Return on Investment Analysis (ROI) - FILEminimizer™ (Client Version)

Initial Situation / Problem / Scenario:

The following calculation shows the advantages of using FILEminimizer Company Licenses within a corporation with 5,000 PCs (clients). In this model company PowerPoint, Word and Excel are regularly used for Marketing, Sales and General Communication. Microsoft Office and images files are created, saved and stored in multiple versions on the server and are frequently sent via email to customers and colleagues. Big files often cannot be sent due to email size limitations and classic "zipping" does not give any size advantage for these graphic and media rich files.

While single costs for "data storage" continue to fall, the model company faces increasing need for storage for the fast-growing number of multimedia presentations and documents. Taken into account all costs for storing data, i.e. costs for energy, cooling, server infrastructure, licenses, support, backup, bandwidth and disaster recovery, we assume a Total Cost of Ownership (TCO) of $0.10 per megabyte per year.

The model company is looking for a solution to reduce the growing need for data storage and to achieve significant and sustainable storage cost savings.

Solution:

FILEminimizer Company License (for up to 6,000 clients)	US $65,000 (approx.)
Total investment	**US $65,000**

This solution allows the company to use FILEminimizer directly on each single PC. Every employee can now use the FILEminimizer optimization to reduce the size of its PowerPoint, Word, Excel and image files without zipping, by up to 98%. The files remain in the original format and do not need to be decompressed. The integration of FILEminimizer in Microsoft Outlook and/or Lotus Notes opens the possibility for every employee to optimize these files directly before sending them via email. To perform a conservative Return on Investment (ROI) analysis, we assume that every employee sends only one email per day with only one attached file to only one recipient. Per year (240 working days), 1,200,000 optimizable file attachments are sent internally and externally via email. We assume an average size of 5 MB per attachment and an average compression of 70%.

Return on Investment Calculation:

1,200,000 files x 5 MB	6,000,000 MB	(approx. 6,000 GB)
70% compression ratio	-4,200,000 MB	(approx. -4,200 GB)
Storage space needed with FILEminimizer	1,800,000 MB	(approx. 1,800 GB)
Saved storage space per year	4,200,000 MB	(approx. 4,200 GB)

TCO $0.10 per MB/year x 4,200,000 MB
= Cost Savings per year   US $420,000

Return on Investment after:		Year 0	Year 1	Year 2	Year 3
Initial investment		-$65,000			
Savings per year			$420,000	$420,000	$420,000
Cost of capital (estimated)			10%	10%	10%
Net present value (NPV)			$316,818	$663,926	$979,478
Return on Investment (ROI)			487%	1021%	1507%

The initial investment of US $65,000 has been paid back in less than 2 months after the rollout! (Amortization period).

Scenarios For Different Organization Sizes:

The following table illustrates the yearly cost savings for organizations of different sizes (different number of PC clients) based on the following assumptions:

- Total Cost of Ownership (TCO): US $0.10 per MB per year
- 1 email per employee per day to only one recipient
- Only 1 optimizable file attachment with 5 MB in size (PowerPoint, Word, Excel or an image file)
- Average compression of 70%

Company size	5,000 clients	10,000 clients	50,000 Clients	100,000 Clients
Storage savings	*4,200 GB*	*8,400 GB*	*42,000 GB*	*84,000 GB*
Cost savings per year	**$420,000**	**$840,000**	**$4,200,000**	**$8,400,000**
Cost savings after 3 years*	**$1,260,000**	**$2,520,000**	**$12,600,000**	**$25,200,000**
(* not discounted)				

Final Comment:

The calculation proves that an investment in FILEminimizer pays off in less than 2 months. The Net Present Value (NPV) is positive from the beginning and Return on Investment (ROI) is as high as 487% after one year (with 5,000 clients).

However, this is an extremely conservative calculation as the average compression rate and the number of compressed documents will probably be much higher. Also, all Microsoft Office and image files previously created can be optimized as well. This one-time savings effect has not been considered in our calculation. We have only calculated the storage saving effects on the primary storage. The actual total storage space savings in the organization will probably be 2 to 5 times higher than that, as of course the storage space reduction on the primary storage translates into less occupied storage space on any subsequent backups, security copies and/or archives.

Please consider that this is a model case whose basic assumptions might not apply to your organization. If you provide us with the details of your organization we would be more than pleased to calculate your personal ROI for an investment in FILEminimizer. Please contact: cs@balesio.com.

THIS WORD FILE HAS BEEN COMPRESSED BY 91.5% USING FILEminimizer!