

# ASSET MANAGEMENT ROI CALCULATOR

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## UNDERSTAND THE VALUE OF IMPLEMENTING A COMPREHENSIVE ASSET MANAGEMENT APPROACH

In recent years, Asset Management has become a topic of discussion for many companies and equipment managers. It promises a systematic approach to operating, maintaining, upgrading and disposing of assets in the most cost-effective manner. But how do you justify the expense?

To help you better understand these potential savings and value, we have developed this tool so you calculate your return on investment (ROI) with asset management solutions. Using data from your organization, this tool will help you understand the potential ROI and illustrate it to other stakeholders.



### How we calculate your ROI

We estimate the reduction of tangible costs and address the potential capture of value from your current opportunity losses in your present asset management system. To calculate the total savings, we break down the cost savings and value capture to the following four categories:

1. Asset Inventory and Tracking
2. Service Status
3. Reducing Downtime / Opportunity Loss Prevention
4. Utilization and Procurement

Looking at each category will help you to get a better understanding of your current equipment program and where you could make the most impact with potential savings when you implement an asset management program.

# 1. Asset Inventory and Tracking

The first rule of asset management is to know what you have and where it is. This becomes the foundation of your program. But developing and maintaining a complete inventory can be challenging.

## Reduce time maintaining your asset inventory

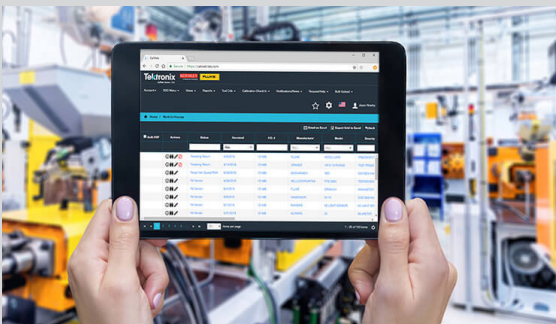
Conducting a full equipment inventory is a tedious job. Having a manual inventory process requires more time and resources be devoted to performing these tasks and maintaining records. Asset Management programs and tools can help reduce the resources needed for these steps. Use the steps shown to estimate the savings generated from using more efficient tools.

Number of employees who maintain inventory records	<input type="text"/>
	<b>X</b>
Employees' average hourly wage	<input type="text"/>
	<b>X</b>
Number of days per year spent maintaining inventory lists	<input type="text" value="10 or XX"/>
	<b>X</b>
Conservative savings of 50% of your time or high savings of 75%	<input type="text" value=".5 or .75"/>
	<b>X</b>
Potential to use saved time for higher-revenue generating activities	<input type="text" value="1.5 or 1.X"/>
	<b>=</b>
Annual Savings and Value Capture	<input type="text"/>

## Reduce time tracking equipment

Tracking equipment can be challenging, particularly when you have multiple sites or departments sharing equipment. Manual tracking processes mean multiple people looking for equipment by wandering the halls, emailing or calling people to find instruments they need. Asset Management programs and equipment tracking tools make this process more efficient and allow employees to focus on other tasks. Use the computation shown to estimate how much you can save by implementing more automated processes.

Number of employees who need to track down equipment	<input type="text"/>
	<b>X</b>
Employees' average hourly wage	<input type="text"/>
	<b>X</b>
Number of days per year spent tracking equipment	<input type="text" value="5 or XX"/>
	<b>X</b>
Conservative savings of 75% of your time or high savings of 95%	<input type="text" value=".75 or .95"/>
	<b>X</b>
Potential to use saved time for higher-revenue generating activities	<input type="text" value="1.5 or 1.X"/>
	<b>=</b>
Annual Savings and Value Capture	<input type="text"/>



CalWeb®, cloud-based asset management, is designed with asset inventory and tracking at its core. Keep your complete inventory updated and accessible 24/7 and easily access calibration certificates and manage calibration intervals.

- Track equipment work-in-process
- Easily track equipment across departments and different sites.
- Optional system integration with local ERP, LIMS and others



## 2. Service Status

The second rule of asset management is to have your equipment serviced and ready-to-use. It is hard to generate revenue if your team does not have the right tools in working order to get the job done. A comprehensive asset management program and tools can provide easy visual management of asset status. Quickly ascertain the health of your equipment and keep maintenance schedules current.

### Reduce risk in your calibration and maintenance programs

Regular calibration intervals and scheduled preventive maintenance can save time and money, not to mention reduce the risks of failures or inaccurate measurements. To estimate the value of these programs, use the calculations shown.

### Reduce time managing out-of-tolerance (OOT) cases

Out-of-tolerance (OOT) instruments may give incorrect information leading to unreliable products, customer dissatisfaction, and increased costs. OOT conditions also cause good products to fail tests, which ultimately result in unnecessary rework costs and production delays. Manual processes greatly increase the risks of being out of compliance, resulting in more time and resources devoted to managing approvals and documentation in addition to the direct compliance costs from OOT events. To find out how much asset management tools could save you, use the steps shown.

Number of tools in your asset inventory

X

Missed service factor: From .05 for good programs to .25 for programs needing help

.05 to .25

X

Oversight factor: Suggest 1 if you're fully managing, 1.5 if not

1 to 1.5

X

Cost of recalls or repeat services if maintenance is missed

+

Opportunity cost of having to conduct recalls or repeat services

+

Potential brand damage estimate from recalls or repeat services

=

Annual Savings and Value Capture

Number of employees managing OOT events

X

Estimated average hourly wage

X

Number of days per year spent managing OOT events

5 or XX

X

Conservative savings of 75% of time or high savings of 95%

.75 or .95

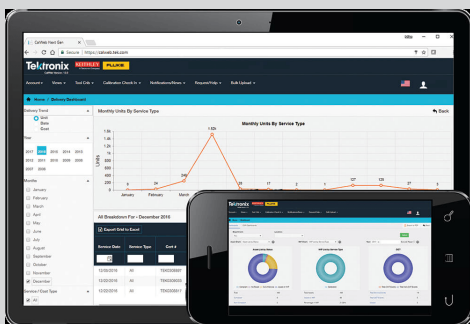
X

Potential to use saved time for higher-revenue generating activities

1.5 or 1.X

=

Annual Savings and Value Capture



CalWeb's dashboards provide simple visual management of your equipment service status so you can quickly see service progress.

- Easily administer calibration and preventive maintenance programs
- Manage out-of-tolerance events and approvals
- Quickly access equipment documentation for audits
- Compliant with FDA 21 CFR Part 11 electronic data management regulations

### 3. Reducing Downtime / Opportunity Loss Prevention

Unnecessary or unexpected downtime can lead to lost revenue and higher operating expenses. Implementing a program that reduces downtime and makes your maintenance program as efficient as possible allows your team to focus on more productive tasks.

#### Management savings

Administrative time spent managing a calibration and maintenance program is time not spent generating revenue. Implementing an asset management program that includes tools to automate as much as possible and relieve team members from menial tasks can save you time and employee resources. To estimate these savings, use the steps shown.

Number of employees managing current program (average is 2.5 PTEs)	<input type="text"/>
	<b>X</b>
Estimated average hourly wage	<input type="text"/>
	<b>+</b>
Number of days per year spent supervising the program	<input type="text" value="40 or XX"/>
	<b>X</b>
Conservative savings of 75% of time or high savings of 95%	<input type="text" value=".75 or .95"/>
	<b>X</b>
Potential to use saved time for higher-revenue generating activities	<input type="text" value="1.5 or 1.X"/>
	<b>=</b>
Annual Savings and Value Capture	<input type="text"/>

#### Shipping savings

Shipping has always been an expense that you try to minimize as much as possible. But that's not always feasible if you have a manual equipment maintenance program. Unexpected service requirements and random maintenance schedules cause shipping to quickly add up. A streamlined managed services program can reduce these costs. To estimate your savings, use the steps shown.

Average number of tools per field service engineer (FSE)	<input type="text"/>
	<b>-</b>
Subtract 1 (this represents batching multiple shipments together)	<input type="text" value="1"/>
	<b>=</b>
Estimate number of shipments saved per FSE	<input type="text"/>
	<b>X</b>
Number of FSEs in organization	<input type="text"/>
	<b>X</b>
Multiply by 2 for round trip shipments	<input type="text" value="2"/>
	<b>=</b>
Estimated number of shipments saved	<input type="text"/>
	<b>X</b>
Average shipment cost	<input type="text"/>
	<b>=</b>
Annual savings	<input type="text"/>



## Capturing lost opportunity

Downtime from equipment maintenance or failure means an idle workforce and lost resources. A comprehensive asset management program can increase your team utilization and allow more resources for revenue-generating tasks.

Number of employees in your field service organization	<input type="text"/>
	X
Number of days spent idle waiting for services (3 week average per year)	<input type="text" value="15"/>
	X
Number of hours per day	<input type="text" value="8"/>
	X
Average revenue generated per hour by each field service member	<input type="text"/>
	=
Opportunity capture	<input type="text"/>



Tektronix Managed Services offers options to streamline your asset management needs and eliminate downtime. Active Exchange eliminates the need to track equipment and maintain service records.

- Assets delivered in advance
- One service provider to manage all calibration and maintenance needs
- Equipment is stored and maintained by Tektronix
- Complete visibility of your assets in CalWeb

## The total costs of FDA warnings and lost opportunities

For companies in highly-regulated industries, compliance with regulations is paramount for business success. A warning letter from the FDA, for example, can cost more than just a fine. Along with the direct costs of remediation, there are a variety of intangible expenses. (The FDA Group Blog, 2016, February 11)

- Reputation damage: FDA warning letters are public and the negative news can cause a ripple effect on shareholder and stakeholder confidence. Shareholders may also start selling and stop buying your stock.
- Competitor opportunity: Competitors are often quick to take advantage of bad news to lure customers to switch to them.
- Resources taken from growth opportunities: Once a warning letter is received, companies must dedicate time and resources to solving the issue at hand. This means less time, resources and attention to other opportunities.

### Lost Opportunities

Even if your company is not regulated by agencies like the FDA, ineffective asset management can leave money on the table. A Finance Executive from one multi-national medical device manufacturer estimates the lost opportunity cost reaching \$10,000/hour when a Field Service Engineer is down because of equipment service issues. With a 2-3 week average for service completion, that could mean large revenue decrease that can be avoided.

## 4. Utilization and Procurement

Often there is a need for instruments that are not used frequently. If options such as rentals aren't available, low-use equipment can be a large expense. Equipment loaner pools and tool cribs are a great alternative and a comprehensive asset management program can implement these options to save you money and increase efficiency.

### Management savings

Equipment loaner pools and similar programs are a great way to share equipment between departments and sites but come with their own issues of how to manage them and the space they require. Partnering with a vendor to provide the services and space can save you money and resources. Follow the steps shown to estimate your savings.

Number of employees managing current program (average is 2.5 PTEs)	<input type="text"/>
	X
Estimated average hourly wage	<input type="text"/>
	+
Number of days per year spent supervising the program	40 or XX
	X
Conservative savings of 75% of time or high savings of 95%	.75 or .95
	X
Potential to use saved time for higher-revenue generating activities	1.5 or 1.X
	+
Estimate storage costs	<input type="text"/>
	=
Annual Savings and Value Capture	<input type="text"/>

### Savings on procurement

Implementing a comprehensive asset management program not only saves you employee time and resources, it could also save you procurement costs. Manual tracking programs may miss instruments or cause redundant purchases across different departments. Using asset management tools that give you a better view of your equipment will allow you to save on equipment costs by being more effective in their use. Follow the steps shown to estimate your savings.

Average spend on each new equipment request	<input type="text"/>
	X
Number of requests per year	<input type="text"/>
	X
Suspected percentage of redundant purchases	20% or XX%
	=
Annual savings	<input type="text"/>



Assets on Demand can help you streamline the process of issuing new equipment and sending loaner instruments or replacements to your workforce.

- Tek stages equipment for deployment and consolidation
- Complete visibility of your assets in CalWeb
- Onsite options available
- Program types:
  - New equipment issue
  - Loaner/replacement/demo equipment
  - Withdrawal from service
  - Excess and redistribution



## Calculating Your Asset Management ROI

Using these results, you can calculate your initial return on the investment of a complete asset management program.

Asset Management Saving Categories	Annual Savings
Asset Inventory and Tracking	
Reduce time maintaining inventory lists	\$
Reduce time tracking equipment	\$
Service Status	
Reduce risk in your equipment programs	\$
Reduce time managing OOT events	\$
Reduce Downtime / Opportunity Loss Prevention	
Management savings	\$
Shipping savings	\$
Capturing lost opportunities	\$
Utilization and Procurement	
Management savings	\$
Savings on procurement	\$
<b>Total Annual Savings</b>	\$

### Tektronix Asset Management Estimate

Annual Asset Management Costs

\$

Contact your Tektronix Service Representative to estimate asset management costs for your organization.

### Asset Management ROI

$$\frac{\text{Total Annual Savings} - \text{Total Annual Costs}}{\text{Total Annual Costs}} = \text{ROI} \%$$

### Uncover Savings For Your Organization

Managing an asset management program can be challenging, but partnering with the right provider can streamline your processes and make you more efficient. This will result in lower costs and better utilization of resources which increases your bottom line.

Use this tool to help see where you can save the most and learn how Tektronix can be your asset management partner.