANNUAL SAVINGS</b>	\$ <input type="text"/>	

**2. Parts / inventory**

Mismanagement of inventory can be costly. Critical parts can be misplaced, lost or broken, and production cannot afford to wait. On the flipside, your inventory may have too many of the wrong parts. Using the inventory management tools within eMaint, managers are able to purchase and receive parts, associate parts with PMs and quickly locate items. eMaint has full requisitioning, purchasing and receiving capabilities, which you can use to auto reorder parts based on minimum/maximum levels, manage multiple inventory locations, track cost

of parts issued and returned against work orders and manage stock and non-stock parts. CMMS can also help you cut costs in the following ways.

**More effectively coordinate part and equipment availability**

Knowledge of inventory is vital, no matter a company's focus. Without the proper system, keeping track of parts and making sure they are available when necessary could be a full time job. eMaint makes it easy for organizations to track inventory across work sites worldwide. With inventory management and tracking capabilities, managers are able to associate parts with PMs, automatically reorder parts and quickly locate items. Wonder how much revenue you might be able to save without the issue of ineffective coordinating of part and equipment availability?

How to calculate annual savings from reducing time spent locating parts:

Number of employees who locate parts	<input type="text"/>	
		X
Employees' average daily salary	\$ <input type="text"/>	
		X
Number of business days/year	260 <input type="text"/>	
		X
Conservative daily savings of 30 minutes (or) high-end savings of 1 hour	0.5 (or) 1 <input type="text"/>	
		=
<b>YOUR ANNUAL SAVINGS</b>	\$ <input type="text"/>	

**Reduce expedited shipping costs through better coordination of part availability**

When you cannot locate necessary parts and equipment for a particular project, expediting shipping may be your only option. This can be a very costly expense. CMMS makes expedited shipped charges unnecessary by providing better coordination of part availability.

How to calculate annual savings from reducing expedited shipping costs:

Amount of \$ spent on expedited shipping costs per week	\$ <input type="text"/>	
		X
Number of weeks/year	52 <input type="text"/>	
		X
Conservative 10% savings (or) high-end 30% savings	0.1 (or) 0.3 <input type="text"/>	
		=
<b>YOUR ANNUAL SAVINGS</b>	\$ <input type="text"/>	

### 3. Downtime

For any company, it is important to minimize the combined cost of downtime to avoid a negative impact on revenue. This can be done by establishing an effective preventive maintenance program. eMaint's software can be used to design, implement and manage your company's PM program. CMMS software can help you save in these ways and many others, including the following.

#### Reduce cost of lost production

When equipment fails, how much downtime collects between when machines go down to when they get ramped back up? With improved planned maintenance and tracking, you can be proactive in avoiding these time consuming situations, and automatically schedule maintenance as needed based on analysis of asset condition data. To calculate how much money you can save by avoiding unexpected machine failure, follow the steps below.

How to calculate annual savings from reducing losses in revenue:

Hours of unplanned downtime per month	HRS.	
		X
Potential revenue per hour		
		X
Number of months/year	12	
		X
Conservative 10% savings (or) high-end 40% savings	0.1 (or) 0.4	
		=
<b>YOUR ANNUAL SAVINGS</b>	\$	

#### Reduce the amount of time production staff stays idle

Technicians stay idle during downtime in the midst of equipment failures. By utilizing condition monitoring, not only do you avoid emergency maintenance, but you can also see a reduction the amount time technicians stay idle, boosting productivity and efficiency. To get a better understanding of how this idle time impacts profit, follow the steps below.

How to calculate annual savings from reducing time spent idle:

Hours spent idle during downtime per month	HRS.	
		X
Employees' average daily salary	\$	
		X
Number of months/year	12	
		X
Conservative 10% savings (or) high-end 40% savings	0.1 (or) 0.4	
		=
<b>YOUR ANNUAL SAVINGS</b>	\$	

### 4. Asset health

What if you could extend the life of your most important assets for several years while improving the bottom line for your stockholders? As you may know, maintaining asset health is a critical mission of any maintenance department. The features within an effective CMMS work together to make asset management easy and seamless. An effective CMMS solution helps organizations see substantial savings, make data-driven repair vs. replace decisions, and experience on vital metrics such as Return On Net Assets (RONA).

#### Extend life of equipment by tracking preventive maintenance

Asset life can be cut short without proper tracking and analysis of repairs and planned maintenance. eMaint's preventive maintenance tools and inventory and reporting/dashboard features provide a complete solution to help decrease capital expenditures on premature replacements and extend the life of your equipment.

#### Improve return on assets by gaining insight into repair vs. replace decisions

There is a bucket of savings that can come from supporting repair vs. replace decisions. Gaining insight into how your equipment runs using data provided by your CMMS is the first step in getting started. By tracking how much a particular piece of equipment costs to repair over the course of a year, you can determine whether or not it costs less to replace that piece of equipment.

### Calculating your CMMS ROI

Using these categories and percentages of CMMS Savings, you can calculate your return on investment to discover how profitable implementing CMMS would be for your company!

#### 1. Calculate total CMMS savings per year:

CMMS savings categories	Annual savings
Reducing data entry	\$
Maximizing labor resources	\$
Reducing time spent assembling reports and KPIs	\$
Reducing time spent locating parts	\$
Reducing expedited shipping costs	\$
Reducing lost production costs	\$
Reducing the amount of time production staff stay idle	\$
<b>TOTAL ANNUAL CMMS SAVINGS</b>	<b>\$</b>

#### 2. Calculate Total CMMS Cost per year:

<b>TOTAL ANNUAL CMMS COST</b> (Total recurring CMMS cost/year)
\$

#### 3. Calculate CMMS ROI:

$$\left( \frac{\text{TOTAL ANNUAL CMMS SAVINGS}}{\$} - \frac{\text{TOTAL ANNUAL CMMS COST}}{\$} \right) \div \frac{\text{TOTAL ANNUAL CMMS COST}}{\$} = \text{RETURN ON INVESTMENT}$$

### Conclusion

In addition to saving you money and providing a positive ROI, implementing a CMMS can help facilitate improved customer service and increased accountability, resulting in a long-term boost in productivity and efficiency. Thousands of diverse customers have agreed: once they implemented a CMMS, they would never go back. With quantifiable savings in crucial aspects of business, such as labor, parts/inventory, downtime and asset life, the results are hard to ignore.



#### About eMaint

eMaint is a Computerized Maintenance Management Software (CMMS) solution for managing work orders and requests, PM schedules and parts inventory. Over 50,000 users worldwide rely on eMaint to manage maintenance operations, resources, equipment and compliance.

**For more information, please contact us at [sales@emaint.com](mailto:sales@emaint.com).**

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**Fluke Corporation**  
 PO Box 9090, Everett, WA 98206 U.S.A.  
**For more information call:**  
 In the U.S.A. 856-810-2700  
 In Europe +353 507 9741  
 In UK +44 117 205 0408  
 Email: [support@accelix.com](mailto:support@accelix.com)  
 Web access: <http://www.accelix.com>

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