



GUIDE

How a CMMS Can Save you Money

Doing the math, so your team sees ROI

There's no trick up the sleeve with this one or no quick sales pitch that ends up falling flat.

Using a CMMS (computerized maintenance management system) to manage your maintenance and operations work can really save you money – and we want to help you do the math to see and communicate that to your team, decision-makers and others.

Let's see how we can make this investment work for you.

How the new tech conversation could go

We understand how the conversation usually goes when you are presented with new technology for your team:

Potential CMMS user: "How much will your CMMS cost me?"

CMMS salesperson: "\$417 per month or \$5,000 per year."

Potential CMMS user: "My management won't approve that cost."

CMMS salesperson: "How many hours of unplanned equipment downtime (production assets, HVAC, fleet, etc.) did you have last year?"

Potential CMMS user: "I am not really sure, but I'll take an educated guess at 50 hours."

CMMS salesperson: "Even if we use a conservative estimate of \$1,500 per hour for combination of maintenance costs and lost time, that means you lost at least \$75,000 to downtime last year. With a well-implemented CMMS, you could conservatively cut that by 40%. I have already saved you \$28,000 — and that's just the start."

Potential CMMS user: "My management will like that!"

Using the math to **your advantage**

The way to convince your leadership to approve a new technology purchase should focus on the investment and data to back it up, too.

Instead of focusing on the cost, focus on the investment and return.

Maintenance professionals have many challenges that drive up operational costs and could be causing waste. A CMMS can seriously help you and your team:

- Avoid prematurely failing assets
- Improve inefficient workflows
- Get ahead of inventory issues
- Lower compliance risks

In fact, with a CMMS, organizations can see these benefits:

- 1 35-40%**
improvement in the **reliability of equipment**
- 2 28.3%**
Increase in **maintenance productivity**
- 3 20.1%**
reduction in **equipment downtime**
- 4 19.4%**
savings in lower **material costs**
- 5 17.8%**
reduction in **maintenance repairs, operation (MRO) inventory**

Pair your CMMS with a solid preventive maintenance program and you could see:

- 89% reduction in corrective work order hours
- \$26K saved every year
- 63% drop in maintenance spend over 3 years

When you can come to budget conversations with hard ROI (return on investment) data like the above, you help paint a picture of need and how technology can drive your success.

Different math for different people

Depending on your role in your organization, you'll be focused on different math and data points. For example, your finance people will want to see how investing in your CMMS will help reduce costs and, if appropriate, improve profitability. While

a maintenance director may be concerned with productivity, asset lifecycle, etc.

In all cases, continuous improvement powered by a CMMS will help improve your operations, often easily measured with financial and operational metrics.

Let's walk through a few examples.

The Maintenance Technician

Technicians may not be as concerned with financial numbers and math as the finance people, but there are certainly metrics important to them.

Time is an import metric where efficiency is critical.

A CMMS will allow you to easily track how long each technician spends on a work order, which is a critical baseline to have to share improvements.

Shortening your work order completion time can come from a variety of process improvements tied to a CMMS:

- **More preventive maintenance (PM) as opposed to reactive** – PMs in the long run will free up technicians by reducing the number and severity of corrective work orders
- **Having the right person for the job** – If you are able to automatically dispatch the best tech/contractor, with the right skill set and tools, a work order will take less time and likely result in better quality work
- **Having the right parts** – Knowing in advance that you have the parts you need and ready for a work order will shorten the overall completion time

Investing in your CMMS will show you the math of a more efficient technician team.

“Now the technician can look at the work order and **know exactly what material is needed and where it is located**, which makes for a more efficient workforce.”

Ruth Haynam

Senior Director of Maintenance & Operations

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“Having this system has freed me up to do more important projects for my department. It’s probably **saved me anywhere from 25 to 50% of my time.**”

Kate King

Property Maintenance Office Manager

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“[A CMMS is] not just a work order ticket system. It’s not just a way to track where your computers are. It’s a way to **make the data real and make it mean something** when you present to your stakeholders what you’re looking for the support your constituents.”

Jim Huebel

Assistant Director of Facilities and Operations

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The **Director** of Maintenance

Equipment downtime is the archenemy of operations. Downtime will create unexpected hits to your budget. Most of us understand this and try to avoid with varying levels of success. But, have you ever done the math to see how much it’s costing you?

For profit-oriented organizations, measuring the cost of downtime and, more importantly, trimming those costs make the math be a no-brainer conversation.

If you are not a profit-oriented organization, this math works with asset classes like HVAC. Downtime puts undue operating stress on the whole system, driving up costs and prematurely aging those assets.

For example, HVAC has significant operating and replacement costs. Weak components of the system will cause undue strain elsewhere, further deteriorating all assets in the system and driving up operational costs. Lose a boiler to unplanned downtime in the heating months or cooling in the hot months and it causes negative experience for those who use your facilities.

Option 1: Have a reactive strategy and accept unplanned downtime. Higher energy costs, further strain on other assets to make up for the HVAC deficits, and poor experience for all involved (staff, customers, etc.) This option leaves you with thousands of dollars lost in time and resources.

Option 2: Form a proactive strategy that may take a bit more upfront time. Employ preventive maintenance to help you avoid the more expensive downtime. This will contribute to a happier team and customers. And you will have saved thousands of dollars (like \$26,000 annually) in time and resources.

Do the math and your CMMS will help.

The IT Manager

Fortunately, most organizations trust the cloud as a mechanism to deliver software. Cloud software, which was essential during the COVID-19 pandemic given its accessibility, is safe, secure, reliable and even more affordable than legacy on-premise, server-based solutions.

As businesses retool their IT departments in this modern era, the math shows that things like heavy server farms, up-front software purchases (vs. subscriptions), annual support renewals and the team of people who have to keep this all up and running can be much more expensive than modern software as a service. This is measured in the total cost of ownership (or TCO).

A subscription-oriented (monthly/quarterly or annual) billing is easier on cash flow vs. legacy capital-expensed software.

Not only is the cloud safe, if you do the math, this is yet another way to save costs and drive efficiency.

“Our IT department also loved that [the CMMS] was cloud-based, so they didn’t need to maintain servers to support it.”

Scott Travis

Director of Facilities Operations

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“[A CMMS] can make operations more efficient and help **justify keeping resources and job positions** to management and your CFO.”

Barry Hipp

Senior Director of District Operations

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The Chief Financial Officer

Your financial coworkers will love the math from each of the above examples. They live and breathe math every day and are always looking at ROI opportunities.

- A well-implemented CMMS will help:
- Drive continuous operational improvements
- Increase team efficiencies
- Equate to happier customers
- Save the organization a lot of money

One Client shaved off more than \$1 million from their maintenance budget in a 3-year period with these optimizations. Granted, this is a large organization, but as a percentage, the math works for organizations of any size.

Would you enjoy cutting that part of your budget in half while enjoying the resulting benefits of smoother operations?

Harnessing **math that matters**

What is the best math? The results of your CMMS and continued operational improvements controlling costs and increasing efficiency and workflow are your strongest equation.

And the good news is that data is just waiting to be mined in your CMMS, through things like KPIs, charts, automated reports and statistics that show how the software is paying off today and for years into the future.

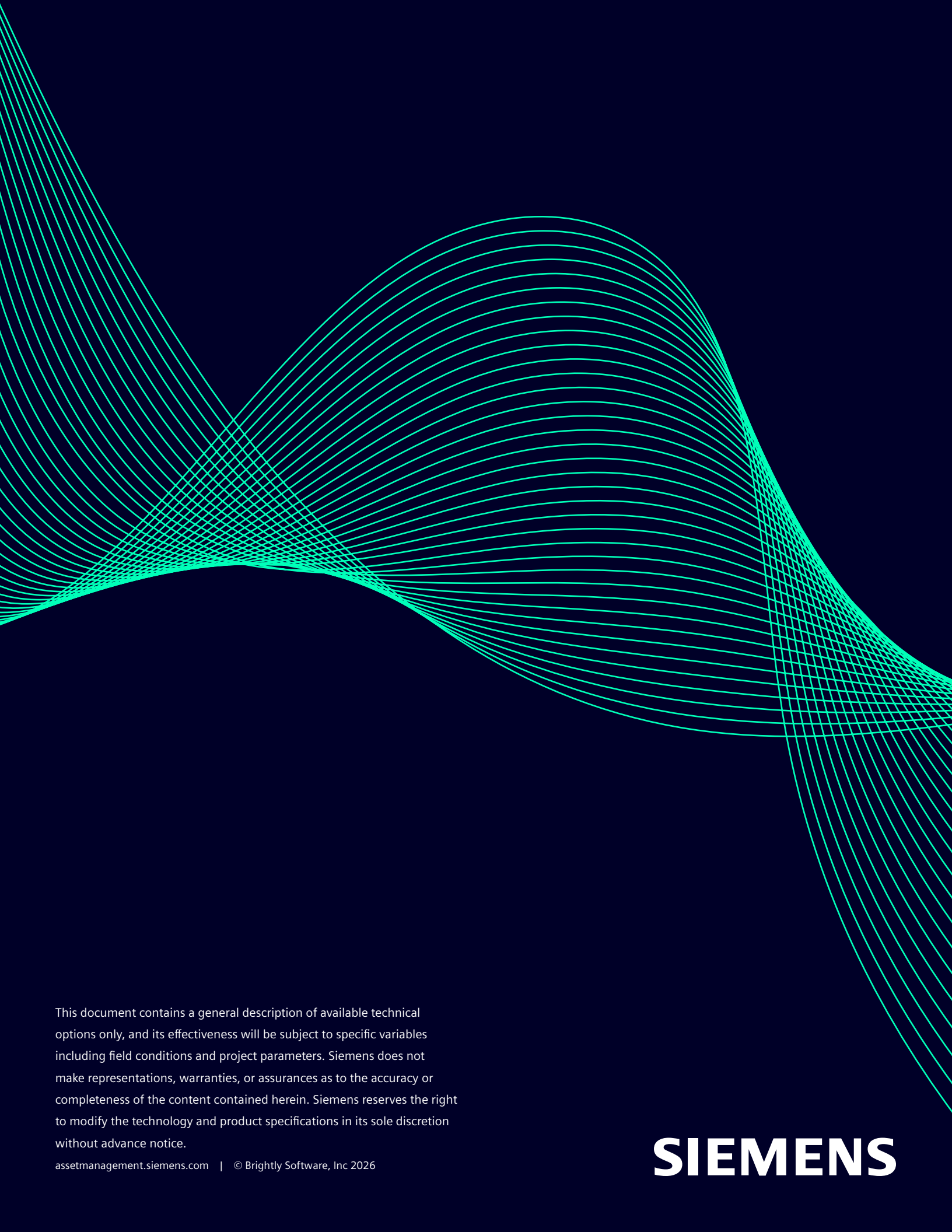
Some organizations will have a hard time stomaching the cost of a CMMS. "My management won't approve that!" is one of the most common objections. But when you change the conversation from cost to value and use the math to show the positive ROI, these conversations should be much more compelling.

Turning that no into a yes is just the beginning of the improvements you can make.

But remember, continuous improvement is just that: continuous. Depending on your current state, optimizing maintenance operations may feel like a daunting task. The key is to find your low-hanging fruit and take small steps to small victories, then grow from there.

A CMMS designed for your operations is key to this process, and what is equally important is a partner that can help you on your journey toward optimization and operational excellence.

Take the next step in seeing how a CMMS can help you optimize and save: assetmanagement.siemens.com



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