

Newired's ROI Calculator

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The digital revolution has driven corporate profitability to new heights, but has brought with it unparalleled demands on employees to keep up with the pace of technology. Software that promises to make businesses run smoother is being invented at breakneck speed, and just as employees were becoming accustomed to their current tools, an updated version or altogether novel app is implemented, forcing them to climb the learning curve yet again.

The endless cycle of implementation and training can not only hinder employee productivity, but reduce the return on investment for implementing a new software to a negligible amount—or even drag it down to a loss. Other factors come into play when determining software Return On Investment as well, and a misstep in calculating them can be the difference in more than choosing the wrong software; it may result in financial losses to shareholders.

To save managers from such a costly error, Newired has created a ROI calculator to

display the value in implementing their digital adoption solutions. The tool aims to show the true cost of letdowns in software productivity, and displays with clear data how much ROI a company stands to gain by helping their employees ascend the learning curve faster. To demonstrate, we'll break down the variables to be considered when calculating software ROI, then take a look at two industries in which software considerations may vary. As we'll see, the presence of a ROI calculator allows companies to get an idea about which would be the impact of implementing a DAS platform on different kinds of web applications and industries.

ROI variables

Software ROI is calculated with a wide number of factors in view. The most important ones are as follows:

Licensing – Anyone who's ever downloaded their own software knows how expensive obtaining new programs can be. Scale that up to an enterprise-level corporation with hundreds or thousands of employees and then stack the average of nearly ten tools per employee that must be used for a company to function, and the cost of simply owning the necessary software to do the job adds up quickly.

Maintenance – All those tools have to be kept up to speed, and that requires an IT team fit for the job. This requires the staffing of an entire segment of your business and all the cost that comes with it—and most of the responsibility will consist simply of keeping your software suite operational.

Education – Once you've added your new software to your tool arsenal, you're now faced with the responsibility of getting your team onboard. Doing so is a costly and daunting effort, as a study done at Altimeter shows that 31.4% of executives surveyed believe that digital ineptitude on the part of their employees drags the company down in its pursuit of digital transformation. Bringing your employees up to speed on any new tool takes time and resources, dragging down the bottom line.

Productivity – Lack of education on new

software results in disengaged employees, leading to more stress and frustration, and even causing some workers to become burnt out and quit. As employee morale declines, a downturn in productivity results, contributing to the 450-550 billion dollar cost to the U. S. in wastes incurred because of disengagement, as a Gallup poll displays.

Explicit costs like these are easily tabulated, but the impact of subtler wastes is harder to determine. The amount of sales capacity that's forfeited due to time spent on tool acquisition is much more difficult to calculate, and productivity losses from user ineptitude result in untold hours wasted every month—though industry averages can give a close approximation of how much time (and profit) is foregone.

The difficulty in accurately estimating software costs and returns makes an ROI calculator a highly valuable tool. By not only providing a digital adoption solution that optimizes software productivity but adding an ROI calculator to measure its effect, Newired has given companies a data-driven means of determining whether a change is worth making. In many industries, the answer is a resounding yes.

Examples

Because software costs vary so widely from industry to industry, it helps to estimate your ROI based on savings that similar companies have experienced. To that end, here's what the [Newired ROI calculator](#) has estimated that companies in specific sectors can expect from [DAS implementation](#).

Transportation

A company in the transportation sector with 500 employees is using a CRM application as its customer management hub, and is considering implementing a digital adoption solution. The purchase cost is \$1.62 per user per month, and the hourly rate for employees using the CRM software is \$25/hour.

The average employee using CRM software wastes 1-6 hours every month due to ineptitude, and although in some cases that number is on the higher end, a conservative estimate for the transportation sector of one hour per month will be used. With that:

- Annual DAS implementation cost = 500 users * \$1.62/user/month * 12 months = \$9,720/year.
- Annual Productivity gain = 500 users * 1 hour/user/month * 12 months = 6,000 hours/year (or 750 employee days per year assuming an 8-hour workday).
- Annual Productivity savings = 6,000 hours/year * \$25/hour = \$150,000/year

Given that not every moment gained from improved software fluency will result in improved productivity, that number could be somewhat optimistic. Recognizing that, a very modest 20% business factor can be applied for a more realistic result:

- Predicted annual productivity savings = \$150,000/year * 0.2 = \$30,000/year
- Annual savings = \$30,000/year - \$9,720/year = \$20,280/year
- Annual ROI = [(Annual savings -

implementation cost)/implementation cost] * 100 = \$20,280 per year/\$9,720 per year = 208.6%

A few factors are worth noting about the above numbers. First, although they only take the cost of licensing into account when determining implementation costs, they exclude savings from replacing current software training programs that were failing to do the job. Also, an assumed one hour per month in lost productivity and a 20% business factor are both quite modest; if average values were used, annual savings and subsequent ROI would be even higher. Even with such conservative estimates, the value of a digital adoption solution becomes quite evident for a company on this scale.

Utilities

The larger the business, the greater the available savings from DAS implementation, as we'll see in the following example. A company in the utility sector with 7,500 employees uses ERP software to manage its business operations, and pays an industry average of \$52/hour to its users. Using the same conservative estimates of one wasted hour per user per month and a business factor of 0.2, we have the following:

- Annual DAS implementation costs = 7,500 employees * \$0.54/user/month * 12 months/year = \$48,600/year
- Annual productivity gains = 7,500 employees * 1 hour/month * 12 months/year = 90,000 hours/year = 11,250 employee days/year
- True annual productivity savings = 90,000 hours/year * \$52/hour * 0.2 = \$936,000/year
- Annual savings = \$936,000/year – \$48,600/year = \$887,400/year
- Annual ROI = (\$887,000 per year/\$48,600 per year) * 100 = 1,825%

The numbers show that the explicit savings from DAS implementation increase with a company's scale, but are present at any level. What they don't show is the unlocked potential and performance that increased tool proficiency achieves. Now that the new software you purchased is being used to its full potential, how many more prospective clients will you be able to identify? With improved productivity as a result of better tool aptitude, how many more clients will your sales team be able to serve? How much more profit will the new customers bring in? Performance metrics like these cannot be captured with a simple ROI calculation, but the current upturn in business performance from companies availing themselves of digital adoption solutions shows the benefit is present and impactful.

The bottom line

Although the abundance of new software available today enables companies to perform in a digital world, software inundation drags down employee productivity, costing businesses valuable time and money. To improve productivity and optimize tool usage, companies are capitalizing on digital adoption solutions, but the multitude of hidden costs associated with determining software ROI has made some businesses hesitant to make the transition. To display the value of DAS implementation, Newired has developed an ROI calculator, and the data found from its use shows clearly how much businesses stand to gain from their digital transformation. Actual savings vary from sector to sector, but explicit cost reductions and optimized business performance are nearly always part of the package. Intrigued or skeptical change agents are welcome to try a free demo of Newired's ROI calculator, and see just how much benefit their company could obtain from this digital adoption solution.