

HOW TO CALCULATE THE ROI OF CMMS



Computerized maintenance management system (CMMS) software is the key to **reducing maintenance costs** and improving asset lifespan.

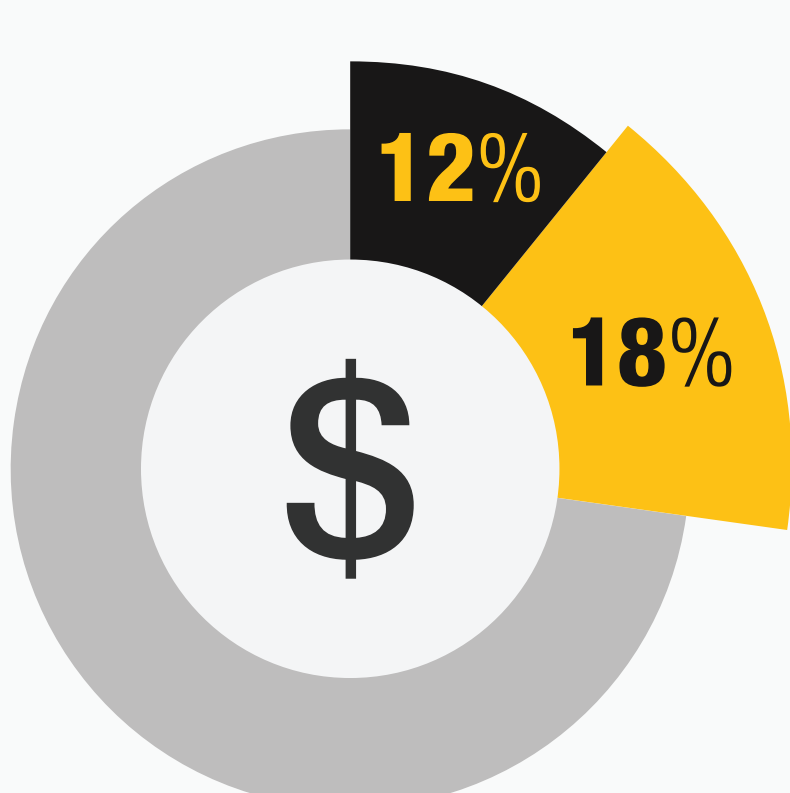
A CMMS can shift from a reactive to **proactive** maintenance strategy one by giving maintenance managers **full visibility** of their organizations's assets.

But, investing in a CMMS is not a once and done purchase. The Total Cost of Ownership involves both initial and ongoing costs, which make calculating the **return on investment (ROI)** an important step of planning.



What's The Impact?

CMMS is a powerful tool that can help reduce downtime.



A preventive maintenance system can **lower costs** between **12%** and **18%**

Getting Started

No two organizations are alike, so there isn't a cookie cutter approach to calculating the ROI. But starting with the end in mind can make it a simpler task.



Calculating The ROI

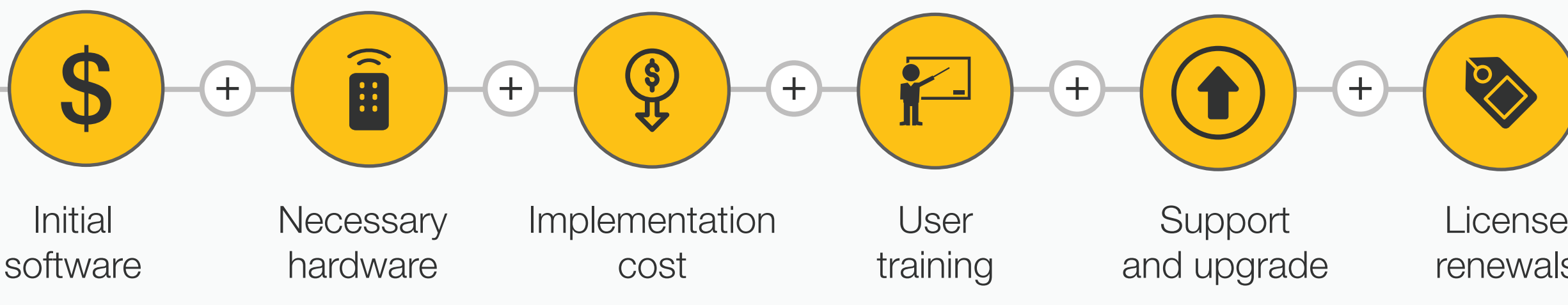
The key to justifying the investment.

CMMS ROI FORMULA

$$\frac{\text{VALUE} - \text{COST}}{\text{COST}}$$

CMMS Expense

What's included in the Total Cost of Ownership?



CMMS Value

The metrics needed to determine the value of a CMMS:

Metric	Data	Why It Matters
Asset lifespan 	Estimate the number of years you expect to extend an asset's lifecycle with preventive maintenance tasks and compare to asset purchase cost.	A CMMS generates and schedules preventive maintenance tasks that reduce system failure and downtime.
Overtime 	Calculate the average amount of hourly labor, including overtime wasted due to inefficient work order management.	CMMS software gives you the ability to forecast labor hours more effectively, helping to reduce unexpected breakdown and employee overtime.
Inventory 	Estimate the amount of time lost to insufficient inventory and emergency purchasing.	A CMMS can keep your company from being over- or under-stocked with a certain part or product.
Downtime 	Determine how much time is wasted from unscheduled asset downtime.	A CMMS can automatically schedule preventive maintenance tasks, reducing asset downtime that directly impacts your revenue.
Utilities 	Find the total amount your organization spends on utilities each year, and compare to the expected cost of utilities if assets and HVAC units were operating at peak efficiency.	Regularly scheduled preventive maintenance techniques allow HVAC equipment to operate at maximum efficiency, which uses 15% to 20% less resources, like gas, electricity, and water.
Productivity 	Determine the amount of time spent on tasks, such as work order generation and scheduling.	CMMS software can automate time-consuming activities, allowing maintenance managers to focus on more important duties.
Document Management 	Determine how long it takes to create, file, copy, search for, and retrieve documents.	80% of employees waste an average of half an hour a day retrieving information. A CMMS stores all documents associated with an asset and maintains all historical records in a central location for easy access .

“Measurement is the first step that leads to control, and eventually, improvement.

If you can't measure something, you can't understand it.

If you can't understand it, you can't control it.

If you can't control it, you can't improve it.”

~H. James Harrington