

Return On Investment

ROI you can expect from
Collective Data fleet & asset
management software.



White Paper

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Productivity improvements lead to a positive ROI

There are many benefits of using fleet and asset management software in a medium to large fleet operation: time savings, efficiency improvements, and better reporting, to name a few. This white paper will demonstrate the potential **return on investment** you can expect from Collective Data's suite of high-end fleet and asset management software products.

Collective Data software is focused on improving productivity throughout a fleet, whether it's with equipment, the shop, the parts room, or administrative tasks. When you're dealing with hundreds or thousands of pieces of equipment, making sure they are running efficiently is difficult, if not impossible, without some type of software system.



We will cover just a few of the many returns on investment an organization can gain through:



1. **Better preventative maintenance vs. reactive maintenance.**
2. **Better parts inventory management.**
3. **Improved labor productivity.**

1. Preventative vs Reactive Maintenance

Believe it or not, there are organizations out there still using the reactive maintenance strategy, which simply means letting equipment run until it breaks. Why is it still common? The biggest reason is that it requires less oversight, less staff, and less planning. Many know that preventative maintenance can reduce costs and increase the life of equipment, but they know that there is more planning involved. Some managers are concerned that software needed to keep it all under control will actually become burdensome to use. That's where Collective Data comes in. The software is easy-to-use and can make managing those P.M. tasks easier whether you have **hundreds** or **thousands** of pieces of equipment.

A well-planned and effective preventative maintenance program should reduce unscheduled downtime repair costs by at least 25%.

*** This is a conservative estimate for analysis purposes. Clients may see an even greater reduction amount.**

Now let's crunch some numbers for a potential savings through Collective Data software...

Let's assume an organization has the following fleet makeup:

- 200 light equipment units (anything from pickup trucks to skid steers)
- 200 heavy equipment units (garbage trucks, excavators, etc.)

While every situation is different, let's use a conservative estimate that there is typically 1 unit in the shop for unexpected downtime repairs for every 100 active units in the fleet. The repairs cost \$750 per day (parts and labor) per unit. Depending on the type of equipment and the repair needed, it could be less or much more per day. Also, there are many other costs associated with downtime, but we'll use those basic assumptions for this analysis.

Reactive Repair Costs Per Week = \$750 x 5(days) x 4(units down) = \$15,000

\$15,000 x 52(weeks/year) = \$780,000 Unexpected Repair Costs Per Year

By implementing Collective Data fleet management software, you can expect to see the following return on investment:

\$780,000 Reactive Maintenance Costs Per Year X 25% reduction due to pro-active preventative maintenance = \$195,000 in potential savings for this particular fleet size.



In this one aspect alone, a fleet will see a substantial return on investment by reducing unexpected downtime repair costs with the help of Collective Data software.



2. Parts Management Improvement

The tracking of parts inventory can become a lower priority than other critical elements of running a busy fleet operation if there isn't an easy way to manage it. With so many parts coming and going everyday, it's a huge opportunity for organizations to save money by managing it more effectively.

Collective Data software was built with the goal of making different elements of management **easy** and **efficient**. Let's take a look at a few examples of potential ROI from better parts management.



Recapture More Warranty Dollars

Collective Data software makes it easy to track each and every warranty on parts. When a mechanic adds a part to a work order, the system will automatically notify them if the part being replaced appears to be under warranty. That will apply whether it's under the part's warranty or the piece of equipment's warranty period. This notification is the first layer of defense to make sure parts are being claimed under warranty and not forgotten about.

- Let's assume a total yearly spend on parts for a medium-sized fleet is \$500,000.
- Let's assume that 3% of parts break before the warranty period ends.

Potential ROI savings on improved warranty claims:

$\$500,000 \times .03$ (claimable warranties) = **\$15,000** savings through improved warranty claims per year.

By improving how warranties are tracked and claimed, organizations can see a quick and worthwhile ROI through Collective Data's fleet and asset management software.

Inventory Reduction

Without proper tracking methods, it's possible to order unnecessary parts in an attempt to make sure there is always one available for use. Collective Data software gives you the tools to easily identify and track parts in better detail so this doesn't happen.

In a conservative estimate, Collective Data fleet management software should help a fleet reduce spare or obsolete parts purchases by **at least 10%** after implementation vs manual methods. The math is simple for this calculation. Let's assume the fleet has a current parts inventory value of \$100,000.

\$100,000 (current inventory value) X .10(reduced % of unused or obsolete parts ordered throughout the year) = \$10,000 savings per year

Core Part Returns

Collective Data software alerts users when there is a core return opportunity and tracks when the return activity has taken place. These types of transactions are easy to miss without software in place, but when you do have the software in place it will be much easier to manage and have the data to prove that it's being done. Our experience shows that at least a 5% savings in an annual parts budget can be achieved through better core part claims.

\$100,000 (current inventory value) x .05(% received from core part returns) = \$5,000 savings per year

3. Labor Productivity Improvements

What would you do with 10% more staff? Collective Data software is designed to save you and your team time and deliver better information for improved decision making. Wasted time in retrieving repair history records or compiling reports is now a thing of the past.

With an **easy-to-use** interface, **flexible** configuration options, **scalability**, and the ability to **integrate** with other 3rd party systems such as fuel cards, the software will work in a variety of ways to improve productivity and help you get more done with less time.

"The software has affected how we manage our daily workload, which in turn has affected our bottom line and made us much more efficient."

**- Jim Burke, Fleet Manager
Benton County, Oregon Public Works**





For our labor productivity ROI calculation, let's assume the hours saved are based on the following:

- A 40-hour work week (2,000 hours/year/mechanic), and 10% savings on labor time due to improved scheduling.
- Reduced time entering and retrieving information, equipment history, prior work, etc.
- Administrative time is reduced by 5% due to improved workflow, less time managing paperwork, reduced time managing monthly reports.

Labor Productivity	Hours saved/ employee per year	Cost/Hr/Employee \$\$	Saved/employee per year \$\$	# of employees	TOTAL Saved per year \$\$
Improved mechanic staffing and reduced overtime	200	\$35	\$7,000	5	\$35,000
Improved mechanic efficiency	100	\$35	\$3,500	5	\$17,500
Reduced administrative time (including Fleet Manager)	100	\$40	\$4,000	3	\$12,000
				Total Saved =	\$64,500

Return On Investment (ROI) Analysis

The examples of savings seen in this article are just a few in the long list of opportunities to improve operation productivity and control costs with Collective Data software. Some of the other opportunities for cost savings include:

- **Better fuel tracking helps to identify pilferage and fuel consumption variations to take action and control costs.**
- **Avoid fees by making it easier to stay DOT and OSHA compliant through proper inspection and certification tracking.**
- **By running a more efficient and well-maintained fleet, safety is improved that results in intangible savings through the reduction of accidents and incidents.**
- **All tasks from the shop floor to administrative can be logged quickly and with better accuracy than paper methods, reducing labor hours required to handle large workloads.**



Return on Investment Calculation

What is ROI?

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments.

The formula:

$$\text{ROI} = (\text{Gain from Investment} - \text{Cost of Investment}) / \text{Cost of Investment}$$

Savings (Pulled from the example fleet of 200 heavy and 200 light-duty units used in this article)

- A - \$195,000 through better preventative maintenance.
- B - \$15,000 through better warranty claims.
- C - \$10,000 through inventory reduction.
- D - \$5,000 through more efficient core-part returns.
- E - \$35,000 through improved technician staffing and reduced overtime.
- F - \$17,500 through improved technician efficiency.
- G - \$12,000 through reduced administrative time.

Total Savings Annually: \$289,500

$$\text{ROI} = \frac{\$289,500(\text{Gain from investment}) - (\text{Cost of Collective Data system})}{(\text{Cost of Collective Data system})}$$

Typical ROI Range = 100%-1000%*

(one year after implementation and training)

*** Disclaimer:** Collective Data software is priced differently depending on the options, number of users, integrations, configurations, etc. As a result, ROI will vary because the actual cost of the fleet management system is a component of the ROI formula. Collective Data's easy-to-use, configurable software system helps organizations achieve increased productivity that allows them reach these results. Other factors, such as how an organization currently manages their fleet currently could affect the initial return on investment they see. An example would be a medium fleet that is currently managing everything with pen and paper vs. a fleet that has some type of preventative maintenance program in place already. Collective Data provides these estimated savings in good faith, but can not make any warranties of any kind on the information provided.

To get a personalized ROI calculation matched to your organization, contact Collective Data.

Now is the time to act.

If your organization is currently working without a modern, comprehensive fleet and asset management software system, you're probably spending money you don't need to every day. Delaying the implementation of Collective Data software is far more costly in the long-term than the short-term costs of implementation.

Collective Data makes implementation easy.

The Collective Data process helps to assure that you are successful and most importantly... **more productive**. Our customer-focused support and customer care team will assist you with technical and product questions and issues. Year after year, our support team receives 96% positive satisfaction rates in annual customer surveys.



Want to learn more? **Contact us** to see how our software can help.



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