

**NUCLEUS  
RESEARCH**

CASE STUDY F1  
January 2005

ROI ANALYSIS YOU CAN TRUST™

## ROI Case Study: Microsoft CRM Go Software

### **THE BOTTOM LINE**

GO Software deployed Microsoft CRM integrated with an existing Great Plains deployment to replace its old contact management system while improving process management, sales force productivity, and customer service.

**ROI: 529%**

**Payback: 2 months**

### **THE COMPANY**

GO Software, Inc. develops and markets payment processing software. GO Software customers range from small to large businesses that operate as retailers, mail-order and telephone-order companies, and Internet marketers.

### **THE CHALLENGE**

Up until the end of 2003, GO Software had used ACT! for Lotus Notes and Great Plains, but the two systems weren't integrated. Lack of integration meant orders and contacts had to be entered twice and as the contact database grew, GO started to have problems with performance and scalability. By spring 2003, the ACT! solution was crashing about once a week and the company found that even an hour per week had a significant impact on sales and product support productivity, so it started to look for a different solution.

### **THE STRATEGY**

At first glance, GO wasn't interested in using Microsoft CRM because it was an early release and GO expected it would have challenges until later versions were available. The company was considering another CRM application from Soffront because of its flexibility. However, given its clear integration needs, GO reconsidered the future of Microsoft CRM and how it could meet both the present and future needs of the company. Based on Microsoft CRM's ability to integrate with Great Plains and other applications, the SQL database support, and the ability to rapidly customize screens to reduce order entry time, GO selected Microsoft CRM.

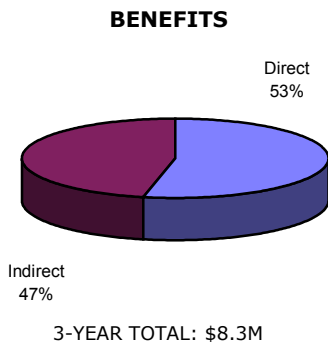
After selecting Microsoft CRM, GO started looking for a company to help it implement the solution. It found Customer Effective, a Microsoft VAR that had experience in implementing solutions, and began the project in April 2003.

Working with internal personnel as well as a team of Customer Effective developers, GO worked first to map existing processes and practices to the new solution and determine changes that needed to be made. Then it developed a custom order-entry interface that

pushes new records into Great Plains and then pushes them back into Microsoft CRM.

The new application was easier to use and less time consuming than the previous manual process, but GO recognized it still needed to invest in training to ensure that employees would rapidly and effectively adopt the new solution. GO had two rounds of training for power users and then relied on a "train the trainer" scenario to provide tactical on-the-job training for the broad user base across the organization. Today, the application is used by almost 100 employees and GO expects that number will grow as more users are trained and given access.

The application supports order entry as well as tracking of sales calls and customer information, Web-based customer support, sales forecasting and planning, marketing, and analytics. GO expects to achieve more value from the application over time as a key part of its strategy was to hire an ongoing developer with extensive Microsoft experience to expand the application as the company's needs grow and change.

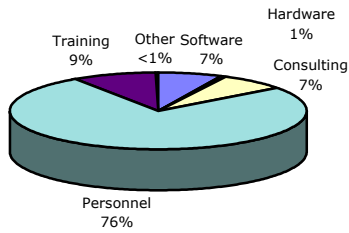


#### KEY BENEFIT AREAS

Deploying Microsoft CRM and integrating it with its existing Great Plains application has enabled GO Software to reduce system downtime while increasing employee productivity. Key benefits achieved include:

- Increased sales force productivity. Reducing the time required to manually enter orders in two systems, search for information, and verify information is correct has enabled GO to increase sales force productivity and avoid the hiring of additional sales people.
- Reduced time correcting errors and omissions. Integration of data between the database, Great Plains, and Microsoft CRM systems enables the company to reduce time correcting errors and omissions and reduce the time and effort managers must spend resolving any questions about conflicting data.
- Increased marketing productivity. Rapid access to customer profile and other information as well as analytical tools enables marketing to build more effective lead generation and other campaigns in less time.
- Reduced customer call support costs. Better access to information in the call center and more self-service information available via the Web has reduced calls to the call center while reducing the time for call resolution.
- Improved visibility and analysis of customer trends. Analytical tools enable managers to drill down into customer information for better forecasting and planning.
- Increased customer satisfaction. Access to self-service information as well as better sales follow-through and customer service has increased GO Software's customer satisfaction.

## COSTS



3-YEAR TOTAL: \$1.04M

## KEY COST AREAS

Personnel made up the largest share of GO Software's CRM deployment, largely because the company used the deployment as an opportunity to plan and streamline processes. Training made up the next largest area, because the company invested in significant training time for employees to make sure they could effectively adopt the new solution. Other costs included development of a standard operating procedures guide to provide employees with a reference for new practices.

## LESSONS LEARNED

One of the challenges GO found in integrating its applications was the linkage provided by Microsoft BizTalk Server between Microsoft CRM and SQL Server. A more customized link might have made data integration go more smoothly between the two applications and is likely to be a future improvement as Microsoft continues to refine its CRM offering.

GO also found that reliance on an integrated solution with low ongoing costs could help it to keep on target while managing with a leaner sales and marketing force than it had had in the past. The company found it was able to avoid hiring sales and sales support personnel and increase revenues because of improved processes.

## CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, training, and other investments over a 3-year period to quantify GO Software's total investment in Microsoft CRM.

Direct benefits calculated included avoidance of hiring costs for both sales and sales support personnel as well as increased profits. Indirect benefits included increased customer support and marketing personnel productivity and increased customer satisfaction.

### Corporate Headquarters

Nucleus Research Incorporated  
36 Washington Street  
Wellesley, MA 02481  
United States  
+1 781 416 2900

### Europe, Middle East, and Africa

Nucleus Research EMEA  
17A rue Pavée  
75004 Paris  
France  
+33 1 42 77 75 38

**SUMMARY**

Project:	<b>Microsoft CRM</b>
Annual return on investment (ROI)	<b>592%</b>
Payback period (years)	<b>0.17</b>
Net present value (NPV)	<b>2,721,834</b>
Average yearly cost of ownership	<b>347,496</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	1,479,000	1,479,000	1,479,000
Indirect	0	1,357,981	1,379,831	1,139,481
<b>Total Benefits Per Period</b>	0	2,836,981	2,858,831	2,618,481

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	6,000	0	0	0
<b>Total Per Period</b>	6,000	0	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	1,200	1,200	1,200
<b>Total Per Period</b>	0	1,200	1,200	1,200

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	45,000	9,300	9,300	9,300
Hardware	0	0	0	0
Consulting	75,000	0	0	0
Personnel	275,000	171,600	171,600	171,600
Training	24,923	72,308	0	0
Other	1,558	0	0	0
<b>Total Per Period</b>	421,481	253,208	180,900	180,900

<b>FINANCIAL ANALYSIS</b>	<b>Results</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes		2,583,774	2,677,931	2,437,581
Net cash flow after taxes		1,292,487	1,339,566	1,219,391
<b>Annual ROI - direct and indirect benefits</b>				<b>592%</b>
Annual ROI - direct benefits only				294%
<b>Net present value (NPV)</b>				<b>2,721,834</b>
<b>Payback (years)</b>	<b>0.17</b>			
Average annual cost of ownership		680,688	430,794	347,496
3-year cumulative ROI	1256%			
3-year IRR	597%			

**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.