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## **ROI CASE STUDY SALESFORCE.COM WEALTH MANAGEMENT FIRM**

### **THE BOTTOM LINE**

**The wealth management department of a large international bank used Salesforce.com as the primary client desktop for accessing customer account and other information. Integrating other data sources and using Salesforce.com's workflow capabilities accelerated the new account opening process, increased sales staff productivity, and enabled IT to accelerate the delivery of new applications.**

**ROI: 112%**

**Payback: 1.75 years**

### **THE COMPANY**

The private wealth management division of a large global bank serves high net worth individuals and families with an integrated wealth management service including portfolio management, inheritance planning, tax advisory, and philanthropic advisory services. Key to the success of private wealth managers is the ability to manage relationships that may include extended families, trusts, lawyers, and other entities — and to rapidly respond to client requests for transactions such as wire transfers, portfolio reallocations, new account openings, and address and account changes.

### **THE CHALLENGE**

The bank already had a workflow system and a CRM solution in place to support its wealth managers but learned in early 2006 that the CRM solution — Vantive — would no longer be supported. In addition to a replacement solution, the group needed:

- Streamlined access to its customer database, workflow application, and other information sources to make it easier for users to have a complete view of the customer from one primary client desktop.
- End-user productivity tools as well as an easy way for teams supporting different client groups to collaborate to ensure wealth managers would actually see value in using the system and adopt it.
- Workflow that was easy to use to support changing needs but also easily auditable to ensure regulatory compliance.

Finally, the group wanted a platform that would enable it to develop and deploy new functionality and applications to business users more quickly than had previously been possible.

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**THE STRATEGY**

The firm began looking for other technology options and explored a number of CRM vendors, including Salesforce.com. The group chose Salesforce.com for a number of reasons including:

- As a smaller part of the parent bank, the wealth management group felt the on-demand model would meet its distributed nature and budgetary requirements.
- Salesforce.com incorporated not only CRM, but also workflow and reporting tools that could be delivered in one integrated interface to end users.

The group signed a contract with Salesforce.com on July 31, 2006, rapidly configured the application, and began using portions of functionality in August. Using the Salesforce.com standard API and Relational Junction database integration software from Sesame Software, internal development staff:

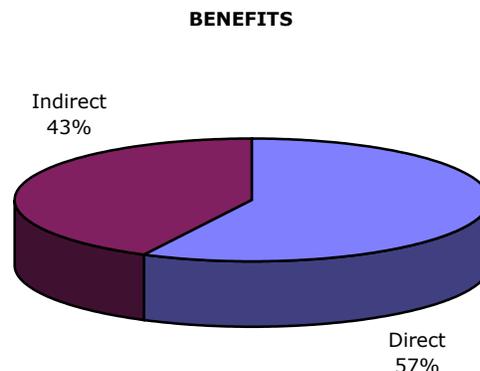
- Migrated the data from the applications to be retired into Salesforce.com.
- Created an ETL environment that could be used to support integration between Salesforce.com and other applications.
- Integrated data from its existing data warehouse, accounting system, and other systems directly into the Salesforce.com user interface.

Users were trained for six hours on how to use the solution, and 478 users have adopted the solution. Salesforce.com provides users with a primary point of access for information about customers, case management, financial transactions, and other key factors that can impact an account.

Today the company's development team is working on an ongoing basis to provide greater access to information within the Salesforce.com interface and to continue to add functionality as it is needed by the business users.

**KEY BENEFIT AREAS**

Moving to Salesforce.com enabled the wealth management company to reduce ongoing IT systems and support costs while providing end users with a less cumbersome way to access key customer information.



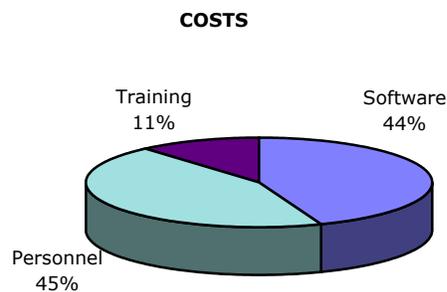
**TOTAL: \$8 million**

Key benefits from the solution include:

- Reduced “know your customer” (KYC) approval time. Integration of customer information into Salesforce.com enabled managers to reduce KYC approval time from weeks to one day while ensuring regulatory compliance, accelerating the client acquisition process and increasing client satisfaction.
- Improved client service. Centralized access to client information enables any wealth manager on a client team to respond to a client’s request, reducing response times and improving client service.
- Reduced IT maintenance costs. The organization was able to eliminate a number of existing applications by migrating their functions and data into Salesforce.com, reducing ongoing software and hardware maintenance costs and redeploying support staff.
- Reduced workflow development and support costs. Leveraging Salesforce.com’s API and standard workflow functionality enabled the company to reduce the number of development staff devoted to building and supporting new workflow applications.
- Accelerated time to market. The development team can create, test, and deploy applications in 24 hours that used to take weeks to deliver.
- Increased productivity. Because business users can access most of the information they need through the Salesforce.com interface, they spend less time searching for information.

### KEY COST AREAS

Key cost areas for the deployment included software, personnel, and training. Personnel and software made up the largest cost areas, largely because of the significant personnel effort needed to migrate data from the existing systems and because the organization continues to use internal staff to support further development and integration of Salesforce.com with other applications and data sources.



**TOTAL: \$4.9 million**

### LESSONS LEARNED

The group wanted one single source of customer and account information for users but knew that developing the internal infrastructure to support it would be cost-prohibitive. Using an on-demand solution enabled the group to rapidly and cost-effectively deploy a customized client relationship desktop for end users.

User adoption was also a critical factor in the application's success, as is true with any CRM project. Using Salesforce.com as the primary front-end client and Salesforce.com's workflow and integration technology to expose data from other existing systems within the Salesforce.com environment made accessing information less cumbersome for users and kept training requirements low.

The on-demand environment also enables the company to continue to deliver changes in fields, forms, process, and other areas of the application as the business needs without a long development and testing cycle — enabling greater flexibility to respond to needs of the business.

### **CALCULATING THE ROI**

Nucleus calculated the costs of software, personnel, training, and other investments over a 3-year period to quantify the company's total investment in Salesforce.com. Direct benefits included reduced software, hardware, and IT staff costs associated with retired systems; indirect benefits were quantified based on time savings of relationship managers, using a correction factor to account for the inefficient transfer of time. Not quantified in the analysis was the change in working capital the company achieved by accelerating the account opening process or the ability to attract new clients through better customer service.

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# DETAILED FINANCIAL ANALYSIS

## WEALTH MANAGEMENT FIRM

### SUMMARY

Project:	<b>Salesforce.com</b>
Annual return on investment (ROI)	<b>112%</b>
Payback period (years)	<b>1.75</b>
Net present value (NPV)	<b>885,401</b>
Average yearly cost of ownership	<b>1,637,857</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	460,000	2,076,300	2,076,300
Indirect	0	1,139,168	1,139,168	1,139,168
<b>Total Benefits Per Period</b>	0	1,599,168	3,215,468	3,215,468

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total Per Period</b>	0	0	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total Per Period</b>	0	0	0	0

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	588,000	480,000	550,000	550,000
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	180,000	1,120,000	890,000	0
Training	555,572	0	0	0
Other	0	0	0	0
<b>Total Per Period</b>	1,323,572	1,600,000	1,440,000	550,000

<b>FINANCIAL ANALYSIS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes	(832)	1,775,468	2,665,468
Net cash flow after taxes	(416)	887,734	1,332,734
<b>Annual ROI - direct and indirect benefits</b>			<b>112%</b>
Net cash flow after taxes (direct only)	(570,000)	318,150	763,150
Annual ROI - direct benefits only			26%
<b>Net present value (NPV)</b>			<b>885,401</b>
<b>Payback (years)</b>			<b>1.75</b>
Average annual cost of ownership			1,637,857
3-year IRR			61%

### FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%