NUCLEUS RESEARCH

PROVING THE PRODUCTIVITY IMPACT OF KM AND CRM

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ABOUT NUCLEUS RESEARCH

- Leader in measuring the value of technology
- Leader in evidence-based ROI analysis
- More than 600 published case studies
- Founded in 2000, Boston HQ
- Primary clients: business decision makers

NASBA
National Association of State Boards of Accountancy
Registration #108024

LET'S TALK ABOUT…

- KM and CRM evolution … and blending
- Projecting benefits
- Understanding direct and indirect benefits
- The truth about productivity
- Making it work
- Case examples

Where have we been…

1975

1977

1977

1982

1982

1982

1983

1984

1984

1987

1988

1989

1992

1992

1994

1996

1996

2003

2007


The New York Times
Kindle Edition, 2007 © The New York Times Company
Sections List
FRONT PAGE
Bush Clashes With Congress on Prosecutors | The president and Congress appeared headed toward a showdown over demands for White House documents and advisers' testimony.
Doctors' Ties to Drug Makers Are Put on Close View | Minnesota records provide a window on the financial ties between drug companies and the doctors who prescribe their products.
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2007

2012


Raspberry Pi
(C)2011
P1
P2
TP1
TP2
IC2
IC3
D1
D2
D3
C1
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R14
R15
R16
R17
R18
RG1
RG2
RG3
S1
S2
S3
S4
FD6
FD7
Power

2015


9:41 AM
100%
Messages
Calendar
Wednesday
9
Photos
Camera
Weather
Clock
Maps
Videos
Wallet
Notes
Reminders
Stocks
iTunes Store
App Store
iBooks
News
Health
Settings
Phone
Safari
Mail
Music

Faster

Cheaper

Smaller

AS KM AND CRM HAVE EVOLVED…

1989

Lotus

1993

SIEBEL

1996

Autonomy

1999

salesforce

Microsoft SharePoint

2010

chatter

2016

Microsoft Dynamics 365

Much has changed.

Much has stayed the same.

GETTING STARTED

THE 5 FACTORS THAT DRIVE VALUE

- Breadth
  - "How many people will the application affect?"
- Repeatability
  - "How often will they use it?"

- Risk
  - "Could this cost money if done wrong?"
- Collaboration
  - "Will employees need to share?"
- Knowledge
  - "Can I reuse the information I create?"

BREADTH

The more people, applications, or channels a project touches, the greater the potential return.

REPEATABILITY

The greater the frequency of use, the greater the potential return.

RISK

The greater the likelihood of a project to reduce risk, the greater the potential return.

COLLABORATION

The greater the potential of an application to support collaboration, the greater the potential return.

KNOWLEDGE

The more a project has the poter to disseminate knowledge, the greater the potential return.

LET’S RANK SOME

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APPLYING NLP TO KNOWLEDGE BASE FOR INTERNAL AGENTS?

APPLYING NLP TO KNOWLEDGE BASE FOR INTERNAL AGENTS?

Breadth	2
Repeatability	3
Risk	0
Collaboration	2
Knowledge	5
	12

Giving top management automated annual reports?

GIVING TOP MANAGEMENT AUTOMATED ANNUAL REPORTS?

Breadth	2
Repeatability	1
Risk	0
Collaboration	2
Knowledge	5
	14

EXTENDING CASE MANAGEMENT TO PARTNERS AND CLIENTS?

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DEPLOYING CHATBOT FOR MEDICARE/MEDICAID CASE MANAGEMENT?

ASSESSING BENEFITS

FOCUS ON A FEW STRONG BENEFITS

Value Law: There are never more than 5 benefits that drive a deal, 2 are good and 3 are just okay.

- Less is more:
  - *"If you can't entice the CFO with 2 benefits you've already lost."*
- A few strong benefits are better than a lot of weak ones:
  - *"More than 5 and it's too hard for the skeptics to believe."*
- Look at your marketing materials:
  - *"Find the few strong measurable benefits in your vendor's existing materials."*

BENEFIT EXAMPLES: DIRECT

- Reduced the number of personnel.
- Reduced costs to print and distribute the maintenance manual.
- Avoided regulatory fines.
- Reduced accounts receivable.
- Reduced the cost to publish to the web.
- Reduced travel costs.

BENEFIT EXAMPLES: INDIRECT

- Reduced the time needed to develop new software by 25%.
- The financial audit takes 1 week rather than 3 weeks.
- Maintenance on an aircraft takes 10% less time.
- Increased software quality.

HOW DO FINANCIAL DECISION MAKERS REALLY VIEW BENEFITS?

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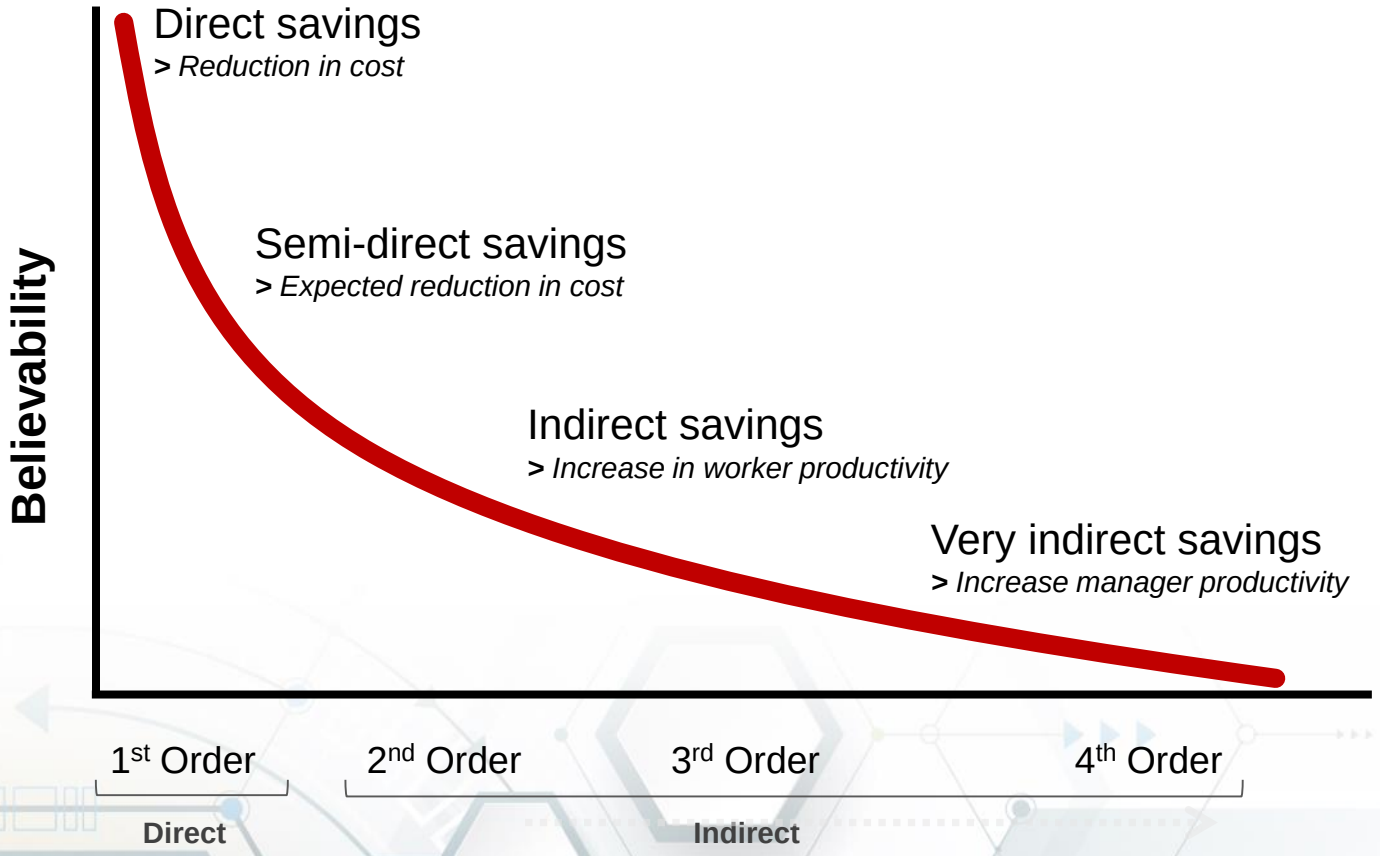
Believable?

Variable?

TYPES OF BENEFITS



1ST ORDER: DIRECT SAVINGS

A tangible action that *will* happen

Can you cut a budget number?

Believability = 100%

- Eliminate a cost
- Fire an employee
- Close a factory
- Obtain a pricing discount
- Eliminate a fine

FACT

2ND ORDER: SEMI-DIRECT SAVINGS

A tangible action that is likely to happen in the future

Look for a hedging word.

Believability = 70%

- We **expect** to eliminate a cost
- I **plan** to fire an employee
- We **should** be able to close a factory
- It's **likely** we'll obtain a pricing discount
- There's **little doubt** we can eliminate a fine

LIKELY

3RD ORDER: INDIRECT SAVINGS

An action that increases a worker's productivity

A single step that exists but is hard to calculate

Believability = 40%

- Automate scheduling
- Single sign on
- Loan analysis and approval
- Mobile access to CRM
- Better Spam filtering

PLAUSIBLE

4TH ORDER: VERY INDIRECT SAVINGS

An action that does not increase a worker's productivity

Multiple steps between the action and the impact

Believability = 0.0001%

- Web site monitoring
- Training managers
- Weather forecasting
- Better decision making
- Increased customer satisfaction

FICTION

TECHNIQUES FOR MEASURING BENEFITS

Direct observation – pilot site

Corporate history

Surveys

Case studies

Always do a worst-case assessment

Benchmark data

Educated guess

Uneducated guess

Psychic

Vendor-supplied estimates

THE TRUTH ABOUT PRODUCTIVITY

INEFFICIENT TRANSFER OF TIME

- The fact of life: time saved does not equal time worked.
- Use correction factors to adjust the estimate of time saved to reasonable estimate of the value to the company.
- **Range from 10% to 100% to adjust time saved to time worked.**

WHY ARE CORRECTION FACTORS IMPORTANT?

Everyone discounts indirect benefits.

Typical scenario…

- Initial estimate: 10%
- Project manager wants to be “conservative”: 7%
- Business sponsor wants to be “conservative”: 3%
- CFO assumes everyone has overestimated: 1%

Correction factors allow everyone to first agree on the initial benefit then on the discount of the benefit back to a value to the organization.

TYPICAL CORRECTION FACTORS

Vary based on type of company and type of employee

> Assembly line worker	100%
> Admin	70%
> Vice President	65%
> Marketing manager	65%
> Sales rep	70%
> Intern	50%
> France vs. Germany vs. America	???

BENEFIT ASSESSMENT WORKSHEET

Estimate of productivity increase: (based on: direct survey and estimate)	5%
Value of increase for 10 people @ $100K ea.: (use fully loaded cost)	$50,000
Correction factor: (Correct for inefficient transfer of time)	50%
Expected benefit to company:	**$25,000**

How will the benefit be achieved?

- ❑ Reduction in staff or staff hours
- ❑ Increase in productivity, limiting the need for more staff
- ❑ Increase in profit to company
- ❑ Gradual attrition over next 3 years (10%, 50%, 100%)

WORST CASE SCENARIO

Why calculate worst case?

- Assesses if the worst case is good enough.
- Allows a prioritization based on minimizing risk.
- Identifies magnitude of potential “swing” in ROI.
  - E.g.: expected ROI = 300%, worst case ROI = 2%
- Easy to hold someone’s feet to the fire.

WHEN ALL ELSE FAILS: BIGGER THAN A BREADBOX

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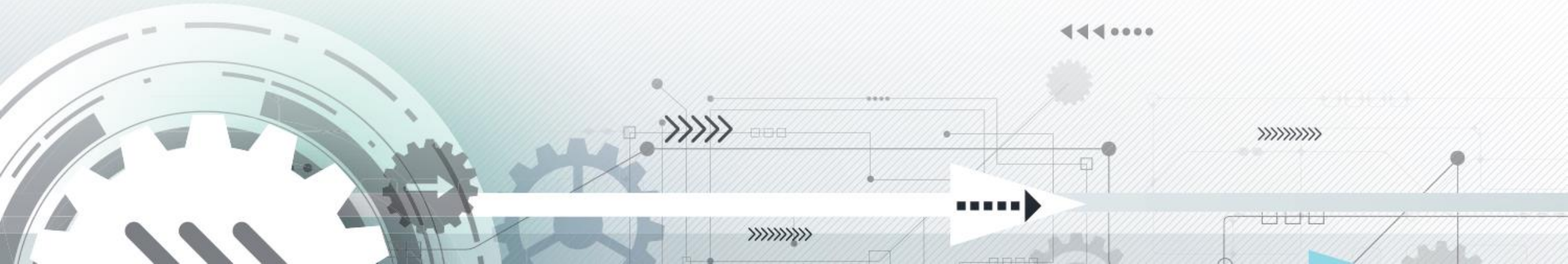
- Can apply to any benefit when an estimate is in question, unknown, or limited data/evidence is available.

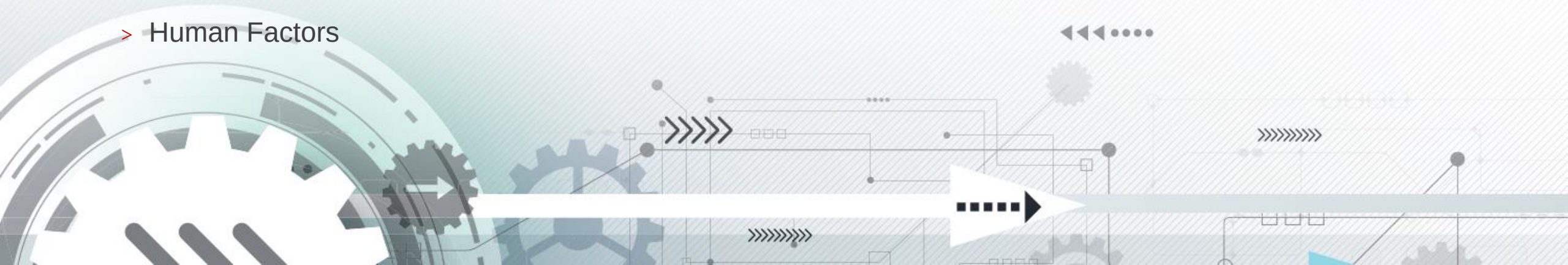
- We don’t know what the savings will be
- We can all agree there is some benefit
- We can all agree that it’s at least $X

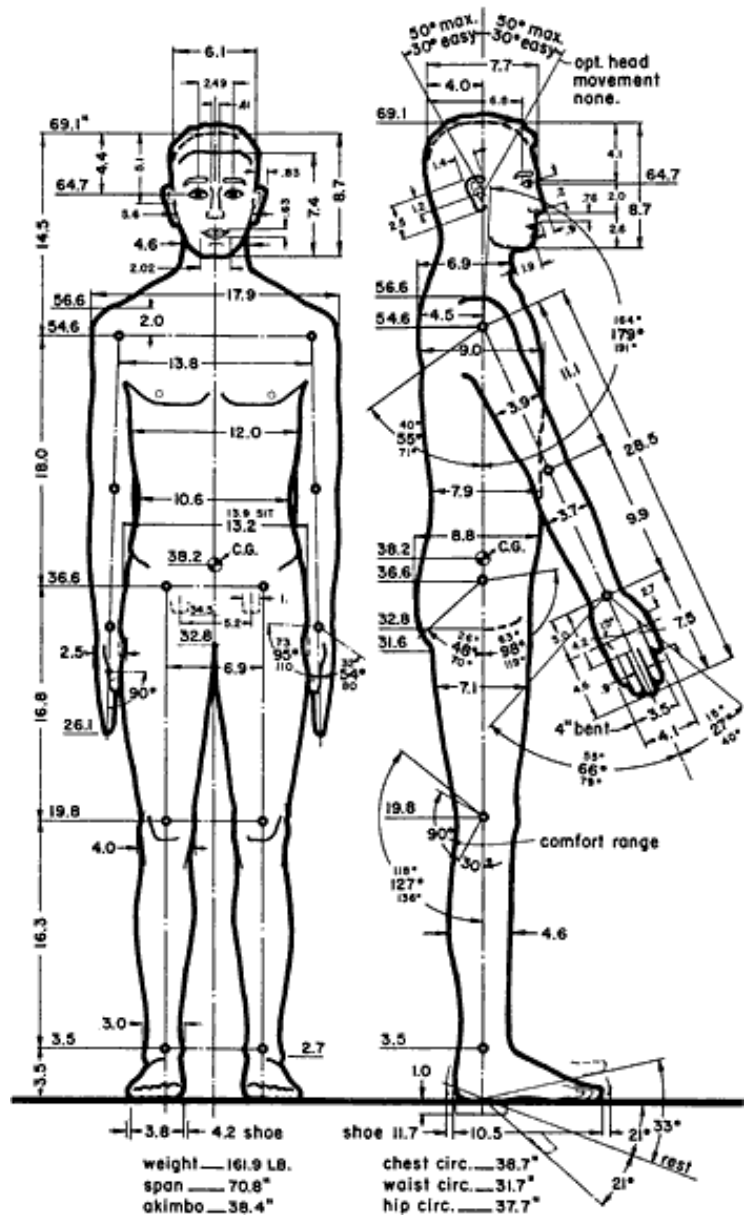


MAKING IT WORK

MILESTONING

- KISS
- Track to worst-case
- It's WAZE, not the Michelin Guide
- Remember: Success is 80% marketing, 20% results
  - Identify your special snowflakes
  - Small credits go a long way
  - Don't forget IT
- Human Factors




50° max.
30° easy
30° max.
30° easy
opt. head
movement
none.
comfort range
4" bent
C.G.
weight — 161.9 LB.
span — 70.8"
akimbo — 38.4"
chest circ. — 38.7"
waist circ. — 31.7"
hip circ. — 37.7"
shoe 11.7
4.2 shoe
rest

Structural

Will research and operations collaborate?

Hierarchical

Will management feel threatened?

Cultural

Americans, French, Italians, New Yorkers?

Individual

Will people share, understand, and adopt?

First rule of ROI

If the users won’t use it the ROI is always negative.

CASE STUDY: STATE DEPT NDF

ROI: 216% | Payback: 8 months

NDF deployed Salesforce Force.com platform to create a custom application to provide program managers around the work with ready access to up-to-date budget information.

Why Salesforce?

- Cloud
- Rapid time to deploy/integrate

Key benefits:

- Improved technology management
- Increased productivity
- Better contractor management

Usability and an iterative inclusive development plan were key.

CASE STUDY: FEDERAL AGENCY

ROI: 72% | Payback: 1.3 years

The agency engaged Acumen Solutions to implement a correspondence management system built on the Salesforce platform.

Why Acumen?

- Track record
- TCO

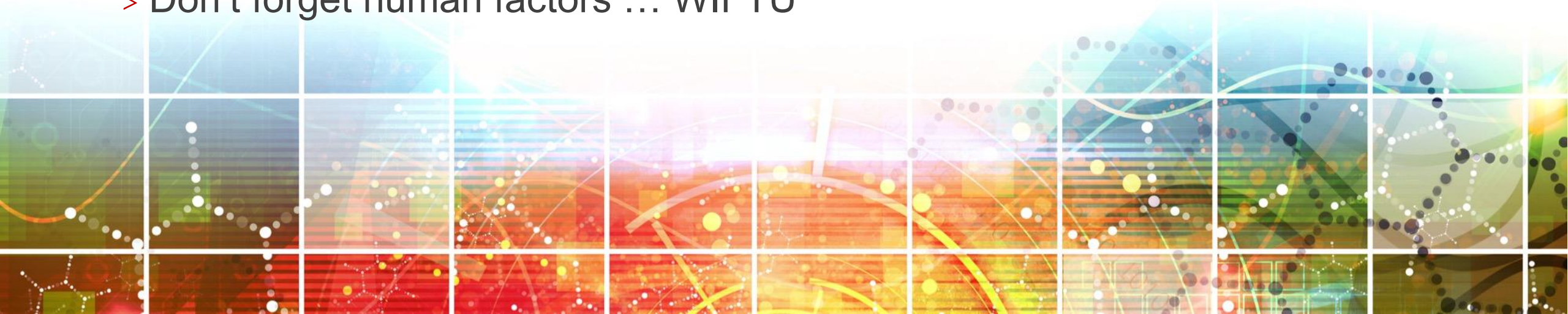
Key benefits:

- Improved technology management
- Increased productivity
- Greater visibility and improved citizen service

Marketing productivity gains – and moves away from repetitive and manual-intensive tasks – were critical.

SUMMARY DISCUSSION

- Use breadth, repeatability as your guide for focusing your benefit efforts
- Less is more … time and motion is NOT the answer
- Productivity correction factors keep things real
- Worst-case and milestones focus on what matters
- Measure what matters … and keep measuring
- Don’t forget human factors … WIFTU



RESOURCES

NucleusResearch.com

- *B20 – ROI Quick Reference Guide*
- *A11 – Managing Payback and Risk*
- *A10 – Maximizing ROI*
- *A21 – The Strengths and Weaknesses of TCO*
- *A4 – Human Factors Impact Application Value*

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