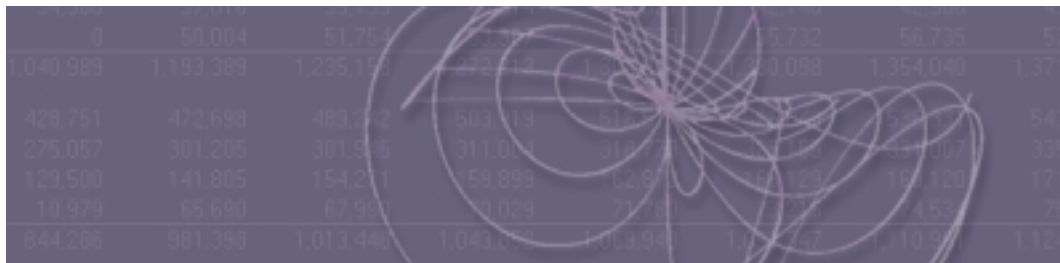


Making the Net Work

A Value Audit for Web-based Technology



The shift to web-centric technologies leads inescapably into the new landscape of the Internet economy. Enter without a map and you may be lost. HelpCaster's value audit will help you keep sure bearings with business fundamentals and calibrated financial metrics. This workbook's 18 easy steps will help you to plot a path to opportunity.

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How the economic groundshift effects you

Tough times; tough thinking. Technology assessment has shifted to hard dollars. “New technology” has grown up to find that fundamentals are sound business practice.

But something *is* different out there. It is going to create new leaders. And followers running to catch up.

A fair assessment of current technology requires both bold vision and astute pragmatism. This following 18 step workbook balances both in quantifying the potential value of HelpCaster in your business. It is the first step in mapping value in the connectivity economy.

We are now entering the second wave of the Internet economy, sometimes called Next Generation Internet (NGI.) First age companies laid down the infrastructure; in the second, we exploit it. The first age made the technology work; in the second, we make it useful. The first age was or visionaries; today, we’re pragmatists.

Whether those first generation companies eventually prospered or failed, they did raise the finance to lay down the pipes. To us, those are sunk costs; we simply flow through the pipes.

Consider the profound economic significance. HelpCaster’s purely web-centric technology can take a “free” ride on existing infrastructure. There is *negligible capital cost* for a company to install the application.

At the same time, HelpCaster can flow throughout the enterprise unlike earlier client-server technologies. This real-time connectivity can catalyze new and powerful business processes and release new value of considerable magnitude.

These factors create, in principle, an economic opportunity to challenge the most hard-nosed skeptic—extraordinary potential return on negligible investment. And the most rigorous analysis will support it.

Then why are there so many skeletons littering the beach of the first generation Internet economy? Short answer—they were searching for the City of Gold without a map.

In this second generation, keep your bearings, integrating new technologies with proven business processes. Don’t think technology; think people. Above all, recognize that we are still dealing with an emerging



The illustration on has been generated with self-replicating algorithms, illustrating the property of networks like the Internet to evolve organically into unforeseen patterns.

economy based on connectivity. We know that it *can* deliver extraordinary new value, but each company has to discover *how* to unlock its own potential in practice.

The following steps encourage you to quantify the value proposition in adopting an NGI technology within your company’s unique ecology.

The first stage is a comprehensive survey of the whole cycle of adoption costs. Breadth of view is critical, as the impact of web-centric applications tends to flow beyond the confines of departmental requirements.

The next stage leads through a step-by-step audit of the incremental cost/benefit impacts—hard and fast fundamentals subject to performance measurement.

You will then be asked to consider some far-reaching implications in how adopting a web-centric connectivity can create value through strengthening your company’s market positioning and productivity.

You may have to push your thinking beyond familiar boundaries. You may find there are no easy answers. But we think you will find clear conclusions.

Step 1: Total Cost of Ownership

1 Setting up your installation

Estimate the costs to set up your installation and define the customization requirements. Most of the costs associated with this phase will derive from time spent by internal IT resources or billed by professional services advisors.

Hardware requirements are simple: each agent seat requires only a standard multimedia PC plus video camera:

Hardware	
Camera	
Sound card	
Microphone	
Sub-total	

You will want to establish how your customers are directed to agents—this logic will determine the queuing structure that HelpCaster uses. The following will have to be fully defined, adapting existing processes or creating new ones:

Business rules scripting	
Define business rules (create new or adapt existing)	
Define queue structure (usually from above)	
Define log-in procedure	
Define wait time media serving rules	
Sub-total	

Specify security measures to conform to corporate practice or as desired for web-centric applications:

Security practice	
Network evaluation	
Firewall specifications	
Security procedures	
Sub-total	

All brand and corporate identity look and feel elements must be specified:

Brand design standards for User Interface (Sub-total)	
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These estimations should provide a reasonable estimate of your initial costs:

Total planning and set-up costs	
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2 Configuring your system

HelpCaster will develop a project plan to customize to corporate requirements as specified in Stage 1 planning. The costs to implement will depend on the complexity of those requirements.

These cost items are best estimated in collaboration with the HelpCaster technical team. The primary implementation tasks comprise:

Configuration to custom requirements	
Queue structure	
Agent profiles	
Custom data requirement: customer, agent, session or media clips information	
Custom User Interface	
Rules for iQmedia server	
Total configuration costs	

3 Custom integration

HelpCaster can be integrated with installed systems—telephony networks, CRM’s and so forth. Specific requirements will vary widely and costs should be estimated in collaboration with the HelpCaster technical team. Integration may involve one or more of the following:

Integration with installed systems	
CTI/WTI	
API interface	
Data exchange	
Security handshake (one-time log-in)	
Reporting	
Total integration costs	

Step 1: Total Cost of Ownership (continued)

4 The human touch

HelpCaster is an easy, intuitive application. But the skill set for optimal use of the web's rich potential is different from that used with conventional telephony. Standard manuals or help documentation is supplied. Specialized training might include the following cost items:

Training components	
Application training	
Behaviour training	
Administrator's manual	
Agent manual	
End-user help documentation	
Train the trainer program	
Total training costs	

5 Testing your application

Once the customization and integration is completed, you will want to test the application in a performance environment for both technology and human use. The scope of testing can vary according to business or ROI objectives, with costs determined by scale and complexity.

Testing components	
Application: code, integration, security	
User testing	
Business case testing (efficiency targets, etc)	
Test monitoring, evaluation and recommendations	
Total testing costs	

6 Launch

You may want to include a contingency provision for implementing any recommendations from the test phase:

Launch costs	
Implement testing recommendations	
Monitor performance	
Total launch costs	

7 Accounting and reporting

HelpCaster supplies standard session data reports and charged units for billing. Custom reports can be created for data mining, captured content and call centre monitoring.

Custom reporting	
Session data	
Content capture and reporting: chat transcripts, audio, etc	
Reports for business partners	
Custom itemization of charges	
Total custom reporting	

8 Support

HelpCaster provides standard technical support. There may be need for specialized support services in such cases as custom integration with third party systems.

Support services	
Hardware-related	
Software	
Accounts processing	
Upgrading	
Total support costs	

9 Application costs

HelpCaster's fees normally include set-up charges, a monthly seat fee and call charges.:

HelpCaster charges	
Seat fee (monthly charge per seat x 12 months x number of seats)	
Standard set-up charges (set-up charge per queue x number of queues)	
Call unit charges (estimated number of calls x unit charge)	
HelpCaster application costs	

The first stage in quantifying the business case is now complete. We have estimated all of the cost phases of adoption from planning to installation. This yields the Total Cost of Ownership:

Total cost of ownership (annual)	
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Step 2: Operations—the economic impact

In the next step, assess the economic costs or benefits that pertain to operations. In general, economic benefits will fall under the headings of cost reduction, revenue gain or revenue acceleration. To estimate the net effect, make sure that these are *only* those increments that would be introduced by HelpCaster.

Look for synergies. HelpCaster can flow easily via the web across departmental barriers to help eliminate duplicated tasks. Synergies not only reduce duplicated costs, they can also make business functions more effective.

Let's consider a number of operational functions in which HelpCaster would typically exert an economic impact. There may be unexpected benefits, or costs, arising from the introduction of this technology, beyond the anticipated strategic gains. The exercise should be open-minded and exploratory. Try to estimate an annualized economic value to any categories that apply.

10 Issue resolution

HelpCaster delivers superior ability to resolve customer issues through its ability to carry on an in-depth dialogue with the customer, use rich media for demonstration and instruction and to enlist multiple departmental agents to collaborate in a problem-solving process in one uninterrupted session. Some HelpCaster corporate users find that the average elapsed time per session can be up to 15% longer than in conventional call centres. Balance this additional cost with the application's ability to close an issue, and eliminate multiple sessions.

Issue resolution	
Total reduction or increase in the cost of agent elapsed time	
Increase or reduction in agent head count	
Reduction in call sessions per issue	
Reduction in second line support escalations	
Reduced contact through sales cycle: search, selection, sale	
Total increase or reduction in issue resolution	

11 Process automation

HelpCaster's Intelligent Response engine automates knowledge base searching through customer self-serve, and delivers instant satisfaction. This is a powerful economic agent to reduce or eliminate manual handling of customer queries where appropriate.

Process resolution	
Cost reduction from elimination of manual e-mail touches	
Reduction in cost of live agent elapsed time	
Reduction in live agent head count	
Reduction in systems costs: telephone, e-mail management, etc	
Total cost savings from process automation	

12 Customer value

Improved customer handling should yield measurable economic gains. HelpCaster can make the web interface more responsive and more efficient. Expect immediate impact on retention, satisfaction and eCommerce revenues. Customer satisfaction will have tangible results from improved response to back-end issues. For example, rapid handling of such fulfilment queries as “where is my order,” can significantly reduced cancelled orders. Real-time selling allows dynamic pricing, connecting the sales interface with inventory. The focus in the this section is on immediate, measurable gain.

Point-of-sale	
Value of reduced web visitor abandonment	
Increased revenue from agent-assisted point of sale	
Increased revenue from cross-selling, upselling, bundling	
Increased revenue from agent-assisted shopping cart	
Increased revenue from improved back-end fulfilment	
Increased revenue from increased customer acquisition	
Value of dynamic pricing and inventory control	
Total gain from improved Point-of-Sale	

13 Knowledge management

HelpCaster creates a data-rich environment, producing valuable marketing intelligence and customer usage information. The Intelligent Response engine answers such questions as “who visits my web site” and “what is my visitor looking for?” Live session data can be used to analyze critical flow patterns. And HelpCaster’s easy integration with CRMs and other enterprise systems can provide a powerful funnel to capture in-depth knowledge of the customer. The ability to capture the voice of the customer adds a reality factor to what was previously only statistical tables.

Knowledge management	
Value of session data	
Value of topical query analysis (who wants what?)	
Value of enhanced customer input to CRMs, etc	
Value of inter-departmental learning dialogue with customer	
Value of internally distributed customer feedback (the "reality factor")	
Total gain in knowledge management	

Step 2: Operations—the economic impact (continued)

14 Dynamic marketing

The web's real promise is the connection of the customer and the whole organization in a dynamic, responsive relationship. To achieve this, the web must be fully consolidated mainstream corporate business processes. HelpCaster's routing technology integrates eCommerce with established channels. Consider the value of possible channel convergences—direct web enquiries to remote sales representatives, use online ordering to close direct mail offers, and so forth. HelpCaster's ability to route web calls to PSTN or mobile telephony can vastly increase response time to Internet enquiries. HelpCaster can "trail" customer data from one agent to another, facilitating the share of market intelligence across channels.

Dynamic marketing	
Cost reduction in marketing support: advertising, collateral, etc	
Value of integrating web with other distribution channels	
Value of integrating communications channels (web to phone, etc)	
Value of customer data distributed across departments/channels ("trailing data")	
Value of converting customer input to marketing output ("permission-based marketing")	
Estimated value of marketing gain	

15 Internal economies

HelpCaster high usability applies to corporate users as well as customers. In addition to its intuitive interface, HelpCaster uses familiar natural language. Consider potential cost reductions or process efficiency gains in adoption by corporate staff. Future training costs may be significantly lower than with alternative technologies, both for replacement of first line support staff and for other departmental staff.

Internal economies	
Cost savings against telephony switching, long-distance, etc	
Value of internal high rate of use	
Future cost savings in training to the application	
Cost savings from IP networked remote agents	
Total internal economies	

The cumulative value of the operational costs and gains are totalled here.

Net value of cost/benefit effects (annualized)	
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Step 3: Asset gains

There may be potentially profound economic effects that will not appear directly or immediately in the operating account. For example, the online customer interface can be viewed as a critical “face” of the corporate brand. Quantifying the value of brand equity can be elusive, but who today hoping to win consumer markets can survive without an effective brand? To estimate the value of an intangible asset, it can be helpful to ask “what would we be willing to pay to have it?” These may or may not appear in the balance sheet, but if the assessment is realistic they should yield future cash earnings as marketing assets enhance revenues and organizational assets improve productivity.

16 Marketing assets

The challenge to marketers is to fulfil their brand promise in online relationships where you have to listen and respond. HelpCaster raises the quality standards of online interaction. A company can expect to secure a decisive positioning advantage through delivery of superior customer care. The value of winning greater share of customer and of market is potentially vast.

Marketing assets	
Competitive positioning advantage	
First mover advantage with live online relationships	
Extended market reach (beyond scope of conventional channels)	
Dynamic input to customer and market databases	
Enhanced brand equity value: the live, listening brand	
Total marketing asset gain	

17 Transformational benefits

How a company values the following factors will depend on where it falls in the continuum between skepticism and exploratory vision. Neither is right or wrong. If fundamentals are sound, don't overlook the Internet's power to transform. A caution: the property of *emergence*, inherent in complex networks like the Internet, creates uncertainty. As your company moves forward into the wired world, it is going to change in ways that fundamentally cannot be predicted. Part of this exercise will be to establish a value on controlled, adaptive change.

Transformational assets	
New products from converging lines of business	
Organization adapting to "voice of the customer"; new resource constellations	
Decentralization of call centres untethered from telephony networks	
Streamlined business process; web-communications flowing over department walls	
Production processes aligning to customer need	
Total transformational gains	

The estimated value of both the marketing and productivity-related assets can be totalled:

Total asset gain	
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Step 4: Return on Investment

18 Informed judgement

Summing the results of each of the first three steps will indicate a thumbnail estimate of the net value produced by HelpCaster. This shorthand method casts a view of only one year's horizon, limited but useful due to the rapid deployment of HelpCaster's hosted application and its ease of adoption, which should introduce immediate economic impact.

Summary	
Total cost of ownership	
Operational value gain/cost	
Asset gain	
Net value produced	

We could roughly estimate Return on Investment by dividing the net value by the Total Cost of Ownership, assuming that the asset gain accounts for future earnings (yield on the assets):

Thumbnail ROI	

A more diligent approach would be to project a cash flow of three to five years to accommodate effects over time. Do not consider in this exercise the value of marketing or productivity assets, but extract from each a cash yield factor: cost reductions in productivity areas and revenue increases from marketing assets.

Apply to cash flow earnings the hard-working tools of Net Present Value, Internal Rate of Return and Payback Period. Certain caveats apply, however; there are some underlying anomalies at play in the economies of the Next Wave Internet:

- √ HelpCaster flows through existing infrastructures; there are no capital expenditures. TCO costs are drawn out of operating accounts. By whatever method you analyze for value, you are likely to find unaccustomed high return figures. Don't worry; they *are* true.
- √ High gains for minimal cost strain the usefulness of IRR calculations, which for reliability depend on initial deficit—the capital investment. The pivotal factor in NPV calculations is the discount rate, reflecting the cost of capital. With negligible capital expenditure, NPV calculations lose to some extent their relevance.
- √ If HelpCaster does, in fact, deliver a powerful marketing advantage, or catalyzes a marketing-dominating new product category, or transforms the organizational structure through new connectivity, exponential growth can kick in producing spineshot growth curves. Here too, the cost of capital is low. The price will be uncertainty in a world where mechanistic strategic planning gives way to non-linear probabilities. Hold on to your hat if your business finds itself on this trajectory.

A true business case analysis would apply rigorous financial modelling. This survey only intends to sketch out a high level map of value components that should be considered in an initial assessment. But even these broad strokes show that web-based connectivity can release measurable economies now, and simultaneously reaffirm that the Internet is shifting the ground under the economic landscape. Talk tough but see far.