

HOW TO USE INTELLICHIEF'S SALES ORDER AUTOMATION PROJECT ROI CALCULATOR



IntelliChief
Paperless Process Management



BUILDING YOUR BUSINESS CASE FOR SALES ORDER AUTOMATION SOFTWARE

When you are considering Sales Order automation, case studies and white papers can show you what other companies have achieved – giving you a general sense of the type of results you could expect for yourself. The problem: every business is unique. What provides a considerable advantage for one company may be a waste of money for another.

At IntelliChief, we want you to make the best decision for your unique situation – whether that's moving forward with a Sales Order automation project or deciding that it's not right for you after all. Our ROI Calculator is designed to show you – using your own business information – how much you could save, as well as what you could expect to spend. (And you're not just limited to the first year of use; you can plot your outcomes over the course of five years or more.)

WHAT YOU WILL NEED

To make the process as easy as possible, you'll want to collect all of your business information before starting your calculations. (You may need to ask several colleagues to help you collect this data.)

There are two kinds of data you will need: historic data and future projections.

HISTORIC DATA

For the historic data, it is easiest to look at your most recent, fully completed calendar year. (If you don't have exact statistics for any of the figures, an educated guess will do.)

Some of the things you will need to know:

- The number of customer orders/documents you process in a typical year
- The number of phone orders you process in a typical year
- The average number of pages per customer PO
- The percent of customer POs / documents that you receive via email and fax
- The total cost of postage (mailing orders and supporting documents to corporate)
- The number of order entry personnel in your company and additional headcount
- The average annual salary, average fully burdened salary, and average fully burdened hourly rate for your order entry staff
- The number of working days per year

Hard Dollar Savings	
Annual Total Order Processing Labor Cost	
	Without IntelliChief
	With IntelliChief
	Savings
Annual Postage Costs	
	Without IntelliChief
	With IntelliChief
	Savings
Annual Paper Costs Printing Orders, Acknowledgements, Invoices (Processing/Filing)	
	Without IntelliChief
	With IntelliChief
	Savings
Annual Interest Paid to Operate on Trade Credit	
	Without IntelliChief
	With IntelliChief
	Savings
Annual Cost of Current Imaging System or Outsourced Service	
	Without IntelliChief
	With IntelliChief
	Savings
Annual On/Off Site Storage Costs	
	Without IntelliChief
	With IntelliChief
	Savings



- The number of pages of order acknowledgements and invoices filed per year
- The total of annual credit sales
- The interest rate (interest for line of credit, prime rate, marginal cost of capital, etc)
- The days sales outstanding (DSO)
- The annual cost of current imaging system/outsourced service and annual percentage increase
- The on/offsite storage costs per year and annual percentage increase

FUTURE PROJECTIONS

For your future projections, you'll want to consider your company's expected growth patterns and goals. You will also want to consider any planned acquisitions or mergers; absorbing another company's departments can significantly change your workload and/or processes.

Here, you will be focusing on both hard dollar savings (the expenses that you will be able to reduce or prevent with automation) and efficiency savings (the time that your employees will be able to re-allocate to other projects when they are no longer focused on repetitive administration.)

Efficiency Savings (Time Spent)	Year 1	Year 2
Order Processing		
Printing & Sorting Customer POs		
Without IntelliChief	\$	\$
With IntelliChief	\$	\$
Savings	\$	\$
Routing Customer POs for Review/Approval		
Without IntelliChief	\$	\$
With IntelliChief	\$	\$
Savings	\$	\$
Routing Customer POs for Exception Handling		
Without IntelliChief	\$	\$
With IntelliChief	\$	\$
Savings	\$	\$
Tracking and Reporting		
Without IntelliChief	\$	\$
With IntelliChief	\$	\$
Savings	\$	\$

When it comes to future projections, you can be relatively conservative, or you can calculate more significant performance improvements. (Here is one way that you can make more sense of industry case studies. If you have seen results from companies who have improved by 70, 80, or even 90 percent in specific functional areas, you can see what similar improvements would mean for your business.) However, it's important to stay realistic; even with automation, there may still be a small amount of manual effort involved in your order processing.

Our recommendation: start with slightly more conservative numbers to get a sense for an "average" scenario. If you exceed these targets, additional savings are an added bonus.

For your future projections, you will need:

- The number of customer orders you expect to process in the next five years
- Your expected increase in headcount over the next five years, if you do not implement an automated solution, to account for any volume increases
- Your expected decrease in headcount (if applicable) over the next five years, due to automating most of your Sales Order processes
- Whether you are expecting to provide salary increases over the next five years



You will also need to think about how you are planning to use your solution. Think about:

- Whether you're planning to invest in additional modules after the initial roll-out
- How much you will need to budget for your initial professional services implementation
- How much you will need to budget for annual maintenance
- Whether you'll need to upgrade your Sales Order solution's software or your current supporting hardware over the next five years

USING THE ROI TOOL

Once you have collected all this information, you can start entering it into the IntelliChief ROI calculator.

- In the first tab, you will enter your core Sales Order measurements.
- In the second tab, you'll enter your projected cost savings percentages
- In the third tab, you will enter your projected solution. Our tool will calculate your yearly net savings and your payback period in months.

Our calculator factors in a reasonable period of time for initial implementation, before you can go live and start to see your ROI. (To learn more about our implementation process, contact us for a more detailed schedule.)

USING THESE NUMBERS TO STRENGTHEN YOUR BUSINESS CASE

It's normal for your business case to include basic goals, like "becoming more efficient" and "removing procedural inefficiencies". However, your project becomes much easier to support when these goals are backed by your numbers. As you develop your internal sponsorship team – especially when it comes to the financial side – it will be easier to gain supporters with a well-thought-out financial justification.

THE BENEFIT OF INVESTING IN AN ENTERPRISE PLATFORM

One thing to keep in mind: IntelliChief is an enterprise automation platform that can be used outside of Sales Order Processing. (Other use cases include Accounts Payable, Customer Service, Procurement, and Human Capital Management.) The more ways you leverage your investment, the lower your total cost of ownership – and the higher your ROI. As you work to justify your initiative, take the time to assess your need for automation in other back-office and line-of-business functions – and keep the expanded potential payoff in mind there as well.

If you need help running your numbers, don't hesitate to reach out. IntelliChief can help you build the strongest possible business case to ensure your AP automation project is approved, implemented, and ultimately successful.

