

# Predictive Maintenance ROI Template

Use this four-part, detailed framework to build a predictive maintenance financial case that speaks your CFO's language

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## 1. Current State Cost Analysis

Before proposing any investment, establish your baseline costs. CFOs need to see exactly what you're spending now to understand potential savings.

### **Annual Maintenance Costs Baseline:**

Choose your baseline from these industry benchmarks:

*Industry Average (U.S. DOE Federal Energy Management Program, 2020):*

- Reactive maintenance: \$\_\_\_\_\_ (>55% of total maintenance budget)
- Scheduled preventive maintenance: \$\_\_\_\_\_ (31% of budget)
- Predictive maintenance activities: \$\_\_\_\_\_ (12% of budget)

*Best-Practice/Well-Managed Facilities Target:*

- Reactive maintenance: \$\_\_\_\_\_ (40-55% of total maintenance budget)
- Scheduled preventive maintenance: \$\_\_\_\_\_ (35-45% of budget)
- Predictive maintenance activities: \$\_\_\_\_\_ (if any current programs exist)

*Additional Cost Categories:*

- Emergency repair costs: \$\_\_\_\_\_
- Overtime labor costs: \$\_\_\_\_\_
- Lost production/operational downtime: \$\_\_\_\_\_

*Hidden Costs to Quantify:*

- Emergency procurement premiums (expedited parts routinely carry double-digit premiums due to urgent sourcing requirements)
- Cross-training costs due to unexpected skill requirements
- Regulatory compliance costs related to equipment failures
- Insurance deductibles and potential premium impacts
- Tenant satisfaction impacts (for property managers)

## 2. Investment Requirements

Present the total cost of ownership, not just initial capital requirements.

### *Upfront Investment:*

- Software licensing/subscription: \$\_\_\_\_\_
- Hardware and sensors: \$\_\_\_\_\_
- Integration and setup: \$\_\_\_\_\_
- Staff training: \$\_\_\_\_\_
- Consultant/implementation partner: \$\_\_\_\_\_

### *Ongoing Operational Costs:*

- Annual software maintenance: \$\_\_\_\_\_
- Data storage and analytics: \$\_\_\_\_\_
- Additional staff time (hours × rate): \$\_\_\_\_\_
- Sensor maintenance and replacement: \$\_\_\_\_\_

## 3. Financial Impact Projections

This is where you translate maintenance improvements into financial language.

### *Year 1 Financial Impact:*

- Reduced emergency repairs: \$\_\_\_\_\_ savings
- Decreased overtime labor: \$\_\_\_\_\_ savings
- Lower inventory carrying costs: \$\_\_\_\_\_ savings
- Extended equipment life: \$\_\_\_\_\_ avoided replacement costs
- Improved operational availability: \$\_\_\_\_\_ additional revenue/productivity

### *Years 2-5 Cumulative Impact:*

- Compound savings from improved reliability
- Avoided major capital replacements
- Reduced insurance costs (if applicable)
- Improved asset valuation for property owners

## 4. Risk Mitigation Value

CFOs understand that some investments pay for themselves through risk reduction alone.

### *Quantified Risk Reduction:*

- Regulatory compliance assurance: \$\_\_\_\_\_ potential fine avoidance
- Safety incident prevention: \$\_\_\_\_\_ potential liability reduction
- Business continuity protection: \$\_\_\_\_\_ potential lost revenue avoidance
- Reputation protection: \$\_\_\_\_\_ estimated brand value preservation