

# ROI Calculator

To determine the ROI of a document management system, you must calculate the saved man-hours and storage costs and compare the final number against the cost of the document management system and its operation.

Cost of storage for a paper based document management systems:

Formula:

1-3 ft. filing cabinet drawer = 9,000 documents (pages)

1-4 drawer filing cabinet = 36,000 documents (pages)

1-4 drawer filing cabinets require 21 sq. ft. of storage space

Annual cost of storing your documents:

Number of filing cabinets \_\_\_\_\_ X 21 sq. ft = \_\_\_\_\_ total square feet.

Total square feet \_\_\_\_\_ X \$ \_\_\_\_\_ per sq. ft. = \$ \_\_\_\_\_ Annual Cost

Example:

15 filing cabinets

\$24.00 per sq. ft. rent

15 x 21 = 315 total sq. ft.

3 15 x \$24.00 = \$7,560 annual cost

Lost Productivity Cost:

The cost associated with finding and retrieving documents in a paper based document management system. A key advantage of an electronic document management system is the ability to find and retrieve documents instantly from your desktop PC. Time-management experts estimate that searching for documents requires 20% to 30% of the average employees' time. Therefore, based on the 20% figure, the annual savings in hours is:

20% X number of employees \_\_\_\_\_ X \$ \_\_\_\_\_ Avg. Annual Wages =  
\$ \_\_\_\_\_ savings

Cost of electronic document management system:

Based on current customer influx, a good rule of thumb is 4,000 documents per day of an entry-level employee's time.

Current workflow:

Number of documents per day \_\_\_\_\_ divided by 4,000 = \_\_\_\_\_ amount of time required to maintain current workflow.

Archived documents:

Number of filing cabinet drawers \_\_\_\_\_ X 9,000 = \_\_\_\_\_ total number of documents.

Total number of documents \_\_\_\_\_ divided by 4,000 = \_\_\_\_\_ number of days to eliminate archived documents.

Studies show that offices increase their paper demands by 25% per year; retention periods are becoming longer and access to the documents are becoming greater. A document management system can replace filing cabinets and improve efficiency.

Benefits of Document Management:

The ability to efficiently store documents and easily search and retrieve their contents.

Secure archive capabilities.

Manage your business, not your paper.

Documents can be scanned, indexed for searching, and stored on any type of electronic media. CD ROMs have over a 40 year shelf life and can store about 15,000 pages; a DVD can hold 100,000 pages. A document that is stored on a computer can be easily located, and once it is found it can be printed, faxed or e-mailed. Imagine storing 10 file cabinets worth of paper documents in your desk drawer, and being able to retrieve any document within 30 seconds!

With paper documents, an employee will spend more time looking for a document than they spend reading it. On average, 1 hour of searching results in 20 minutes of reading.

3% of paper documents get misfiled, while 7% get lost completely.

An average company spends \$25,000 to fill one file cabinet and \$2,100 a year to maintain that cabinet.

On average, an employee spends 15 minutes filing a document, 1 hour looking for a misfiled document and 3 hours to recreate a document.

Of all the paper documents that are handled each day in the average office, 90% are merely shuffled.