GOODDATA SERVICECHANNEL

NUCLEUS RESEARCH

ANALYST

Barbara Z. Peck

THE BOTTOM LINE

ServiceChannel, a facilities management software company, deployed GoodData to retire an ineffective legacy program and provide customers with accessible and actionable analytics. Moving analytics to GoodData, the company increased revenue, avoided the hiring of six additional analysts, eliminated legacy system costs, improved IT and manager productivity, and improved customer adoption and engagement.

ROI: **1218%**

Payback: **1 month**

Average annual benefit: **$4,499,531**

•••

THE COMPANY

ServiceChannel was founded in 1999 and is headquartered in New York, New York. The company provides solutions for facilities management and contractor sourcing. Users can manage all activity – including listing, sourcing, procurement, management, and payment – from a single dashboard. ServiceChannel analytics offer users transparency into their repair and maintenance programs, operations, and service quality across multiple industries, locations, and contractors.

THE CHALLENGE

In 2011, ServiceChannel deployed MicroStrategy to deliver business intelligence (BI) to its customers. Over time, however, the company found that the solution was not

meeting its needs. MicroStrategy required skilled IT and analyst support to build reports. As a result, customers were having difficulty creating reports themselves and had to outsource their report requests to ServiceChannel. This process created a long pipeline of customer requests for ServiceChannel. The team had to work overtime on a regular basis to ensure that customers had access to basic reports. Once customers had their reports, they were not able to customize them leading to reduced customer adoption rates.

Cost : Benefit Ratio | **1 : 2.1**

ServiceChannel was growing and knew its legacy system would not be sustainable. The company began to explore embedded, cloud-based analytics solutions that would allow its customers to be self-sufficient, with minimal barriers to entry and a quick ramp-up time. It also wanted a solution that made BI accessible and consumable – one that would enable its customers to use analytics on a day-to-day basis to drive better decision-making.

THE STRATEGY

ServiceChannel considered GoodData, Birst, and Tableau. Ultimately, the company chose GoodData for three main reasons:

- Embedded analytics. The company wanted to shift to embedded analytics that would deliver insights to its customers at the point of work.

- Intuitive dashboards and reports. ServiceChannel found that GoodData dashboards and visualizations are easy to access and use.

- Designed with the business user in mind. The company found that GoodData enables customers to be self-sufficient, facilitating greater user adoption.

Direct 91%   9% Indirect

ServiceChannel completed its deployment of GoodData in three months and went live in December 2013. To complete the implementation, one project manager and one data architect allocated most of their time to the project during this period, working with GoodData professional services to complete the deployment.

Today, through GoodData, ServiceChannel provides its customers with core embedded analytics including real-time, off-the-shelf dashboards. The company has continued to work with GoodData to upgrade and add functionality to its analytics, including a machine learning-based Decision Engine for prescriptive analytics.

KEY BENEFIT AREAS

Deploying GoodData enabled ServiceChannel to increase reporting volume and improve customer satisfaction. Key benefits of the project included:

- **Increased revenue.** Using GoodData to make BI a part of ServiceChannel's application has attracted new customers. Additionally, ServiceChannel has been able to adjust its pricing according to the increased value of its product. Revenue increased over three years, attributable to new customers and revised pricing is 37.6 percent.

CUMULATIVE NET BENEFIT

	19,044	358,588	984,819
	Year 1	Year 2	Year 3
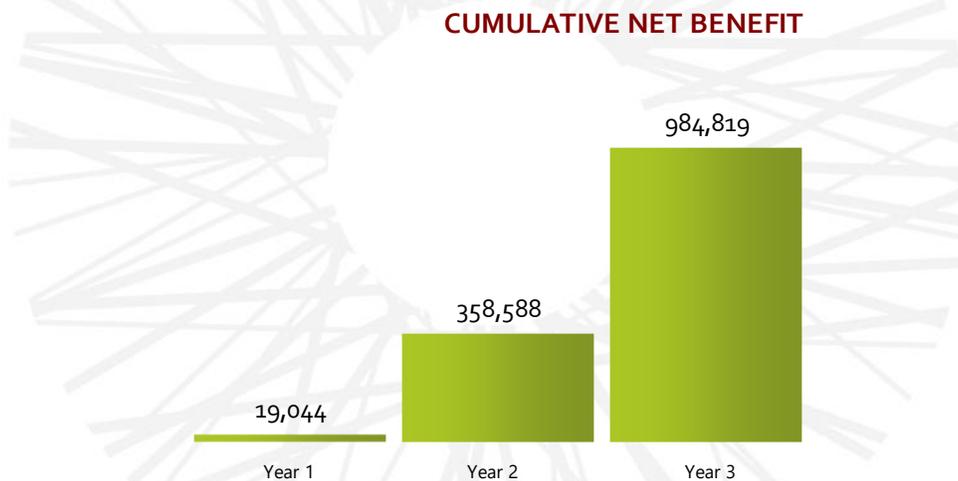
- Avoided staffing increases. To keep up with the demand for analytics under its previous system, ServiceChannel would have had to hire six additional analysts. By deploying GoodData, the company avoided these additional hires while increasing the volume of analytics delivered to its customers.

- Eliminated legacy system costs. By deploying GoodData, ServiceChannel eliminated the costs associated with MicroStrategy.

- Increased IT and manager productivity. ServiceChannel reduced 10 hours' worth of work with MicroStrategy to just 1 hour. By productizing customizable

GoodData analytics, the company eliminated the need for its IT and managers to build custom reports for customers.

- Increased customer adoption and engagement. After deploying GoodData, customer adoption of analytics improved. Today, at least 70 percent of the company's customers run their own internal reports and dashboards on a weekly basis. With the legacy MicroStrategy system, only 30 percent of customers were running their own internal reports. Additionally, 25 percent of customers have upgraded to ServiceChannel's premier analytics package.

KEY COST AREAS

Costs of the project included annual software subscription fees, consulting fees for implementation, initial and ongoing personnel time to deploy and support the application, and the cost of training.

NET CASH FLOWS

	Initial	Year 1	Year 2	Year 3
Net Cash Flows	(350,500)	369,544	339,544	626,231
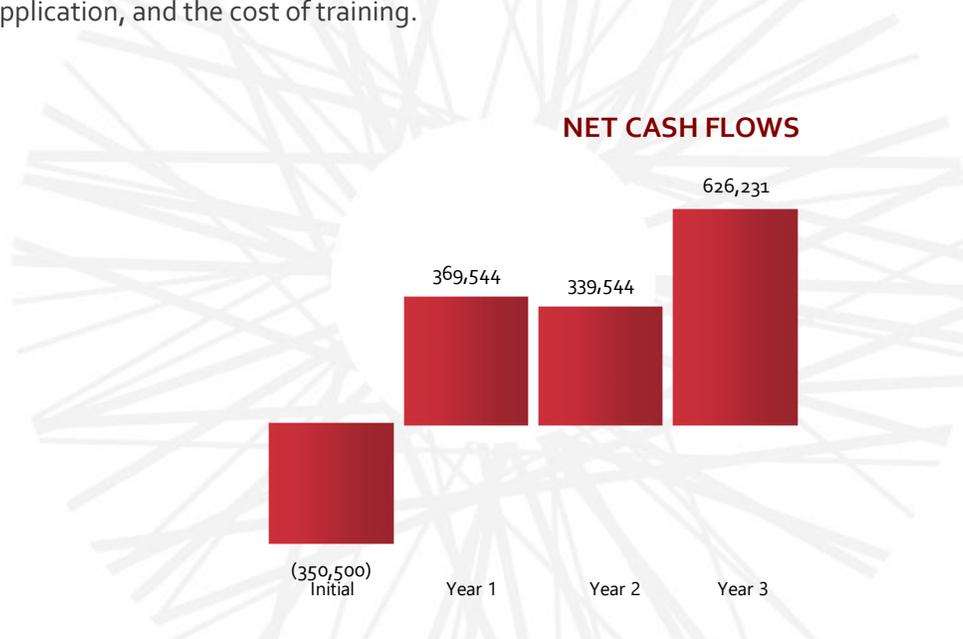
LESSONS LEARNED

Early on, ServiceChannel identified the business trend that elevated industry conversations from a "fix it"-mindset it to a proactive delivery of performance data, easy integration, and actionable analytics. Previously, with MicroStrategy, there was limited customer adoption of analytics because of its limited capabilities. Although customers were not at risk for leaving because of the application's analytics offering, ServiceChannel saw an opportunity to increase customer adoption of and engagement with analytics by embedding BI in its application using GoodData.

Working to improve customer satisfaction, ServiceChannel has positioned itself ahead of its competitors, none of which have comparable analytics offerings.

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, implementation, personnel time to deploy and support the application, and the cost of training to quantify ServiceChannel's total investment in GoodData.

Direct benefits quantified included increased revenue, the avoided costs of the six additional employees that would have been needed to continue to deliver analytics with MicroStrategy (based on their fully loaded annual costs), and the eliminated costs of MicroStrategy. Indirect benefits quantified included the increased productivity of IT staff and managers who now spend less time producing and supporting analytics. The productivity savings were quantified based on the annual fully loaded cost of those employees using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

FINANCIAL ANALYSIS
GoodData - ServiceChannel

Annual ROI: 1218%
Payback period: 0.1 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	786,000	786,000	786,000
Indirect	0	2,543,531	3,723,531	4,873,531
Total per period	0	3,329,531	4,509,531	5,659,531

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	0	150,000	210,000	240,000
Hardware	0	0	0	0
Consulting	150,000	0	0	0
Personnel	40,500	46,688	46,688	0
Training	0	0	0	0
Other	160,000	0	0	0
Total per period	350,500	196,688	256,688	240,000

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(350,500)	3,132,844	4,252,844	5,419,531
Net cash flow after taxes	(192,775)	1,723,064	2,339,064	2,980,742
Annual ROI - direct and indirect benefits				**1218%**
Annual ROI - direct benefits only				158%
Net Present Value (NPV)				5,893,768
Payback period				**0.1 years**
Average Annual Cost of Ownership				347,958
3-Year IRR				927%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.

NUCLEUS RESEARCH