



SERVICE MANAGEMENT WORLD

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Session 105

**What's Your Value Proposition?
The Industry's First ROI Workshop!**

Your Speaker: Jeff Rumburg

Download Today's Presentation and ROI Template



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	A	B	C	D	E	F
2						
3	Channel-Mix ROI					
4						
5		Contact Channel	Avg. Monthly Contact Volume	Cost per Contact		
6		Voice				
7		Voicemail				
8		Email				
9		Fax				
10		Web Portal				
11		Chat				
12		Walk-Up				
13		Other				
14		Self-Service				
15		Monthly Total				
16		Annual Total				
17						
18		Estimated Annual Savings vs. Voice Only				
19						
20	Shift-Left ROI					

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I Need a Volunteer

Do You Know...

- Average Monthly Contact Volume
- End Users Supported
- Agent Headcount
- Average Contact Handle Time
- Average Agent Salary
- Customer Satisfaction
- First Contact Resolution Rate

Cost Center vs. Value Center

Cost Center

- ❑ Responsible for cost control
- ❑ Not responsible for...
 - Revenue generation
 - Profits
 - Investment decisions

VS.

Value Center

- ❑ Creates value
- ❑ Demonstrates value
 - Cost savings
 - Cost Benefit Analysis
 - ROI Analysis

- The vast majority of IT Service and Support organizations operate as cost centers
 - They are expected to control costs, but are not expected to make any explicit financial contribution to the enterprise
- The focus in a cost center is on minimizing costs
- The focus in a Value Center is on maximizing value!

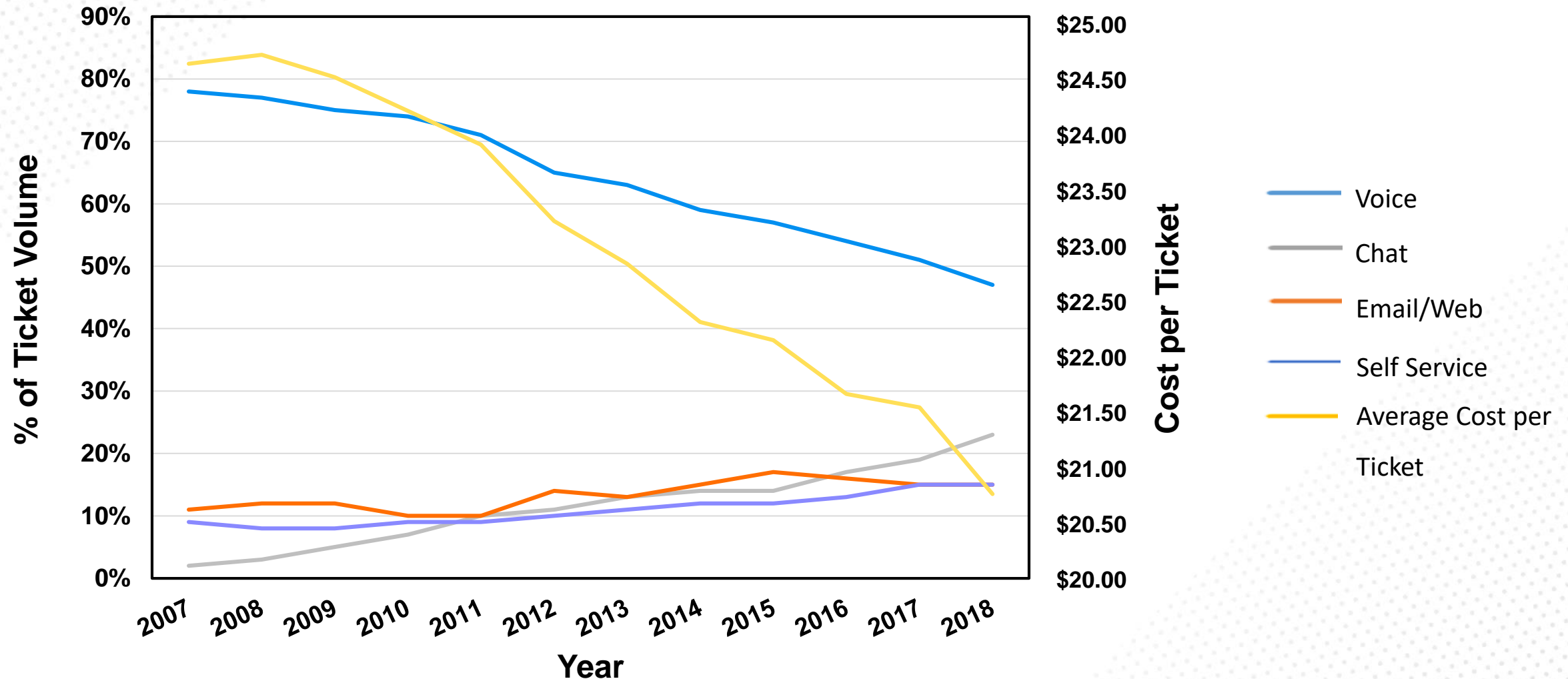
IT Support as a Business Enterprise



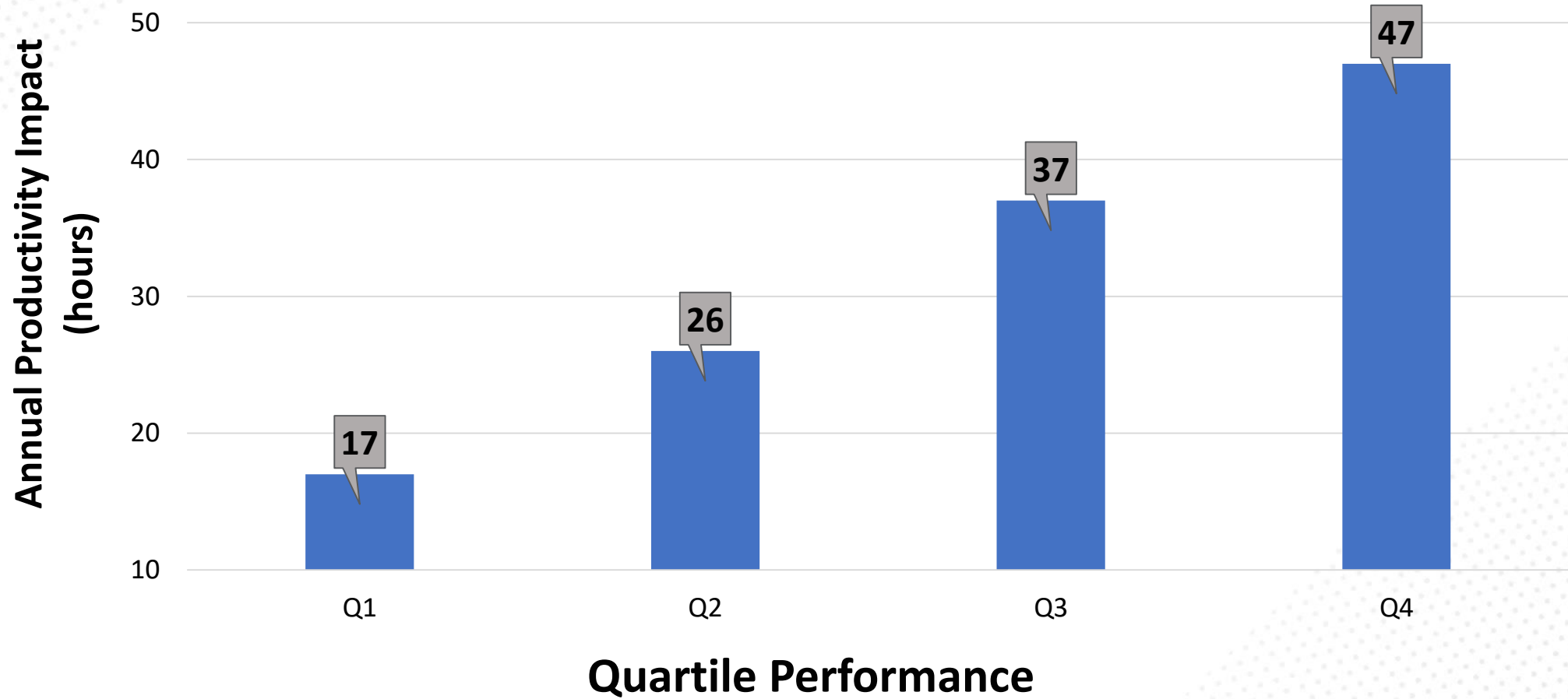
Shift Left Reduces Total Cost of Ownership



Contact Deflection into Lower Cost Channels



Quality of Support Drives End-User Productivity



ROI Defined

$$\text{ROI} = \frac{\text{Return}}{\text{Investment}} = \frac{\text{Savings or Profits}}{\text{Spending}}$$

- ❑ ROI is a simple ratio
- ❑ It requires quantification of Return (Savings or Profits), and Investment (Spending)
- ❑ It is measured over a one-year timeframe (One Year ROI is implied in the metric)
- ❑ It is one of the most widely used and accepted financial metrics
- ❑ It can be used *prospectively*, as part of a Business Case Analysis
- ❑ ...Or *retrospectively* to evaluate the past business success

ROI: Two Simple Examples

Example	Investment	One Year Return	First Year ROI
Bank CD	\$10,000	\$300	3%
Service Desk Training	\$10,000	\$20,000	200%

Service Desk Training: A 200% Return

- ❑ Company XYZ hires an outside training firm in an effort to reduce handle times, and improve First Contact Resolution rates
- ❑ Following the training, handle times drop from 10 minutes to 9 minutes, and Cost per Contact drops from \$20 to \$19
- ❑ The \$1 savings in Cost per Contact, when multiplied by 20,000 contacts per year, yields a one year savings of \$20,000
- ❑ The end result is an ROI of 200% in year 1

Example: ROI from Channel Mix

Contact Channel	Avg. Monthly Contact Volume	Cost per Contact
Voice	37,204	\$15.61
Email	17,501	\$12.49
Web	303	\$12.49
Chat	0	\$11.86
Walk-Up	18	\$23.42
Other	207	\$15.61
Self Service	1,008	\$2.00
Monthly Total	56,241	\$808,760
Annual Total		\$9,705,114

Estimated Annual Savings vs. Voice Only	\$829,950
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Example: ROI from Shift Left

Average Monthly Contact Volume		55,233
Net First Level Resolution Rate	Peer Group	84.0%
	Company XYZ	81.9%
Monthly FLR Ticket Volume vs. Peer Group		-1,141
FLR Savings per Ticket		\$47
Estimated Annual Shift Left Savings		-\$643,771

Example: ROI from User Productivity Gains

Balanced Scorecard Quartile Performance		1
Annual Productive Hours Lost per End User	Industry Average	25.9
	Company XYZ	17.1
Productive Hours Returned per End User per Year		8.8
Number of End Users Supported		45,000
Total Productive Hours Returned to End Users		396,000
Annual Working Hours per FTE		1,800
Estimated FTE Savings		220
Estimated Annual Fully Loaded FTE Cost		\$120,000
Estimated End-User Productivity ROI		\$26,400,000

Total Estimated Service Desk ROI is 267%

Channel Mix ROI	\$829,950
Shift Left ROI	-\$643,771
Productivity ROI	\$26,400,000
Total Return	\$26,586,179
Annual Operating Expense (Investment)	\$9,705,114
Annual ROI	274%

I Need a Volunteer

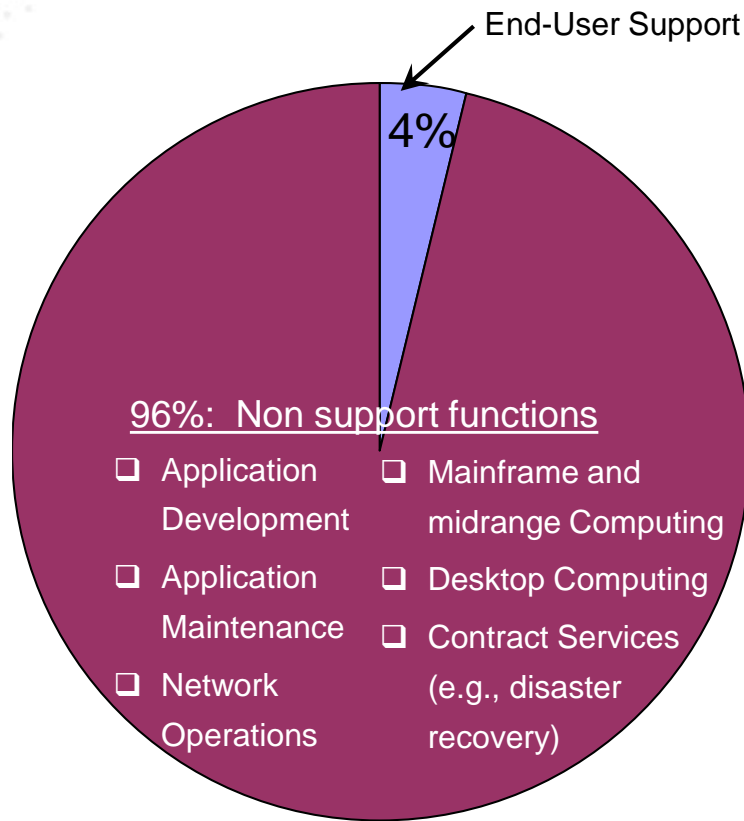
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Populating the ROI Calculator

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The Paradox of IT Support



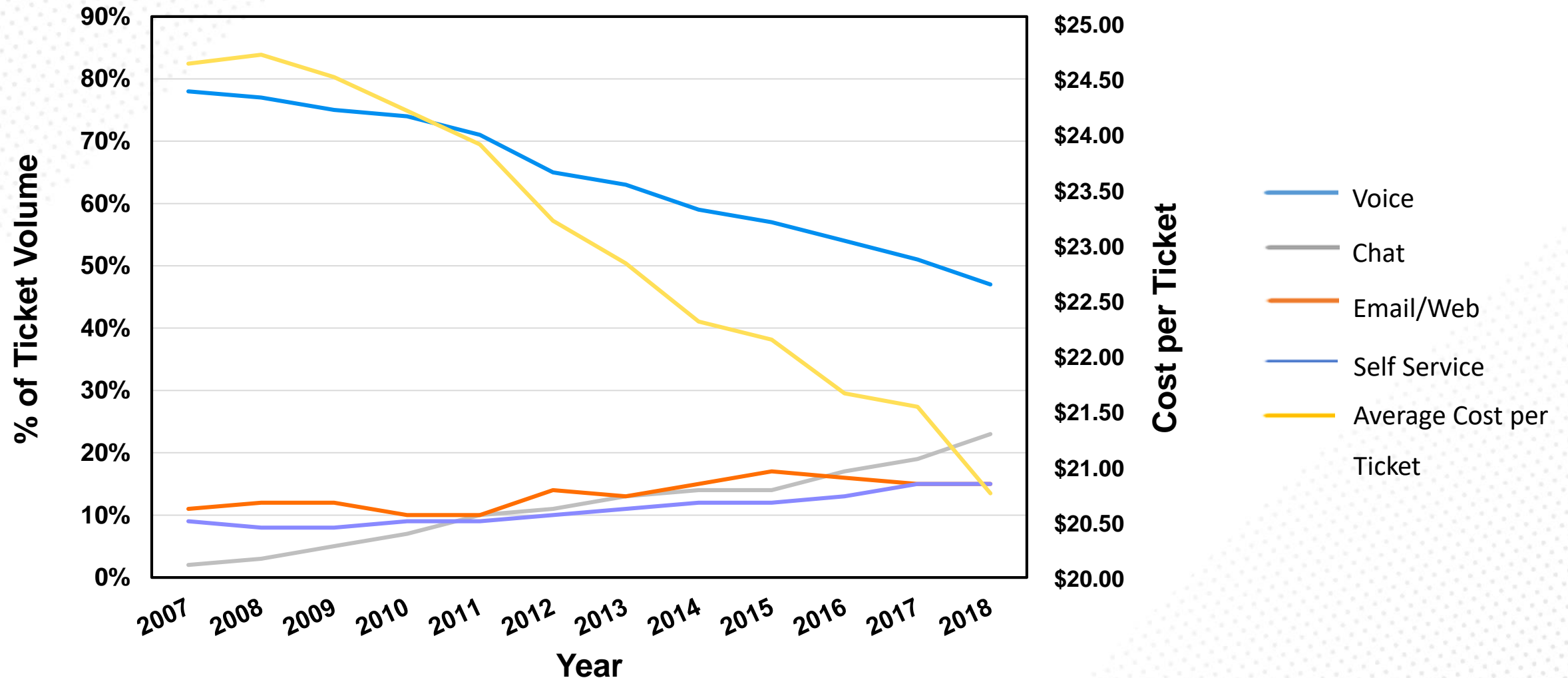
Corporate IT Spending Breakdown

- ❑ Less than 5% of all IT spending is allocated to end-user support
 - Service desk, desktop support, field support
- ❑ This leads many to erroneously assume that there is little upside opportunity in IT support
- ❑ The result is that most support organizations are managed with the goal of minimizing costs
- ❑ But the most effective support strategies focus on maximizing value

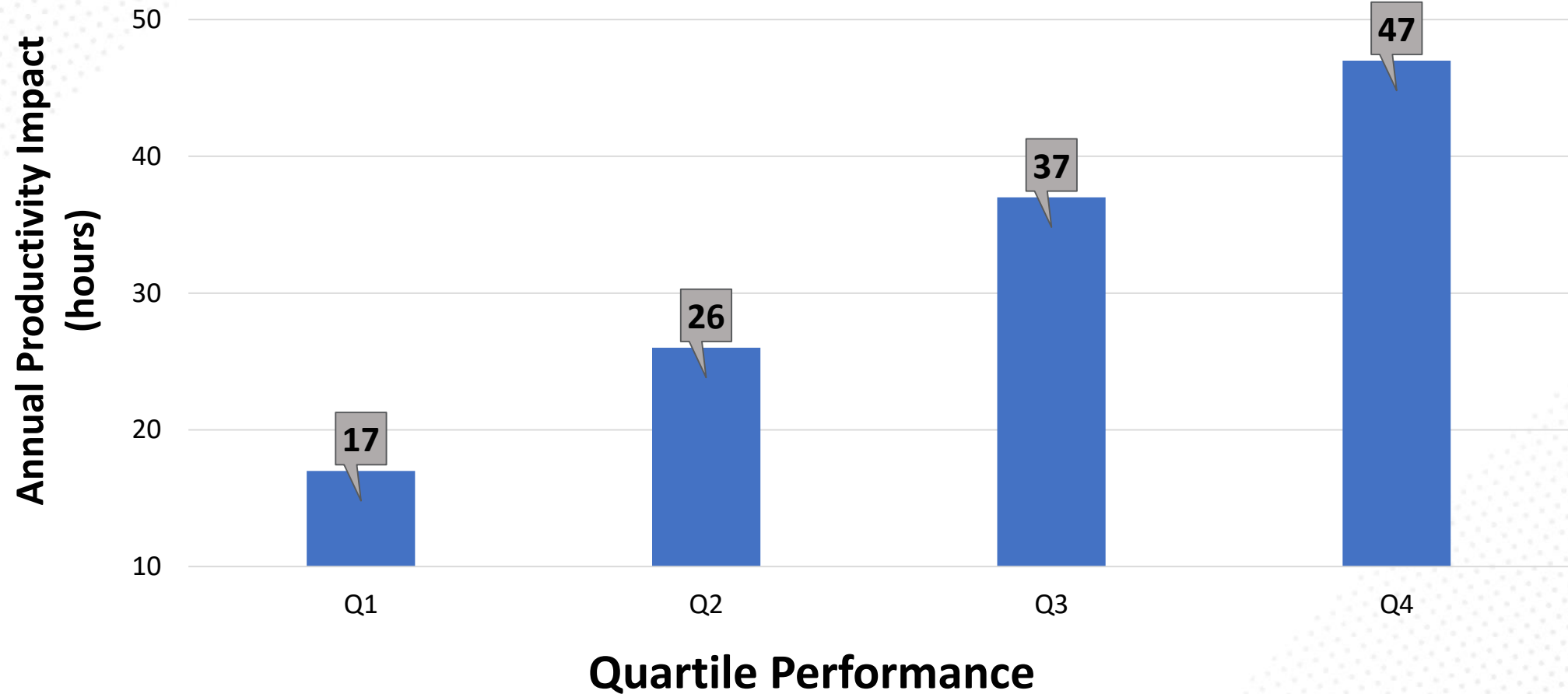
Shift Left Reduces Total Cost of Ownership



Contact Deflection into Lower Cost Channels



Quality of Support Drives End-User Productivity



You Have a Choice to Make...

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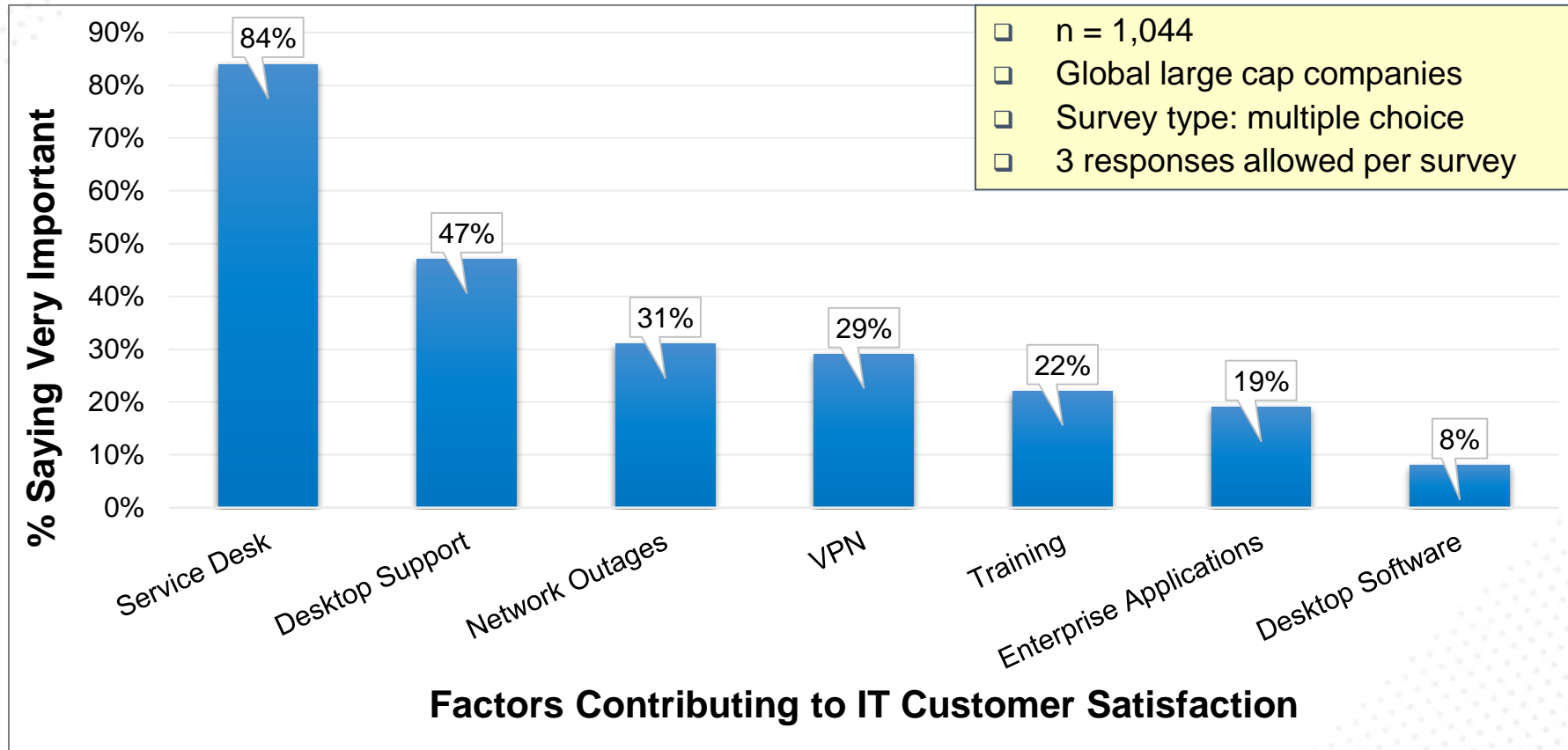
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Service and Support Drives Customer Satisfaction for *All* of IT



- 84% cited the service desk as a very important factor in their overall satisfaction with corporate IT
- 47% cited desktop support as a very important factor in their overall satisfaction with corporate IT

Questions?



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this session.**

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Thank You!

Questions?



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- Co Founder and Managing Partner, MetricNet, LLC
- Winner of the Ron Muns Lifetime Achievement Award
- Named one of HDI's Top 25 Thought Leaders in 2016, 2017 and 2018
- Former CEO, The Verity Group
- Former Vice President, Gartner
- Founder of the IT Service and Support Benchmarking Consortium
- Author of *A Hands-On Guide to Competitive Benchmarking*
- Harvard MBA, Stanford MS

Contact MetricNet...



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- Field Support

Call Centers

- Customer Service
- Technical Support
- Telemarketing/Telesales
- Collections

Telecom

- Price Benchmarking

Satisfaction

- Customer Satisfaction
- Employee Satisfaction



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Thank You!