



Return on Investment (ROI) for Workflow Automation

Understanding the ROI of workflow automation is crucial for organizations, especially when considering projects that involve systems automation. Here are some key points to enhance your document:



Purpose of ROI Calculation

- The primary purpose of calculating ROI is to assess the value and impact of workflow automation within an organization.
- ROI helps determine whether the investment in automation justifies the associated costs.



Types of ROI

- **Hard ROI:** This type of ROI focuses on quantifiable cost or time savings measurements. It involves objective data that can be easily calculated.

Examples of hard ROI metrics:

- Time saved per task/request.
- Overall process cost savings.
- Reduction in time spent on scheduling or documentation.
- Savings on operational and storage costs.

- **Soft ROI:** Soft ROI is more challenging to quantify because it relates to general efficiency gains, employee satisfaction, and other intangible benefits.

Examples of soft ROI metrics:

- Increased employee productivity.
- Improved company morale.
- Positive company culture.
- Enhanced brand reputation and perception.



Calculating ROI

- A basic formula for measuring ROI could look like this:
 - Yearly ROI = (Time spent on a single task) × (Frequency of performing tasks per month) × (Cost per hour) × 12 months
- These metrics allow you to assign a monetary value to your workflows.

Remember that not all ROI can be measured in money. Some benefits, such as improved morale or better team collaboration, fall under soft ROI.



Vendor Evaluation

- Before approaching vendors, the project team should understand how their management evaluates projects.
- Clearly define the benefits of automation within the evaluation criteria to avoid wasted time or project delays.



Cost Savings Sources

- Workflow automation can yield cost savings from various sources:
 - **Labor Costs:** Consider direct and indirect costs (benefits, overhead, etc.).
 - **Paper Costs:** Reduction in paper usage due to automation.
 - **Space and Overhead Utilities:** Reduced office space requirements resulting from streamlined processes.

Remember that each organization's ROI calculations may vary based on specific circumstances and goals. [By aligning automation benefits with evaluation criteria, organizations can make informed decisions and maximize the value of workflow automation.](#)



Quality Enhancements

- **Error Reduction:** Workflow automation provides automated controls over processing, leading to a reduction in errors. This translates to cost savings in manufacturing by minimizing material and labor expenses associated with replacing failed parts. Clerical workflows save labor and rework by preventing incorrect transactions and ensure customer satisfaction by avoiding errors that impact customers.
- **Overlooked Quality Impact:** While cost savings are often the focus, workflow automation significantly improves quality even when quality enhancement wasn't the primary reason for implementing the system.



Turnaround on Processing

- **Efficiency:** Workflow automation enables faster process completion.
- **Human Interaction Elimination:** By automating processes, workflow solutions eliminate the need for manual human intervention.
- **Controlled Next Steps:** Workflows establish controlled processes for subsequent steps, automating actions and tracking their impact. This facilitates efficient processing and enhances accuracy.



Information Value for Decision-Making

- **Data Consolidation:** Workflow systems consolidate information from existing systems and new processes, providing management with a comprehensive understanding.
- **Driving Changes:** These systems can drive changes within the workflow based on consolidated data, streamlining decision-making.
- **Savings:** By avoiding manual assembly of information from disparate systems, organizations save time and resources.



Customer Retention and Satisfaction

- **Operational Impact:** Often overlooked, operations directly affect customer retention and satisfaction.
- **Addressing Undeliverables:** Workflow automation can resolve issues like undelivered products or invoices, preventing financial cash flow problems and customer frustration (e.g., Horizontech's Returned Mail Service).

Remember that workflow automation extends beyond cost savings, enhancing quality, efficiency, and overall organizational effectiveness.



Cost of Lost Customers

- **Undervalued Cost:** Lost customers have a significant cost that is often underestimated.
- **Marketing and Prospecting Expenses:** The costs associated with marketing, prospecting, and acquiring new business underscore the importance of justifying workflow automation projects. Preventing customer loss becomes critical.



Workflow Automation Scenarios

- **Process Transformation:** Workflow automation can completely rewrite your processing methods or address specific pain points within your existing system.
- **Working Around Constraints:** Where your current system limits functionality, a workflow application can “surround” your existing systems. It solves workflow issues without requiring a complete rewrite of functional components.
- **Information Center:** Workflow automation can serve as an information hub, efficiently consolidating data from various systems and processes. It bridges gaps that multiple existing systems cannot address functionally or because they lack necessary tracking capabilities.



ROI Considerations

- **Original Goals:** The ROI effort should continually cycle between revisiting original goals and understanding the value of addressing specific needs.
- **Creative Discussions with Vendors:** Engage in creative discussions with your vendor. Experienced vendors can identify areas beyond the initial scope and suggest additional functionality to enhance system effectiveness.



Adaptability and Change

- **Nature of Workflow Automation:** Understand that workflow automation inherently requires adaptability.
- **Changing Business Landscape:** As customer opportunities, legal requirements, and operational needs evolve, the system must be flexible.
- **Vendor Platform:** Choose a vendor with a platform that allows quick, cost-effective modifications to address changing environments.
- **Accelerated Implementation:** Given the accelerating pace of business change, implementing new automated tools must keep up.

Remember that workflow automation isn't static—it evolves alongside your organization's needs and the dynamic business landscape.

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