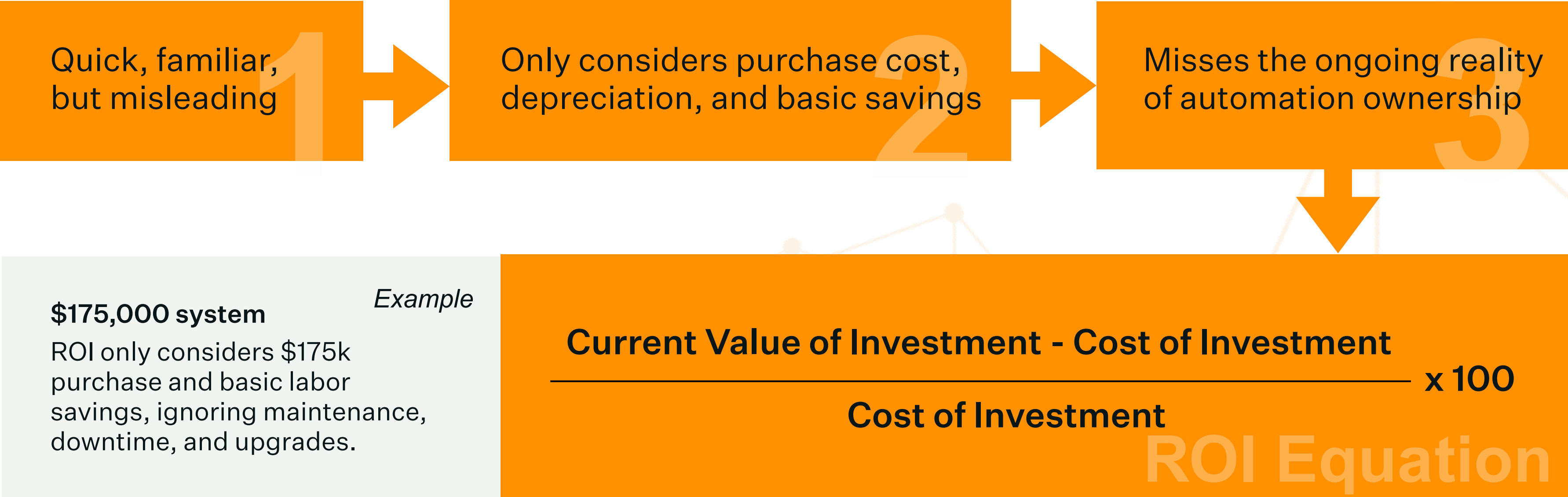


ROI vs. TCO: Why Manufacturers Get Automation Costs Wrong

Return on Investment (ROI) Offers a Limited Scope



What ROI Misses

	Installation & Commissioning Equipment and automation proposals often list only the hardware costs	est. \$5,250–\$17,500 for a \$175,000 system
	Change Orders Buyers often end up paying much more than initially proposed due to unaccounted for items	est. \$3,500–\$35,000 for a \$175,000 system
	Rigging Larger scale systems generally require rigging equipment and crews	est. \$3,500–\$11,500 for a \$175,000 system
	Critical Spare Parts Kit Spare parts are a recurring expense, but the initial purchase of the critical parts that will prevent downtime are generally projected at 3-5% of the system cost	est. \$5,250-\$8,750



Repair & Replacement Parts

est. \$4,375–\$8,750/year

Damaged parts and components, along with replacement of traditional wear parts on an annual bases, can cost between 2.5-5% of the initial hardware cost



Downtime Risk

est. \$10,000–\$50,000 per major instance

Unplanned downtime & lost production due to lack of reliable equipment and/or support



Programming & Controls Engineering Needs

est. \$3,500–\$12,500 per instance

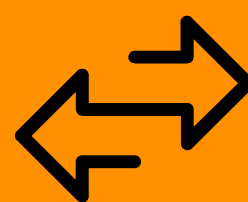
Adapting to new production needs + programming new products & SKUs



Labor Costs

est. \$80-\$140k/year for a dedicated engineer

Hiring/retaining technicians, training



Change & Failure Risk

est. cost of a new system

Relying on ROI assumes a static business, but in reality many small and mid-sized manufacturers invest heavily in systems that become obsolete or fail long before ROI is realized

Why Total Cost of Ownership (TCO) Matters



\$175,000 system

Example

TCO includes purchase, installation, maintenance, spare parts, software upgrades, downtime, and training — giving the full picture of costs and benefits over time.

Cost of Investment

Net Benefit from Automation

x 100

TCO Equation

ROI vs. TCO: Two Manufacturers, Two Different Outcomes

Case Study

Manufacturer A

Buys Automation Equipment

100% depreciation from day one (Yay!)

\$250K+ initial capital investment

Pays for freight and delivery

Handles integrator installation with one-time programming & training

Covers ongoing team training at additional cost

Schedules preventive maintenance at additional cost

Waits for corrective maintenance on SI's schedule → downtime + unexpected cost

Schedules SI on-site and pays extra to program new SKUs

Purchases new equipment when production line changes

Bears full responsibility for system output

ROI looks good on paper → real costs spiral

Manufacturer B

Chooses Formic's Full Service Automation



No upfront CapEx, freeing capital for other priorities

Freight and delivery included

Deployment + optimization handled by experts

Ongoing team training included

Scheduled preventive maintenance included

Corrective maintenance included

Corrective maintenance response within 1 hour

Programming of new SKUs and recipes included

Equipment adapts or swaps as needs change

Formic bears full responsibility for system output

TCO focus = predictable cost + sustained performance

Deployment Timeline for Buying vs. Full Service Automation

Equipment
Purchase

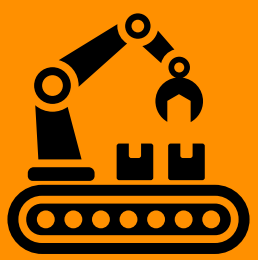
Months to years

Full Service
Automation

Weeks to months

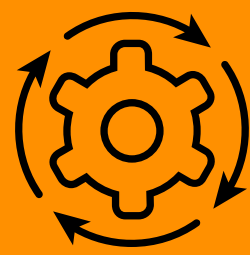


Lowest TCO Is the Full Service Automation Advantage



Automation Systems

Scoped, tested,
programmed &
deployed



Service & Support

Service, support,
parts & contracted
performance



Technology & Software

Productivity
tracking data &
optimization



Flexible & Scalable

\$0 CapEx,
monthly contracts,
swap equipment

Make automation **simple,**
scalable, and risk-free with the
lowest TCO possible.

Start here:

