

**NUCLEUS
RESEARCH**

CASE STUDY E73
July 2004

ROI ANALYSIS YOU CAN TRUST™

ROI Case Study: ePeople Anonymous

THE BOTTOM LINE

The company deployed ePeople to better track, record, and manage customer support calls. By integrating ePeople with Siebel, the company has increased the productivity of employees involved with customer support and has improved service to clients.

ROI: 81%

Payback: 2.10 years

THE COMPANY

The Company provides the standard system for installing software on millions of PCs around the globe. Today, the company continues to enhance that standard, providing independent software vendors (ISVs), corporate developers, and systems administrators with solutions for better managing the full lifecycle of each application, across all major operating systems and technologies. The company's customers span every industry, from multi-national corporations to small businesses.

THE CHALLENGE

The company was using Siebel to track customer records, but needed a better way to track customer support calls. Support teams in India, the United Kingdom, and the United States were responsible for resolving customer support requests, and each site had its own system for tracking requests. This presented a number of challenges:

- High administrative overhead. Requests for support would come in from a variety of sources including e-mail and telephone, and administrative staff would have to manually route them to a support representative.
- Lack of collaboration. If support representatives needed help from another department to resolve a support request, they had to seek out that person — and had no way to track collaboration in a way that was visible to the customer or a support manager.
- Lack of management visibility. Support team managers had to manually track support volumes and individual team members' workloads; any reporting was done manually.
- Underutilization of support representatives. Because of limited visibility into actual representatives' workloads, some support team members were underutilized while others were overloaded with complex requests.
- Inconsistent escalation. Frontline customer service staff didn't have a clear path for escalating support requests. Customer support requests would come in from a variety of channels and would then be manually routed.

The company needed a central place to track information and track what support requests were going to different support

representatives. It also needed a centralized information source for customer support information so support representatives could rapidly respond to questions instead of searching for information or recreating responses.

THE STRATEGY

The company looked at a number of options including Island Data, Right Now, and other Siebel components, and ultimately chose ePeople because:

- The technology was relatively easy to use and straightforward to integrate with other applications.
- ePeople provided a point solution to solve a particular problem, rather than a complex suite.
- ePeople's relatively smaller size meant they were focused on providing the services to meet the company's unique needs.

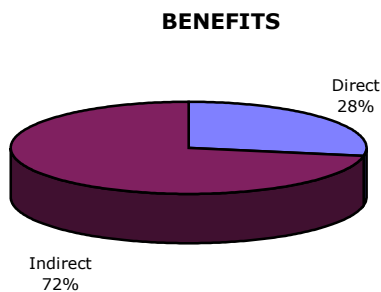
The deployment team started working with ePeople in the third quarter of 2003, and was able to complete the initial integration between Siebel and ePeople in half a day. The rollout of the solution was completed in six weeks, which was considered a particularly aggressive project plan.

Training for the deployment was initially a half-day session conducted by ePeople; the deployment team also developed internal documentation to support users and conducted a number of brown bag lunches. Today, the company has approximately 90 users in the United States and India. As deployment continues, the team plans to provide functionality for users in the United Kingdom and further develop the knowledge base, search functionality, and integration with Microsoft Outlook, planning to roll out most additional functionality by the end of 2004.

KEY BENEFIT AREAS

The Company is using ePeople as a central artery for storing and accessing all information relating to customer support calls and as a means to standardize request routing and support processes. As a result, employees are able to handle support more efficiently, management has greater visibility into customer issues, and customers can enjoy a high level of service. Key returns from the deployment of ePeople include the following:

- Reduced queue management time. Administrative staff is now able to immediately determine where to route customer calls, saving approximately 1.5 hours daily that they previously spent on manually routing customer calls to support representatives. With more refined search and collaboration tools in years 2 and 3, the time savings are expected to go up.
- Increased productivity of product manager. ePeople saves one product manager several hours every week because he now has immediate visibility into data on customer issues — information that he formerly had to gather from various channels.
- Reduced IT support time. IT staff now save approximately 200 hours every year in support time, because administrative and



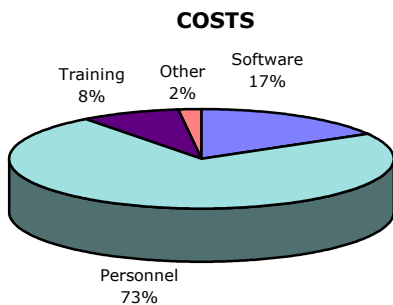
3-YEAR TOTAL: \$375,013

customer support staff are better equipped to handle customer calls and archive customer records with ePeople.

- Increased user productivity. In the second and third years following deployment, the company plans to refine the search tools available within ePeople. As a result, the power users of the system will be able to save time on a regular basis by easier access to information.
- Avoidance of additional customer support staff. In the absence of ePeople, the company would have had to grow its customer support staff at a faster rate than it does now. To cope with the same volume of calls across all support centers, the equivalent of one customer support FTE would have been needed.
- Improved reporting. Once the company adds additional reporting functionality to ePeople, it will be able to improve the collection of metrics and measurement and increase the efficiency with which reporting is done.

KEY COST AREAS

Key costs included personnel, software, and training. Personnel made up the largest cost category, accounting for 73 percent of total project costs. This is not surprising, considering that the company used its own internal personnel for all deployment and support activities. Software costs for ePeople made up 17 percent of 3-year costs. Training and travel costs made up the remainder of the company's investment.



3-YEAR TOTAL: \$241,050

LESSONS LEARNED

The company took a phased approach to its deployment, focusing first on building a scalable communications infrastructure and then adding functionality and components such as integration with applications other than Siebel and full utilization of the knowledge base and search functions – ensuring that users could comfortably use the system before steepening the learning curve. Further development plans, such as integration with the bug tracking system, will add additional benefits.

The deployment team also found that, despite the turnkey nature of the application, some additional work was needed to develop reports from the data captured in ePeople. It expects to invest in additional work on developing reports as the deployment is completed.

CALCULATING THE ROI

Nucleus quantified the costs of software, hardware, consulting, personnel, training, and other investments over a 3-year period to quantify the company's total investment in ePeople.

The key direct benefit calculated was the expected avoidance of hiring the equivalent of one customer support FTE. Indirect benefits including reduced queue management time, reduced IT support time, faster data access for the product manager, and reduced search time for power users were calculated based on the

average fully loaded cost of various employees. Time savings listed above were multiplied by a productivity correction factor to account for the inefficient transfer of time from time saved to additional time worked. Benefits not quantified include the benefit from improved reporting and collection of metrics.

SUMMARY

Project:	ePeople
Annual return on investment (ROI)	81%
Payback period (years)	2.10
Net present value (NPV)	30,495
Average yearly cost of ownership	80,350

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	52,000	52,000
Indirect	0	29,303	98,105	143,605
Total Benefits Per Period	0	29,303	150,105	195,605

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	25,000	5,000	5,000	5,000
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	43,200	49,600	41,600	41,600
Training	20,050	0	0	0
Other	5,000	0	0	0
Total Per Period	93,250	54,600	46,600	46,600

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
Net cash flow before taxes		(25,298)	103,505	149,005
Net cash flow after taxes		(12,649)	51,753	74,503
Annual ROI - direct and indirect benefits				81%
Annual ROI - direct benefits only				-16%
Net present value (NPV)				30,495
Payback (years)	2.10			
Average annual cost of ownership		147,850	97,225	80,350
3-year cumulative ROI	65%			
3-year IRR	38%			

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the application profiled in the accompanying case. Financial modeling tool, format, and methodology copyright Nucleus Research Inc., all rights reserved.