

Baroudi Bloor Service Industry Express ROI models

Model 1--Field Service Payback

The service sector performs services for individual customers, whether that service is fixing a washing machine, installing a complex network, or answering customer questions and resolving customer issues through a call center or website. To increase profits, service managers want to invest in tools that will allow service representatives to:

- Handle more customers
- Reduce the amount of (unbillable) repeat calls for the same problem
- Reduce the number of calls that must be escalated to more costly expert service technicians
- Facilitate customer self service wherever possible

Many products promise to improve service performance, sometimes quoting figures such as a 40% increase in efficiency, a 50% decrease in repeat service calls, 30% quicker response time, etc. But is the investment worth the cost and trouble for your organization? How can you calculate the dollar value of an increase in performance?

As part of its Express ROI service, Baroudi Bloor has developed a series of worksheets to help you calculate the effective return on your investment in technology.

Our first service industry Express ROI calculator addresses the issue of field service or tech support calls where repeat calls for the same problem are not billable. Use the calculator to determine, based on your company's data, how much money you can save by decreasing the number of repeat calls your technicians need to make and reducing the number of calls escalated. The worksheet will also calculate the increased revenue available to your company using the extra time made available by the decrease in repeat calls.

Simply compare the amount of money your company can save when investing in a product intended to boost service representative productivity with the cost of purchasing and installing the product to determine the cost effectiveness of the new technology and your anticipated payback.

Other Baroudi Bloor service industry ROI calculators address the call center and customer self-service. Future Baroudi Bloor Express ROI calculators will look at transaction processing, collaboration, supply chain management, knowledge management, security, customer relationship management, partner management, and more.

Using this and upcoming Express ROI calculators targeted towards other aspects of the enterprise, you can gain valuable insight into the tangible, hard-dollar return on your IT investments.

Below is an example of the results provided by our interactive calculators, which are made available exclusively to Baroudi Bloor Express ROI clients.

Baroudi Bloor - ROI Models

Model 1--Field Service Payback

<u>Sample</u>	<u>Your</u>
<u>Cost/Revenue</u>	<u>Actuals</u>
<u>Values</u>	

Your Business As Is

Hourly rate for field service tech (fully loaded, incl. transp. costs)	\$275		enter a number in the space to the left
Average number of service calls per 8 hour day	6		enter a number in the space to the left
Cost of field service call	\$366.67		
% Repeat visits for same problem	20%		enter % as decimal in the space to the left
Actual cost of field service call (adjusted for unpaid repeat visits)	\$440.00		
For Each Technician:			
Total field service calls / 5 day week	30		
Number of calls requiring repeat visit each week	6		
Cost of field service calls per week	\$13,200.00		
Revenue per call (not including parts), 2x labor cost	\$550.00		enter a number in the space to the left
Profit per call (not including parts)	\$110.00		
Profit per week (not including parts)	\$3,300.00		
Typical field service force	50		enter a number in the space to the left

Your Business with proposed changes

Hourly rate for field service technician, as above	\$275		
Cost of field service call, as above	\$366.67		
What is your goal? % Reduction in repeat visits	50%		enter % as decimal in the space to the left
% Repeat visits for same problem reduced by goal amount above	10%		
Actual cost of field service call (adjusted for unpaid repeat visits)	\$403.33		

For Each Technician:		
Total field service calls/week		30
Number of calls requiring repeat visit each week		3.0
Cost of field service calls per week		\$12,100.00
Revenue per call (not including parts), 2x labor cost		\$550.00
Profit per call (not including parts)		\$146.67
Profit per week (not including parts)		\$4,400.00

ROI

SAVINGS PER CALL		\$36.67
SAVINGS PER WEEK (per field technician)		\$1,100.00
Number of billable calls replacing unpaid repeat visits per week		3
ADDED REVENUE PER WEEK (per field technician)		\$1,650.00
ADDED PROFIT PER WEEK (per field technician)		\$440.00
For typical Field Service Force entered above:		
TOTAL SAVINGS PER WEEK		\$55,000.00
POTENTIAL TOTAL INCREASED REVENUE/WEEK		\$82,500.00
POTENTIAL TOTAL INCREASED PROFIT PER WEEK		\$22,000.00

- > This assumes that the organization bills for field service calls but cannot bill additionally for return visits for the same problem
- > Revenue increase produced by increased billable calls due to reduce return visits



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