

# How to assess return on investment (ROI)

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Ensuring the safety and security of students, faculty and staff throughout a school district poses some formidable challenges today. Many would argue that school administrators should place safety and security at the top of their priority list. However, fiscal realities often force administrators to assess investments in improving security systems through different parameters.

In general, a proposed investment for security technology – including both software and hardware – must reflect the benefits of the investment, as well as the costs. Some measures may be relatively inexpensive to implement, such as faculty training and the increased visibility of police and security officers in buildings. However, the cost of other improvements may require a more long-term budgeting and planning approach. While everyday actions can make a big difference, you may also need to take some more significant steps to get your security where you want it to be.

Here are some questions to ask as you assess the costs and benefits of a security initiative:

- What is the financial impact of inadequate security to the organization?
- On average, what is the cost of financial losses without adequate security?
- What is the worst-case scenario of financial loss without adequate security?
- How does the organization protect its assets?
- How much security is appropriate?
- What security measures are most cost-effective?
- What types of security measures are needed?
- What impact will security have on the productivity of the organization's employees?

## How to assess return on investment (ROI)

Any analysis of a proposed expenditure should include the cost to purchase, support and maintain equipment, programs or technologies. This gives you a Total Cost of Ownership (TCO) – the total of all the expenses associated with deploying, maintaining and troubleshooting the system and its components.

TCO = cost to buy + cost to install + cost to operate + cost to maintain

Important issues to consider in your TCO analysis include:

- Hardware
- Software
- Infrastructure
- System planning
- Implementation and deployment
- Training (initial and ongoing)
- Maintenance
- Support
- Upgrades
- Staff costs
- Asset management

Keep in mind that costs vary substantially depending on several factors, including:

- Size of the school district
- Management processes
- Technology platforms
- System configurations
- Existing software applications
- Technical environment
- Available resources
- Amount of customization required

You also need to assess the direct benefits of your proposed investment. For example, a proposal to automate or consolidate a security system into a single workstation may result in reduced staffing and space needs, savings in wiring and communications infrastructure, automated system maintenance and upgrades, and reduced power demands.

Indirect benefits are equally important factors in a proposal. These benefits do not obviously relate to the investment. For example, the addition of surveillance cameras has indirect benefits, such as deterring illegal actions and reassuring personnel that security measures are in place. Productivity improvement also adds an indirect benefit to a project.

Upgrading to a networked security system can result in many indirect benefits, such as reducing the manual labor involved with administering physical credentials to visitors, assigning access privileges, revoking access privileges, preparing compliance and regulatory reports, maintenance and emergency communication and notification.

By analyzing cost and benefit data, you will be well on your way to determining the return on your security investment and the value of a technology initiative. Ingersoll Rand can help you evaluate your current system and future needs, make suggestions about how to migrate to the ultimate solution within your annual budget, and provide ongoing training and support to ensure your security system operates smoothly and effectively.

## Learn more about ROI

For more information about assessing the ROI of your projects, please contact a professional security consultant in your area by calling **888.758.9823** or fill out the **Contact Us** form on our website at [allegion.com](http://allegion.com).

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