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# Better capital planning with strategic asset management



Managing the balance between operational expenses and planning for future capital needs can be a difficult and time-consuming task in the world of an operations leader.

Today, organizations are required to ensure day-to-day operations that include both maintenance operations, as well as additional overheads (e.g., utilities, labor, parts, etc.), can be effectively resourced. At the same time, operations personnel need to keep an eye to the future, especially when it comes to planning for capital renewal of the facilities and infrastructure they manage.

**As infrastructure ages, it becomes more complex to balance the day-to-day with the long-term.**

And in a time when your resources are stretched thinner than ever, your ability to plan for the future and maximize your limited budget and resources is critical.

Without careful planning and detailed knowledge of your facilities and infrastructure, it is increasingly difficult to create a budgetary plan that reflects reality. Even with insight into equipment and asset lifecycles, there are many factors that impact how long those assets may last. Unexpected repairs, natural disasters, health and safety concerns, or even changes to federal or industry regulations can all cause even a carefully constructed capital plan to veer off course and your levels of service to suffer.

**Fortunately, as the responsibilities of the operations leader increase exponentially, so does the availability of tools that meet the ever-adapting needs of the position.**

## Asset management challenges

More often than not, it can feel like the operations leader is a master of the balancing act. The push and pull between maximizing operating budgets while keeping a watchful eye 5, 10 or even 20+ years down the road can lead to many complexities. More than anything, operations leaders are expected to get the most they possibly can out of their budget, both in the operational and capital terms.

Short-term, operational costs have the benefit of being somewhat predictable – recurring costs such as utilities and labor can be predicted on a month-to-month basis with some degree of accuracy. Capital budgets, on the other hand, can be more difficult to forecast – and therefore get extra funding for.

**In addition to the long-term nature of such forecasting, capital planning can be affected by the following:**

**Lifecycles:** Each asset has its own lifecycle that you must be aware of. While ideal, these do not always overlap. For example, a chiller can last up to 15 years, while many boilers can last up to 30 years. These discrepancies can turn lifecycle monitoring and capital planning into a data nightmare.

**Changing regulations:** Even if an asset is still functional, changes to federal or industry regulations can leave it outdated for procedural reasons rather than maintenance-related ones. Changes to industry standards may leave older facilities and infrastructure less compliant with a need to retrofit or upgrade sooner than originally anticipated.

**Budgets and funding:** Whether you're dealing with a smaller budget with increased asset needs or you've received federal stimulus funding, budgetary requirements can complicate what you're able to do with capital planning vs. what you would like to do. It's all in how you communicate and justify your resource needs and your plan of getting from the current state to your desired future state.

**Natural disaster / Health and safety:** While not necessarily common, unforeseen circumstances can in some cases have serious budget ramifications. A roof that is damaged in a storm or a road that is affected by a flood can be a source of immediate spending before you are reimbursed for damages by your insurance or FEMA. Health and safety issues, like within a pandemic, can also force you to quickly change priorities.

## Data is knowledge

Making the case for a larger capital budget may seem daunting, but operations leaders are in a unique position. As the on-the-ground personnel, they have the best insight into infrastructure and facility maintenance (and possible replacement or repair) needs.

**One of the most insightful tools operations professionals have at their disposal is condition data about their assets.**

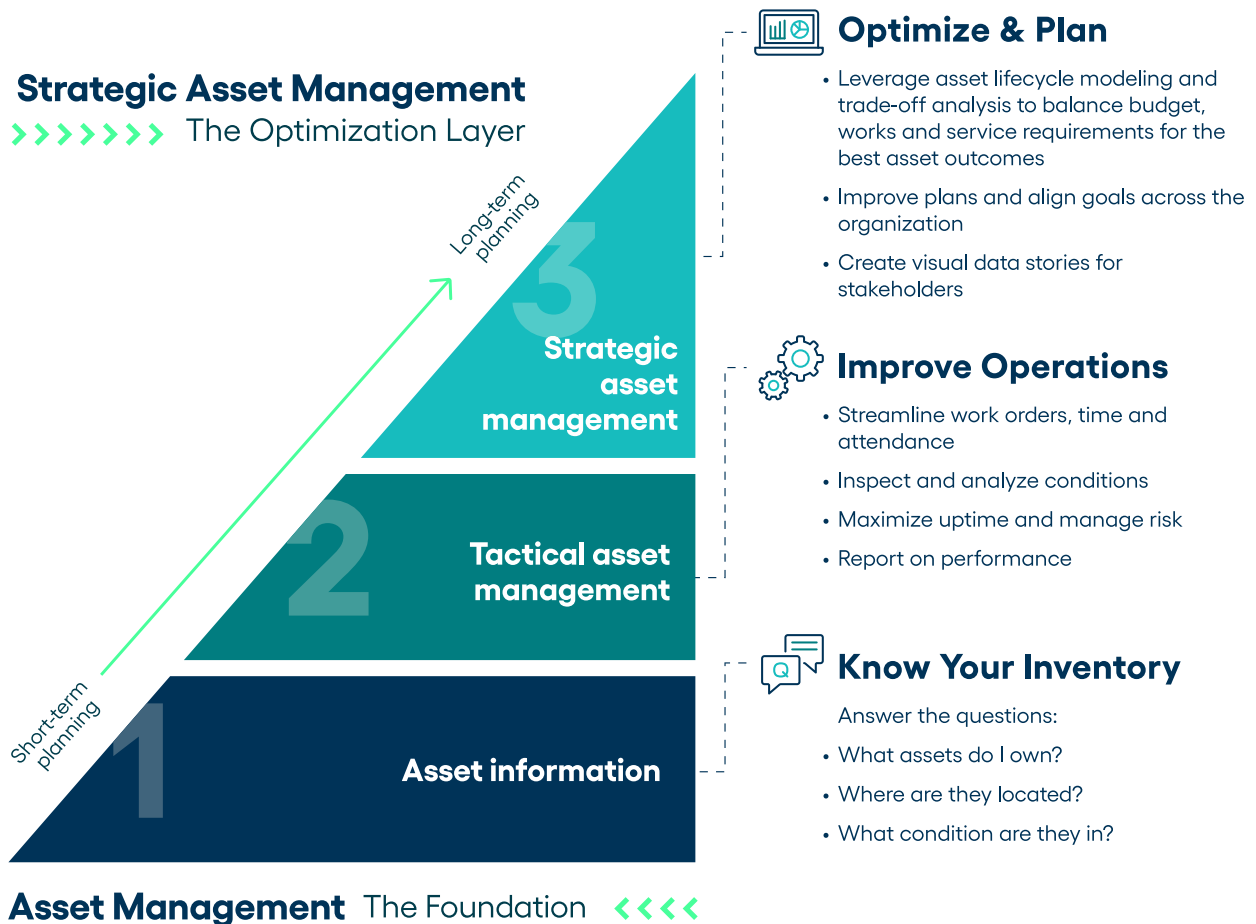
No matter where you are on your asset management journey, a thorough knowledge of the condition and efficiency of essential infrastructure can paint a clear picture of both short-term and future needs.

## What is strategic asset management?

**Strategic asset management** is a proven approach to asset management for the long-term planning of maintenance and operations.

Strategic asset management is a framework that can be used to visualize asset management needs today while also planning 5, 10 and 20+ years into the future. It is an approach that delivers solid, integrated long-term capital works and financial plans that powerfully demonstrate the consequences of today's decisions on tomorrow's infrastructure, facilities and service levels.

Instead of guessing at your asset needs in the future, you can use asset lifecycle modeling as a way to leverage data to make strategic decisions based on your desired future service levels, moving organizations from traditional budget-driven decision-making to a data-driven approach.



Strategic asset management builds on the infrastructure planning you are already doing when it comes to capital planning. By providing a clear picture of future asset conditions and corresponding service levels, this approach enables your organization to make optimal investments today.

## Infographic

Learn about the strategic asset management framework

[Learn more](#)



## Capital planning with the help of your CMMS

Capital planning is an essential practice in operations management. Fortunately, a computerized maintenance management system (CMMS) paired with a strategic asset management tool can help inform this process.

The long-term prediction modeling power of a tool like Brightly's [strategic asset management solution](#) offers operations leaders access to analytics that were not available before. This cloud-based tool, fueled by CMMS data and insights, provides an industry standard for lifecycle modeling for both essential fixed assets, such as HVAC, plumbing and electrical systems, as well as infrastructure like roads and sidewalks and major building components like building envelope.

What's more, where capital planning and maintenance management have historically been difficult to reconcile,



The software gave us quick, actionable insights and a robust, evidence-based forecast of our future actions and spend to achieve pavement condition goals. Importantly, this was done leveraging existing data, efficiently and affordably.

**Jason Peek**

Director of Public Works



emerging CMMS software not only allows for cross-referencing of information but facilitates it. **A CMMS helps track asset condition data, which becomes the essential fuel for your strategic asset management – be that age, condition, cost, service need and/or budgetary numbers.**

## Better capital planning in the real world

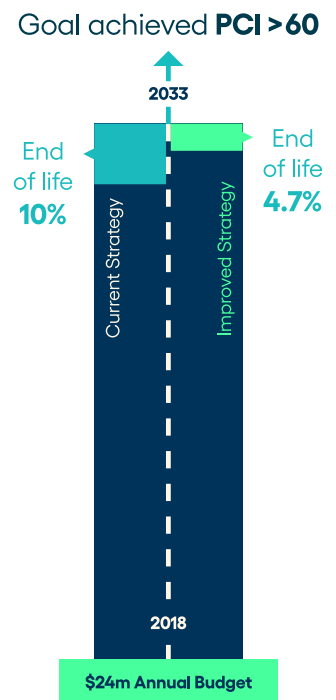
### Topeka, Kansas

**The Challenge:** City of Topeka's Public Works department was tasked with using a 50-cent retail sales tax to fund a pavement renewal project, as well as improving their average Pavement Condition Index (PCI) from 55 to 60 over the next 10 years.

**The Result:** Using our strategic asset management tool, Predictor, Topeka proved:

- They could use their annual budget of \$24 million to improve their PCI and lower the percentage of roads reaching end of life from 10% to 4.7%
- An annual investment of \$31 million would only yield a 3-point improvement in average PCI

[Read their full story](#)



## Rancho California Water District

**The Challenge:** Rancho Water’s meter replacement criteria was dictated by Administrative Code and used standard age and consumption values to determine when to perform water meter replacements. In Rancho Water’s case, the criterion was to replace meters every 15 years, but they weren’t sure if there was a more strategic and efficient way to organize meter replacements.

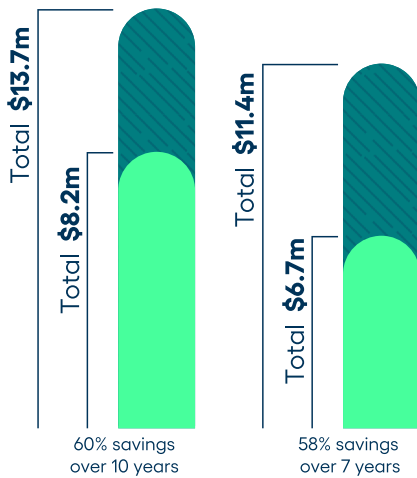
**The Result:** Using “what if” analysis capabilities within Capital Predictor, they were able to prioritize meter replacements and identify:

- 60% savings over 10 years
- An additional savings of \$3.4 million in anticipated wastewater pump station upgrades

[Read their full story](#)

### Featured Results

Quick ROI Realization



## You need a powerful tool to connect asset management to capital planning

With the power of strategic asset management software shaping your capital plan, you can:

- Optimize your capital investment plan
- See the future now with modeling for 5 to 20+ years into the future
- Compare funding strategies to see different impacts to services
- Visualize your story of current resources and future needs to unite your stakeholders
- Drive decisions with your asset data connected to your strategic goals

[Learn more about capital planning](#) with the help of capital predictor



Our results really turned for the better once we started using Capital Predictor and adopted a lifecycle approach to our long-term strategic asset management strategies.

**Jeff Kirshberg**  
Water Resource Manager



## About Brightly Software

Brightly, the global leader in intelligent asset management solutions, enables organizations to transform the performance of their assets. Brightly's sophisticated cloud-based platform leverages more than 20 years of data to deliver predictive insights that help users through the key phases of the entire asset lifecycle. More than 12,000 clients of every size worldwide depend on Brightly's complete suite of intuitive software – including CMMS, EAM, Strategic Asset Management, IoT Remote Monitoring, Sustainability and Community Engagement. Paired with award-winning training, support and consulting services, Brightly helps light the way to a bright future with smarter assets and sustainable communities. For more information, visit [brightlysoftware.com](https://brightlysoftware.com)

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