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## **ROI CASE STUDY MICROSOFT CRM HUMAN-I-TEES**

### **THE BOTTOM LINE**

**Human-i-Tees deployed Microsoft CRM and integrated it with Great Plains to avoid the costs associated with upgrading its Siebel solution, enabling greater flexibility and reduced ongoing consulting and support costs.**

**ROI: 140%**

**Payback: 6 months**

### **THE COMPANY**

For the more than 15 years, Human-i-Tees has provided turnkey fundraising solutions to schools and civic organizations across the United States. During this time, Human-i-Tees has earned the reputation as a leader in its industry by offering innovative solutions and services that help schools, children, and communities. Since 1990 the company has helped more than 65,000 groups raise more than \$80 million. Human-i-Tees is passionate about making a difference in the lives of children, and donates a portion of its profits from every fundraiser to socially responsible organizations.

### **THE CHALLENGE**

In early 2003, Human-i-Tees was at a technology crossroads. It had used Siebel for a number of years but had skipped several upgrades and needed to decide between upgrading its Siebel solution and moving to another platform. Although it had successfully used Siebel functionality to track sales, there was a lot of other functionality in the Siebel solution that it wasn't using.

Human-i-Tees had integrated Siebel with Great Plains, which was used for order management, and support had been provided for both solutions through a partnership between Siebel and Microsoft. However, the company was beginning to have challenges with the integration, and with Microsoft's launch of its own CRM solution, the support agreement had changed. Human-i-Tees had the choice between upgrading Siebel and upgrading to Microsoft CRM.

To stay with Siebel, Human-i-Tees would have to upgrade to the latest version, re-integrate it with Great Plains, and move to an ongoing Siebel maintenance contract.

### **THE STRATEGY**

Human-i-Tees considered Microsoft CRM but was concerned that early versions of the solution didn't include call campaign functionality. It also considered upgrading

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Siebel, but after attending a Siebel training seminar decided to move to Microsoft CRM for the following reasons:

- Microsoft CRM would enable the IT staff to make changes as needed without contracting with outside consultants or the vendor, allowing the flexibility that Human-i-Tees needed to support its evolving business.
- The ongoing licensing and support costs for Microsoft CRM were less than that of upgrading Siebel.
- Human-i-Tees felt the Microsoft tech support service was more accessible and helpful than that of Siebel.
- Microsoft was a closer fit in terms of depth and breadth of functionality than Siebel.

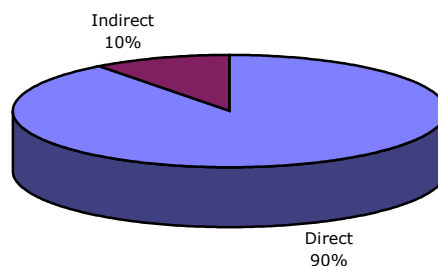
In summer 2003 Human-i-Tees had Microsoft Business Solutions' partner Interdyn- AKA help develop hardware specifications to support the deployment. Because Microsoft CRM was relatively new at that point, the company wanted to use Microsoft consultants directly to ensure that they would get the best experience and guidance on performance, server speed, and other factors impacting the success of the deployment. Human-i-Tees and Microsoft completed a basic installation of the software in October 2003 and began work on customization, integration with Great Plains, and migrating the data from Siebel.

The system went live in August 2004, and is integrated with Great Plains to support Human-i-Tees sales force and order management.

### **KEY BENEFIT AREAS**

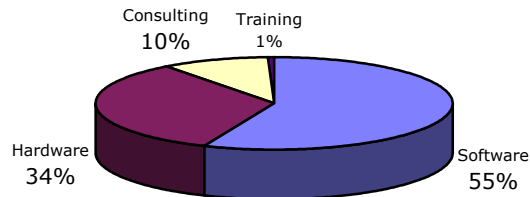
Deploying Microsoft CRM integrated with Great Plains has enabled Human-i-Tees to continue to grow its business and increase sales performance. Because the solution can be adapted by the company's IT staff as business needs change, it can rapidly support new business initiatives or sales strategies. Key benefits of the solution include the following:

- Improved technology management. By moving to Microsoft CRM, Human-i-Tees was able to avoid the ongoing costs of license maintenance and consulting that would have been required for Siebel.
- Increased productivity. Integration between systems and a reduction in the number of screens sales people need to view to enter and process orders reduces the time to manage each customer.



### KEY COST AREAS

Key cost areas for the deployment included software and hardware. The company didn't incur any additional personnel costs to support the CRM system; in fact, deployment of the new solution reduced the IT time needed to support CRM for the company and freed up time for IT to focus on future developments and reporting.



### LESSONS LEARNED

As with any technology change, training and user adoption testing is critical to ensure adoption. Human-i-Tees used a training room during the development and customization process where users could "play" with the application and provide input, so when the solution went live all users already had experience using the system.

The company also spent significant time and effort to develop and test integration and performance of the system before moving users off of the old solution — partly because it was a fairly new solution and documentation was limited. Working with Microsoft consultants that had experience with the code enabled Human-i-Tees to have expert advice and support when questions arose.

### CALCULATING THE ROI

Nucleus calculated the total software, hardware, personnel, consulting, and training costs associated with Human-i-Tees's installation of Microsoft CRM 1.2 and upgrade from Microsoft Great Plains 5.5 to 7.5, as well as the integration between the two systems. Because of Human-i-tees's existing maintenance contract with Microsoft and Siebel, it was able to move to Microsoft CRM without needing to purchase new licenses; however, it did incur ongoing software maintenance costs.

Benefits quantified included the expected savings from being able to use internal personnel to support CRM application changes and customizations, reduced license maintenance costs, and increased productivity of staff members. Increased productivity was calculated based on the time saved by employees and their fully loaded cost per hour, discounted by a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

**SUMMARY**

Project:	<b>Microsoft CRM</b>
Annual return on investment (ROI)	<b>140%</b>
Payback period (years)	<b>0.48</b>
Net present value (NPV)	<b>434,851</b>
Average yearly cost of ownership	<b>146,570</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	795,565	377,600	377,600
Indirect	0	60,060	60,060	60,060
<b>Total Benefits Per Period</b>	0	855,625	437,660	437,660

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	18,180	18,180	0	0
Hardware	147,545	0	0	0
<b>Total Per Period</b>	165,725	18,180	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	3,636	3,636	3,636
Hardware	0	29,509	29,509	29,509
<b>Total Per Period</b>	0	33,145	33,145	33,145

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	1,064	70,000	70,000	70,000
Hardware	0	0	0	0
Consulting	42,174	0	0	0
Personnel	0	0	0	0
Training	2,567	0	0	0
Other	0	0	0	0
<b>Total Per Period</b>	45,805	70,000	70,000	70,000

<b>FINANCIAL ANALYSIS</b>	<b>Results</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes		767,445	367,660	367,660
Net cash flow after taxes		391,205	200,402	200,402
<b>Annual ROI - direct and indirect benefits</b>				<b>140%</b>
Annual ROI - direct benefits only				124%
<b>Net present value (NPV)</b>				<b>434,851</b>
<b>Payback (years)</b>	<b>0.48</b>			
Average annual cost of ownership		299,711	184,856	146,570
3-year cumulative ROI	231%			
3-year IRR	163%			

**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.