LaSalle Solutions
Helping You Manage the Life-Cycle of Your Assets.

INSIGHT REPORT

LAMP Shines a Light:
Time and Your Investment

Today we are all measured.
One key measurement is Return on Investment (ROI).

For over a decade, LaSalle Solutions has used LAMP to help our customers manage their contract environments. We took a look at how using LAMP and the LaSalle team provides a return on our customers' investments.

Return on Investment:

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

LaSalle examined six different customers based on total assets and tickets* generated in the system.

Using cost as the clearest calculation, historical information showed a simple ticket is completed in approximately 10 minutes, with complex tickets taking in excess of an hour. Thirty minutes was used as our baseline calculation. We found, based on *Yoh Index of Technology Wages,* the average hourly rate for an IT worker in 2011 was $31.00 an hour.

If the LAMP annual service cost was $10,000, which would include cloud based software, LAMP Mobile, LAMP Tablet and LAMP Scan, the ROI for our customers would be:

	Assets	Tickets*	Yearly Cost	ROI per yr
Customer A	1,600	1,700	$26,350	62%
Customer B	3,100	850	$13,175	24%
Customer C	5,200	2,100	$32,550	69%
Customer D	5,900	13,100	$203,050	95%
Customer E	14,300	5,800	$89,900	89%
Customer F	18,000	13,050	$202,275	95%

*Definition of Ticket: This could be a change of information, location change, RMA update, change of serial number, configuration change.

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ROI and Downtime

Additionally, when evaluating ROI for a system to manage asset and contract information, organizations should consider mitigation of risk and understanding the revenue impact of time lost or downtime to the bottom line.

Over the past 10 years LaSalle has worked with customers to increase the efficiency in time and reduce risks of information bottlenecks within the operations of asset management, causing unexpected downtime. We have noticed that when information does not flow correctly into the services organization the time to repair can be adversely affected, and have found, with our customers, that these unexpected downtimes can come from many areas, including:

- RMA updates are not processed and updated
- Site location information is inaccurate
- Serial numbers do not show up in the support organization's database
- Components or child parts are not accounted for
- Depots are not stocked in local area to fulfill on service in a timely manner

Financial Impacts from Downtime

Gartner estimates the average amount of downtime at 87 hours per year, with an hourly cost of downtime for computer networks at $42,000 (NETWORKWORLD, *How to quantify downtime*). Using this, the potential financial impact can be substantial.

Hours	Financial Impact
1	$42,000
2	$88,000
3	$168,000
4	$126,000
5	$210,000
87	$3,654,000

IT Director's article *Assessing the Financial Impact of Downtime,* finds that financial services, telecommunications, manufacturing and energy lead the list of industries with a high rate of revenue loss during IT downtime, and that on average, businesses lose between $84,000 and $108,000 (US) for every hour of IT system downtime.

Value of Reputation and Loyalty

Downtime impacts not only immediate loss of time, but also can affect responsiveness and reputation.

If an outage creates a disruption in a supply chain with a high level of expectation in responsiveness (i.e., medical services or overnight delivery), the business may be exposed to damages. Downtime can result also in lost employee productivity, which can be measured in terms of the salaries, wages and benefits of idled people. All of these issues can be highly publicized situations and can impact shareholder, customer and general value. (Information Management, *How Much Does Downtime Really Cost?*)

This can turn into lower customer loyalty, perceived value and loss of sales. The impact of sales lost may become more significant if the loss is from longtime or potential longtime customers looking at their lifetime value, which should be assessed over time and based on areas including amount and number of sales and referrals. Losses from these customers and short-term customers who communicate less than favorable attitudes or who may permanently defect to a competitor, can be devastating. By creating processes that work to ensure minimal loss of downtime and observe potential issues, increased loyalty and lifetime value of customers will reflect positively on both reputation and your bottom line.

Regulatory and Contract Compliance Impact

Downtime can also lead to failure to fulfill the conditions of a Service Level Agreement (SLA) which could lead to the imposition of substantial penalties and fines. In addition, the regulatory and contractual fines that may result from an inability to perform business functions vary widely, but can be substantial.

Remedial Impacts

After a downtime event, remedial actions are often required to repair the damage. For example, employees might work overtime – at overtime rates – or temporary staff may be contracted to recover lost data and enter accumulated paper transactions. And, if customer satisfaction was damaged, a costly special marketing program may be necessary to win back customers. (Information Management, *How Much Does Downtime Really Cost?*)

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Time and Investment

In developing and evaluating systems to manage your assets and contract information, risk, downtime and the time value of money should all be considered. Understanding how your operations may be affected by downtime or the ability to deliver on your promise to your customers should be a key discussion point whether developing the system internally or working with an outside organization, knowing this value is important.

At LaSalle, we continue to work with our customers to understand their value and develop solutions and tools to ensure these processes bring the best value through risk mitigation, availability, flexibility and interoperability. The goal is to make business processes and operation easier for our customers to ensure they receive high returns for their investment.

For more information:
To learn more about LAMP, visit http://www.elasalle.com/LAMP or contact your local representative. To view videos about LAMP, LAMP Scan and other LaSalle Solutions products, please visit http://www.youtube.com/LaSalleSolutions.

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