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ROI CASE STUDY SALESFORCE.COM HD SUPPLY

THE BOTTOM LINE

HD Supply Facilities Maintenance deployed the Salesforce.com Sales Cloud to support its growing sales organization and provide managers with greater visibility into its sales pipeline. Nucleus found that automating sales processes and providing mobile CRM access helped accelerate the ramp-up time for new sales people and increased the productivity of sales people and managers.

ROI: 750%

Payback: 2 months

Average annual benefit: \$4,438,658

THE COMPANY

HD Supply Facilities Maintenance is a business of HD Supply, one of the largest industrial distribution companies in North America, with more than 80 years of experience with customers in the infrastructure, maintenance, repair and improvement, and specialty construction markets. With approximately 630 locations in 45 states and Canada, HD Supply has approximately 14,000 associates providing supplies and services to contractors, builders, maintenance professionals, and government and municipal entities. HD Supply is privately held by three private equity firms.

THE CHALLENGE

HD Supply Facilities Maintenance had grown fairly rapidly and by 2006 had more than 400 sales people using a variety of methods to track their accounts and opportunities. As the company planned additional growth, the vice president of sales knew that sales leaders needed a better view on a daily, weekly, and monthly basis into the sales pipeline so they could identify coaching opportunities and have a more scalable sales management strategy.

Cost : Benefit Ratio | 1 : 8.0

The company also needed a way to capture more complete information on its accounts so that it didn't lose any ground as sales people were promoted or transferred, and so new sales representatives could be brought up to speed more quickly. Finally, the company wanted to provide sales people with a tool that could be used in the field to streamline the capture of information so sales people could spend more time selling.

THE STRATEGY

Sales management considered a number of CRM applications including SAP CRM, Salesforce, and Microsoft Dynamics CRM, and ultimately chose Salesforce for three main reasons:

- In evaluating the sales force automation functionality, HD Supply Facilities Management felt Salesforce offered the most robust and complete solution.
- Salesforce Chatter and Content capabilities would enable sales people to collaborate and share information and would make it easier for managers to generate and share reports.
- Salesforce's mobile capabilities would enable sales people and field managers to rapidly access and input information when they were away from their desks.

The initial project team of two business users, one business analyst, and a temporary employee spent approximately six months to plan and configure the application and workflows. Because the company had a limited budget, it chose to limit customization. A pilot group of 20 local sales people completed a 3-month pilot which the team used to gather input and further refine how the data would be entered, accessed, and used within the Sales Cloud.

After the pilot was completed, the company took about 8 months to complete the rollout of the Sales Cloud to its sales staff and managers, using a train-the-trainer approach: Area sales managers were brought in for 3.5 days for full training on the application and then trained their sales teams locally.

"Our number one goal was more selling time. With the Sales Cloud, we have greater visibility into information and more timely information, and Chatter helps us quickly get information on new accounts to sales people."

- Victoria Campbell, HD Supply Facilities Maintenance

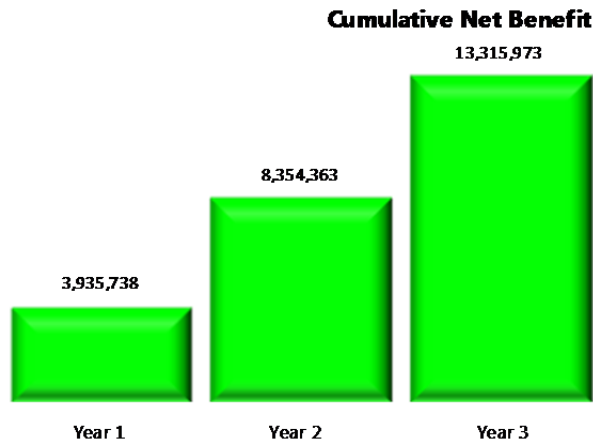
The company completed the initial deployment using only internal staff, but as it gained more experience with the application it identified additional opportunity for benefit and

engaged with Bluewolf, a Salesforce.com partner, to integrate the Sales Cloud with Apttus for contract management and EchoSign for digital signatures in 2011. Today, 450 sales people and 140 sales managers use Salesforce to manage opportunities, accounts, and customer records.

KEY BENEFIT AREAS

Using Salesforce has enabled the company to increase collaboration and visibility across its distributed sales team to increase productivity while reducing customer churn. Key benefits of the project include:

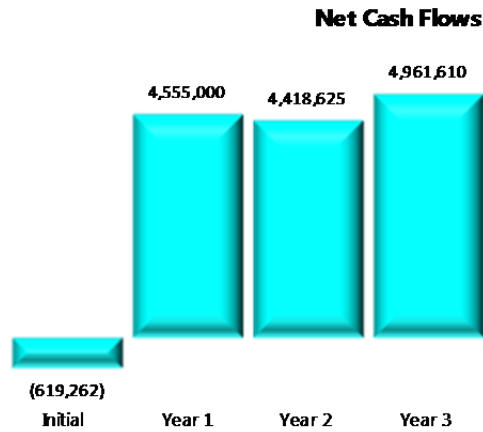
- Increased sales productivity. Sales people use the Sales Cloud, Chatter, and Content to update their account information and access information both at their desks and from mobile devices, so they can spend more time selling.
- Increased manager productivity. Before Salesforce, managers had to manually gather information and generate reports that were then printed out and mailed to local offices. Now the data is updated on a daily basis in Salesforce and reports are generated automatically, giving them timely insights into account status whenever they need it.
- Reduced communications costs. HD Supply Facilities Maintenance has been able to eliminate much of the manual report printing and distribution it was doing before, reducing mail and printing costs.
- Accelerated access to information. Salesforce’s Chatter and Content capabilities enable sales people and managers to more rapidly access timely information, making it easier for new sales people to come up to speed and for managers to transition accounts.



KEY COST AREAS

Costs of the project included software license subscription fees, personnel, consulting, training, and travel costs. Because HDS is geographically distributed, it funded travel for

local area managers to come to headquarters for in-person training so they could effectively train their field staff.



BEST PRACTICES

Because of HD Supply’s limited deployment budget, it chose to do minimal customization of Salesforce before deploying. Ultimately, the company found that limiting customization made adoption easier, because it required sales people to adopt standard processes supported by the software rather than one manager or developer’s view of how the process should be supported. HD Supply also took advantage of the iterative nature of cloud development to make changes over time, such as adding automation capabilities from Salesforce.com ecosystem partners.

CALCULATING THE ROI

Nucleus calculated the initial and ongoing costs of software license subscription fees, consulting, personnel, training, and travel to quantify HD Supply’s total investment in Salesforce. Direct benefits quantified included paper and postage costs eliminated by automating the generation and delivery of reports. Indirect benefits quantified included the increased productivity of sales people and managers and were calculated based on the average annual fully loaded cost of employees.

FINANCIAL ANALYSIS

Salesforce.com

Annual ROI: 750%

Payback period: 0.1 years

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	12,000	12,000	12,000
Indirect	0	5,062,000	5,062,000	5,062,000
Total per period	0	5,074,000	5,074,000	5,074,000

CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	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
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	368,000	459,000	577,000	0
Hardware	0	0	0	0
Consulting	0	0	18,375	52,390
Personnel	120,000	60,000	60,000	60,000
Training	63,762	0	0	0
Other	67,500	0	0	0
Total per period	619,262	519,000	655,375	112,390

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
Net cash flow before taxes	(619,262)	4,555,000	4,418,625	4,961,610
Net cash flow after taxes	(340,594)	2,505,250	2,430,244	2,728,886
Annual ROI - direct and indirect benefits				750%
Annual ROI - direct benefits only				-67%
Net Present Value (NPV)				6,351,014
Payback period				0.1 years
Average Annual Cost of Ownership				635,342
3-Year IRR				733%

FINANCIAL ASSUMPTIONS

All government taxes	45%
Cost of capital	7.0%



NUCLEUS
RESEARCH

By the Numbers

HD Supply Facilities Maintenance's Salesforce project



Annual Return
on Investment **750%**

2.0 months
The total time to value, or
payback period, for the project

Cost : Benefit
Ratio **1 : 8.0**

\$4,438,658
Average annual benefit

THE PROJECT

HD Supply Facilities Maintenance deployed the Salesforce.com Sales Cloud to support its growing sales organization and provide managers with greater pipeline visibility. Nucleus found automating sales processes and providing mobile CRM access helped accelerate new staff ramp-up time and increased sales staff and manager productivity.

THE RESULTS

Increased sales force productivity by 15%
Increased manager productivity by 10%
Reduced communication costs

14 Months
Number of **users: 590**
Total time for HD Supply Facilities
Maintenance to deploy
Salesforce.com

“Our number one goal was more selling time. With the Sales Cloud and Chatter, we have greater visibility into information.”

- Victoria Campbell, HD Supply Facilities Maintenance