



Cost-Benefit Analysis

Comprehensive Financial Impact Assessment

Initial: \$2M investment

Operating: \$500K/year

Savings: \$3M/year (error reduction)

ROI: 250% over 3 years

Detailed Cost-Benefit Breakdown



Initial Investment



Annual Operating Costs

-\$2,000,000

One-time upfront capital expenditure required to implement the new system, including infrastructure setup, software licensing, and initial deployment costs.

- ▶ Hardware & Infrastructure: \$800,000
- ▶ Software Licenses & Tools: \$600,000
- ▶ Implementation & Integration: \$400,000
- ▶ Training & Change Management: \$200,000

-\$500,000/year

Recurring yearly expenses necessary to maintain, operate, and support the system including maintenance, support staff, and ongoing licenses.

- ▶ System Maintenance: \$150,000
- ▶ Support Staff Salaries: \$200,000
- ▶ Software Updates & Renewals: \$100,000
- ▶ Utilities & Cloud Services: \$50,000



Error Reduction Savings

+\$3,000,000/year

Annual cost savings achieved by reducing operational errors, defects, and rework through improved automation and quality control processes.

- ▶ Reduced Defect Costs: \$1,200,000
- ▶ Minimized Rework: \$900,000
- ▶ Lower Quality Assurance Costs: \$600,000
- ▶ Decreased Customer Complaints: \$300,000



Productivity Gains

+\$1,500,000/year

Increased output and efficiency from streamlined processes, automation, and improved workflow enabling staff to accomplish more in less time.

- ▶ Process Automation: \$700,000
- ▶ Faster Turnaround Times: \$400,000
- ▶ Improved Resource Utilization: \$300,000
- ▶ Enhanced Collaboration: \$100,000



Customer Satisfaction

+\$800,000/year

Revenue increase and cost savings from improved customer retention, positive word-of-mouth, and reduced customer service burden due to higher quality.

- ▶ Increased Customer Retention: \$400,000
- ▶ Positive Referrals & Reviews: \$200,000
- ▶ Reduced Support Tickets: \$150,000
- ▶ Premium Service Upsells: \$50,000



Risk Mitigation

+\$700,000/year

Cost avoidance from preventing security breaches, compliance violations, and system failures through enhanced monitoring and proactive management.

- ▶ Avoided Security Breaches: \$300,000
- ▶ Compliance & Regulatory Savings: \$200,000
- ▶ Reduced Downtime Costs: \$150,000
- ▶ Insurance Premium Reduction: \$50,000

3-Year Financial Summary

Total Investment

\$3.5M

Total Benefits

\$18M

Net Benefit

\$14.5M

ROI

Payback Period

Annual Savings

250%

10 months

\$6M