

The Key to Calculating CMMS ROI

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There's a lot to consider when checking out a new maintenance solution.

To start, you need to know the value a new solution would add to your operation. This is a lot more than factoring together unexpected downtime and overtime hours.



Each factor differs depending on the maintenance team's industry. From manufacturing and distribution, to [healthcare facilities](#) and mining operations, Computerized Maintenance Management Software (CMMS) is great for a number of work environments that care for high capital assets.

The Value of CMMS

There are many opportunities to cut costs when it comes to tracking asset information.








All types of facilities can gain direct insight into the bottom line. Data that should be tracked for measuring maintenance improvements include:

- Asset lifespan expectancies
- Average overtime hours
- Emergency inventory purchases
- Unscheduled downtime
- Utility efficiencies
- Paper-based document management processes

For a closer look at reducing the excessive time, energy and cost many of these metrics leads to, check out this detailed graphic:

CMMS VALUE

The metrics needed to determine the value of a CMMS:

METRIC	DATA	WHY IT MATTERS
Asset Lifespan 	Estimating 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 ineffective work-order management.	CMMS software gives you the ability to forecast labor hours more effectively, helping to reduce unexpected breakdowns and employee overtime.
Inventory 	Average the amount of time lost to insufficient inventory and emergency purchasing.	Using the ability to track and optimize inventory, 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 which reduces 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 like work-order generation and scheduling.	CMMS software can automate time-consuming tasks, allowing maintenance managers to focus on what's 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.

The Cost of CMMS

Proving the value of a new CMMS purchase is only half the battle.

Once you know the difference between what's happening on the shop floor compared to the improvements made possible through CMMS, it's time to consider the upfront costs that come with purchasing software.

Maintenance departments must carefully determine the long-term benefits of a more proactive maintenance operation. This area of business has generally been named a "cost center" and budgeted based on emergency fixes. When looking at the cost of CMMS, it's much more than another added expense maintenance teams seek funds for.

Switching from a reactive repair cycle to a proactive one leads to [a more reliable operation](#) that supports the growth of the rest of the business.

These costs depend on the scale of your operation and tend to include:



The Impact

In the end, there's still just one more hidden cost that many facilities forget to consider.

When investing in a better maintenance solution, no matter how much is spent on the technology, it's only worth as much as the people operating it.

Any technology upgrades are an investment back into your people, providing them with better tools to get the job done faster and easier than they did before. CMMS allows maintenance teams to take a firsthand look into the data that makes the operation run smoothly, and should be motivated from the top down to take control.

With engaged team members and a tool for preventive maintenance, business leaders are able to rest easy with a reliable operation.

For a closer look at reducing the excessive time, energy and cost many of these metrics leads to, [check out this detailed graphic](#) from Better Buys.



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