

NUCLEUS
RESEARCH

ROI: 421%
Payback: 3.6 Months

X2CRM

SMITH POWER EQUIPMENT

ANALYST

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THE BOTTOM LINE

An agricultural and construction machinery and power equipment importer and distributor deployed X2CRM by X2Engine to modernize its quoting, lead management, and marketing processes. With this system, it reduced the average quote time from over 15 minutes to less than four. For example, over a four-day period, the company fielded over 1,600 inbound customer calls and generated 1,100 quotes; the sales team collectively saved five workdays from this quoting improvement, with an ongoing 10 percent time savings from centralized records and auto-quoting. It has been able to improve customer satisfaction through regular, pointed outreach to reduce churn and drive new business. The company realized a 421 percent ROI and recovered its initial investment less than 4 months after deployment.

THE COMPANY

Smith Power Equipment operates dealerships for agricultural and construction machinery and other power equipment such as generators and recreational vehicles. It is based primarily in South Africa but has locations in other countries throughout southern Africa as well. Managing so many locations it is important that sales teams are able to reconcile prices and offers across all of them to avoid pricing disparities. Nucleus conducted an in-depth interview with the Smith Power Equipment to discuss the costs and benefits of the project.

THE CHALLENGE

The company was previously using a homegrown Excel-based system for managing sales-related data such as contacts, leads, campaigns, opportunities, and quotes. As the company operates dealerships for international brands across multiple countries, the system could not scale appropriately, and it needed improved data management in a unified data format.

Quoting posed a challenge, as on the former system customers at different branches were receiving different price quotes for the same products. Additionally, its lead management procedure was outmoded — leads were delivered via email and often were lost in the shuffle of busy inboxes. Additionally, when a salesperson left the company, their contacts would leave too. The company needed a modern system that could unify all the company data across the branches to standardize quoting and improve lead management.

**Cost : Benefit
Ratio** | **1 : 6.0**

THE STRATEGY

After determining that it needed a new customer relationship management (CRM) system, it considered vendors like SugarCRM and Maximizer Software; however, after both implementations stalled before go-live. It chose X2Engine for its flexibility and unified data model, as well as the low projected cost of implementation. Before changing any processes or installing any software, the company spent nearly two months collecting and inputting customer data into the system. This ensured the practice became standard, and that upon go-live the system was equipped with quality data for decision-making.

The implementation was handled primarily by one agent in three days who installed and configured the software on the company server. It requires minimal upkeep and updates automatically (this low cost of maintenance was one of the key factors in choosing X2Engine). Once the system was ready for use, the sales group received a 20-minute

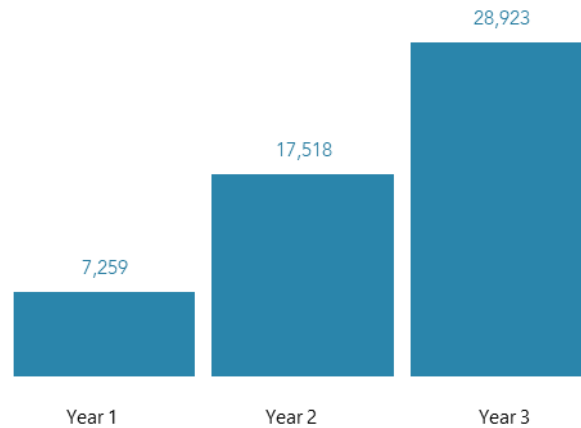
training session, after that a few follow-up questions were handled one-on-one. Overall, the system was reported to be intuitive and easy-to-use.

KEY BENEFIT AREAS

Key benefit areas seen as a result of the X2CRM deployment include time savings on quote generation and regular sales activity, improved lead management and customer responsiveness, and increased visibility to company operations.

- Streamlined quoting process. On the Excel-based system, generating a quote could take up to 15 minutes. With X2Engine, quoting can be completed in under four minutes. This allows sales teams to capture the increased customer interest during periods of high demand. In one case, over a four-day period, the company received approximately 1,600 new customer calls and needed to generate around 1,100 quotes. Using the X2CRM system, with a custom instant quote function, the sales teams were able to keep up with demand and generate quotes on-demand for customers. On the legacy system it would have taken two months to process all quotes, and they may not have been uniform across branch locations due to the lack of centralized data. Additional productivity improvements like having centralized customer records, automated triggers and alerts, and regular reporting result in an average 10 percent time savings per month for each sales agent.
- Improved lead capture and management. Previously, inbound leads were delivered directly to sales agents via email and were often neglected or handled late. With X2Engine, the company created an online module that generated quotes and automatically connected customers with sales agents. Since leads are delivered from within the CRM system (along with alerts and triggers for how and when to reach out to them), they are now handled in a more timely manner. The company now has a 100 percent quote rate within 60 seconds from the customized instant quoting module. Being able to track and standardize customer outreach enables for more coordinated and successful sales outreach and ensures customer satisfaction remains high. This is projected to reduce customer churn and increase upsell rate into the future as the more relationship-based approach matures.
- Increased visibility and new reporting capabilities. Previously, each sales agent maintained leads and customer data on their own devices; there was no centralized location where executives could see a summary of all activities to get a high-level understanding of the state of business. With the X2CRM system, all data is in one place and the company can now generate monthly reports to track sales targets and forecasts that were not possible before.

CUMULATIVE NET BENEFIT



KEY COST AREAS

The software is open-source so that common cost area doesn't apply to this deployment; however, the company pays to host the software on its server and must pay for the resources and IT support to keep the server up and running. The largest cost area are the associated costs of maintaining the servers. Additional cost areas include personnel time spent on the implementation; comprised of the two months of data entry, personnel time spent training sales agents on the system, as well as the time of the agent responsible for executing the three-day implementation itself.

LESSONS LEARNED

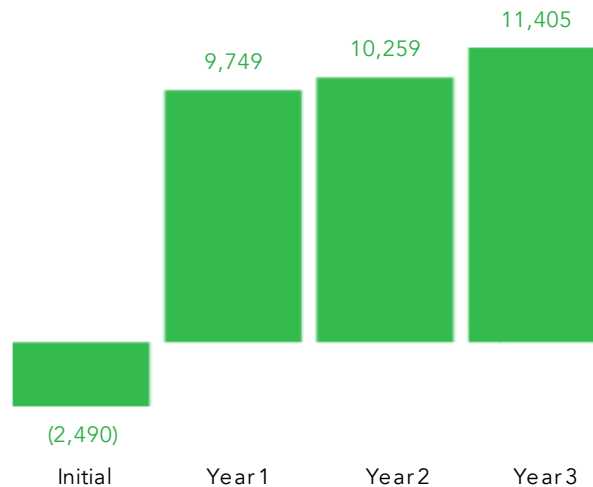
This project highlights the necessity of a modern CRM system for centralizing sales data across multiple locations. Delivering conflicting quotes is a surefire way to confuse and alienate customers and neglecting to respond to leads in a timely fashion is no way to ensure future growth. Smith Power Equipment was proactive about recognizing and addressing these shortcomings and the deployment represented a pronounced step forward for the organization's growth.

With the X2CRM, Smith was able to redesign its sales approach to be more customer centric. For example, it set up event-based triggers to remind sales agents to continuously be reaching out to their accounts and leveraged customer information in the system for targeted offers. Currently the company is working to add a service module to the deployment for managing equipment maintenance and upkeep. One key factor to consider when choosing a vendor is the ease of continued development on the system to add new capabilities and modules. The company was aware it wanted to expand its deployment as it grew and its people became more comfortable on the system, and it knew from the start

the X2Engine would deliver these capabilities. Adding the service module will further increase customer satisfaction and add another potential revenue stream for the company as it can supply after-market parts for upgrades and replacement.

This deployment demonstrates how an organization can effectively implement and manage a modern CRM solution without a complex technology stack. The CRM market has largely been dominated by enterprise players like Salesforce and Oracle which require complex IT infrastructure and third-party software tools to be used most effectively. X2Engine eschews this model in favor of open-source delivery and its products do not require extensive integration with third-party tools to deliver benefits. As more businesses look to digitize their processes (particularly small and medium businesses outside the enterprise sphere), vendors that deliver requisite CRM functionality in an inexpensive and easy-to-manage package will succeed.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify Smith Power Equipment's total investment in X2CRM technology.

Indirect benefits quantified include the time savings for sales agents from automated quoting, centralized records for streamlined search, triggers and alerts to coordinate outreach, and other productivity enhancements brought on by X2CRM. The indirect benefit is multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time spent working.

Benefits not quantified include the improved customer satisfaction, increased operational visibility, and improved lead management practices.

FINANCIAL ANALYSIS

Annual ROI: 421%

Payback period: 0.3 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	0	0
Indirect	0	11,025	11,576	12,155
Total per period	0	11,025	11,576	12,155

COSTS - 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

COSTS - DEPRECIATION	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

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	990	1,026	1,067	750
Consulting	0	0	0	0
Personnel	1,000	250	250	0
Training	500	0	0	0
Other	0	0	0	0
Total per period	2,490	1,276	1,317	750

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(2,490)	9,749	10,259	11,405
Net cash flow after taxes	(1,370)	5,362	5,642	6,273
Annual ROI - direct and indirect benefits				421%
Annual ROI - direct benefits only				-45%
Net Present Value (NPV)				13,690
Payback period				0.3 years
Average Annual Cost of Ownership				1,944
3-Year IRR				394%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.