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Business Justifications for SharePoint

Russ Basiura
RJB Technical Consulting
www.rjbtech.com
[http://www.sharepointspecialists.com/
russ@rjbtech.com](http://www.sharepointspecialists.com/russ@rjbtech.com)



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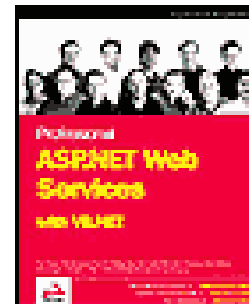
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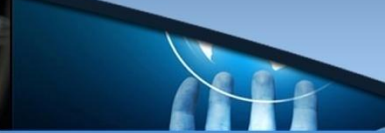


Russ Basiura

Background

- Doing SharePoint since before it was SharePoint
- President Philadelphia Area SharePoint User Group
- “Professional SharePoint Development”
- “Professional Asp.Net Web Services”
- “Professional Web Services Using C#”
- “Professional Web Services Using VB.Net”
- SharePoint Architect / Developer / Evangelist
- MCTS, MCSE, CISSP
- **610-834-3900**
- **russ@rjbtech.com**
- **@SharePointPhily**





Session Overview

Seminar Objective

Assist you in removing roadblocks to implementing or extending the use of Microsoft SharePoint within your organization.

Informal Survey



Agenda

1. Why develop a Business Case?
2. Gathering and Justifying Requirements
3. Pitching the Project
4. Managing the Decision Making Process
5. The SharePoint Value Proposition
6. Questions & Answers



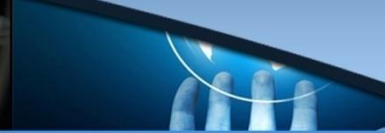
Why Develop a Business Case?

- A clear, well thought-out, business case can help to overcome many objections and establish reasonable expectations
- The Business Case should convey the value and importance to the organization as well as how the project will be managed / delivered.



A good business case should contain some or all of the following:

- Reference – Background or current state
- Context - Business objectives, opportunity, strategic alignment with organizational goals
- Value Proposition – Desired results, outcomes, Quantified value (ROI)
- Project risks - Assumptions, constraints, risks of delaying or not proceeding
- Focus – Problem / solution scope, Options evaluated, complexity assessment
- Deliverables - Outcomes, deliverables, expected benefits, Organizational impact, Key stakeholders, Dependencies
- Workload - Project plan, phase definitions and timeline, change management, Technical delivery activities, acceptance testing
- Required resources – Funding, Project team both internal and external



Gathering and Justifying Requirements

Start by asking:

- What is it now?
- What would I like it to be?
- What is the value of that difference over time?

For SharePoint, you should repeat this process over and over around:

- Web Content Management (internet and extranet sites)
- Collaborative Portal (internal, vendors, clients)
- Business Intelligence / web application development platform



Consider a Technical Assessment

- Technical assessments assist in verifying the infrastructure is sufficient for a sound deployment
- Technical assessments provide capacity planning that can help justify early investments in appropriate hardware and software avoiding a more costly upgrade later.
- An assessment can indentify security concerns and corporate compliance issues before an implementation

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Pitching the Project

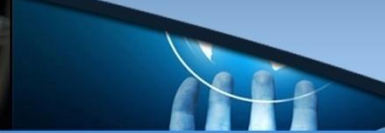
With your well developed, results-focused business case you present your justification to management and... nothing happens...

- Did you capture the needs (perspective) of the decision makers? experts
- It may be time to bring in, like RJB, to validate your approach and advocate on your behalf



Managing the Decision Making Process

- Identify a project champion early. Keep their perspective in mind throughout the process. Keep them updated on status.
- Stay focused on the project objectives avoid scope creep. Create new (additional) project phases as necessary.
- Start smaller and go for quick wins to build confidence



The SharePoint Value Proposition

SharePoint provides a highly manageable enterprise platform that connects information, applications, people and teams both inside and outside of the organization.

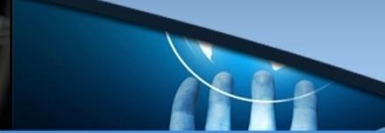
SharePoint acts as a central hub supporting collaborative document management and workflow approval processes for Microsoft Office suite of products.

As a business intelligence platform, SharePoint provides a simple, yet powerful interface to connect users throughout the organization to information, enabling smarter, faster business decisions.



Gartner Group (Sept. 2008)

“More so than any other vendor, Microsoft has driven ECM market transformation with SharePoint 2007. Microsoft has brought basic content services to the masses by bringing the cost per seat down and tying simple content management to the familiar desktop tools that users use every day. By commoditizing core library services, it has forced traditional ECM vendors to move deeper into vertical applications as a way to differentiate their offerings, thereby reducing the cost of solutions that once were custom-built.”



Why Consider SharePoint?

- The Market Leader
- Cost of Ownership is MUCH LOWER than the top competitors
 - Licensing Cost can be as much as 90% lower than Documentum and Interwoven



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Typical SharePoint Initiatives

- Portals: Intranets & Extranets
- Microsoft Office SharePoint Server 2007 (MOSS integration)
- Enterprise Content / Document Management
- Enterprise Collaboration Solutions
- Workflow / Business Forms Automation
- Executive Dashboards and Business Scorecards
- Enterprise Social Networking (mySites)

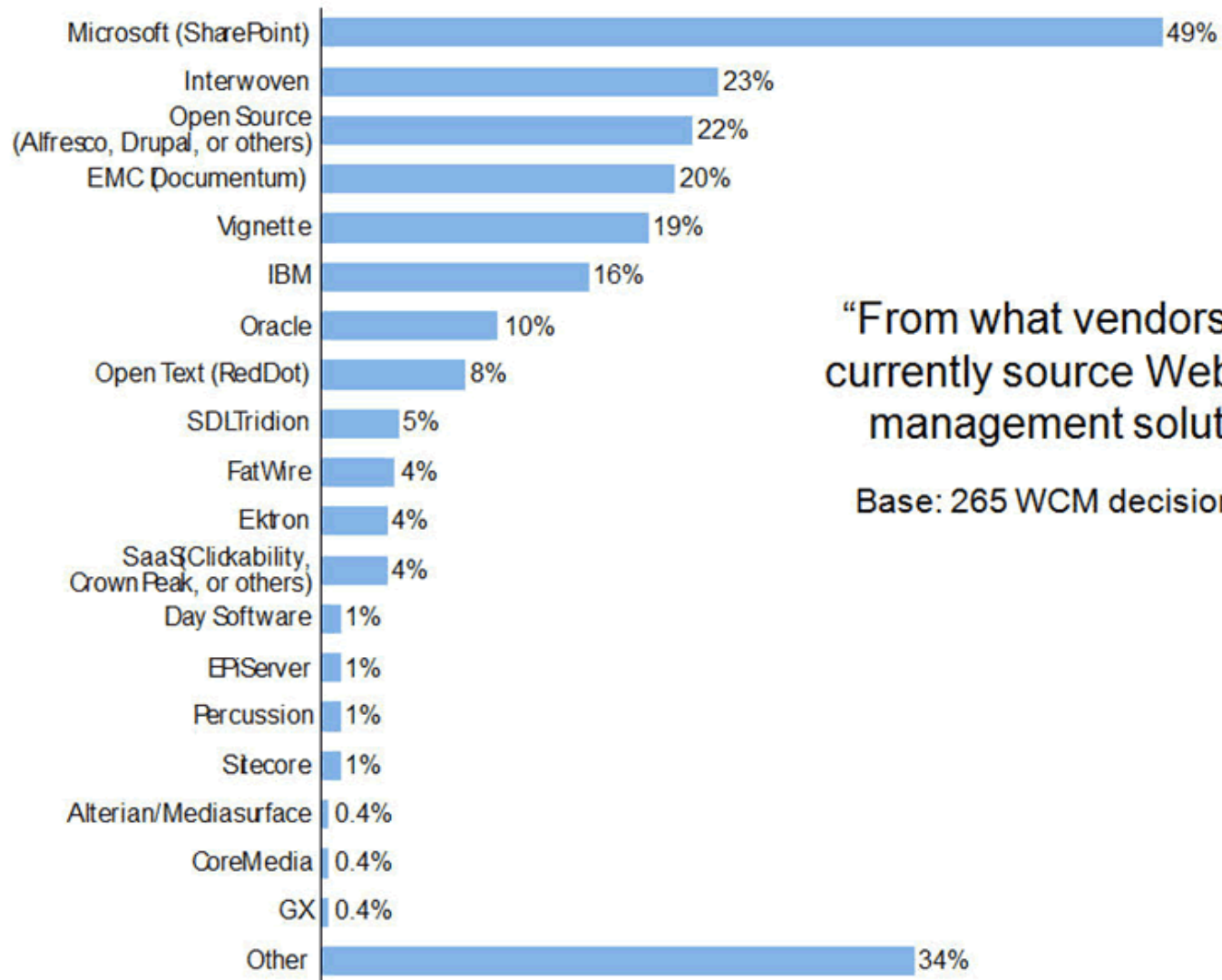


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SharePoint rules the WCM roost



“From what vendors do you currently source Web content management solutions?”

Base: 265 WCM decision makers

Source: 2008 North American and European Web Content Management online survey



What is Return on Investment?

- ROI = Return on Investment (a percentage)
 - Example: Stock Portfolio returns 12% per year
- Other Terms
 - IRR = Internal Rate of Return (also a percentage)
 - Payback = Payback period (how long does it take to get back your investment)



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How Do You Get The Numbers?

- Business Analysis – focus on the business processes that are changing
- Gather data, Calculate costs
- Requires time and effort
- Estimating techniques
- Make reasonable assumptions and document them
- Involve Accounting – e.g. cost accountant



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Tailor The Process

- The Goal
 - Executive approval for project funding
- What measures are used?
 - ROI, IRR, Payback Period, etc.
 - What specific formulas are used?
- How do they treat intangible benefits?
 - Examples from previous (funded) projects



How to Treat Time Savings

A suggested method

1. If the cost will clearly be eliminated it is a Direct Benefit
 - Contractor's hours reduced
 - Position eliminated – payroll reduced
2. If not it is an Indirect Benefit
 - Calculate the hours
 - Incorporate in Productivity Benefit



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Direct Benefits

- *Must be able to identify in budget and P&L*
- Replace old or inadequate systems
- Eliminate hard-copy forms
- Document management
- Business User web content publishing
- Automate workflow
- Reduce travel expenses



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Replace Legacy Systems

- Custom apps
- Web sites, Intranets
- Document mgt systems
- Include costs:
 - Hardware and Software
 - Support costs
 - Personnel (IT and Other), Consultants, Third-Party



Replace Legacy: Example

- ABC Co – 250 employees - \$30M Revenue
- Replace 3 Intranets and 2 document mgt

	Annual Cost Savings
Retire 5 servers – annual hardware maint	\$1,000
Retire 3 licensed apps, annual software cost	\$12,500
Eliminate Intranet webmaster position	\$55,000
Eliminate consultant support (custom app)	\$30,000
Productivity - Time saving (IT): 30 hours/wk	



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Eliminate Forms

- Replace paper forms with electronic
- Automate approval processes
- Cost of pre-printed forms
- Cost of paper, printing – other forms
- Handling cost
- Mailing and overnight delivery
- Time savings



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Eliminate Forms: Example

- 25 HR pre-printed forms replaced (@cost)
- 15 Sales and Customer Service forms @ \$0.20/pg

	Annual Cost Savings
Eliminate 10 pre-printed forms	\$24,500
Paper & print savings (30 other forms)	\$6,500
Storage and handling	\$500
Mailing and overnight	\$1,500
Time Savings – approval process: 30 hr/wk	

Document Management

- Printing and Paper Cost Savings
 - Hard-copy reports eliminated
 - Copying expense
 - Mailing and overnight delivery
- Time Savings
 - Manual filing, storage and retrieval



Document Management: Example

- Identified 150 weekly reports, 200 monthly
- Laser print @ 7¢/pg Color @ 20¢ Paper @ 2¢

	Annual Cost Savings
Paper savings (400,000 pages)	\$8,000
Print savings (100k color, 300k bw)	\$41,000
Storage and handling	\$500
Mailing and overnight	\$1,500
Time Savings: 40 hr/wk	



Web Content Publishing

- Eliminated costs
 - Hardware and software (costs not included previously)
 - Web Developers/Designers/Programmers

	Annual Cost Savings
One hosted website	\$2,000
1 content editor position	\$35,000



Automate Workflow

- Workflows not included previously in
 - Online Forms Approval
 - Document Management/Change Control
 - Web Content Management
- Analyze each workflow and itemize cost savings
 - Eliminate labor costs of manual processes
 - Eliminate errors and rework



Automate Workflow: Example

- Expense Reporting

	Annual Cost Savings
Paper savings	\$6,500
Mailing and overnight	\$1,000
Improved collections - customer billing	\$10,000
Reduced errors – employee reimbursements	\$10,000
Time Savings: 40 hr/wk	



Reduce Travel

- Reduce travel for training through online training
- Online meetings
- Sales pipeline reviews online
- Sales and customer service portals



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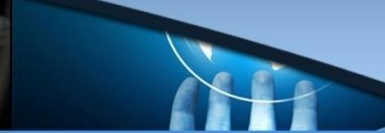
Reduce Travel: Example

- Four employee training classes online

	Annual Cost Savings
Travel expense eliminated	\$15,000
Time Savings: 5 hr/employee/year	



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Indirect Benefits

- Productivity
- Compliance
- Revenue from increased sales or new sources
- Quality
- Reduced employee turnover
- Reduction of IT support costs



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Indirect Benefits: Productivity

- A. Sum time savings estimated above
- B. Estimate average employee productivity improvement
 - Find information faster
 - Communicate faster
 - Complete tasks faster – accomplish more
 - Translates to more sales (profits) per employee

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Calculating Productivity

Productivity Benefit =

(Time savings in hours) X (Avg
Cost/Employee) X 50%

- Conversion Factor: In the example, 50% of time saved is spent on new tasks that result in increased product, services or sales. [The company is 50% effective in converting the hours saved to increased profits.]

Productivity: Example

- Time Savings from section 1

Total annual time savings from Section 1	8,000 hours
Hourly Cost / Employee (fully loaded)	\$65
Percent of time savings effectively captured	50%
Benefit from Productivity	\$260,000



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Compliance

- Does the system enable compliance with legal and/or financial regulations?
- What is the cost to the company of not complying?
- Are there alternative methods to achieve compliance? What is the least costly alternative?



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Cost of Compliance: Example

- Achieve Sarbanes-Oxley compliance for document access and management

	Annual Cost Savings
Cost Avoidance – Fines and Potential Litigation	\$50,000



Added Revenue

- Does the system enable new revenue streams or increased sales?
- What is the contribution to profit from the additional revenue?



Revenue: Example

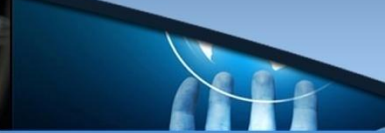
- Improve time-to-market for new product line by 3 months

	Annual Cost Savings
Profit Margin – 3 additional months of sales	\$100,000



Cost of Quality

- Will the system improve quality?
- What are the cost savings due to improvements in quality?



Cost of Quality: Example

- Targeted 20% reduction in customer service errors due to improved internal communication and timely access to info.

	Annual Cost Savings
20% reduction in errors in Customer Service	\$50,000



Reduced Turnover

- Employees prefer working with and developing skills on market-leading tools
- Improve employee satisfaction
- How much will the system reduce turnover?
- What are the cost savings from not having to replace employees that you can retain?



Reduce Turnover: Example

- Reduce employee turnover by 10% (5 employees)

Recruiting expense savings	\$50,000
Training savings	\$10,000



IT Support Savings

- Will the system reduce IT programming and support costs?
 - Do not duplicate any cost savings already counted above.

Other IT Savings (estimate)	\$40,000

Project Costs

- All costs directly attributed to the project

	Cost – Year 1
Hardware – 2 servers	\$12,000
Software – Operating Systems, SQL Server	8,000
Software License – SharePoint Portal	20,000
Customization, Implementation, Consulting	90,000
Personnel – Internal implementation team	70,000
Training Expense	10,000
Other	20,000



$$\text{ROI} = \frac{\text{Benefits} - \text{Cost}}{\text{Cost}}$$

SharePoint ROI Calculator

- Benefits = Direct + Indirect
- Costs
- ROI
- Payback Period (Months to recover investment)

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About RJB

RJB Technical Consulting specializes in delivering SharePoint services and solutions that allow companies to conduct business and collaborate quickly and efficiently.



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RJB Technical Consulting (www.rjbtech.com)

- *Specializing in delivering SharePoint services and solutions that allow companies to conduct business and collaborate quickly and efficiently.*
 - **Founded in 1995**
 - **Microsoft Gold Certified Partner**
 - **Practice Area focused on SharePoint Technologies**
 - **Office 2010, SharePoint 2010 Beta Partner**
 - **Certified Technical Specialists in SharePoint 2010**
 - **SharePoint Specialists include Project Managers, Business Analysis, Architects, Developers and System Engineers**
 - **Operates Philadelphia Area SharePoint User Group**



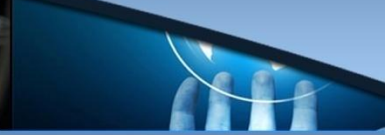
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Questions ???



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Thank you for attending!



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