

FIVE WAYS TO CALCULATE THE RETURN ON YOUR INVESTMENT IN LOTUS PREMIUM SUPPORT FOR LOTUS NOTES®

...and optimize your benefits from Notes in the process

Leading industry analysts agree that the cost of support is a major component in the cost of client/server systems, but many organizations have trouble analyzing and evaluating this important aspect of their computing environment. This paper outlines the support challenges posed by the new client/server environment, particularly complex, high-value enterprise systems like Lotus Notes®. It also reviews approaches to supporting high-productivity client/server environments, focusing on vendor-provided support as a supplement to the in-house support process. Finally, this paper provides quantitative models you can use in evaluating your support options and calculating the return on your support investment.

The five quantitative models examine such factors as the cost of hiring and training help desk staff in complex, rapidly changing client/server technologies, as well as the cost of system or application downtime in terms of lost end-user productivity. Every hour that business-critical systems such as Notes are unavailable has a significant impact on your organization's productivity and, ultimately, your bottom line. This paper offers models to help you:

- quantify the value of Lotus Notes support
- reduce the need for costly, highly trained in-house support specialists
- speed the resolution of problems that reduce end-user productivity
- accelerate the speed at which Lotus Notes delivers its proven, high return on investment

I. The Client/Server Support Challenge

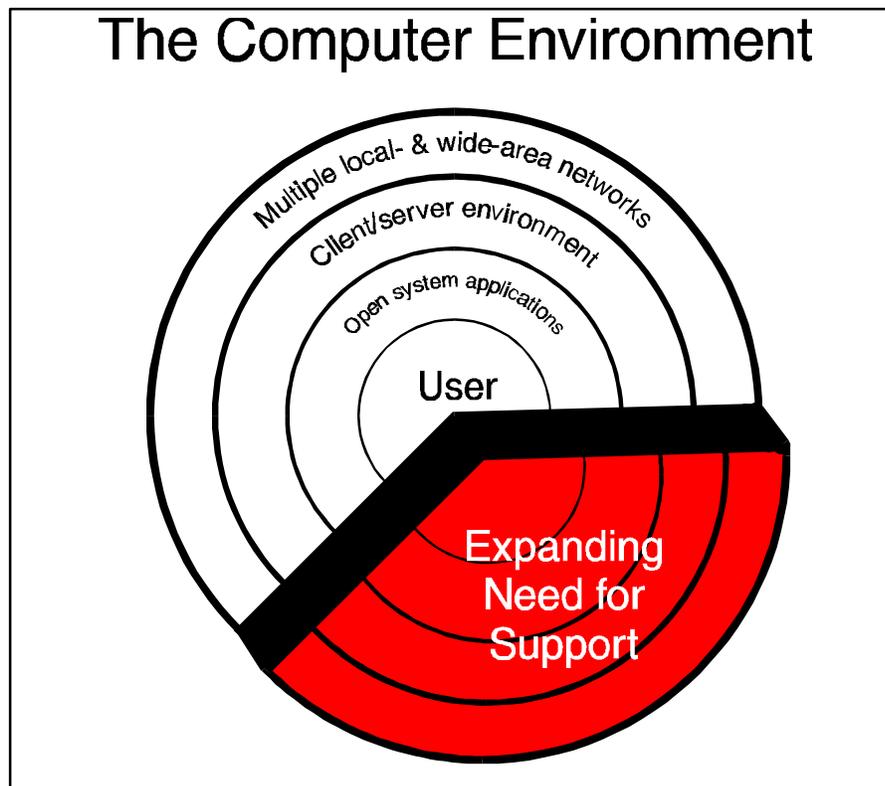
Client/server computing delivers compelling benefits to organizations, but those benefits come at a price—the need for increased support. Client/server computing and open, multivendor, multiprotocol system environments add significant pressure to an organization struggling to properly support users on its own. The time when an organization could handle the support challenge alone has passed. "You can't fly alone when it comes to support," declares Bob Johnson, director of software services research at Dataquest Worldwide Services Group, Westboro, MA.

Every hour that
business systems
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affects the
bottom line.

A number of factors are making it harder to provide internal support and are forcing a change in how organizations handle user support:

- Open systems . Organizations today simply have more systems from more vendors, using more protocols, running more software and connecting to more resources than ever before.
- Client/server computing . Today's systems environment is more complex, with applications and pieces of applications interoperating across a local- or even a wide-area network.
- Networks . Widely distributed, networked systems add another layer of complexity to the support challenge.

While the strategic value of technology continues to increase, the rapidly escalating cost of labor, mainly for service and support, can undermine an organization's expected return on its technology investment, warns the Gartner Group, Stamford, CT. In a 1995 study, titled *Strategies to Control Distributed Computing's Exploding Costs*, Gartner Group calculated that end-user operations and technical support represented over three-quarters of the five-year cost of ownership of a system. Despite improvements in technology, ease of use and the price/performance of systems, "the need for end-user technical support does not disappear," the study notes.



The growing complexity of the computing environment requires increased support.

II. Managing the Client/Server Support ROI Challenge

Since organizations aren't likely to give up the benefits of client/server computing, they must develop strategies to get the most out of every dollar spent on support. That means developing ways to bring the internal support staff up to speed quickly on technology changes and to shorten the time it takes the in-house support staff to resolve problems.

For example, Lotus Premium Support for Notes significantly reduces the time it takes to resolve a problem and smoothes the learning curve for the internal staff, increasing support staff productivity. It also reduces the need to maintain highly trained Lotus Notes specialists in-house and invest in costly support diagnostic tools. As we shall see below, this reduces the cost of support and speeds your support ROI.

The use of outside third-parties to augment in-house support is growing dramatically according to the latest Dataquest study, titled **Outsourcing Software Support**. The report shows that the number of support calls to outside parties more than doubled between 1993 and 1994. These programs supplement the in-house support efforts by providing skills, expertise, tools, diagnostics, training and knowledge that are costly to acquire and maintain in-house.

Vendor support programs like Lotus Premium Support for Notes represent a key element in controlling the cost of end-user support. Such programs deliver a number of advantages, including:

- Bringing the internal support organization up to speed quickly on complex technology
- Keeping the support staff abreast of the latest changes and technical developments
- Reducing the need to recruit, hire, train and retain high-cost support engineers with specialized skills
- Freeing more management time (typically, technical support managers spend most of their time on operational support issues and dedicate only 16 percent of their time to strategic issues.
- Providing access to information resources and support tools that few organizations can afford to acquire, implement and maintain on their own
- Leveraging a broad base of problem/resolution experience, far broader than an organization can develop on its own

"Time and experience are proving to corporations that off-loading or augmenting software support can save costs and improve services," asserts Dataquest's Johnson in the report. When the application in question is a high payback system like Lotus Notes, effective support programs offer a very high return on investment.

In fact, in a recent survey of 100 organizations using Lotus Notes, 82 percent reported that Lotus Premium Support for Notes significantly enhanced the productivity and value of their Notes environment.

Eighty-two percent reported that Lotus Premium Support for Notes significantly enhanced productivity and

III. Lotus Notes: A Proven, High-Value Client/Server Environment

The greater the value of the application in terms of payback, the greater the return on an organization's investment in support. Seen in this light, Lotus Premium Support for Notes provides a very high return by enhancing the use of Lotus Notes, a proven, high-payback application, as International Data Corp. (IDC) found in a landmark study, titled Lotus Notes: Agent of Change .

The following facts point to the extensive leveraging power of an investment in Lotus Premium Support for Notes:

- 80 percent of 100 organizations using Lotus Notes reported that Lotus Premium Support for Notes contributes significantly to the organization's overall satisfaction with Notes.
- 82 percent reported that Lotus Premium Support for Notes significantly enhances the productivity and value of their Notes environment.

The IDC study, based on interviews with 50 Lotus Notes user companies worldwide, found:

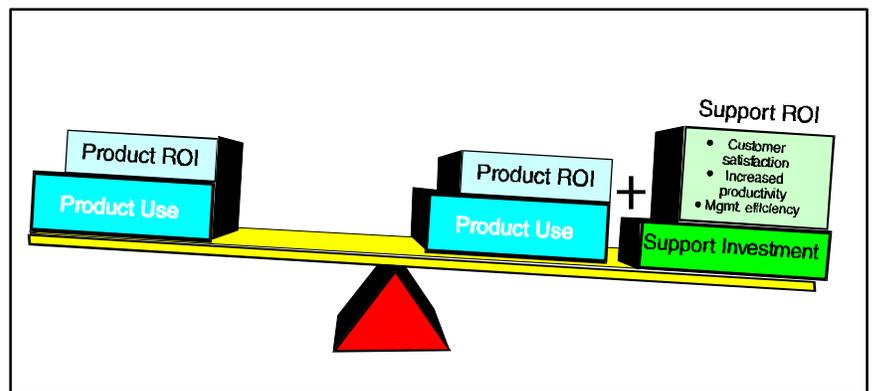
- The three-year ROI for Lotus Notes applications ranged from 15 percent to 1,666 percent on an average investment of \$240,000. Ninety percent of the companies with quantifiable benefits showed returns of greater than 40 percent, over half showed returns greater than 100 percent, and one-quarter showed returns greater than 200 percent. The median ROI was 117 percent, with an average ROI of 179 percent.
- The average payback period for a Lotus Notes investment was 2.4 years. More than 70 percent of the companies in the survey had paybacks of three to four years. Ten companies had payback periods of nine months or less! Only 10 percent of the companies had a payback of five years or more.

Taken together, these studies suggest a compounding of your return on investment in Notes through Lotus Premium Support for Notes in three key ways:

- 1) Your expected high return on Lotus Notes itself will be even higher, as noted by the 80 percent reporting that Lotus Premium Support for Notes increased their overall satisfaction and 82 percent reported increased productivity and value.
- 2) The compounding of your return starts from a very high base, an average three-year ROI of 179 percent (almost 60 percent per year), as IDC reported.
- 3) You increase the percentage of time spent on productivity-enhancing work, further increasing your overall Notes ROI as Lotus Premium Support for Notes reduces the amount of time support personnel spend on fire-fighting and increases the amount of time spent on value-enhancing work.

Organizations increasingly recognize that comprehensive support is essential to realizing the potential of Lotus Notes and achieving the full payback. Unlike many popular off-the-shelf applications, Notes taps the full power of client/server computing. It capitalizes on all the organization's systems, including various desktop systems, networks and servers, and it interacts with a wide range of applications and data sources. As a result, Notes benefits from full support to an extent that typical off-the-shelf desktop applications do not.

Eighty percent
said Lotus
Premium
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Notes increased
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satisfaction



An investment in Lotus Premium Support for Notes compounds your Notes ROI

IV. Supporting the Lotus Notes Environment

"Organizations want to self-solve problems whenever possible," says Johnson, citing recent Dataquest research. "When they can't solve the problem themselves," he continues, "they want to pick up a telephone and get the correct solution fast." Lotus provides a range of support offerings that recognize user interest in self-service yet ensure that organizations have fast access to proactive, highly skilled Notes support engineers. The programs include:

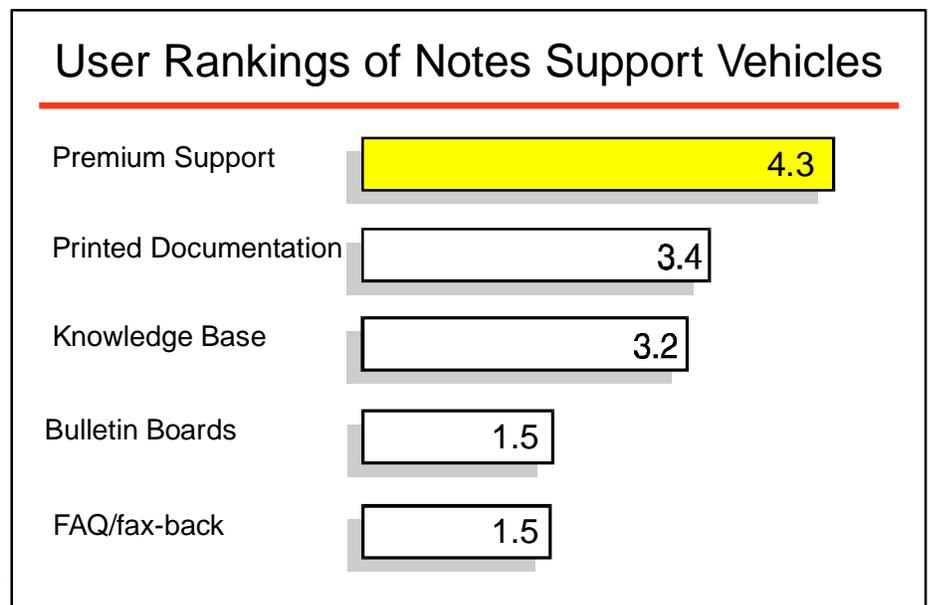
- Lotus Premium Support for Notes (incident-based and unlimited)
- Printed Lotus Notes documentation
- Lotus Knowledge Base
- Various bulletin boards and online services
- Notes FAQ/Fax-back

Of particular value is Lotus Premium Support for Notes. In a recent study of Lotus Notes support, users ranked Premium Support the most effective of all the above options. Premium Support drew an average ranking of 4.3 out of a possible 5.0, followed by paper-based documentation (3.4), Knowledge Base (3.2), and online/bulletin boards and FAQ/fax-back (1.5 each).

Lotus Premium Support for Notes delivers the seven critical building blocks of high value support: 1) access to Lotus Knowledge Base via Notes Network, 2) automatic escalation process, 3) worldwide support capabilities, 4) support across heterogeneous computing environments, 5) technical knowledge, 6) reliability and dependability, and 7) priority access to senior technical specialists.

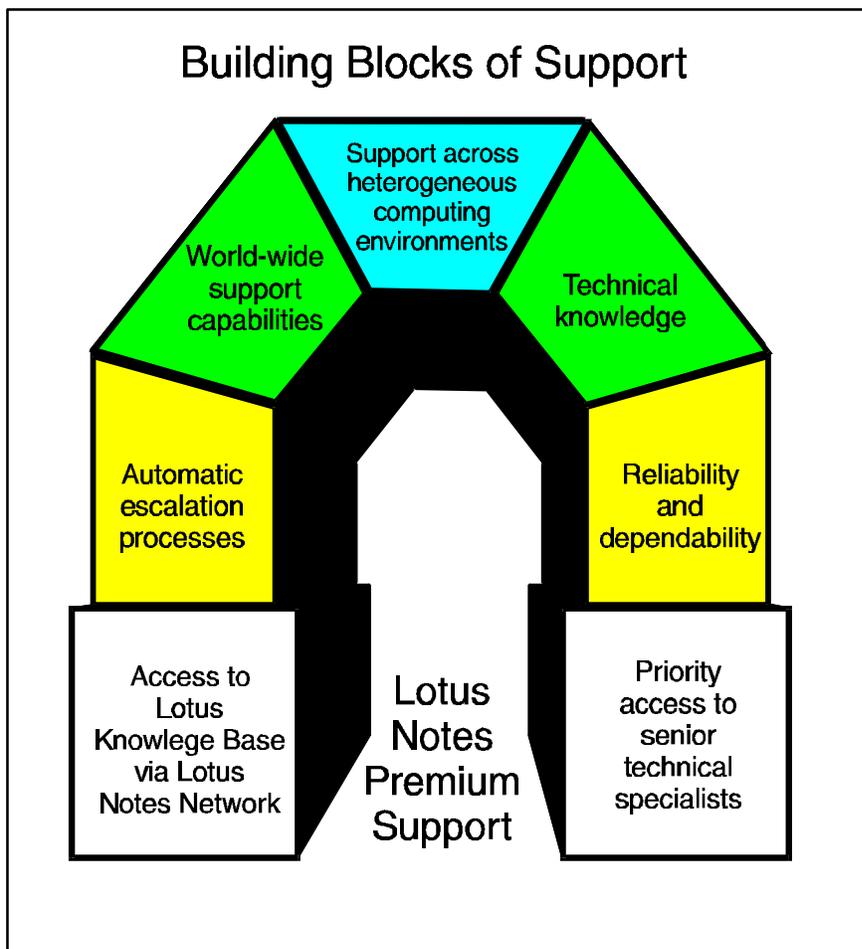
The Lotus customer support approach recognizes that Lotus Notes is an enterprise system running business-critical applications. Downtime is costly, affecting the performance of entire teams, workgroups, departments and the enterprise itself. To ensure maximum benefits from Notes deployment, Premium Support is modeled after the support environment traditionally associated with mainframe-based host systems, known for their reliability and dependability. The mainframe support model was based on a comprehensive service agreement that resulted in ongoing relationships between the technical support team and the in-house support organization. The technical support team understood the organization's system environment and the specific role played by its systems, allowing the support team to quickly and pro-actively respond to problems. The Lotus customer support organization has adapted this model to today's client/server environment.

Lotus Premium Support for Notes ranked the most effective of all options.



Support managers rate Lotus Premium Support for Notes the most cost-effective support option.

The PC environment features shrink-wrapped applications that enhance personal productivity but do not usually add value in any business-critical sense. As a result, support tends to be informal, often ad hoc, with users helping other users in an informal support network (a very costly approach in terms of wasted time and lost productivity). Organizations tend to rely on general vendor-provided telephone support—the so-called "free" support that turns out to be rather expensive when organizations calculate the cost of time spent waiting on hold and repeatedly educating the vendor to the specific systems environment. Since problems tend to affect individuals, rather than entire teams, workgroups, departments or the enterprise at large, the shortcomings of the traditional PC software support model could be overlooked in many cases. However, as IDC discovered, Lotus Notes is too valuable to the organization to be supported like the typical personal desktop application.



Lotus Premium Support for Notes provides critical building blocks of high-payback support.

V. Calculating Your Return on Investment in Lotus Premium Support For Notes

Organizations seeking to determine the return on their investment in Lotus Premium Support for Notes must examine both the qualitative and quantitative data to gain a complete picture of the payback. Qualitative data relies on narrative and anecdotal evidence to define the benefits and contribution of Lotus Premium Support for Notes. Quantitative data consists of calculations that can be used in measuring the payback.

Anecdotal evidence clearly indicates that Lotus Premium Support for Notes enhances the value organizations get from Lotus Notes, primarily by enabling the organization to resolve problems faster. This results in increased productivity for the support staff and, ultimately, for the end users who experience less loss of productivity due to downtime. For example, in a recent survey of Lotus Premium Support for Notes users, respondents provided the following comments:

- Just to have someone there on the other end [of the phone] to help out at crunch time is valuable.
- Lotus Premium Support has come through when other services have not.
- It's great knowing that I can call any time of the day and get not only one answer but several different possibilities.
- It's critical to my business--I need answers.

In case after case, organizations report the benefits of Lotus Notes applications to their businesses in terms of gains in productivity, improvements in quality and service, and the streamlining of workflow and processes. The value of Premium Support is directly tied to the importance of supporting Notes to ensure that it continues to deliver these important benefits.

These anecdotal findings are confirmed in other studies. As noted above, 82 percent of the Premium Support users in a recent study reported that Lotus Premium Support for Notes significantly contributes to the productivity of their use of Lotus Notes, while 80 percent reported that Premium Support contributes to the organization's overall satisfaction with Notes.

"Lotus Premium Support has come through when other services have not."

Return on Investment Models

Lotus Premium Support for Notes increases the return on every dollar you invest in support by increasing the productivity of your support staff, bringing the entire organization up to speed on Lotus Notes more quickly and increasing end-user productivity by reducing unproductive downtime due to system problems. The following five models provide different views of the support ROI. Choose the model or combination of models that best reflect your organization's approach to support and ROI.

1) Calculating the cost of fully trained, in-house support. The cost of a fully trained Lotus Notes support engineer includes salary and overhead, plus tools and training versus the annual cost of Lotus Premium Support for Notes. If your salaries or assumptions are different, use the "Your Actuals" column to generate a more accurate comparison.

Fully Trained In-House Support			Lotus Notes Premium Support
	Hypothetical Example	Your Actuals	Comparison
Annual Salary	\$45,000		---
Annual Training	\$2,500		---
Advanced Support Tools	\$5,500		---
Admin. Overhead (@22% of salary)	\$9,900		---
Total	\$62,900		\$4,595

Lotus Premium Support for Notes eliminates the need to maintain trained Lotus Notes engineers in-house by giving the organization access to Lotus' seasoned staff of Notes engineers. As a result, organizations can staff their internal support units with lower cost, less highly trained support people. In effect, organizations using Lotus Premium Support for Notes share in the investment Lotus makes in hiring and training Notes support engineers and providing them with the latest support tools and information, rather than absorbing the full investment themselves.

The bottom line: typical savings of over \$55,000 per Lotus Premium Support license.

2) Value of lost end-user time. Problems with Lotus Notes invariably impact end user productivity. The meter is running on the following end-user costs when problems with Notes are slow to be resolved:

Value of End-user Time			Lotus Notes Premium Support
	Hypothetical Example	Your Actuals	Comparison
a. Lost time per person	4 hrs. per user per year		---
b. Hourly value	\$50		---
c. Number of users	100		---
Lost productivity (a x b x c)	\$20,000		---
Informal help network	\$20,000 (same formula as above)		---
Workaround time	\$5,000 (1 hr. per problem)		---
Total	\$45,000		\$4,595

Lotus Notes increases the productivity of users—executives, managers and information workers. Every hour the system is down or impaired results in lost productivity. In addition to the idle time of the affected users, the organization must consider time eaten up by the highly inefficient informal help network, in which other users stop doing their primary work to try to resolve the problem. Workarounds are often slow and inadequate, frequently requiring the work to be redone when the problem is finally resolved. All of these conditions result in lost time that can be translated into hard dollars.

The bottom line: typical savings of over \$35,000 per Lotus Premium Support license.

3) Value of support staff time. The time an organization's support staff spends trying to resolve complex problems is costly. The faster the staff can get the expert information and guidance necessary to resolve the problem, the more productive it can be. Published reports put the average cost per help desk call at about \$50 (\$25-\$75). Again, money is being wasted on the following support staff costs when problems with Lotus Notes are slow to be resolved:

Value of Support Staff Time			Lotus Notes Premium Support
	Hypothetical Example	Your Actuals	Comparison
a. Lost time per problem	4 hrs. per problem		---
b. Hourly value	\$50		---
c. Problems per year	100		---
Support cost (a x b x c)	\$20,000		---
Time with outdated information	\$20,000 (same formula)		---
Waiting time for less efficient option	\$15,000 (@ 3 hrs. per problem)		---
Total	\$55,000		\$4,595

As users have reported, Lotus Premium Support for Notes is superior to other support options, delivering accurate information quickly. The extra hours spent trying to resolve problems, getting the latest information and waiting on hold quickly mount, representing a significant cost.

The bottom line: typical savings of over \$4 5,000 per Lotus Premium Support license.

4) Daily cost of Premium Support. Lotus Premium Support for Notes delivers its benefits every day for each user. Organizations can translate the annual cost of Premium Support into a more realistic metric as follows:

Daily Cost of Lotus Premium Support for Notes		
	Lotus Notes Premium Support	Your Actuals
Unlimited annual support (per licensed caller)	\$4,595	
Number of end users (employees)	10	
Production days per year	240	
Total Cost per user per day	\$1.91	

With 10 users, the cost is less than \$2 a day. With more users, the daily cost drops even further.

The bottom line: at 100 users, the cost amounts to 20 cents per user per day, less than the cost of a postage stamp.

5) The value of accelerated deployment. Lotus Premium Support for Notes enables organizations to deploy Notes faster, allowing them to more quickly realize the productivity benefits delivered by Notes. You can calculate the value of this accelerated deployment as follows, based on figures provided by IDC [see study cited above]:

Value of Accelerated Deployment		
	Hypothetical Example	Your Actuals
a. Average investment in Notes	\$240,000	
b. Average annual ROI	60%	
Annual ROI (a x b)	\$144,000	
Monthly value of reduced deployment time	\$12,000	

On an annualized basis, the average Lotus Notes investment generates a return of \$12,000 per month.

The bottom line: each week an organization saves in deployment speeds the realization of this return at a rate of \$3,000 per week.

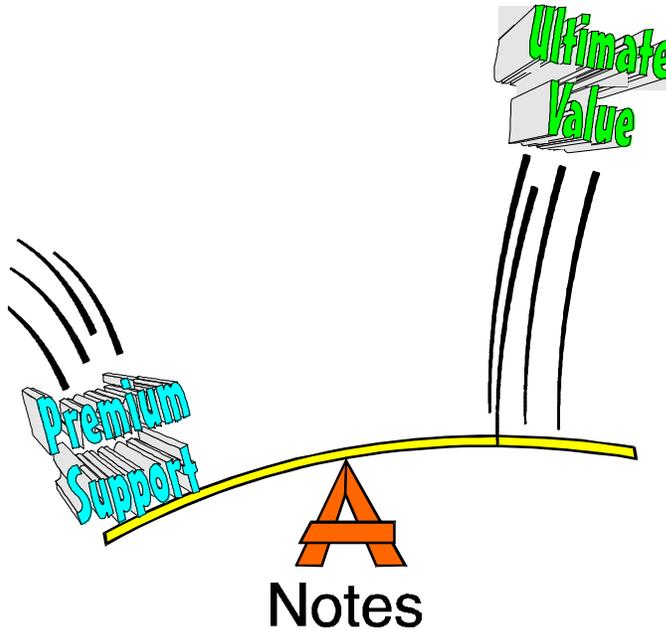
VI. Adding Value to Lotus Notes through Premium Support

The business tenet that time equals money was never more true than it is today. Lotus Notes helps people work smarter and faster, allowing organizations to speed time to market, shorten cycles, and reduce layers of staffing, as well as improve quality. So too, Lotus Premium Support for Notes enhances the value of an organization's investment in Lotus Notes by saving time. It reduces the time it takes to resolve problems, allowing support personnel to do more and speeding users back to productive work. It reduces time spent waiting on hold, time wasted on wrong answers, and time squandered on informal help networks. It reduces the need to hire more support staff and invest in advanced support tools. It also shortens the time it takes to deploy Notes and begin realizing its payback.

So, how much is the return on investment in Lotus Premium Support for Notes? Figure it out for yourself: Value of Lotus Premium Support for Notes = (value of time saved) x (value of Lotus Notes).

The biggest payoff from Lotus Premium Support for Notes comes in helping the organization maximize the benefits it receives from its investment in Notes. According to IDC, some organizations experience an ROI from Notes of greater than 1,600 percent! While many factors contribute to that kind of return on investment, full, proactive, managed support such as that provided by Lotus Premium Support for Notes must be considered a prime factor.

Lotus Premium Support for Notes leverages the value of Notes to the organization.



For more information, or a reseller near you, call 1-800-553-4270

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