



ROI-Calc Presents:

Financial Business Contribution Reports for Decision Makers

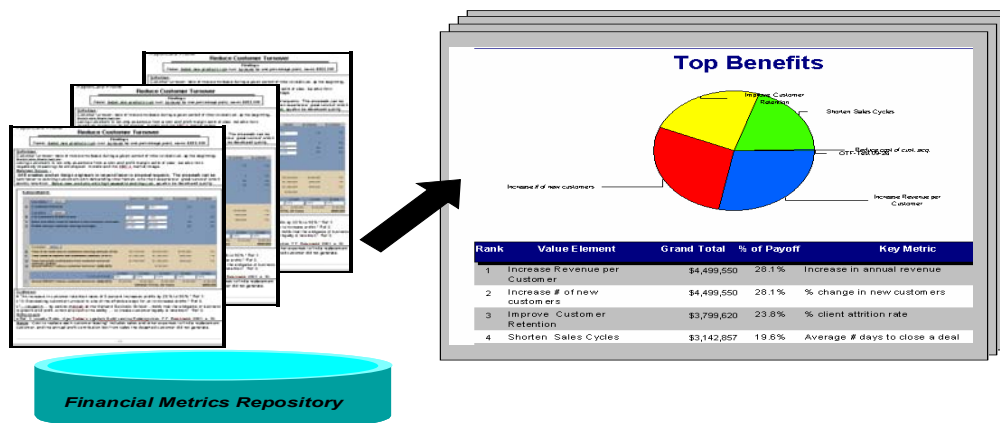
We integrate your objectives and product benefit information with our insight and experience.

Now you will be able to provide each prospective customer with their own customized 10+ page financial business contribution which translates your product benefits into a bottom line action plan.

We will only use the costs and tangible benefits relevant to your prospective customer's situation to generate their ROI, NPV and IRR. We will also provide all supporting formulas to insure veracity.

Your Benefits:

- *Provides your customers with PROOF of your product's value*
- *Delivers a visual financial analysis that is accurate and easy to follow*
- *Encourages conversations that focus on purchase, not price discounts*
- *Gains respect of executive decision-makers and influencers*



Look at our attached Executive Report and see how you can increase your sales revenue!

81% of buyers expect vendors to quantify their value proposition.
Information Week

Executives that believe that shareholder value is a critical component for making corporate decisions, 75% of them said they require ROI analysis before making an investment choice.
Doremus Communications

A valid ROI sales effort reduces the sales cycle by 30-40%
Gartner Group

The average sales cycle for a million dollar Lotus Notes deal is 18 months. For companies that first completed an ROI analysis, 65% reported their purchase process to be 6 months or less.
IDC

SOFTWARE COMPANY EXAMPLE

Challenge/Issue

An Emerging growth company is selling Business Process Management (BPM) software and services. A barrier to sales that plagued the 15 sales reps supporting the BPM software was that decisions to purchase the software are made at the executive level within companies—a position into which they had little experience selling. The marketing and sales groups made several attempts to create compelling sales tools that clearly demonstrated the impact their software had on a customer's bottom line. As a result, the executive audiences that the sales reps were able to attain failed to be very effective. This inability to effectively appeal to the executive level resulted in long sales cycles, large price discounts and unsatisfactory close ratios.

The ROI-Calc Solution

1. **Quantified The Value Proposition** – using our QV™ methodology, our research team gathered the right data to articulate their value propositions in financial terms that are meaningful and compelling to prospects. This data was turned into customized financial justification reports for each key prospective customer.
2. **Created Custom ROI Sales Tools** – using our Simulation ROI™ software, we created two easy-to-use tools that are highly visual, interactive, flexible and powerful. We also created one interactive case study.
3. **Trained Their Sales People** – a solid value proposition backed by accurate analytics gains executive access. We equipped their sales force with the information and insight they needed to sell at the executive level.

ROI-Calc's Impact

The tools developed by ROI-Calc provided the sales reps with the ammunition to confidently reach out to senior executives and introduce them to the business benefits of BPM solution.

- Significantly higher success rate in attaining meetings with senior executives
- More efficient sales process by leveraging early executive buy-in to facilitate access to other key stakeholders and decision-makers
- Decreased sales cycle time and reduce non value added support time
- Higher close ratios for their BPM products
- High-impact proposals that take less time to develop

Behind the Numbers (The Assumptions)

- 15 Sales reps (each with a \$450,000 annual quota)
- BPM Software (list price: \$63,000 and a license fee of \$15,000 annually)
- The typical price discount is 20% per deal (70% of the deals are discounted)
- The Sales cycle is 7 months (from first meeting to first payment)
- 20% of the qualified prospects become customers
- 40% of the qualified prospects buy from a competitor
- 40% of the qualified prospects are “no decisions”

Executive Report
Software Example



©ROI-Calc, Inc

1-877-ROI-Calc (1-877-764-2252)
website <http://www.roi-calc.com>

Table Of Contents

I. Executive Summary	Page 3
II. Top Benefits	Page 4
III. Key Metrics Improvements/ Key Intangibles	Page 5
IV. Financial Graphs	
a. Return on Investment (ROI)	Page 6
b. Net Present Value (NPV)	Page 7
c. Internal Rate of Return (IRR)	Page 8
V. Appendix	Pages 9-13

Executive Summary

Recommendation: For less than a \$65,000 initial investment this software company can use ROI-Calc tools to generate \$9 million dollars in a 5 year period. **Make the Investment Now.**

Financial Profile (Grand Totals)

ROI: 9,071%

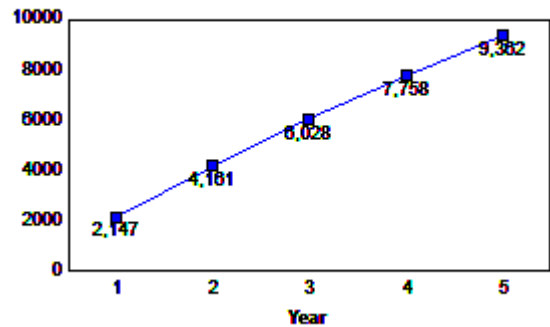
NPV: \$9,362,038

IRR: 9,105%

Payback Period (Mo.): 0.1

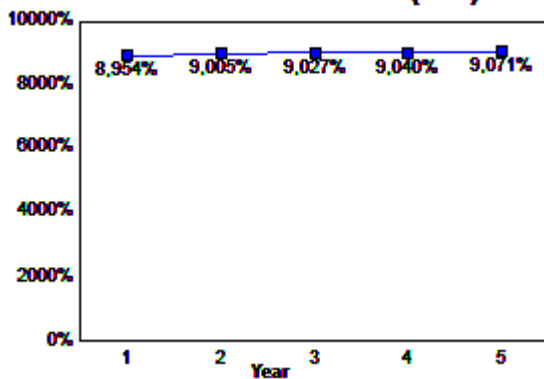
Investment: \$94,000

Net Present Value (NPV) in 000's

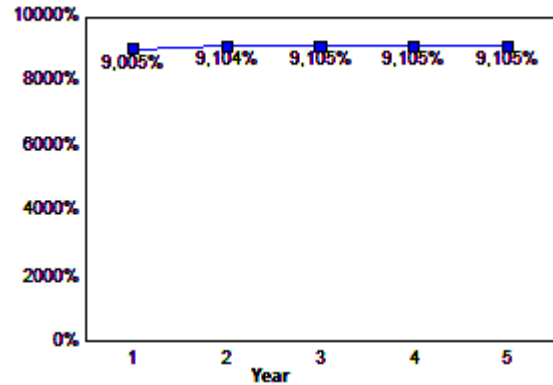


values are in \$0.00

Return on Investment (ROI)

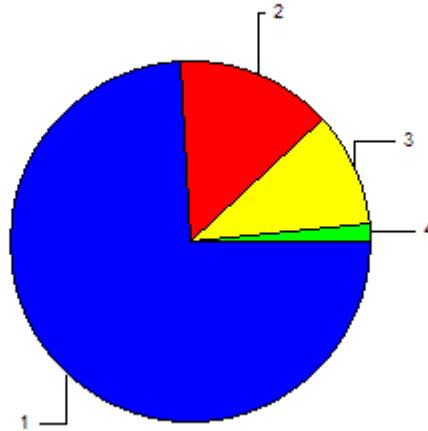


Internal Rate of Return (IRR)



Total	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
Investment:	\$94,000	\$28,000	\$18,000	\$17,000	\$13,000	\$11,000	\$7,000

Top Benefits



	Value Element	Grand Total	% of Payoff	Key Metric
1	Increase Number of Sales Deals	\$9,450,000	74.0%	# deals closed per sales rep
2	Reduce Price Discounts	\$1,795,500	14.1%	% discount received
3	Reduce Sales Cycle	\$1,323,529	10.4%	Average sales cycle (days)
4	Develop Cost Justification Analysis	\$196,000	1.5%	# of hours to process one transaction
Total Benefits: All Value Elements		\$12,765,029	100.0%	

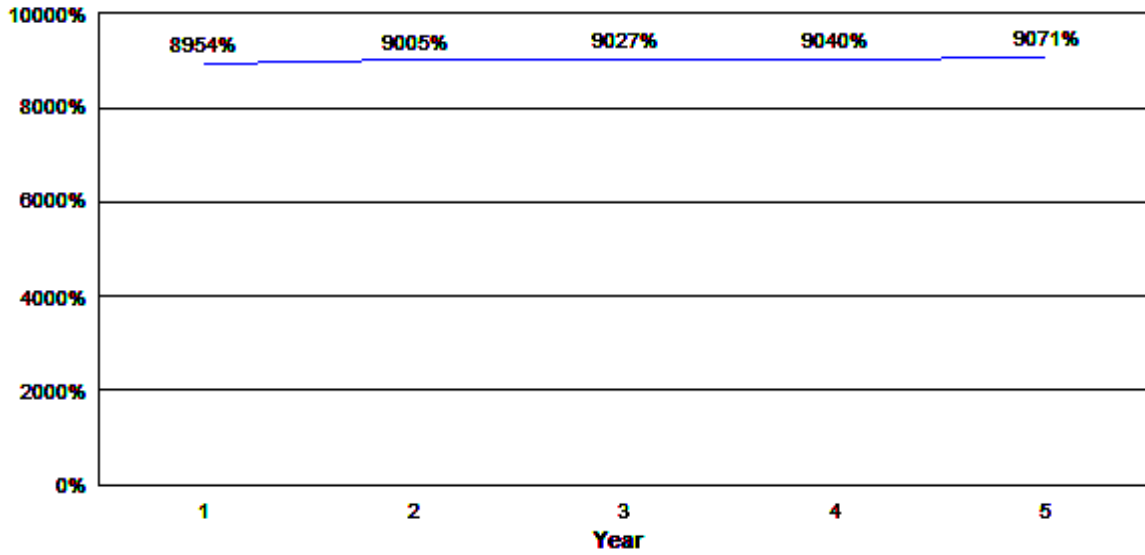
Key Metrics Improvements / Key Intangibles



Key Metrics Improvements

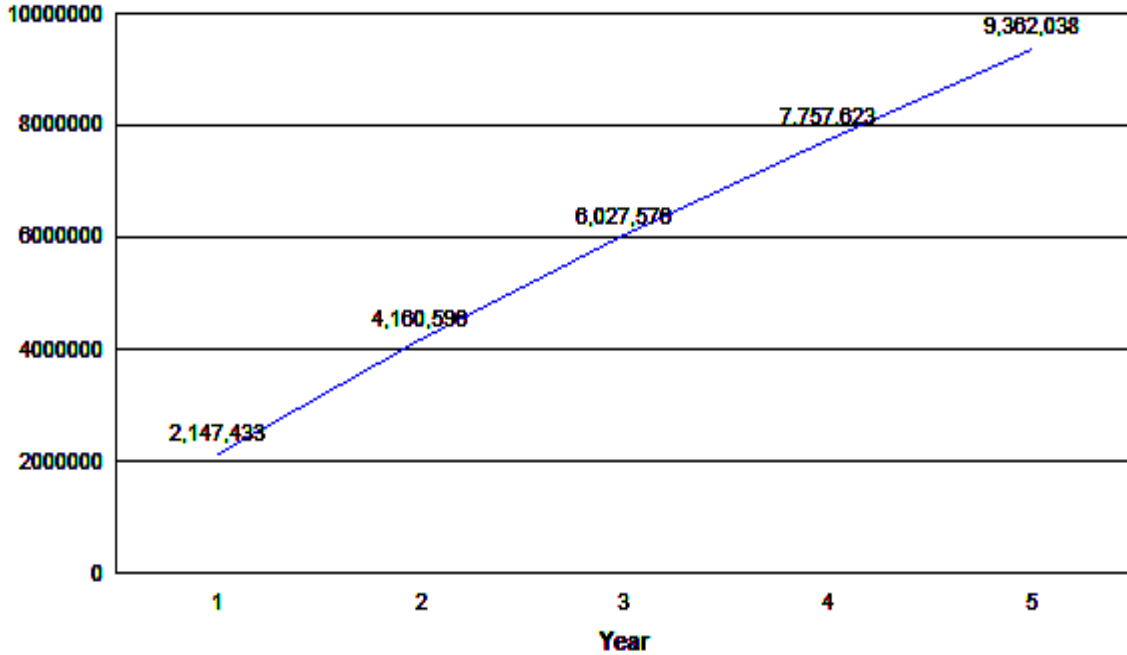
Value Element Name / Key Metric	Base Period	Target	Expected Improvement
Increase Number of Sales Deals <i># deals closed per sales rep</i>	4	6	50%
Develop Cost Justification Analysis <i># of hours to process one transaction</i>	64	8	88%
Reduce Price Discounts <i>% discount received</i>	20.0%	10.0%	50%
Reduce Sales Cycle <i>Average sales cycle (days)</i>	210	170	19%

Return on Investment (ROI)



	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
<i>Total All Costs Per Year:</i>	\$28,000	\$18,000	\$17,000	\$13,000	\$11,000	\$7,000	\$94,000
<i>Total Payoff Per Year:</i>		\$2,553,006	\$2,553,006	\$2,553,006	\$2,553,006	\$2,553,006	\$12,765,029
<i>Net Cash Flow Per Year:</i>	-\$28,000	\$2,535,006	\$2,536,006	\$2,540,006	\$2,542,006	\$2,546,006	\$12,699,029
ROI		8,954%	9,005%	9,027%	9,040%	9,071%	

Net Present Value (NPV)

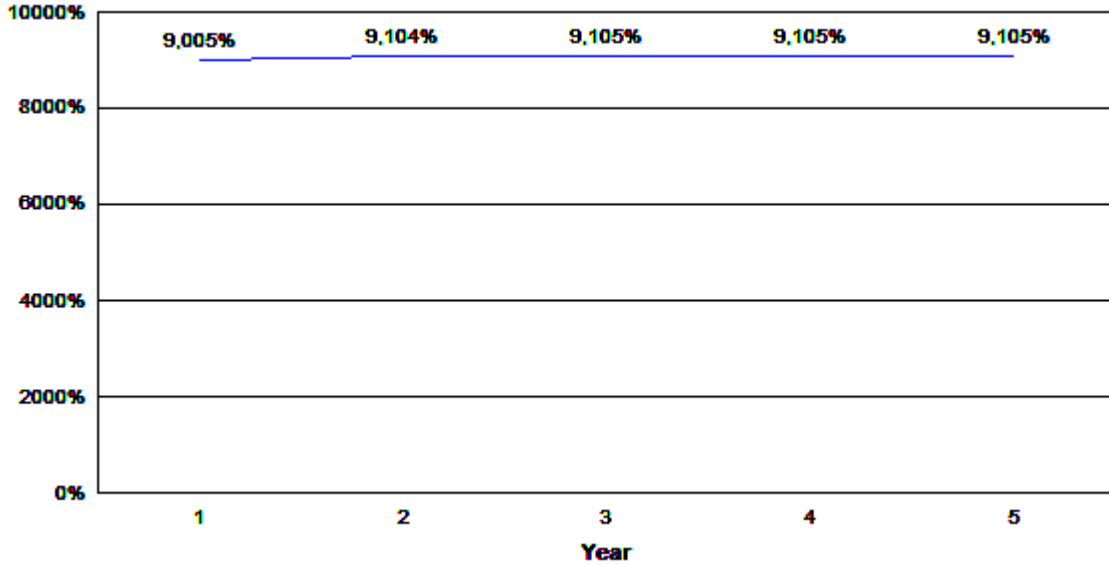


Units above are currency

NPV Discount Rate: 8.00%

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
<i>Total All Costs Per Year:</i>	\$28,000	\$18,000	\$17,000	\$13,000	\$11,000	\$7,000	\$94,000
<i>Total Payoff Per Year:</i>		\$2,553,006	\$2,553,006	\$2,553,006	\$2,553,006	\$2,553,006	\$12,765,029
<i>Net Cash Flow Per Year:</i>	-\$28,000	\$2,535,006	\$2,536,006	\$2,540,006	\$2,542,006	\$2,546,006	\$12,671,029
NPV		\$2,147,433	\$4,160,596	\$6,027,576	\$7,757,623	\$9,362,038	

Internal Rate of Return (IRR)



	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
<i>Total All Costs Per Year:</i>							
	\$28,000	\$18,000	\$17,000	\$13,000	\$11,000	\$7,000	\$94,000
<i>Total Payoff Per Year:</i>							
		\$2,553,006	\$2,553,006	\$2,553,006	\$2,553,006	\$2,553,006	\$12,765,029
<i>Net Cash Flow Per Year:</i>							
	-\$28,000	\$2,535,006	\$2,536,006	\$2,540,006	\$2,542,006	\$2,546,006	\$12,671,029
IRR		9,005%	9,104%	9,105%	9,105%	9,105%	

Develop Cost Justification Analysis

X: Reduce # Hours/ Sales Quotes		Modify VE...	Grand Total: \$190,120	Estimate: \$0
General Information		Calculations	Evidence and Support	Classifications
Value Ladders		Comments		
Key Metric		more...	Base Period	Target
			# Change	% Change
A	# of hours to process one transaction	64	8	-56 -88%
Variables		more...		
B	Average wage for this group of FTEs (annual)	\$70,000	\$70,000	\$0 0%
C	Total # of transactions processed (annual)	20	20	0 0%
Formulas		more...		
D	Total labor cost (hrs. based) to process trans. (annual): (B*E)	\$44,800	\$5,600	-\$39,200 -88%
E	# of FTEs (hrs. based) needed for trans. vol. (annual): ((A*C)/Annual wage)	0.6	0.1	-0.6 -88%
F	Annual savings: reduce # of hours per transaction: (D(B)-D(T))		\$39,200	
		1 Year	2 Year	3 Year
% annual change:		85%	100%	100%
		4 Year	5 Year	
		100%	100%	
G	Annual savings: reduce # of hours per transaction: (D(B)-D(T))	\$33,320	\$39,200	\$39,200
				\$39,200
		GRAND TOTAL All Years		\$190,120

Definition Most significant sales opportunities require CFO level cost justification or financial value proof of your product within the specific scope of your customer’s usage environment.

Business Importance Reducing the time required to generate a good cost justification analysis accelerates the entire sales process. Faster sales cycle time promotes additional benefits, such as improving internal or external customer service responsiveness.

Evidence 81% of buyers expect vendors to quantify their value proposition.
 Information Week

Executives that believe that shareholder value is a critical component for making corporate decisions, 75% of them said they require ROI analysis before making an investment choice.
 Doremus Communications

Notes Many companies have low close rates on important deals because prospective customers don’t take them seriously due to no or poor cost justification analysis.

Increase Number of Sales Deals

Z: Increase Number of Sales Deals		Grand Total: \$8,127,000		Estimate: \$0	
General Information		Calculations		Evidence and Support	
Key Metric more...		Base Period	Target	# Change	% Change
A	# deals closed per sales rep	4	6	2	50%
Variables more...					
B	Average deal size	\$63,000	\$63,000	\$0	0%
C	# of sales reps	15	15	0	0%
Formulas more...					
D	Sales from closing deals (annual): (A*B*C)	\$3,780,000	\$5,670,000	\$1,890,000	50%
E	Annual sales increase: more deals per year: (D(T)-D(B))		\$1,890,000		
		1 Year	2 Year	3 Year	4 Year
% annual change:		50%	80%	100%	100%
F	Annual sales increase: more deals per year: (D(T)-D(B))	\$945,000	\$1,512,000	\$1,890,000	\$1,890,000
		GRAND TOTAL All Years			\$8,127,000

Definition Increasing the number of sales deals means reducing the number of ~No Decisions~ by closing more deals.

Business Importance Most ~No Decisions~ waste a considerable amount of your company’s resources. Allow the customer to make an informed decision based on the quantitative value of your product earlier in the sales cycle. The result is more closed deals & less time wasted.

Evidence 81% of buyers expect vendors to quantify their value proposition. (Information Week)

Between 60-80% of all losses are due to `No Decision.` (Customer Centric Systems)

Results from 707 proposals produced 30% wins, 15% losses and 55% no decision/pending. Of the no decisions only 2% became wins (98% became losses). Thomas & Company Inc.

Executives that believe that shareholder value is a critical component for making corporate decisions, 75% of them said they require ROI analysis before making an investment choice. (Doremus Communications)

Reduce Price Discounts

Z: Reduce Price Discounts		Grand Total: \$1,795,500		Estimate: \$0	
General Information		Calculations		Evidence and Support	
Key Metric		Base Period	Target	# Change	% Change
A	% discount received	20.0%	10.0%	-10.0%	-50%
Variables					
B	Average deal size	\$63,000	\$63,000	\$0	0%
C	# of sales reps	15	15	0	0%
D	# deals closed per sales rep	4	6	2	50%
E	% of deals discounted	70.0%	30.0%	-40.0%	-57%
Formulas					
F	Total price discounts (annual): ((B*C*D*E)*(A))	\$529,200	\$170,100	-\$359,100	-68%
G	Annual savings: reduce price discount: (F(B)-F(T))		\$359,100		
% annual change:		1 Year	2 Year	3 Year	4 Year
		100%	100%	100%	100%
H	Annual savings: reduce price discount: (F(B)-F(T))	\$359,100	\$359,100	\$359,100	\$359,100
GRAND TOTAL All Years					\$1,795,500

Definition Decrease the price discount % that customers are offered (generally based on perceived price competition)

Business Importance Price discounts have a direct impact on profitability.

Solution Driver Provide quantitative proof of your product’s value to eliminate commodity pricing:
 1) customized financial proof of your value reduces perceived risk by the customer
 2) if the value to cost ratio is high, customers don’t worry about price

Evidence Early adopters of ROI selling methodology have reduced discounting by 20-30% and realized significant up-sell and cross-sell opportunities by selling on value rather than price. (IDC)

Optimal pricing is all about delivering maximum value to each customer and capturing an equal value for your company in the form of fair, value based prices. (PricePoint Partners)

By making prospects fully aware of all the costs and benefits they become less price sensitive enabling vendors to discount less and achieve list prices more frequently. (CIOview)

Notes There is a difference between discounts and rebates: a discount is given the customer on the spot and a rebate requires one or more extra steps after the purchase (e.g., sending in a rebate coupon) to have the transaction completed.

Payback Period (Mo.):	0.1	ROI:	9,071%
NPV:	\$9,362,038	IRR:	9,105%

Costs	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Grand Total
Calculator Costs	10,000						
Training Costs	12,000						
Business Case Development	6,000						
Calculator License Fees		3,000	3,000	3,000	3,000	3,000	15,000
Business Case Generation Costs		15,000	14,000	10,000	8,000	4,000	51,000
Total All Costs Per Year	28,000	18,000	17,000	13,000	11,000	7,000	94,000

Payoffs		Year 1	Year 2	Year 3	Year 4	Year 5	Grand Total
Level	Value Element						
LEVEL 2	Increase Number of Sales Deals	1,880,000	1,880,000	1,880,000	1,880,000	1,880,000	9,450,000
LEVEL 2	Reduce Sales Cycle	264,706	264,706	264,706	264,706	264,706	1,323,529
LEVEL 2	Reduce Price Discounts	359,100	359,100	359,100	359,100	359,100	1,795,500
LEVEL 3	Develop Cost Justification Analysis	39,200	39,200	39,200	39,200	39,200	196,000
Total Payoff Per Year		2,553,006	2,553,006	2,553,006	2,553,006	2,553,006	12,765,029
Total Net Payoff Per Year		2,535,006	2,536,006	2,540,006	2,542,006	2,546,006	12,699,029
Net Cash Flow Per Year		-28,000	2,536,006	2,540,006	2,542,006	2,546,006	12,671,029