



## Customer Contact Center

September 22, 2005

**Prepared For:**

Valued Customer Name  
Valued Customer Company  
Address  
Phone Number  
Web Site  
E-mail address

**Prepared By:**

Greg Shanker  
Alinean

**Project Manager(s):**

**Business Unit:**

*Third party model, methodology and data provided by:*



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## **1. Executive Summary: Customer Contact Center**

The output included in this report is generated from the inputs and information provided from the team and the Alinean ROI Analyst software, an independent financial modeling tool and model developed by ROI consultancy Alinean, The Business Value Selling Experts (<http://www.alinean.com>). This business case analysis examined a 3 year planning period, calculating a discounted cash flow analysis, and return on investment (ROI) for the proposed Customer Contact Center project. For the project, the AS IS opportunity for improvement was analyzed and simulation of the proposed solution was made to calculate TO BE financials.

A risk adjusted analysis of the proposed solution's impact resulted in \$6,072,415 of 3 year cumulative benefits. Of these projected benefits, \$5,458,480 are direct benefits and \$613,935 are indirect benefits.

Top cumulative benefits for the project include:

- Reduce Contact Handling Costs - \$2,936,109, 48.4% of total benefits.
- Current Contact Center System Operating Cost Avoidance - \$1,080,000, 17.8% of total benefits.
- Current Contact Center System Capital Cost Avoidance - \$1,050,000, 17.3% of total benefits.
- Improve Customer Loyalty and Satisfaction - \$613,935, 10.1% of total benefits.
- Reduce Contact Center Facilities Costs - \$298,764, 4.9% of total benefits.
- Reduce Inbound Toll Charge Costs - \$63,855, 1.1% of total benefits.
- Reduce Call Transfer Costs - \$29,752, 0.5% of total benefits.

These benefits can be grouped regarding business impact as:

- \$2,130,000 in IT cost reductions
- \$3,328,480 in business operating efficiency improvements
- \$613,935 in business strategic advantage benefits

The proposed project is expected to help the company meet the following goals and drive the following benefits:

- Reduce Call Handling Costs: \$3,328,480
- Reduce IT Costs: \$2,130,000
- Increase Customer Loyalty and Satisfaction: \$613,935

The proposed project is expected to deliver the following benefits to specified stakeholders:

- \$3,942,415 for the Call Center Manager
- \$2,130,000 for the IT Director

To implement the proposed project will require a 3 year cumulative investment of \$1,282,000 including:

- \$930,000 in initial expenses
- \$952,000 in capital expenditures
- \$330,000 in operating expenditures

Comparing the costs and benefits of the proposed project using discounted cash flow analysis and factoring in a risk-adjusted discount rate of 9.5%, the proposed business case predicts:

- Risk Adjusted Return on Investment (RA ROI) of 309%
- Return on Investment (ROI) of 374%
- Net Present Value (NPV) savings of \$3,745,413
- Internal Rate of Return (IRR) of 152%
- Payback period of 9 months

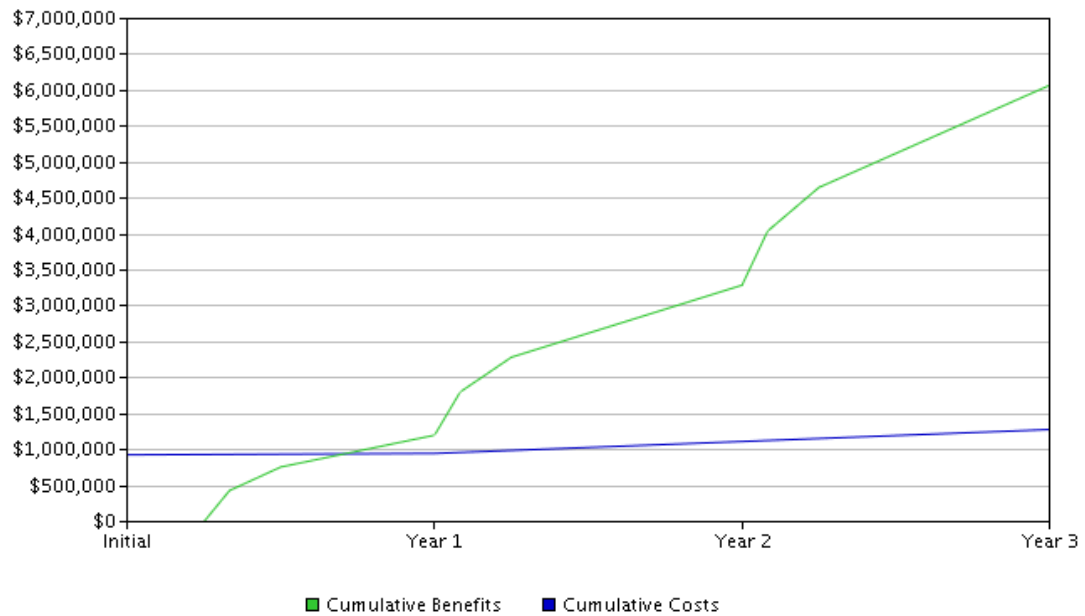
Note: The project has been risk-adjusted for an overall deployment schedule of 3 months, realized benefits to include 100.0% of direct benefits and 10.0% of indirect benefits and a deployment schedule (adoption curve) of 60.0%, 80.0%, and 100.0% over each successive year of the analysis.

## 2. ROI Analysis: Customer Contact Center

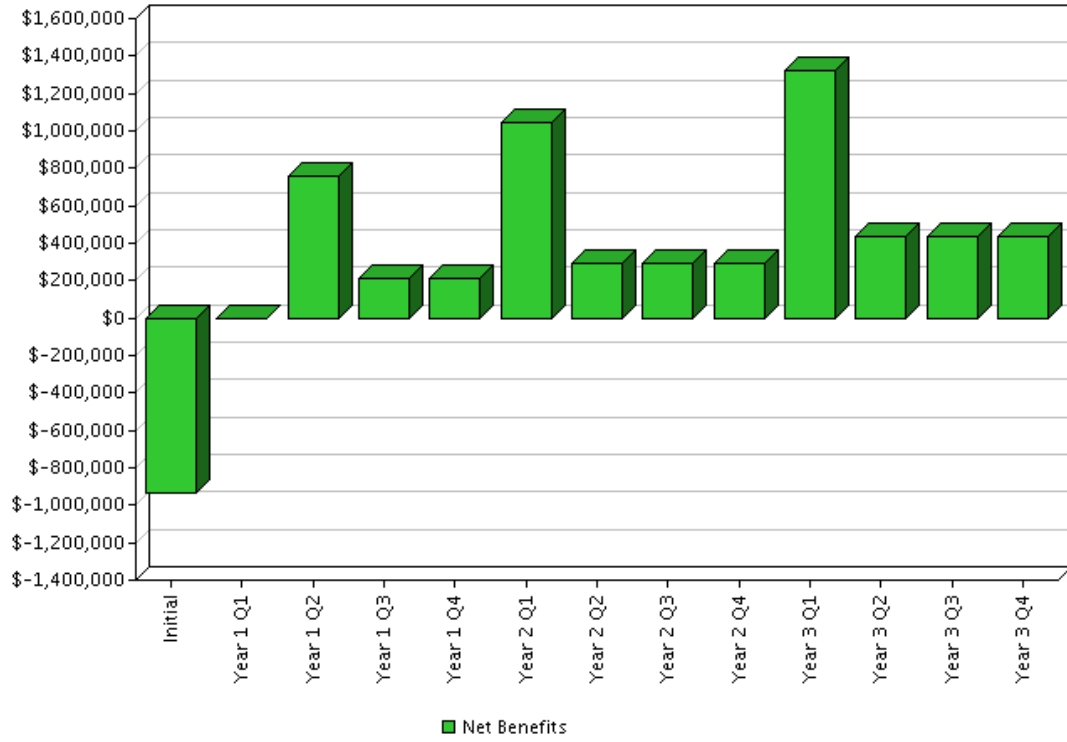
The ROI Analysis summarizes the cost and benefit cash flows for Customer Contact Center, and the calculation of key financials including Return on Investment (ROI), Net Present Value (NPV), Internal Rate of Return (IRR) and payback period.

ROI Analysis	Initial	Year 1	Year 2	Year 3
Benefits	\$0	\$1,203,471	\$2,087,536	\$2,781,408
Cumulative Benefits		\$1,203,471	\$3,291,007	\$6,072,415
Costs	\$930,000	\$20,000	\$166,000	\$166,000
Cumulative Costs	\$930,000	\$950,000	\$1,116,000	\$1,282,000
Cash Flow	(\$930,000)	\$1,183,471	\$1,921,536	\$2,615,408
Cumulative Cash Flow	(\$930,000)	\$253,471	\$2,175,007	\$4,790,415
ROI	374%			
Risk Adjusted ROI	309%			
NPV Savings	\$3,745,413			
IRR	152%			
Payback Period	9 month(s)			
Discount Rate	9.5%			

### Breakeven



### Cash Flow

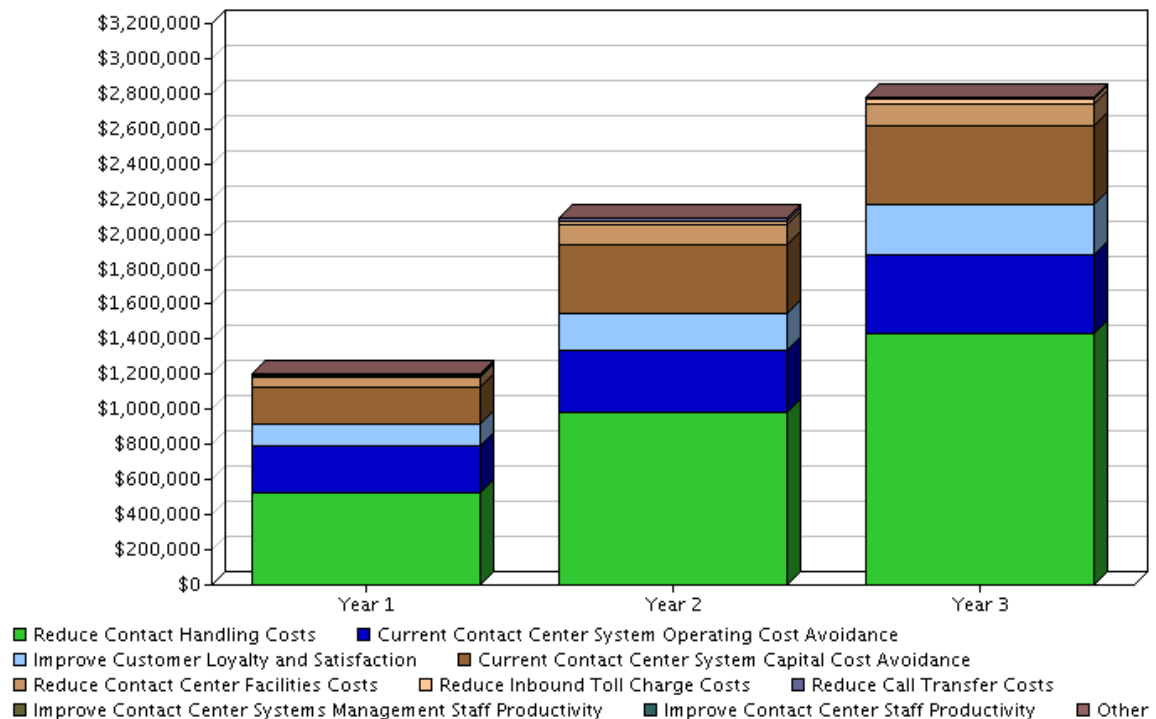


### 3. Benefit Summary: Customer Contact Center

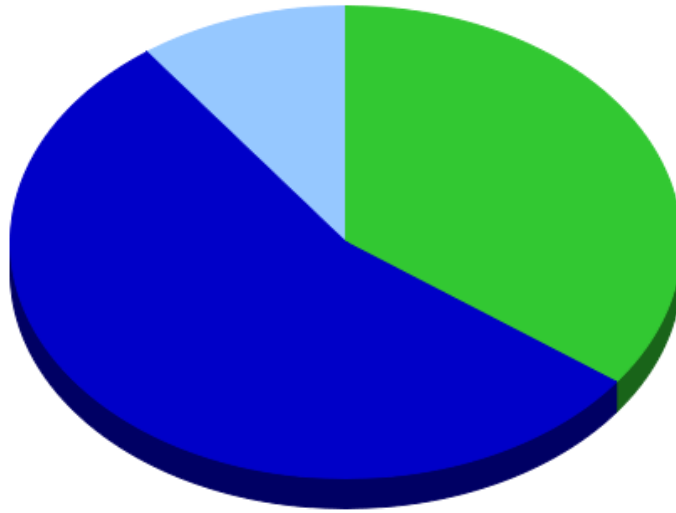
The Benefits section summarizes the impact of the proposed project including revenue and income benefits, operating expense savings, productivity enhancements and cost avoidance and working capital improvements. The benefits are grouped into three categories: IT Cost Reductions, Business Operating Efficiency and Business Strategic Advantage benefits.

Benefits Summary	Year 1	Year 2	Year 3	Total
<b>Total Benefits</b>	<b>\$1,203,471</b>	<b>\$2,087,536</b>	<b>\$2,781,408</b>	<b>\$6,072,415</b>
<b>IT Cost Reductions</b>				
Current Contact Center System Capital Cost Avoidance	\$210,000	\$392,000	\$448,000	\$1,050,000
Current Contact Center System Operating Cost Avoidance	\$270,000	\$360,000	\$450,000	\$1,080,000
<b>Total IT Cost Reductions</b>	<b>\$480,000</b>	<b>\$752,000</b>	<b>\$898,000</b>	<b>\$2,130,000</b>
<b>Business Operating Efficiency</b>				
Reduce Contact Center Facilities Costs	\$59,753	\$111,539	\$127,473	\$298,764
Reduce Contact Handling Costs	\$526,001	\$981,869	\$1,428,239	\$2,936,109
Reduce Call Transfer Costs	\$6,227	\$10,378	\$13,146	\$29,752
Reduce Inbound Toll Charge Costs	\$13,365	\$22,275	\$28,215	\$63,855
<b>Total Business Operating Efficiency</b>	<b>\$605,346</b>	<b>\$1,126,061</b>	<b>\$1,597,073</b>	<b>\$3,328,480</b>
<b>Business Strategic Advantage</b>				
Improve Customer Loyalty and Satisfaction (Indirect)	\$118,125	\$209,475	\$286,335	\$613,935
<b>Total Business Strategic Advantage</b>	<b>\$118,125</b>	<b>\$209,475</b>	<b>\$286,335</b>	<b>\$613,935</b>
<b>Direct Benefits</b>	<b>\$1,085,346</b>	<b>\$1,878,061</b>	<b>\$2,495,073</b>	<b>\$5,458,480</b>
<b>Indirect Benefits</b>	<b>\$118,125</b>	<b>\$209,475</b>	<b>\$286,335</b>	<b>\$613,935</b>

Benefits

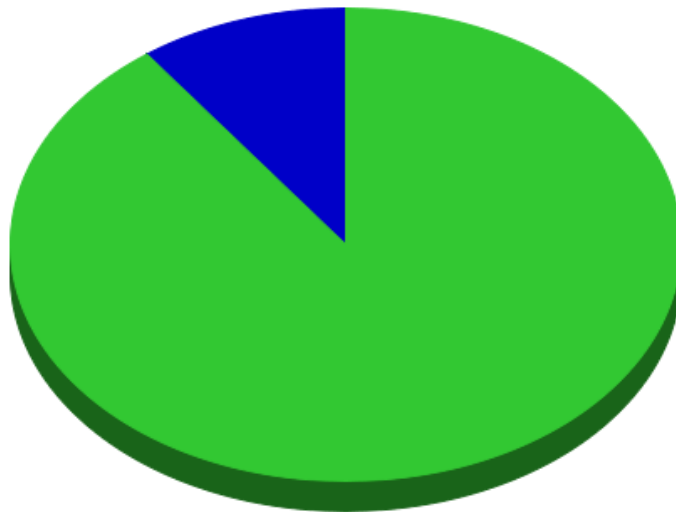


Benefits By Category



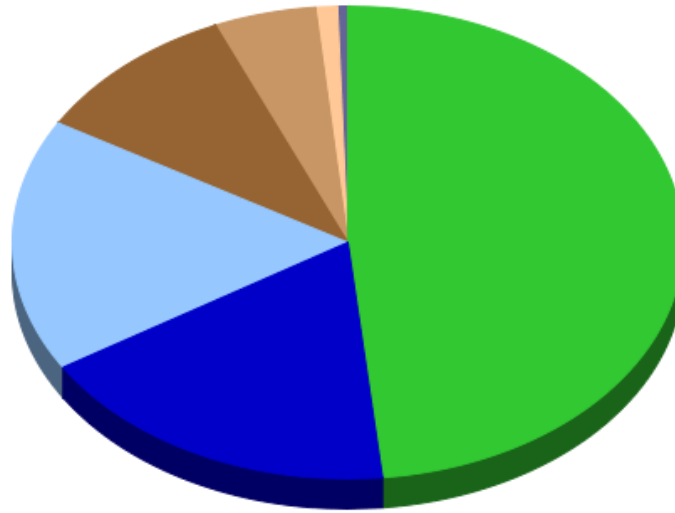
■ IT Cost Reduction [35.1%] ■ Business Operating Efficiency [54.8%] ■ Business Strategic Advantage [10.1%]

Direct vs Indirect Benefits



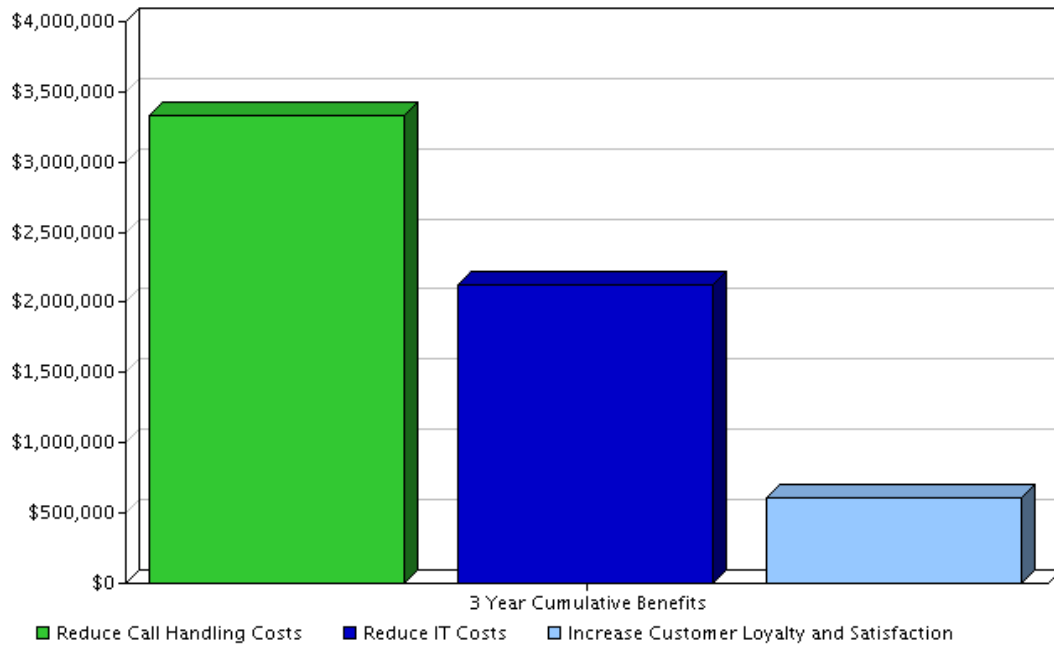
■ Direct [89.9%] ■ Indirect [10.1%]

Top Benefits

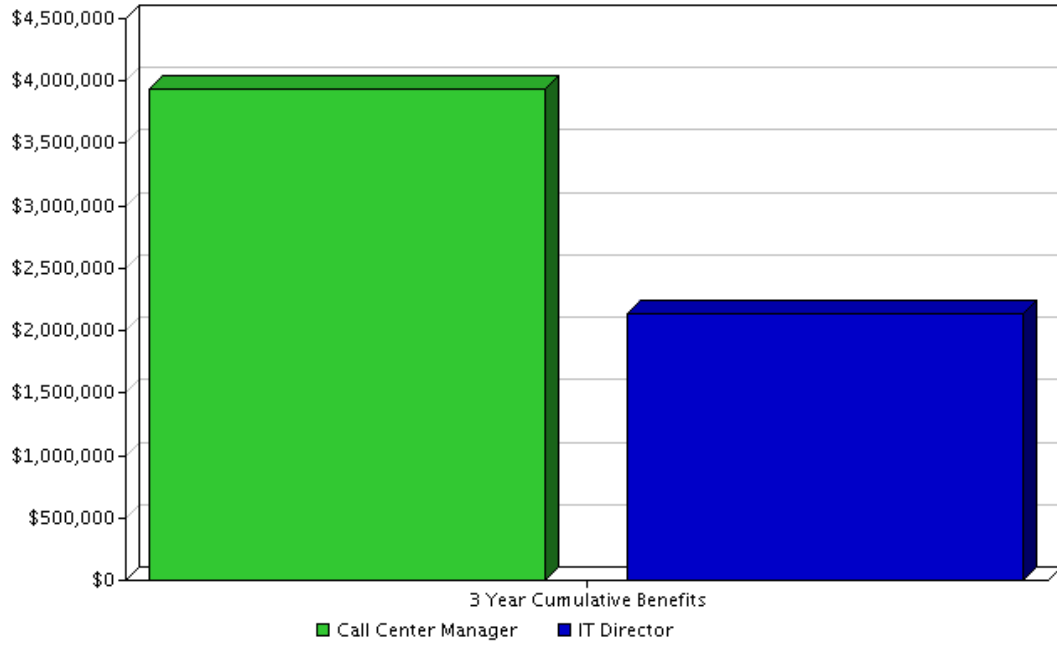


- Reduce Contact Handling Costs [48.4%]
- Current Contact Center System Operating Cost Avoidance [17.8%]
- Current Contact Center System Capital Cost Avoidance [17.3%]
- Improve Customer Loyalty and Satisfaction [10.1%]
- Reduce Contact Center Facilities Costs [4.9%]
- Reduce Inbound Toll Charge Costs [1.1%]
- Reduce Call Transfer Costs [0.5%]

Benefits By Goal



Benefits By Stakeholder

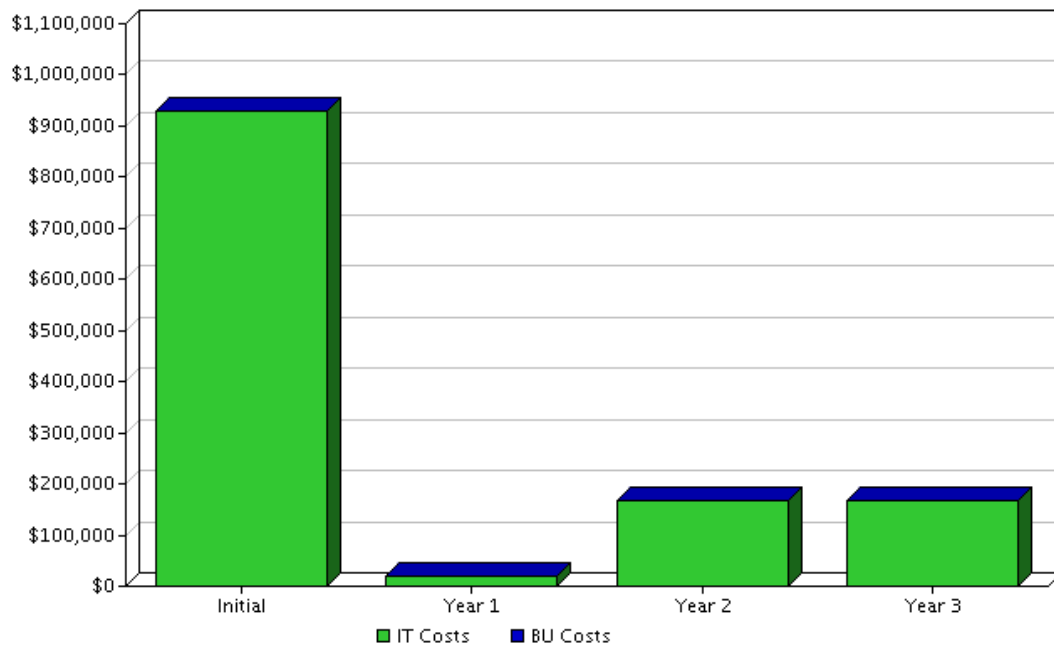


### 4. Cost Summary: Customer Contact Center

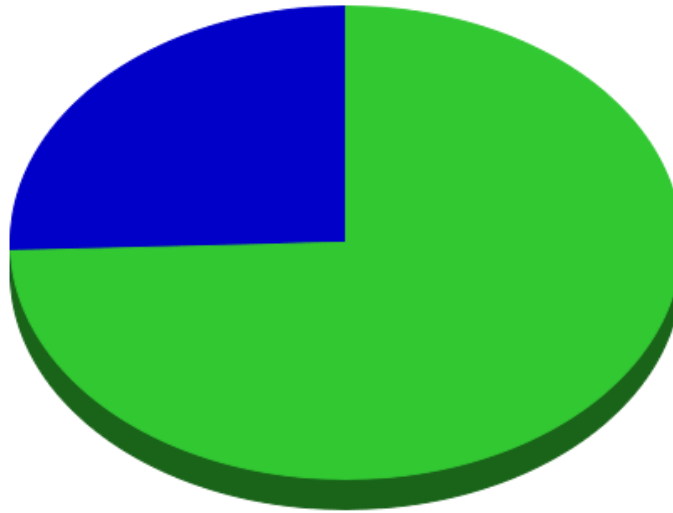
The cost section provides an estimate of the planned project costs, divided between IT Costs and Business Unit Costs.

Costs Summary	Initial	Year 1	Year 2	Year 3	Total
<b>Total Costs</b>	<b>\$930,000</b>	<b>\$20,000</b>	<b>\$166,000</b>	<b>\$166,000</b>	<b>\$1,282,000</b>
<b>IT Costs</b>					
Software Licensing (CapEx)	\$500,000	\$0	\$90,000	\$90,000	\$680,000
Servers (CapEx)	\$200,000	\$0	\$36,000	\$36,000	\$272,000
Personal Computers (CapEx)	\$0	\$0	\$0	\$0	\$0
Networking and Telecommunications Solutions (CapEx)	\$0	\$0	\$0	\$0	\$0
Professional or Managed Services (OpEx)	\$150,000	\$0	\$0	\$0	\$150,000
Networking and Telecommunications Services (OpEx)	\$0	\$0	\$0	\$0	\$0
IT Setup and Installation Labor (OpEx)	\$80,000	\$0	\$0	\$0	\$80,000
Application Customization / Development Labor (OpEx)	\$0	\$0	\$0	\$0	\$0
Ongoing IT Support and Administration Labor (OpEx)	\$0	\$20,000	\$40,000	\$40,000	\$100,000
Incremental Support Calls (OpEx)	\$0	\$0	\$0	\$0	\$0
Existing Asset Write-Downs (CapEx)	\$0	\$0	\$0	\$0	\$0
<b>Total IT Costs</b>	<b>\$930,000</b>	<b>\$20,000</b>	<b>\$166,000</b>	<b>\$166,000</b>	<b>\$1,282,000</b>
<b>Business Unit Costs</b>					
Business Labor (OpEx)	\$0	\$0	\$0	\$0	\$0
Business Unit Professional or Managed Services (OpEx)	\$0	\$0	\$0	\$0	\$0
Incremental Downtime during Transition (OpEx)	\$0	\$0	\$0	\$0	\$0
<b>Total Business Unit Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Capital Expenditure</b>	<b>\$700,000</b>	<b>\$0</b>	<b>\$126,000</b>	<b>\$126,000</b>	<b>\$952,000</b>
<b>Operating Expenditure</b>	<b>\$230,000</b>	<b>\$20,000</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$330,000</b>

Costs

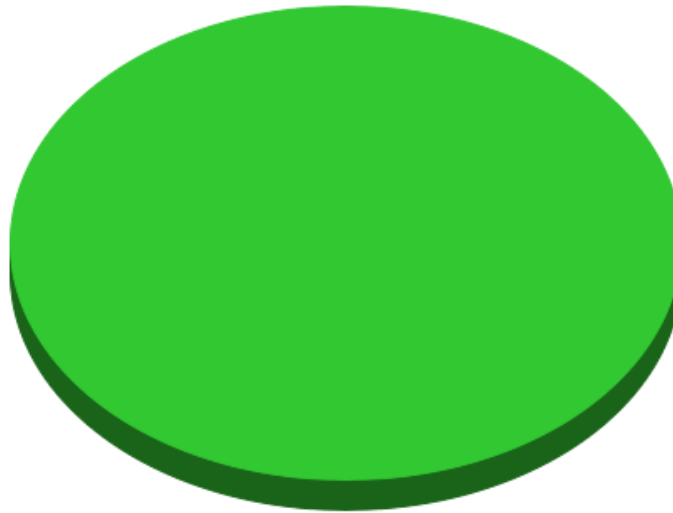


Costs by Expense Type



■ Capital Expenditure [74.4%] ■ Operating Expenditure [25.6%]

Costs By Category



■ IT Costs [100.0%] ■ BU Costs [0.0%]

## 5. Worksheet Details: Customer Contact Center

### 5.1. IT Cost Reduction Benefits

#### 5.1.1. Current Contact Center System Capital Cost Avoidance

With the proposed customer contact center solution, planned capital additions will be made with the proposed solution versus the existing solutions planned upgrades typically leading to 100% cost avoidance.

Benefit Type:	Net Fixed Assets (NFA - Cumulative)
Benefit Class:	Direct Benefits
Cumulative Benefits (3 - Year):	\$1,050,000
Goal:	Reduce IT Costs
Stakeholder:	IT Director

Realized Benefits	Year 1	Year 2	Year 3
Worksheet / Ideal Benefit	\$350,000	\$350,000	\$350,000
<b>Realized Total Benefits</b>	<b>\$210,000</b>	<b>\$392,000</b>	<b>\$448,000</b>

Current Contact Center System Capital Cost Avoidance	Year 1	Year 2	Year 3	Year 4	Year 5
Planned capital hardware additions and upgrades	\$200,000	\$200,000	\$200,000	\$0	\$0
Cost avoidance with proposed customer contact center solution	100.0%	100.0%	100.0%	100.0%	100.0%
Cost avoidance with proposed customer contact center solution (cost * avoidance)	\$200,000	\$200,000	\$200,000	\$0	\$0
Planned capital software additions and upgrades	\$150,000	\$150,000	\$150,000	\$0	\$0
Cost avoidance with proposed customer contact center solution	100.0%	100.0%	100.0%	100.0%	100.0%
Cost avoidance with proposed customer contact center solution (cost * avoidance)	\$150,000	\$150,000	\$150,000	\$0	\$0
<b>Total savings</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$0</b>	<b>\$0</b>

Reduce Current Contact Center System Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Benefit	\$350,000	\$350,000	\$350,000	\$0	\$0

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#### 5.1.2. Current Contact Center System Operating Cost Avoidance

With the proposed customer contact center solution, planned operating additions will be made with the proposed solution versus the existing solutions planned upgrades typically leading to 100% cost avoidance.

Benefit Type:	Operating Expense (Annualized)
Benefit Class:	Direct Benefits
Cumulative Benefits (3 - Year):	\$1,080,000
Goal:	Reduce IT Costs
Stakeholder:	IT Director

Realized Benefits	Year 1	Year 2	Year 3
Worksheet / Ideal Benefit	\$450,000	\$450,000	\$450,000
<b>Realized Total Benefits</b>	<b>\$270,000</b>	<b>\$360,000</b>	<b>\$450,000</b>

Current Contact Center System Operating Cost Avoidance	Year 1	Year 2	Year 3	Year 4	Year 5
Annual support and maintenance contracts	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Cost avoidance with proposed customer contact center solution	75.0%	75.0%	75.0%	75.0%	75.0%
Cost avoidance with proposed customer contact center solution (cost * avoidance)	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000

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## 5.2. Business Operating Benefits

### 5.2.1. Reduce Contact Center Facilities Costs

With the proposed customer contact center solution, contact centers can often be consolidated or virtualized, reducing the need for all of the current facilities and their costs.

Benefit Type:	Net Fixed Assets (NFA - Cumulative)
Benefit Class:	Direct Benefits
Cumulative Benefits (3 - Year):	\$298,764
Goal:	Reduce Call Handling Costs
Stakeholder:	Call Center Manager

Realized Benefits	Year 1	Year 2	Year 3
Worksheet / Ideal Benefit	\$99,588	\$99,588	\$99,588
<b>Realized Total Benefits</b>	<b>\$59,753</b>	<b>\$111,539</b>	<b>\$127,473</b>

Reduce Contact Center Facilities Costs	As Is	Benefits with Proposed Solution	To Be
Total annual contact center facilities costs	\$497,942	20.0%	\$398,354
Total savings (as is - to be)		\$99,588	

Reduce Contact Center Facilities Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Benefit	\$99,588	\$99,588	\$99,588	\$99,588	\$99,588

Annual benefit growth (starting in year 2) 0.0%

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### 5.2.2. Reduce Contact Handling Costs

With the proposed customer contact center solution, call costs can be reduced through enabling lower cost support channels such as self-service, better routing, reduced escalation and reduced on-call and research time per call.

Benefit Type:	Operating Expense (Allocated)
Benefit Class:	Direct Benefits
Cumulative Benefits (3 - Year):	\$2,936,109
Goal:	Reduce Call Handling Costs
Stakeholder:	Call Center Manager

Realized Benefits	Year 1	Year 2	Year 3
Worksheet / Ideal Benefit	\$1,168,891	\$1,344,225	\$1,545,859
<b>Realized Total Benefits</b>	<b>\$526,001</b>	<b>\$981,869</b>	<b>\$1,428,239</b>

Key Performance Indicators	Initial	Year 1	Year 2	Year 3
<b>Worksheet / Ideal KPIs</b>				
Average cost per self-service call	\$1.00	\$0.60	\$0.60	\$0.60
Average minutes of off-call time per level 1 call	15.0	10.5	10.5	10.5
Average minutes of off-call time per level 2 call	20.0	14.0	14.0	14.0
Average minutes of on-call time per level 1 call	15.0	12.0	12.0	12.0
Average minutes of on-call time per level 2 call	20.0	18.0	18.0	18.0
Average minutes per email / chat contact	15.0	9.0	9.0	9.0
Level 1 phone contacts escalated to level 2	20.00%	15.00%	15.00%	15.00%
Total email contacts per month	1,000	2,000	2,000	2,000
Total level 1 phone contacts per month	9,000	7,000	7,000	7,000

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Total self-service contacts per month	0	1,000	1,000	1,000
<b>Realized KPIs</b>				
Average cost per self-service call	\$1.00	\$0.82	\$0.70	\$0.62
Average minutes of off-call time per level 1 call	15.0	13.0	11.6	10.7
Average minutes of off-call time per level 2 call	20.0	17.3	15.5	14.3
Average minutes of on-call time per level 1 call	15.0	13.6	12.7	12.1
Average minutes of on-call time per level 2 call	20.0	19.1	18.5	18.1
Average minutes per email / chat contact	15.0	12.3	10.5	9.3
Level 1 phone contacts escalated to level 2	20.00%	17.75%	16.25%	15.25%
Total email contacts per month	1,000	1,450	1,750	1,950
Total level 1 phone contacts per month	9,000	8,100	7,500	7,100
Total self-service contacts per month	0	450	750	950

Contact Handling Distribution	Current Mix	Planned Mix
Calls	90.0%	70.0%
Email / chat	10.0%	20.0%
Self-service	0.0%	10.0%
Total	100.0%	100.0%

Reduce Contact Handling Costs	As Is	Benefits with Proposed Solution	To Be
Total number of contact center inbound or callback contacts per month	10,000		10,000
Total level 1 phone contacts per month (total contacts * % that are calls)	9,000	2,000	7,000
Average minutes of on-call time per call	15.0	20.0%	12.0
Average minutes of off-call time per call	15.0	30.0%	10.5
Average burdened salary rate of level 1 contact staff (annual salary / 2080 hours)	\$38.46		\$38.46
Total annual level 1 contact costs (contacts per month * 12 months * total contact time / 60 * salary rate)	\$2,076,840	\$865,350	\$1,211,490
Total level 1 phone contacts escalated to level 2	20.00%	25.0%	15.00%
Total level 2 phone contacts (level 1 contacts * % escalated to level 2)	1,800	750	1,050
Average minutes of on-call time per call	20.0	10.0%	18.0
Average minutes of off-call time per call	20.0	30.0%	14.0
Average burdened salary rate of level 2 phone contact staff (annual salary / 2080 hours)	\$43.89		\$43.89
Total annual level 2 contact costs (contacts per month * 12 months * total contact time / 60 * salary rate)	\$632,016	\$337,075	\$294,941
Total email / chat contacts per month (total contacts * % that are email / chat)	1,000	-1,000	2,000
Average minutes per email / chat contact	15.0	40.0%	9.0
Average burdened salary rate of email / chat support staff (annual salary / 2080 hours)	\$43.89		\$43.89
Total annual email / chat contact costs (contacts per month * 12 months * total contact time / 60 * salary rate)	\$131,670	(\$26,334)	\$158,004
Total self-service contacts per month (total contacts * % that are self-service)	0	-1,000	1,000
Average cost per self-service call	\$1.00	40.0%	\$0.60
Total annual self-service contact costs (contacts per month * 12 months * average cost)	\$0	(\$7,200)	\$7,200
Total annual contact handling costs (sum of all annual costs)	\$2,840,526	\$1,168,891	\$1,671,635

Reduce Contact Handling Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Benefit	\$1,168,891	\$1,344,225	\$1,545,859	\$1,777,738	\$2,044,399

Reduce Contact Handling Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Staff FTE improvement	14.22	14.22	14.22	14.22	14.22

KPIs	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
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# ROI Analyst™

Total level 1 phone contacts per month	9,000	7,000	7,000	7,000	7,000	7,000
Average minutes of on-call time per level 1 call	15.0	12.0	12.0	12.0	12.0	12.0
Average minutes of off-call time per level 1 call	15.0	10.5	10.5	10.5	10.5	10.5
Level 1 phone contacts escalated to level 2	20.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Average minutes of on-call time per level 2 call	20.0	18.0	18.0	18.0	18.0	18.0
Average minutes of off-call time per level 2 call	20.0	14.0	14.0	14.0	14.0	14.0
Total email contacts per month	1,000	2,000	2,000	2,000	2,000	2,000
Average minutes per email / chat contact	15.0	9.0	9.0	9.0	9.0	9.0
Total self-service contacts per month	0	1,000	1,000	1,000	1,000	1,000
Average cost per self-service call	\$1.00	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60

Annual benefit growth (starting in year 2)

15.0%

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## 5.2.3. Reduce Call Transfer Costs

With the proposed customer contact center solution, transfers can be reduced via call routing to the best support resource for the call, and by eliminating external call transfers.

Benefit Type: Operating Expense (Allocated)  
 Benefit Class: Direct Benefits  
 Cumulative Benefits (3 - Year): \$29,752  
 Goal: Reduce Call Handling Costs  
 Stakeholder: Call Center Manager

Realized Benefits	Year 1	Year 2	Year 3
Worksheet / Ideal Benefit	\$13,838	\$13,838	\$13,838
<b>Realized Total Benefits</b>	<b>\$6,227</b>	<b>\$10,378</b>	<b>\$13,146</b>

Key Performance Indicators	Initial	Year 1	Year 2	Year 3
<b>Worksheet / Ideal KPIs</b>				
Average charge per contact center call transfer	\$1.00	\$0.70	\$0.70	\$0.70
Percentage of contact center calls requiring a transfer	20.00%	13.20%	13.20%	13.20%
<b>Realized KPIs</b>				
Average charge per contact center call transfer	\$1.00	\$0.86	\$0.77	\$0.71
Percentage of contact center calls requiring a transfer	20.00%	16.94%	14.90%	13.54%

Reduce Call Transfer Costs	As Is	Benefits with Proposed Solution	To Be
Total number of contact center inbound or callback contacts per month	10,000		10,000
Percentage of contacts which are calls	90.0%		70.0%
Total phone-based contacts per month (total contacts * % that are calls)	9,000		7,000
Percentage of calls requiring a transfer	20.00%	34.0%	13.20%
Annual transfers (total phone contacts * % requiring transfer * 12 months)	21,600		11,088
Average charge per call transfer	\$1.00	30.0%	\$0.70
Total annual call transfer costs (annual transfer * cost per call transfer)	\$21,600	\$13,838	\$7,762

Reduce Call Transfer Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Benefit	\$13,838	\$13,838	\$13,838	\$13,838	\$13,838

KPIs	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of contact center calls requiring a transfer	20.00%	13.20%	13.20%	13.20%	13.20%	13.20%
Average charge per contact center call transfer	\$1.00	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70

Annual benefit growth (starting in year 2)

0.0%

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### 5.2.4. Reduce Inbound Toll Charge Costs

With the proposed customer contact center solution, inbound toll charges can be reduced via reduced number of repeat calls into the contact center.

Benefit Type: Operating Expense (Allocated)  
 Benefit Class: Direct Benefits  
 Cumulative Benefits (3 - Year): \$63,855  
 Goal: Reduce Call Handling Costs  
 Stakeholder: Call Center Manager

Realized Benefits	Year 1	Year 2	Year 3
Worksheet / Ideal Benefit	\$29,700	\$29,700	\$29,700
<b>Realized Total Benefits</b>	<b>\$13,365</b>	<b>\$22,275</b>	<b>\$28,215</b>

Reduce Inbound Toll Charge Costs	As Is	Benefits with Proposed Solution	To Be
Total number of inbound toll free call minutes per month	150,000.0	33.0%	100,500.0
Average charge per minute	\$0.050	0.0%	\$0.050
Total annual inbound toll charges (monthly minutes * charge per minute * 12 months)	\$90,000	\$29,700	\$60,300

Reduce Inbound Toll Charge Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Benefit	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700

Annual benefit growth (starting in year 2)

0.0%

### 5.3. Business Strategic Benefits

#### 5.3.1. Improve Customer Loyalty and Satisfaction

With the proposed customer contact center solution, customer satisfaction can be improved, leading to additional revenue or equivalent from existing customers, longer lifetime customer value, and additional revenue or equivalent from references and referrals.

Benefit Type: Revenue or Equivalent  
 Benefit Class: Indirect Benefits  
 Cumulative Benefits (3 - Year): \$613,935  
 Goal: Increase Customer Loyalty and Satisfaction  
 Stakeholder: Call Center Manager

Realized Benefits	Year 1	Year 2	Year 3
<b>Revenue or Equivalent</b>			
Worksheet / Ideal Benefit	\$17,500,000	\$18,900,000	\$20,412,000
<b>Realized Total</b>	<b>\$787,500</b>	<b>\$1,396,500</b>	<b>\$1,908,900</b>
<b>Net Contribution: Incremental Revenue or Equivalent</b>			
Worksheet / Ideal Benefit	\$2,625,000	\$2,835,000	\$3,061,800
<b>Realized Total</b>	<b>\$118,125</b>	<b>\$209,475</b>	<b>\$286,335</b>

Annual sales revenue or equivalent (in 000,000s)

\$5,000.0

Expected improvement in customer loyalty

3.5%

Translation factor of customer loyalty improvement to revenue or equivalent gains

10.0%

Revenue or equivalent value of improved customer satisfaction and loyalty (annual revenue or equivalent \* expected improvement in customer loyalty \* translation factor \* 1,000,000)

\$17,500,000

Net operating margin

15.0%

Total annual incremental margin contribution (revenue or equivalent \* margin)

\$2,625,000

Improve Customer Loyalty and Satisfaction	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue or equivalent impact	\$17,500,000	\$18,900,000	\$20,412,000	\$22,044,960	\$23,808,557
Incremental margin contribution	\$2,625,000	\$2,835,000	\$3,061,800	\$3,306,744	\$3,571,284

Annual benefit growth (starting in year 2)

8.0%

**5.4. Excluded Benefits**

Excluded benefits consist of the additional benefits available, but not included in the analysis either because of \$0 contribution or manually excluded.

**IT Cost Reductions**

- Improve Contact Center Systems Management Staff Productivity
- Additional Direct IT Cost Reductions
- Additional Indirect IT Cost Reductions

**Business Operating Efficiency Improvements**

- Improve Contact Center Staff Productivity
- Reduce Contact Center Staff Attrition
- Reduce Customer Attrition Rate
- Additional Direct Business Operating Efficiencies
- Additional Indirect Business Operating Efficiencies

**Business Strategic Advantages**

- Improve Up-sell and Cross-sell
- Improve Outbound Call Productivity and Sales
- Improve Strategic Customer Revenue Contribution
- Increase Customer Lifecycle Value
- Increase Customer Referral Rate
- Increase Wallet Share
- Additional Direct Business Strategic Advantages
- Additional Indirect Business Strategic Advantages

**5.5. IT Costs**

**5.5.1. Software Licensing**

For the proposed solution, the server platform purchasing costs and annual support and maintenance contract costs for servers.

Cost Type: Net Fixed Assets (NFA)  
 Expense Category: Capital Expenditure  
 Cumulative Cost (3 - Year): \$680,000

Realized Costs	Initial	Year 1	Year 2	Year 3
Worksheet / Ideal Cost (Purchased)	\$500,000	\$0	\$90,000	\$90,000
Annual Cash Flow	\$500,000	\$0	\$90,000	\$90,000
<b>Realized Total</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$90,000</b>

Software Licensing	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
<b>License 1</b>						
Number of licenses	1	0	0	0	0	0
Unit cost per license	\$500,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (# of licenses * unit cost)	\$500,000	\$0	\$0	\$0	\$0	\$0
<b>License 2</b>						
Number of licenses	0	0	0	0	0	0
Unit cost per license	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (# of licenses * unit cost)	\$0	\$0	\$0	\$0	\$0	\$0
<b>License 3</b>						
Number of licenses	0	0	0	0	0	0
Unit cost per license	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (# of licenses * unit cost)	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total software license costs</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Maintenance and support contract rate</b>	<b>0.0%</b>	<b>0.0%</b>	<b>18.0%</b>	<b>18.0%</b>	<b>18.0%</b>	<b>18.0%</b>
<b>Maintenance and support contract costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>
<b>Total software costs</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>

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## 5.5.2. Servers

For the proposed solution, the servers needed to be purchased or upgraded to host or support the solution, spare parts, and related required, or changes in annual support and maintenance contracts for these servers.

Cost Type: Net Fixed Assets (NFA)  
 Expense Category: Capital Expenditure  
 Cumulative Cost (3 - Year): \$272,000

Realized Costs	Initial	Year 1	Year 2	Year 3
Worksheet / Ideal Cost (Purchased)	\$200,000	\$0	\$36,000	\$36,000
Annual Cash Flow	\$200,000	\$0	\$36,000	\$36,000
<b>Realized Total</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$36,000</b>	<b>\$36,000</b>

Servers	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Server 1						
Units	4	0	0	0	0	0
Unit cost	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (# of units * unit cost)	\$200,000	\$0	\$0	\$0	\$0	\$0
Server 2						
Units	0	0	0	0	0	0
Unit cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (# of units * unit cost)	\$0	\$0	\$0	\$0	\$0	\$0
Server 3						
Units	0	0	0	0	0	0
Unit cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (# of units * unit cost)	\$0	\$0	\$0	\$0	\$0	\$0
Total server purchase costs	\$200,000	\$0	\$0	\$0	\$0	\$0
Maintenance and support contract rate	0.0%	0.0%	18.0%	18.0%	18.0%	18.0%
Maintenance and support contract costs	\$0	\$0	\$36,000	\$36,000	\$36,000	\$36,000
Total server costs	\$200,000	\$0	\$36,000	\$36,000	\$36,000	\$36,000

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## 5.5.5. Professional or Managed Services

For the proposed solution, the professional services utilized to help analyze, plan, customize, and deploy the solution, or the ongoing managed services fees to provide solution services, maintain and support the solution.

Cost Type: Operating Expenses  
 Expense Category: Operating Expenditure  
 Cumulative Cost (3 - Year): \$150,000

Realized Costs	Initial	Year 1	Year 2	Year 3
Worksheet / Ideal Cost (Purchased)	\$150,000	\$0	\$0	\$0
Annual Cash Flow	\$150,000	\$0	\$0	\$0
<b>Realized Total</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Professional Services One-Time Fees	Units (days or hours)	Services Rate	Total One-Time Cost
Assessment planning	0.0	\$331.96	\$0
Project management	0.0	\$331.96	\$0
Design and development	0.0	\$331.96	\$0

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Business process re-engineering	0.0	\$331.96	\$0
Procurement and vendor management	0.0	\$331.96	\$0
Training (class and instructor fees)	0.0	\$331.96	\$0
Facilities and build out	0.0	\$331.96	\$0
Setup and installation	0.0	\$331.96	\$0
Testing and pilot program	0.0	\$331.96	\$0
Documentation	0.0	\$331.96	\$0
Deployment	0.0	\$331.96	\$0
Other	0.0	\$331.96	\$0
<b>Total one-time services costs</b>	<b>0.0</b>		<b>\$0</b>

Professional or Managed Services	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Total cost	\$150,000	\$0	\$0	\$0	\$0	\$0

Annual increase in costs (starting in year 2)

0.0%

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### 5.5.7. IT Setup and Installation Labor

For the proposed solution, the labor costs for setup and installation of the solution.

Cost Type: Operating Expenses  
 Expense Category: Operating Expenditure  
 Cumulative Cost (3 - Year): \$80,000

Realized Costs	Initial	Year 1	Year 2	Year 3
Worksheet / Ideal Cost (Purchased)	\$80,000	\$0	\$0	\$0
Annual Cash Flow	\$80,000	\$0	\$0	\$0
<b>Realized Total</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

IT Setup and Installation Labor Costs	Person Hours (y1)	Burdened Labor Rate	Total Year 1 Labor Cost
Project management	0.0	\$74.69	\$0
Planning and architecture	0.0	\$74.69	\$0
RFP and evaluation	0.0	\$74.69	\$0
Procurement and vendor management	0.0	\$74.69	\$0
IT training	0.0	\$74.69	\$0
Facilities and build out	0.0	\$74.69	\$0
Setup and installation	0.0	\$74.69	\$0
Testing and pilot program	0.0	\$74.69	\$0
Documentation	0.0	\$74.69	\$0
Deployment	0.0	\$74.69	\$0
Other	0.0	\$74.69	\$0
<b>Total deployment labor</b>	<b>0.0</b>		<b>\$0</b>

IT Setup and Installation Labor	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Total cost	\$80,000	\$0	\$0	\$0	\$0	\$0

IT Setup and Installation Labor	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Staff FTEs	0.00	0.00	0.00	0.00	0.00	0.00

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5.5.9. Ongoing IT Support and Administration Labor

For the proposed solution, the labor costs for ongoing IT support and administration.

Cost Type: Operating Expenses  
 Expense Category: Operating Expenditure  
 Cumulative Cost (3 - Year): \$100,000

Realized Costs	Initial	Year 1	Year 2	Year 3
Worksheet / Ideal Cost (Purchased)	\$0	\$20,000	\$40,000	\$40,000
Annual Cash Flow	\$0	\$20,000	\$40,000	\$40,000
<b>Realized Total</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$40,000</b>	<b>\$40,000</b>

Ongoing IT Support and Administration Labor Costs	Annual Person Hours	Burdened Labor Rate	Total Annual Labor Costs
Project management	0.0	\$74.69	\$0
Asset management	0.0	\$74.69	\$0
Change management	0.0	\$74.69	\$0
Hardware moves, adds and changes	0.0	\$74.69	\$0
Software moves, adds and changes	0.0	\$74.69	\$0
Systems administration	0.0	\$74.69	\$0
Security administration	0.0	\$74.69	\$0
Application evolution	0.0	\$74.69	\$0
Vendor management	0.0	\$74.69	\$0
Other	0.0	\$74.69	\$0
IT support and administration labor	0.0		\$0

Ongoing IT Support and Administration Labor	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Total cost	\$0	\$20,000	\$40,000	\$40,000	\$40,000	\$40,000

Ongoing IT Support and Administration Labor	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Staff FTEs	0.00	0.00	0.00	0.00	0.00	0.00

Annual increase in costs (starting in year 2)

0.0%
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