



Return on Investment

Benefits from automating facility management processes are hard to quantify. Nevertheless, conservative estimates can be used as tests of reasonableness to justify the cost savings due to automated tools. The benefits derived from a good Integrated Workplace Management Solution (IWMS) fall into three categories.

1. Savings in Facility Management Staff Time

As with all white-collar tasks, productivity benefits from IWMS are difficult to quantify. Nevertheless, where facility management tasks are done manually, a case for specific cost savings can be made. In particular, where tasks such as departmental area calculations, generating space chargeback reports, producing color-coded departmental occupancy drawings, or producing CAD drawings annotated with employee names are currently done manually or are done on CAD without an IWMS, substantial savings can be expected.

Example: Savings of 20-40 staff hours per month per million square feet can be expected. Assuming a labor rate of \$50/hour (with benefits and overhead burden), this will result in an offset savings of **\$24,000 to \$48,000 per year**.

2. Improvements in the Delivery of Facility Management Services

A significant benefit of an IWMS is its ability to provide better information for making facility management decisions. With an IWMS in place, it becomes much easier to identify under-utilized or vacant space, thus resulting in improved space efficiency.

Example: At a typical cost of \$20 / square foot / year to lease (or own) and operate a facility, a 2% improvement in space efficiency will save **\$800,000 per year**.

3. Improvements in Organizational Efficiency

A good IWMS will support better design of space and improved allocation of space. This translates into improved efficiency for the organization. These benefits are the most difficult to quantify, but result in the most substantial cost savings.

Example: If an IWMS system can allocate space to reduce average trip time by 5 minutes per day per employee, the savings to a company with 10,000 employees at an average wage rate of \$30/hour (with overhead and benefits) are **more than \$5,000,000 per year**.

Example: Similarly, if better forecasting and planning can reduce the number of moves per year and **reduce the churn rate from 50% to 40%**, significant downtime costs can be avoided. Finally, improved space functionality (better matching of job functions to workspaces provided) that results in a 1% productivity gain will save **another \$5,000,000 per year**

Of course, to realize any cost savings, the software must support efficient data entry and the system must be properly managed. None of these benefits can be proved precisely. However, the savings are large enough that a credible, conservative case can usually be made that a well-operated IWMS will significantly reduce operating costs.

- *Examples are based on a 2,000,000 square foot facility.*
(ROI analysis prepared by Michael Schley, CEO, FM:Systems, Inc.)