



December 2007

Document **H98**

ROI CASE STUDY ACT! UCSC

THE BOTTOM LINE

By installing Sage Software's ACT! contact and customer management application, UCSC was able to close more sales, boost user productivity, and improve pipeline activity reporting.

ROI: 947%

Payback: 4 months

THE COMPANY

UCSC is a Phoenix-based manufacturer and supplier of high performance insulation, roofing, and coating products. Its clients include custom home builders, facilities managers, and architectural contractors. Additionally, UCSC provides a full line of specialized equipment, replacement parts, and tools to support its existing customers. UCSC also offers certification and training courses to educate new contractors.

THE CHALLENGE

UCSC sells in a highly competitive construction market. Seasonal changes and weather limit the time for building, leaving the company a relatively narrow window to sell its products. Moreover, UCSC competes with low-priced rivals, which reduces its profit margins. It also spends heavily on marketing to generate sales leads. To get the most return on this investment, its selling success is critical. However, historically, the company relied on manual sales processes, with the staff keeping customer data in paper files or Excel. UCSC never collapsed the information into a single repository, and there was no formalized process to keep the data accurate and up-to-date or ensure its availability. Additionally, there was no reliable way for UCSC to measure the payback on its marketing campaigns. Worsening the situation, each time a sales person left the company, there was the risk they would take critical customer information with them. The data loss cost an estimated \$1.8 million in missed sales each year.

Three years ago, the company decided to purchase a contact and customer management system to standardize its processes. The application needed to fit certain criteria, such as:

- Keep all customer related data safely and permanently in one place.
- Let managers see the sales pipeline, create comprehensive reports, and measure the ROI for every marketing campaign.
- Let sales people view appropriate customer data in their own territories.

RELATED RESEARCH

- H95 Guidebook: Sage ACT!
- H77 Guidebook: Sage SalesLogix
- H81 Sage SalesLogix ROI case study – Mortgage Lenders of America
- F73 Sage SalesLogix ROI case study – Big River

- Allow sales people to know what daily tasks to perform.
- Enable multiple employees to collaborate around a single account when necessary.
- Let mobile sales people work offline.

THE STRATEGY

In 2004, the company decided on the ACT! contact and customer management application. The decision was based on a number of reasons:

- Ease and speed of installation. UCSC hired a consultant to do the implementation and hosting of ACT!. With the marketing manager working closely with the consultant, the initial rollout itself was rapid and easy, taking about 90 days.
- Low maintenance cost. ACT! has proven to be relatively inexpensive and easy to maintain. The company pays a flat fee per quarter for technical support. The marketing manager acts as the internal administrator, making sure the system is running, the information is up-to-date, and the reports are run properly.
- Interface flexibility. The ACT! interface is configured or customized based on UCSC's own marketing and sales goals.
- Lead and activity management. ACT! provides basic lead management, so that customer data is maintained permanently. The system also presents sales people with activities to perform on a daily basis, such as a follow up call to a prospect.
- Reporting. ACT! allows UCSC management to measure all sales and marketing opportunities on a daily basis around very specific criteria. All sales can be viewed through the opportunity tab.
- Deployment flexibility. In-house sales people access ACT! via a Citrix thin client network. The remote UCSC sales team members each carry a lightweight copy of the ACT! database on their own hard drives and synchronize the data via an Internet connection.
- Desktop integration. UCSC sales people easily export data into Microsoft Word and Excel for analysis or mail merges.

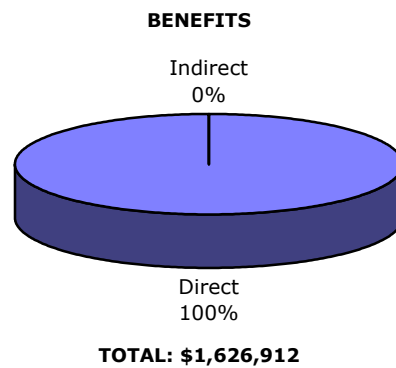
KEY BENEFIT AREAS

ACT! ensures that all leads are kept securely in a central database, sales people are conforming to set processes, and opportunities are monitored and measured.

There are several key benefits:

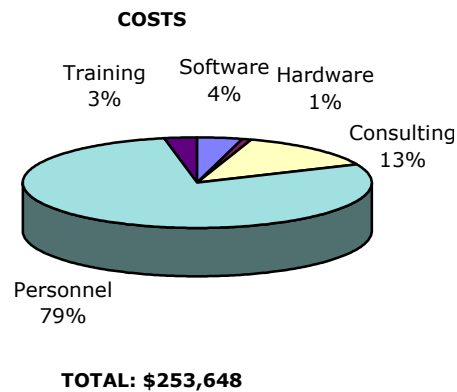
- Increased sales revenue. Since installation, ACT! has helped raise UCSC's sales by the double digits. Leads are maintained and sales people are consistently following the right procedures, resulting in more sales. UCSC also collaborates with its contractors by sharing leads. ACT! has contract referral generation and tracking capabilities, allowing sales people to manage the lead sharing process with contractors and measure the program's success.
- Ease of data access. UCSC configures fields in ACT! according to the type of lead for easy retrieval. For instance, the lead can be defined by the year or month it was created. ACT! also allows users to access information via product type.

- Improved sales and marketing activity reporting. ACT! shows what opportunities are in the sales pipeline and which regions are the most productive. Staff can see which leads are active and which are inactive and take steps to close all outstanding sales opportunities. Sales people can link an opportunity to a marketing campaign to measure marketing ROI. Simultaneously, ACT! security prevents one sales person from accessing someone else’s account data inappropriately.
- Enhanced user productivity. Prior to ACT!, a lead might lie inactive in a sales person’s e-mail or on their desk and left untouched. ACT! doesn’t permit this. The system presents an activity schedule to sales people to guide them. A lead is systematically managed and tracked from the handoff to a sales person until the close. Administrators also have reduced the time it takes to create monthly reports from 32 hours to 15 minutes.



KEY COST AREAS

The primary deployment costs were for licenses, internal administration, and implementation and hosting fees. UCSC pays a flat hosting fee of a few thousands per quarter to its partner, DesignR1 Software. After the initial go-live, the marketing manager devoted 30 hours a week for six months to support ACT!. For the next six months, that was reduced to 15 hours a week. Currently, it requires 10 hours per week of maintenance. Additionally, ACT! training required 24 hours for 12 employees. The project costs increased last year when UCSC installed a Crystal reporting tool from Business Objects.



LESSONS LEARNED

At UCSC, the ACT! rollout succeeded because it was treated as a long term process and not as a quick implementation. Additionally, UCSC spent time understanding the objectives it wanted to achieve with ACT! and configuring the software to support them. For instance, during the first year, the company began loading up its customer data and configuring the activities capabilities in the application to support basic customer-facing tasks. The next year, it started creating custom sales reports. Today, ACT! continues to evolve with the company. Moreover, locating the appropriate partner requires research and referrals – UCSC found its original partner and network inadequate for its needs. Subsequently, UCSC switched to its current partner, with whom it has worked closely ever since to maintain or modify ACT! as needed.

CALCULATING THE ROI

Nucleus calculated UCSC's costs for software, personnel, hardware, and training over a three-year period to quantify its investment in ACT!.

Direct benefits calculated were primarily from increased sales volume. Sales leads were centrally maintained and the system imposed discipline throughout the organization to ensure that every contact was properly handled. Indirect benefits included increased productivity for sales personnel who could easily look up leads and had an activities calendar that presented their tasks. ACT! also accelerated report generation, and allowed management to rapidly get accurate information from the sales pipeline and make decisions accordingly.

Nucleus Research is a global provider of investigative technology research and advisory services. Building on its unique ROI case study approach, for nearly a decade Nucleus Research has delivered insight and analysis on the true value of technology and strategies for maximizing current investments and exploiting new technology opportunities. For more information or a list of services, visit NucleusResearch.com, call +1-781-416-2900, or e-mail info@NucleusResearch.com.

DETAILED FINANCIAL ANALYSIS

UCSC

SUMMARY

Project:	ACT!
Annual return on investment (ROI)	947%
Payback period (years)	0.31
Net present value (NPV)	481,168
Average yearly cost of ownership	84,549

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	252,000	486,080	888,832
Indirect	0	0	0	0
Total Benefits Per Period	0	252,000	486,080	888,832

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware		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	3,152	5,601	1,500	600
Hardware	2,000	0	0	0
Consulting	1,950	13,800	10,700	7,525
Personnel	35,100	70,200	46,800	46,800
Training	7,920	0	0	0
Other	0	0	0	0
Total Per Period	50,122	89,601	59,000	54,925

FINANCIAL ANALYSIS	Year 1	Year 2	Year 3
Net cash flow before taxes	162,399	427,080	833,907
Net cash flow after taxes	81,199	213,540	416,954
Annual ROI - direct and indirect benefits			947%
Annual ROI - direct benefits only			947%
Net present value (NPV)			481,168
Payback (years)			0.31
Average annual cost of ownership			84,549
3-year IRR			439%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%