

# CMMS ROI Calculator Guide

How to calculate, present, and justify the ROI of implementing a CMMS to your leadership team

## Why You Need to Calculate CMMS ROI

Every maintenance improvement project competes for budget. A well-structured ROI analysis does three things: it quantifies the problem in dollars, it shows the payback timeline, and it gives leadership a clear yes/no decision framework.

**26%**

Average reduction in equipment downtime

**652%**

Average ROI from CMMS implementation

**3-6 mo**

Typical payback period

**20-30%**

Reduction in maintenance costs

## Step 1: Calculate Your Current Maintenance Costs

Before you can show savings, you need to know what you're spending today. Gather these numbers:

COST CATEGORY	HOW TO CALCULATE	YOUR NUMBER
Unplanned downtime cost	Downtime hours/month x cost per hour x 12	
Labor inefficiency	Technicians x hourly rate x 8hrs x 22 days x 20% waste x 12	
Admin/paperwork time	Admin hours/week x hourly rate x 70% waste x 52	

Reactive vs preventive premium	Assets x avg repair cost x (reactive % - target PM %)
Parts overstocking	Inventory value x 15% carrying cost x estimated waste
<b>Total current waste</b>	<b>Sum of above</b>

## Step 2: Estimate CMMS Savings

### Downtime Reduction (26% improvement)

$$\text{Annual Downtime Savings} = \text{Monthly downtime hours} \times \text{Cost per hour} \times 0.26 \times 12$$

CMMS reduces downtime through automated PM scheduling, real-time alerts, and predictive maintenance. Industry data shows a 26% average reduction.

### Labor Efficiency (20% improvement)

$$\text{Labor Savings} = \text{Technicians} \times \text{Hourly rate} \times 8 \times 22 \times 0.20 \times 12$$

Technicians complete work orders 20% faster with mobile access, pre-populated templates, and eliminated paperwork.

### Admin Time Savings (70% reduction)

$$\text{Admin Savings} = \text{Admin hours/week} \times \text{Hourly rate} \times 0.70 \times 52$$

Manual scheduling, reporting, and data entry are automated. Managers spend time on decisions, not spreadsheets.

### Preventive vs Reactive Savings

$$\text{PM Savings} = \text{Total assets} \times \text{Avg repair cost} \times 0.15$$

Preventive maintenance costs 3x less than reactive repairs. Moving from 20% PM to 80% PM dramatically cuts costs.

## Step 3: Calculate ROI & Payback

$$\text{Total Annual Savings} = \text{Downtime} + \text{Labor} + \text{Admin} + \text{PM Savings}$$

$\text{Annual CMMS Cost} = \text{Users} \times \text{Monthly price} \times 12$

$\text{ROI \%} = ((\text{Annual Savings} - \text{Annual Cost}) / \text{Annual Cost}) \times 100$

$\text{Payback Months} = (\text{Annual Cost} / \text{Annual Savings}) \times 12$

**Example:** A facility with 15 technicians, 500 assets, and 20 hours of monthly downtime at \$500/hour typically sees \$180,000+ in annual savings against a \$4,500 CMMS cost — that's a 3,900% ROI with a 0.3-month payback.

## Step 4: Build Your Business Case

When presenting to leadership, structure your pitch in this order:

### 1. The Problem (30 seconds)

"We're losing \$X per year in preventable downtime, labor waste, and emergency repairs."

### 2. The Solution (60 seconds)

"A CMMS automates PM scheduling, digitizes work orders, and gives us real-time visibility into maintenance operations."

### 3. The Numbers (60 seconds)

"Based on our data, we project \$X in annual savings at a cost of \$Y/year — that's an X% ROI with payback in X months."

### 4. The Ask (30 seconds)

"We recommend starting a 14-day free trial with our top 50 critical assets to validate these numbers."

**Pro Tip:** Don't just present numbers. Show 2-3 recent examples of costly downtime incidents and explain how a CMMS would have prevented them. Real stories are more persuasive than spreadsheets.

## Common Objections & Responses

OBJECTION	RESPONSE
"We already have spreadsheets"	Spreadsheets don't send alerts, automate scheduling, or work on mobile. The time spent maintaining them is itself a cost.
"Our team won't adopt it"	Modern CMMS apps are simpler than email. Start with a pilot team of 3-5 technicians to prove adoption.
"It's too expensive"	At \$15-40/user/month, the cost is typically recovered in the first month through downtime reduction alone.
"We're too small"	Even a 5-person team wastes 10+ hours/week on manual tracking. CMMS ROI scales regardless of team size.

## Your ROI Calculation Worksheet

LINE ITEM	FORMULA	YOUR VALUE
A. Annual downtime savings	___hrs/mo x \$___/hr x 0.26 x 12	\$
B. Annual labor savings	___ techs x \$___/hr x 8 x 22 x 0.20 x 12	\$
C. Annual admin savings	___hrs/wk x \$___/hr x 0.70 x 52	\$
D. Annual PM savings	___ assets x \$___avg repair x 0.15	\$
<b>E. Total annual savings</b>	<b>A + B + C + D</b>	<b>\$</b>
F. Annual CMMS cost	___ users x \$___/mo x 12	\$
<b>G. Net annual benefit</b>	<b>E - F</b>	<b>\$</b>
<b>H. ROI %</b>	<b>(G / F) x 100</b>	<b>%</b>
<b>I. Payback months</b>	<b>(F / E) x 12</b>	<b>mo</b>

Created by Task360 — The #1 CMMS Platform for Modern Maintenance Teams  
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