



TOOLKIT | ADVANCED TACTICS FOR GAINING PHYSICAL SECURITY BUDGET BUY-IN

TEMPLATE 4: Proving Potential ROI

Most technology investment decisions are budget driven, so it's critical to demonstrate a reliable return on investment to get executive buy-in for your access control upgrade.

The initial cost of a physical security solution is just that, your initial cost. Maintenance, operating costs, and upgrades all add to the final cost. Any analysis of a proposed investment should include the cost to purchase, the costs to support, and maintenance costs. This gives you Total Cost of Ownership (TCO). [Check out our guide on How Software As A Service Lowers The Total Cost Of Ownership For Physical Security Systems](#) to learn more about this important calculation.

TCO = Cost to Buy + Cost to Install + Cost to Operate + Cost to Maintain

ROI = (Monetized Economic Value - Product Cost)/Product Cost

Use this template to calculate the bottom line impact and dollarize it. That dollarized outcome leads to your ROI. Here is an illustration of this principle, based on a retail company with over 150 locations.

Example:

BUSINESS OBJECTIVE	ACCESS CONTROL INVESTMENT METRIC	CURRENT ANNUAL COST	ESTIMATED REDUCTION IN COST	ESTIMATED ANNUAL MONETIZED ECONOMIC VALUE FROM ACCESS CONTROL UPGRADE
Increase profitability	Lost inventory	\$2,000,000	60%	\$1,200,000
	Time-card fraud	\$525,000	75%	\$393,750
	Rekeying	\$432,000	90%	\$388,800
	Total	\$2,957,000		\$1,982,550

FACTOR	CLOUD ACCESS CONTROL (150 LOCATIONS ASSUMPTION)
1st Year Cost of Ownership	\$1,720,000
Estimated Annual Savings	\$1,982,550
1st Year ROI	13.2%
Annual Operating Cost	\$30,000

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