

The Payback Period and ROI of a Laevo Exoskeleton within in the Horticulture

The purpose of this article is to give a better insight on the Payback Period and the Return on Investment (ROI) of the Laevo FLEX that can be expected within the Horticulture. In other words, when will the original cash investment be earned back and what return on this investment can be expected for the future?

Background

With over 24 years of experience, Ard is a seasoned entrepreneur in hydrangea nursery. Although he has a strong focus to deliver the best quality products, there is one thing that is more important to him: employee wellbeing. His team consists of approximately ten people and when two of his employees showed lower back pain in the past year, impeding not only their work but also their personal life, he decided to do something about this. After seeing and trying the Laevo on a fair he decided to purchase. The results were instant. Not only impacting the Quality of Work but also worker happiness. Why did Ard purchase a Laevo exoskeleton and why would he advice other horticulture entrepreneurs to do same?



Increased flexibility it the true gamechanger

It is important to understand that for Ard there was no incentive on payback period or ROI. For him it was just the right thing do. If an exoskeleton can reduce lower back pain and increase the Quality of Life of his workers, then that is something he should do. However, now he is using the Laevo he does experience the financial benefit from the purchase. Although the prevention of lower back pain and the a reduction of absenteeism cost have some influence on the Payback Period and ROI of the Laevo Exoskeleton, it is actually the increased flexibility that's the true gamechanger.

The physical "Peak moments"

Every year there are four "Peak moments" with respect to the more heavy physical labour.

1. Preparing sales orders in May. The field must not only be emptied, but also filled again.
2. Pruning Deadline. Everything must be pruned before mid-August, to ensure blooming.
3. Harvest period in October is physically demanding.
4. Preparing sales orders in for Christmas. The field must not only be emptied, but also filled again.

Automation?

Major competitors are in the retail sector and supply ten million units per year, often only one or two types. This makes it easier for them to automate/robotize. Ard's company supplies approximately half a million units per year, consisting of 30 different varieties. This requires different approaches per plant, different potting dates and therefore also different pruning times.

Advantage of the Laevo FLEX

With the Laevo FLEX we can produce for longer with the same people. Tasks we could sustain for two hours only, we can now do for four hours per day. Where we normally needed three persons, now one person can do the job and deliver everything with good quality. On top of that, there is no need to hire new (temporary) employees, saving about 1.000 training hours to reach the motoric skills for optimal production.

The Payback Period and ROI

The annual revenue of a horticulture company is actually defined by how well you can handle the "peak production" moments. For example, an absent key employee due to lower back pain in the weeks of harvest or pruning it can significantly impact the annual production. The Laevo FLEX as a preventive measure reduces the risk of back problems and absenteeism. On top of that, if an employee drops out, others can compensate, because it's possible to handle more load and increasing the productivity when wearing the Laevo FLEX. Taking into account that a single Laevo FLEX costs approximately €4.500, and can be used for at least three years, then the following calculations can be done for the Payback Period and ROI:

Payback Period. A 1% productivity loss on an annual revenue of €2 million equals a loss of €20.000. If an annual loss of €20.000 over a year is prevented by the purchase of an The Laevo FLEX of €4.500, the payback period equals **3 months**.

ROI. If a loss of €20.000 is prevented for three years in a row (the minimum lifetime of the Laevo FLEX), the Return On Investment equals $3 \times €20.000 / €4.500 \times 100\% = 1333\%$