

ROI JUSTIFICATION TOOLKIT

Building the Business Case for Managed Services Investment

Finance Teams view IT investments through one simple lens: Return On Investment. This toolkit provides frameworks to translate technical improvements into financial terms your CFO will understand.

FRAMEWORK 1: COST OF DOWNTIME CALCULATOR

Downtime, outside of being frustrating, is a quantifiable cost for any business.

Use these formulas:

Hourly Downtime Cost = (Revenue per Hour) + (Productivity Loss) + (Recovery Costs)

Revenue Per Hour = (Annual Revenue) / 2080

Productivity Loss = (Affected employees × Average hourly wage × Productivity reduction %)

Recovery Costs = (Overtime) + (Emergency vendor fees) + (Data Reconstruction Costs)

Example: A 200-employee company with \$50M revenue experiences 4 hours of downtime. Revenue impact: \$96,154 + Productivity: \$24,000 + Recovery: \$15,000 = \$135,154 total cost

FRAMEWORK 2: RISK QUANTIFICATION

Translate security investments into risk reduction terms:

- **Average cost of a data breach (2024):** \$4.88M globally, \$5.09M in the US
- **Average cost per compromised record:** \$165
- **Compliance penalty exposure:** HIPAA up to \$1.5M per violation category; PCI up to \$500K per incident
- **Cyber insurance premium reduction:** 10-25% with documented security controls

Risk Mitigation Value = (Breach probability reduction %) × (Potential breach cost)

Example: Reducing breach probability from 28% to 12% on a \$2M exposure = \$320,000 risk mitigation

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FRAMEWORK 3: TOTAL COST OF OWNERSHIP

Compare in-house vs. managed services across all cost categories:

Cost Category	In-House	Managed Services
Staff salaries + benefits	\$_____	Included
Training + certifications	\$_____	Included
Tools + software licenses	\$_____	Included
After-hours coverage	\$_____	Included
Turnover + recruiting costs	\$_____	N/A
TOTAL ANNUAL COST	\$_____	\$_____

CASE STUDY: HEALTHCARE CLIENT ROI

A 350-employee healthcare organization transitioned from in-house IT to Source 1 Solutions managed services:

- Reduced unplanned downtime by 73% (from 47 hours to 12 hours annually)
- Documented \$340,000 in risk mitigation for board reporting
- Achieved HIPAA audit readiness in 60 days vs. 6+ months with previous approach
- Reduced total IT cost by 18% while expanding coverage to 24/7

Speak to a Managed Service Consultant



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