

Netopia's eCare: ROI White Paper

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Cost Savings Is Just the Beginning!



INTRODUCTION

Netopia is an innovator of software products and services for help desk, call centers, and Network Operations Centers (NOCs.) Netopia's products are entirely focused on reducing unnecessary costs associated with PC and device problems in the workplace and at home. We focus on keeping IT-dependent employees, customers and broadband subscribers productive. We deliver a product line built on the commonsense principle that fastest time to resolution is also fastest time to productivity.

Netopia's eCare users achieve a quick return on investment (ROI) because the benefits are so high and the costs of implementation and on-going support are low. The following ROI model is based on a fictitious company and it is likely to have a strong parallel to your own organization. The model projects costs, investments and potential savings out over five years, with a company that experiences a 10% annual growth, and has 1,000 remote remote-users it needs to support (remote users can be employees, customers, students, or broadband subscribers.) This model will help you build a business case for help desk and call center technologies by outlining the more visible and tangible costs.

A non-tangible value that every company must also be aware of is derived from increased customer satisfaction and retention through better service. While it is hard to quantify customer and employee satisfaction, it is just as important as any other aspect of your support organization.

TWO-STEP ROI METHODOLOGY

Step One: Analyze the current situation

You need to understand what you currently spend supporting remote-users, before you can realize the scope of potential savings through the implementation of the eCare solution. Costs fall under different categories and may be managed under different budgets, but through careful analysis, you can build a financial model that not only demonstrates costs savings in your own department, but also shows how other departments can save money. In addition, you may also be able to demonstrate increased revenues by reducing the largest portion of the cost of remote-user operations. If improvements at the help desk can lead to less time spent by the remote user in non-revenue producing activities, then that area of hidden or indirect costs can be reduced. The model makes certain assumptions that can be easily changed to fit your own business model.

As you calculate the investments you must make to implement help desk technologies such as eCare, it is important to remember that there are other costs to consider besides the cost of the software itself. You should also consider the on-going maintenance fees or license fees for upgrades that may become available from time to time. For this model, we have established a price of \$42,000 for a company with 1,000 remote-users, including \$10 per remote user yearly maintenance fee. Upgrade license fees may be higher (Table 6). You should also consider the costs associated with deploying the software in your organization. These costs may vary widely depending on the resources at your disposal. For example, it may cost less to roll out software in your company if you have invested in an internal technology services team, or you might choose to use the Netopia Professional Services Team (you might also choose to have Netopia host eCare for you, which means no installation cost at all.) We estimate that it costs a one-time \$15 per remote user to deploy eCare on your servers.

Other important elements you must include in the ROI formula are as follows:

1. Personnel costs The model includes a fully burdened average cost per employee including both IS resources and remote-users. The \$75,000 figure includes salary and full benefits.

2. Call Volumes Assumptions are made regarding the number of calls coming into the help desk per remote-user per day. The model assumes that 1 out of every 20 remote users require assistance at least once per day, 15 minutes is wasted per incident prior to calling the help desk, and that the average call time is 15 minutes.

3. Remote-User Training We estimate that each end user spends two days per year in computer-related training activities. This is an average figure, which assumes some users attend more training classes than others based on individual job requirements.

Netopia's eCare is just one example of a tactic to achieving just-in-time training goals, so we take a very conservative approach to the amount of classroom training time saved in this case, 5%. (Table 5)

4. Help Desk Productivity Assumptions are made regarding the productivity of the help desk personnel themselves. We assume that each support person spends four hours per day on the phone. We also assume that the support person spends eight days per year in continuing education and training. To estimate the number of support people required, we compute the number of calls that come into the help desk each day and how many calls a single support person can answer given the number of hours spent on the phone. This result is the number of support people required to adequately staffing the help desk.

5. On-Site Visits We assume that in a certain percentage of the calls the support person is able to resolve the remote-user's problem during the first phone call without having to dispatch a costly on-site visit. On-site visits are conservatively estimated at \$125, a figure more or less dependent on the proximity of the support person to the end user.

6. Phone and Communication Costs Since these costs vary widely, we recommend you change these numbers to reflect your business's actual expenses. The Cost Savings Model assumes that the help desk is able to resolve 60% of the calls without dispatching someone to the remote user's site. (Table 3)

7. Reduced Remote-User Downtime Assumptions regarding remote user downtime is coupled with call handling efficiencies. The Cost Savings Model assumes that each call consumes 30 minutes of the remote user's time: 15 minutes spent trying to fix the problem alone and 15 minutes on the phone with the help desk. It's easy to gauge the reduction in the latter through call processing equipment. But it's more difficult to gauge how much time the user will save by knowing that the help desk has the tools to help fix the problem quickly and using them instead of tackling the problem on their own. (Table 4)

Step two: Analyze the cost savings and return on investment

An important part of your cost justification project is presenting the final results concerning savings and ROI to management. The standard model for this type of analysis is the ROI calculation, which estimates net cash flow as the difference between cost savings and investments, made throughout the year.

ROI ANALYSIS

The Cost Savings Model (Table 1)

Current Situation

	Year 0	Year 1	Year 2	Year 3	Year 4
Total calls per day	50	55	61	67	73
Days Per Year	200	200	200	200	200
Mins. per call	15	15	15	15	15
Calls Closed At Help Desk	60%	60%	60%	60%	60%
Rep. Hours on Phone per day	4	4	4	4	4
Rep. Annual Days Training	8	8	8	8	8
Number of Reps required to staff Help desk	3.25	3.58	3.93	4.33	4.76
Number of Remote Users	1,000	1,100	1,210	1,331	1,464
Remote User hours lost per call	0.50	0.50	0.50	0.50	0.50
Remote User Annual Days Training	2	2	3	4	4
Annual Phone Charges	\$12,000	\$13,000	\$14,000	\$15,000	\$16,000
Cost Per Local On-site Visit	\$125	\$125	\$125	\$125	\$125
Annual Burdened cost per person	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000

Saving Analysis (Table 2)

Call Handling Savings

	Year 0	Year 1	Year 2	Year 3	Year 4
Reduced Remote User call Time					
Mins. per call – without eCare	15	15	15	15	15
Mins. per call – with eCare	15	10	9	8	7
Remote User Hours saved	–	917	1,120	1,553	1,952
Total Savings – \$	–	\$34,375	\$45,375	\$58,231	\$73,205
Reduced Number of Reps					
Rep Daily Hours on Phone – without eCare	4	4	4	4	4
Rep Daily Hours on Phone – with eCare	–	5.0	5.5	6.0	6.0
Mins. per call – without eCare	15	15	15	15	15
Mins. per call – with eCare	–	10	9	8	7
Number of Reps required – without eCare	3.25	3.58	3.93	4.33	4.76
Number of Reps required – with eCare	–	1.90	1.71	1.53	1.48
Total saving – \$	–	\$125,825	\$166,824	\$209,515	\$246,117
Reduced Phone Charges					
Percent Call Time Saved	–	33%	40%	47%	53%
Annual Phone Costs – without eCare	\$12,000	\$13,000	\$14,000	\$15,000	\$16,000
Total Saving – \$	–	\$4,333	\$5,600	\$7,000	\$8,533
Total Savings-Call handling	–	\$164,533	\$217,799	\$274,746	\$327,855

Reduced On-site Visits (Table 3)

	Year 0	Year 1	Year 2	Year 3	Year 4
Calls Closed At Help Desk – without eCare	60%	60%	60%	60%	60%
Calls Closed At Help Desk – with eCare	–	75%	80%	85%	90%
Number of On-sites/Year – without eCare	4000	4400	4840	5324	5856
Number of On-sites/Year – with eCare	–	2750	2420	1997	1464
Cost Per Local On-site Visit	\$125	\$125	\$125	\$125	\$125
Total Savings – On-site Support	–	\$206,250	\$302,500	\$415,938	\$549,038

Reduced Downtime (Table 4)

	Year 0	Year 1	Year 2	Year 3	Year 4
Remote User hours lost per call – without eCare	0.50	0.50	0.50	0.50	0.50
Remote User hours lost per call – with eCare	–	0.40	0.30	0.25	0.20
Remote User hours saved per call	–	0.10	0.20	0.25	0.30
Total Savings – Reduced Downtime	–	\$41,250	\$90,750	\$124,781	\$164,711

Reduced Training Days (Table 5)

	Year 0	Year 1	Year 2	Year 3	Year 4
Remote User Annual Days Training	2	2	3	4	4
Reduction with eCare	–	5%	5%	5%	5%
Remote User Days Saved per Year	–	110	182	266	293
Total Savings – Training	–	\$41,250	\$68,063	\$99,825	\$109,808
TOTAL SAVINGS	–	\$453,283	\$679,111	\$915,290	\$1,151,412

Investment Analysis (Table 6)

	Year 0	Year 1	Year 2	Year 3	Year 4
Software per user	\$42	\$42	\$42	\$42	\$42
Software Investment	\$42,000	\$4,200	\$4,620	\$5,082	\$5,590
Maintenance per user	–	\$10	\$10	\$10	\$10
Software maintenance	–	\$11,000	\$12,100	\$13,310	\$14,641
Hours required to install software	0.33	0.33	0.33	0.33	0.33
Installation / Professional Services	\$15,469	\$1,547	\$1,702	\$1,872	\$2,059
TOTAL INVESTMENT	\$57,469	\$16,757	\$18,432	\$20,274	\$22,300

Return Analysis (Table 7)

	Year 0	Year 1	Year 2	Year 3	Year 4
Cost Savings	–	\$453,283	\$679,111	\$915,290	\$1,151,412
Investment	\$57,469	\$16,757	\$18,432	\$20,274	\$22,300
Net Cash Flow	(\$57,469)	\$436,526	\$660,679	\$895,016	\$1,129,111
Accumulated Net Cash Flow	(\$57,469)	\$379,057	\$1,039,737	\$1,934,752	\$3,063,863
ROI %		807.76%			

CONCLUSION

The pay back is fast and dramatic. Break-even point can be expected within the first few months of the first year (Table 2), while in Year 0, the net cash flow will be negative given the investments made that year. From that time forward, you can expect significant return on investment percentages, (The ROI percentage can be thought of as the interest rate that you would need to get from a bank on a savings account in which you had deposited an amount of money equal to your new technology investment.) As time progresses, the cost of eCare is becoming a smaller fraction of the total savings, and the productivity of both the help desk staff and the remote-user increases.

CONTACT INFORMATION

Contact us for a demo today and learn how you can streamline your support services while dramatically improving customer satisfaction and first-call resolution rates.

<http://www.netopia.com/ebusiness/products/ecaredemo/>

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