

Return On Investment Calculator

Number of Company/Agency Owned Assets	50,000
Avg. Acquisition Value of Company/Agency Owned Assets	\$7,500
Number of Government Owned Assets	10,000
Avg. Acquisition Value of Government Owned Assets	\$7,500
Total Number of Assets	60,000
Total Asset Value (Based on Avg. Acquisition Cost)	\$450,000,000

Avg. Hourly Compensation (Salary/Benefits) of Asset Management Staff	\$48.08
Total Annual Compensation (Salary/Benefits) of Asset Management Staff	\$1,000,000.00

Return	Components	Formula	Total Return	Year 1	Year 2	Year 3	Year 4	Year 5
Company/Agency Assets								
Increase in redeployment of existing company/agency owned assets, thereby reducing the need to purchase additional assets	Reduced capital and expense purchases	Assumes that by having visibility on all company/agency assets, organization will be able to achieve a 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$18,750,000.00	\$7,500,000.00	\$5,625,000.00	\$1,875,000.00	\$1,875,000.00	\$1,875,000.00
	Reduced depreciation expense	Assumes organization will no longer depreciate the 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets and an annual depreciation rate of 12.5%	\$2,343,750.00	\$937,500.00	\$703,125.00	\$234,375.00	\$234,375.00	\$234,375.00
	Reduced property insurance costs	Assumes organization will no longer pay property insurance costs on the 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average asset acquisition asset value and annual insurance rate cost of 2.5%	\$468,750.00	\$187,500.00	\$140,625.00	\$46,875.00	\$46,875.00	\$46,875.00
	Increase to cash from sale of excess idle equipment	Assumes organization will sell under utilized assets at a rate of 2% in Year 1, 1.5% in Year 2 and .5% in Years 3-5 with an average asset disposition selling price of \$250	\$625,000.00	\$250,000.00	\$187,500.00	\$62,500.00	\$62,500.00	\$62,500.00
	Reduction to in-house repair and calibration expenses	Assumes organization will no longer need to calibrate/maintain 10% of the reduced asset base at a rate of 2% in Year 1, 1.5% in Year 2 and .5% in Years 3-5 with an annual cost of \$1,500 per asset	\$375,000.00	\$150,000.00	\$112,500.00	\$37,500.00	\$37,500.00	\$37,500.00
	Reduction to out-sourced repair and calibration expenses	Assumes organization will no longer need to outsource the calibration/maintenance of 15% of the reduced asset base at a rate of 2% in Year 1, 1.5% in Year 2 and .5% in Years 3-5 with an annual cost of \$2,500 per asset	\$937,500.00	\$375,000.00	\$281,250.00	\$93,750.00	\$93,750.00	\$93,750.00
	Reduced sales tax	Assumes organization will avoid a 7% sales tax on the acquisition of new company/agency assets based at a rate of 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$1,312,500.00	\$525,000.00	\$393,750.00	\$131,250.00	\$131,250.00	\$131,250.00
	Reduced property/personal property tax	Assumes organization will avoid a 3.5% property tax on new company/agency assets based at a rate of 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$656,250.00	\$262,500.00	\$196,875.00	\$65,625.00	\$65,625.00	\$65,625.00
	Reduced purchase order processing costs	Assumes organization will avoid a 1% purchase order processing cost on new company/agency assets based at a rate of 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$187,500.00	\$75,000.00	\$56,250.00	\$18,750.00	\$18,750.00	\$18,750.00
	Reduced interest expense	Assumes organization will avoid an average 2.5% interest rate expense on new company/agency assets based at a rate of 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$468,750.00	\$187,500.00	\$140,625.00	\$46,875.00	\$46,875.00	\$46,875.00
	Reduced inventory management expenses	Assumes organization will avoid an average 2.5% inventory management expense on new company/agency assets based at a rate of 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$468,750.00	\$187,500.00	\$140,625.00	\$46,875.00	\$46,875.00	\$46,875.00

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	Reduced square footage and cost requirements	Assumes organization will avoid an average .5% reduction in inventory storage expense on new company/agency assets based at a rate of 2% annual reduction in asset base in Year 1, 1.5% in Year 2 and .5% in Years 3-5 based on the average acquisition value of company/agency assets	\$93,750.00	\$37,500.00	\$28,125.00	\$9,375.00	\$9,375.00	\$9,375.00
	Total		\$26,687,500.00	\$10,675,000.00	\$8,006,250.00	\$2,668,750.00	\$2,668,750.00	\$2,668,750.00
Automatic interface from procurement system to asset management solution	Reduced data entry processing time	Assumes organization will save 20% in data entry time given the organization acquires 20% of all assets each year	\$576,960.00	\$115,392.00	\$115,392.00	\$115,392.00	\$115,392.00	\$115,392.00
	Improvements in data integrity and reduction in time correcting manually entered data	Assumes organization will save 5% in correcting newly acquired asset records given the organization acquires 20% of all assets each year	\$144,240.00	\$28,848.00	\$28,848.00	\$28,848.00	\$28,848.00	\$28,848.00
Total			\$721,200.00	\$144,240.00	\$144,240.00	\$144,240.00	\$144,240.00	\$144,240.00
Cost reduction associated with the replacement of multiple non-integrated asset and material management systems by consolidating those systems into a single web-based solution	New time saving efficiencies associated with employees being able to update information and run authorized queries without having to email/telephone property employees	Assumes organization will save .5% annually by allowing organization members to update information and run their own reports	\$25,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
	Reduced IT support costs	Assumes annual IT costs to maintain 4 current systems is \$30,000 per system per year. Proposed solution will eliminate 3 systems	\$450,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00
Total			\$475,000.00	\$95,000.00	\$95,000.00	\$95,000.00	\$95,000.00	\$95,000.00
Improvements to physical inventory process	Reduced need for wall-to-wall inventories based on system inventory by transaction (or inventory by exception)	Assumes organization will save 1% annually by deploying a system with inventory by transaction capabilities	\$50,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
	New efficiencies associated with being able to perform field transactions on mobile PC's	Assumes organization will save 2.5% annually by deploying a system able to perform field transactions	\$125,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
	New efficiencies associated with employee self-service capabilities enabling them to confirm possession of an asset and asset location	Assumes organization will save 1% annually by deploying a system with employee self-service capabilities	\$50,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Total			\$225,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00
Reduced production stoppage risk	Having the right assets where/when needed	Assumes organization would incur \$25,000 in costs in the event of a production stoppage due to not having the appropriate assets where/when needed.	\$125,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
Total			\$125,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00

Government Property

Return	Components	Formula	Total Return	Year 1	Year 2	Year 3	Year 4	Year 5
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Ability to automatically generate commonly used government forms	DD250	Assumes 20% of all government assets would appear on this form at least once a year and time savings are estimated to be 15 minutes per item	\$120,200.00	\$24,040.00	\$24,040.00	\$24,040.00	\$24,040.00	\$24,040.00
	DD1149	Assumes all government assets would appear on this form at least once a year and time savings are estimated to be 15 minutes per item	\$601,000.00	\$120,200.00	\$120,200.00	\$120,200.00	\$120,200.00	\$120,200.00
	DD1662 (or similar Customer reporting requirements)	Assumes all government assets would appear on this form at least once a year and time savings are estimated to be 15 minutes per item	\$601,000.00	\$120,200.00	\$120,200.00	\$120,200.00	\$120,200.00	\$120,200.00
	NASA 1018	Assumes 50% of all government assets would appear on this form at least once a year and time savings are estimated to be 15 minutes per item	\$300,500.00	\$60,100.00	\$60,100.00	\$60,100.00	\$60,100.00	\$60,100.00
Total			\$1,622,700.00	\$324,540.00	\$324,540.00	\$324,540.00	\$324,540.00	\$324,540.00
Ability to automatically interface to UID Registry/Wide Area Work Flow (WAWF)	Includes initial upload as well as all trigger events	Assumes all government assets would need to be updated at least three times a year and time savings are estimated to be 15 minutes per item	\$1,803,000.00	\$360,600.00	\$360,600.00	\$360,600.00	\$360,600.00	\$360,600.00
	Total			\$1,803,000.00	\$360,600.00	\$360,600.00	\$360,600.00	\$360,600.00
Ability to automatically interface to PCARSS for asset disposition	Reduced data processing time	Assumes 20% of all government assets would need to be uploaded to PCARSS system each year with an estimated time savings to be 15 minutes per item	\$120,200.00	\$24,040.00	\$24,040.00	\$24,040.00	\$24,040.00	\$24,040.00
	Total			\$120,200.00	\$24,040.00	\$24,040.00	\$24,040.00	\$24,040.00
Ability to automatically integrate to GSA screening process for asset disposition	NA	NA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ability to automatically integrate to EPEAT (EPA) Registry	NA	NA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reduced compliance business risk	Potential hard-dollar costs associated with unsatisfactory audit findings	Assumes organization has a 20% chance of failing an audit where corrective actions could amount to \$250,000	\$250,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
	Total			\$250,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
Return Grand Total			\$32,029,600.00	\$11,743,420.00	\$9,074,670.00	\$3,737,170.00	\$3,737,170.00	\$3,737,170.00

Investment	Components	Formula	Total Investment	Year 1	Year 2	Year 3	Year 4	Year 5
New Asset Management System	Software and database license costs	Based on .045% of Total Asset Value (Note: Recommend speaking with vendor to arrive at a realistic estimate based on your business requirements and project scope)	\$202,500.00	\$202,500.00	\$0.00	\$0.00	\$0.00	\$0.00
	Hardware costs	Based on .015% of Total Asset Value (Note: Recommend speaking with vendor to arrive at a realistic estimate based on your business requirements and project scope)	\$67,500.00	\$67,500.00	\$0.00	\$0.00	\$0.00	\$0.00
	Vendor annual maintenance/support	Based on 22% of Software and database license costs (Note: Recommend speaking with vendor to arrive at a realistic estimate based on your business requirements and project scope)	\$222,750.00	\$44,550.00	\$44,550.00	\$44,550.00	\$44,550.00	\$44,550.00
	Vendor professional services (installation, configuration, interface development)	Based on 50% of Software and database license costs (Note: Recommend speaking with vendor to arrive at a realistic estimate based on your business requirements and project scope)	\$101,250.00	\$101,250.00	\$0.00	\$0.00	\$0.00	\$0.00
	Vendor user and system administrator training	Based on 10% of Software and database license costs (Note: Recommend speaking with vendor to arrive at a realistic estimate based on your business requirements and project scope)	\$20,250.00	\$20,250.00	\$0.00	\$0.00	\$0.00	\$0.00

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Internal labor costs to bring new system into production	Based on 35% of Software and database license costs (Note: Recommend speaking with vendor to arrive at a realistic estimate based on your business requirements and project scope)	\$70,875.00	\$70,875.00	\$0.00	\$0.00	\$0.00	\$0.00
	Investment Grand Total	\$685,125.00	\$506,925.00	\$44,550.00	\$44,550.00	\$44,550.00	\$44,550.00

Total Return on Investment		Year 1	Year 2	Year 3	Year 4	Year 5
Total Return	\$32,029,600.00	\$11,743,420.00	\$9,074,670.00	\$3,737,170.00	\$3,737,170.00	\$3,737,170.00
Total Investment	\$685,125.00	\$506,925.00	\$44,550.00	\$44,550.00	\$44,550.00	\$44,550.00
Total Return on Investment	4675.00%	2316.60%	20369.63%	8388.71%	8388.71%	8388.71%
Project Break-Even						