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ROI CASE STUDY MICROSOFT DYNAMICS CRM ROLAND DGA CORPORATION

THE BOTTOM LINE

Roland DGA Corporation deployed Microsoft Dynamics CRM to create a consolidated database of potential and existing client information that would improve dealer relationship management, automate key processes, and provide the necessary metrics to analyze sales and marketing initiatives.

ROI: 63%

Payback: 1.7 years

THE COMPANY

Established in 1990, Roland DGA Corporation is responsible for the marketing, sales, and distribution functions of Tokyo-based Roland DG. Roland DG is a provider of wide-format inkjet printers in the durable graphics market. Roland DG also distributes a variety of products including vinyl cutters, thermal printer/transfer cutters, 3D scanners, and engravers. As part of Roland DG, Roland DGA manages the sales, marketing, and customer support services for a network of more than 300 dealers throughout North and South America.

THE CHALLENGE

Roland DGA was managing its customer leads and contacts in both Siebel and GoldMine customer relationship management systems (CRM) and lacked a consolidated database for storing, retrieving, and inputting client information for employees to use to manage the lead generation process. This created a number of challenges:

- With no central repository to search for information, employees elected to abandon the use of one of its CRM systems because it wasn't providing sales and marketing teams with valuable lead content. As a result, Roland DGA was paying high maintenance fees for an unused system.
- Because Roland DGA had isolated systems that were not linked, management had no way of measuring the success or failure rate of its ongoing sales and marketing initiatives, making it difficult to adjust processes and determine best practices.
- Limited visibility and lack of opportunity for client and dealer feedback made it difficult to capitalize on additional sales possibilities.

To avoid the growing cost of and complexity of managing multiple CRM systems, Roland DGA began looking for a solution that would create a central database with

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lead information and had the necessary features to measure and monitor sales and marketing projects.

THE STRATEGY

Roland DGA evaluated 30 to 40 different products to determine which solution best met the needs of the business. In May 2005 Roland DGA elected to implement Microsoft Dynamics CRM because of its simple to use interface, integration capabilities, and market presence. In addition, Roland DGA purchased Powertrak as a feature component to complement MSCRM because of its pre-built Advanced Marketing Module and Dealer Portal as well as its ability to extend MSCRM.

Implementation and project planning began in May 2005 and by October Roland DGA launched the first phase of its four-step deployment. During this time various outside consultants were hired to help manage the key components of each phase:

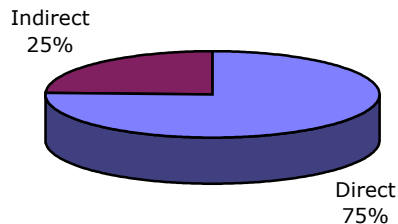
- Phase one began in June 2005 and lasted 100 days. During that time existing CRM solutions were replaced, there was a major migration and data clean up effort, hardware and software applications were purchased, and the solution was integrated with Microsoft Dynamics GP financial suite.
- Phase two began in October 2005 and lasted 9 months, during which Roland DGA introduced lead management and literature fulfillment integrated with Powertrak’s Advanced Marketing Module and Dealer Portal.
- Phase three consisted of a 2-month system upgrade in September 2006 to Microsoft Dynamics CRM 3.0 and Powertrak 8.0.
- Phase four is expected to occur in quarter two of 2007 and will implement a service order management component within the CRM system and enhance existing features.

KEY BENEFIT AREAS

Roland DGA achieved a number of benefits from its Microsoft Dynamics CRM deployment including the following:

- Eliminated existing system maintenance fees. By replacing its existing CRM solutions, Roland DGA was able to eliminate ongoing maintenance fees that it had been paying for Siebel and GoldMine, saving more than \$25,000 per year.

BENEFITS



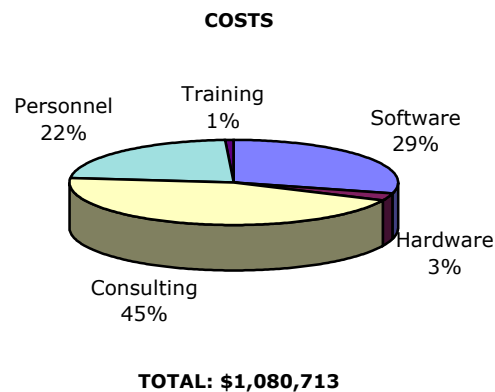
TOTAL: \$2,076,209

- Increased profitability. Better access to data and information within Dynamics CRM enabled sales people to close more deals.

- Improved warranty expiration management and renewal. Increasing visibility into warranty expiration dates enabled Roland DGA to increase warranty renewals, resulting in more than \$100,000 in increased annual profits.
- Improved employee productivity. Employees experience a significant amount of time savings with the streamlining of key processes including automatic literature request distribution, report generation, and dealer lead routing.

KEY COST AREAS

Key cost areas for the deployment included personnel, consulting, software, hardware, and training.



LESSONS LEARNED

Keys for success for Roland DGA were building a system that had the flexibility to integrate with additional components and ease of use to encourage employee adoption. Roland DGA also understood that its phased deployment timeline was a good long-term strategy, but that it might have to implement software upgrades in tandem with the deployment, which could impact deployment timelines and costs.

CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, and training over a 3-year period to quantify Roland DGA's total investment in Microsoft Dynamics CRM. Direct benefits calculated included the elimination of software maintenance fees associated with retired systems, and increased profits through better warranty management and streamlined processes – which will grow over time as employees use the system more. Indirect benefits included increased productivity through marketing automation and streamlining regional management were calculated using a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

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DETAILED FINANCIAL ANALYSIS

ROLAND

SUMMARY

Project:	Microsoft Dynamics CRM
Annual return on investment (ROI)	63%
Payback period (years)	1.73
Net present value (NPV)	214,292
Average yearly cost of ownership	360,238

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	446,423	517,937	602,629
Indirect	0	169,740	169,740	169,740
Total Benefits Per Period	0	616,163	687,677	772,369

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	196,951	0	0	0
Hardware	30,000	0	0	0
Total Per Period	226,951	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	39,390	39,390	39,390
Hardware	0	6,000	6,000	6,000
Total Per Period	0	45,390	45,390	45,390

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	39,390	39,390	39,390
Hardware	0	0	0	0
Consulting	356,250	67,000	30,000	30,000
Personnel	180,642	22,950	19,500	19,500
Training	9,750	0	0	0
Other	0	0	0	0
Total Per Period	546,642	129,340	88,890	88,890

FINANCIAL ANALYSIS	Year 1	Year 2	Year 3
Net cash flow before taxes	486,823	598,787	683,479
Net cash flow after taxes	266,107	322,089	364,434
Annual ROI - direct and indirect benefits			63%
Net cash flow after taxes (direct only)	181,237	237,219	279,564
Annual ROI - direct benefits only			47%
Net present value (NPV)			214,292
Payback (years)			1.73
Average annual cost of ownership			360,238
3-year IRR			38%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%