



## IDC ExpertROI® SPOTLIGHT

# Global Charity Organization Using Avanade to Cost Effectively Meet Strong Demand for CRM Tools and Applications

Sponsored by: Avanade

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### Overview

Charity organizations with vast and diverse operations need an enterprise-level IT infrastructure to manage their activities. One indispensable component of such an infrastructure is having customer relationship management (CRM) touchpoints that provide timely, dynamic, and scalable support for their activities. However, finding staff with the required IT skills to support CRM operations of such a caliber can be difficult. And it can be challenging to justify making full-time hires because of the ebb and flow of demands on the charity services.

One global charity organization that provides charitable services in nearly every country in the world has vastly improved its CRM team's ability to support work by using Avanade Managed Services. By turning to Avanade to support its Microsoft Dynamics customer relationship management platform and to deliver the CRM tools, the organization can now deliver portals and applications needed in a cost-effective, timely, and efficient manner.

Before moving to Avanade, the charity organization struggled to scale its CRM operations to meet demand. An IT manager explained that the CRM team simply could not keep up with demand and instead constantly found itself bogged down supporting existing CRM applications rather than delivering new capabilities. However, with Avanade, the charity organization has made substantial strides in scaling up to deliver the CRM projects requested by its users in a timely and effective manner by drawing on Avanade's resources and capabilities. The IT manager explained: "Before, our users would often have to wait months or even longer for work to begin on new projects. Now, we have a policy of never telling our users to wait since with Avanade we can gear up quickly to handle the extra workload."

#### Business Value Highlights

**Organization:** Global charity organization

**Challenge:** Meet organizational demand for CRM tools, portals, and applications in a timely and efficient manner

**Solution:** Avanade Managed Services

#### Five-Year Cumulative Benefits:

- \$24.0 million (discounted)<sup>1</sup>
- ROI of 187%
- Payback in 3.5 months

#### Other Benefits:

- Completing six times as many net-new CRM projects per year
- Managing two times more CRM projects
- Reallocating 57% of CRM-related staff resources

<sup>1</sup> This study applies a 12% discount rate when discussing total benefits and costs over the five-year analysis period, whereas annual benefits discussed in this study are not discounted.

Since moving to Avanade, the organization has increased the number of net-new CRM projects it completes per year by six times, even as it has been able to reallocate more than half of its previous CRM staff to other activities. The organization has realized further staff efficiencies by using Avanade personnel to support its existing project base with any required enhancements and bug fixes. This has enabled it to support the net-new CRM projects as they come online without allocating additional staff resources while continuing to support existing projects. In addition, Avanade has saved IT staff and users considerable time by helping the charity organization avoid scope creep and minimizing the red tape that previously plagued project implementation.

Based on several interviews with the IT manager at the charity organization, IDC projects that the organization's use of Avanade Managed Services will result in staff time savings and productivity gains worth an average of \$6.75 million per year over five years. For the charity organization, this would result in a five-year return on investment (ROI) of 187%, with breakeven on its investment in Avanade occurring within 3.5 months.

## Implementation

The organization prioritized CRM activities in 2011 when it realized the need to function more like an enterprise because of the scope of its charity operations. The IT manager explained: "Microsoft Dynamics CRM became a pillar platform in our IT plan to better support the users in our organization and affiliates who constitute our customers."

The charity organization initially intended to use internal staff to support its CRM platform and develop the associated applications and portals. However, the organization found it challenging to reach the level of expertise needed because of hiring restrictions and the limited availability of skilled individuals.

Instead, the organization began using a variety of small "boutique" vendors to handle the CRM projects. Because the vendors' experience was mostly with smaller businesses, the solutions did not scale well to the needs of the global operations of the charity organization. In addition, they were unable to provide needed levels of documentation and transparency. The IT manager explained that his team spent too much time ensuring the quality of the vendors' deliverables, reducing both his team's productivity level and the vendors' value. Within a year, the organization realized it needed a different approach, as the IT manager explained: "We needed an enterprise solution and the resources to support it."

**"We did our homework and concluded that Avanade had the required skills and experience. Before, we couldn't focus on new projects because we were fully occupied meeting the demands of existing projects. Avanade gave us the resources to handle existing projects and still deliver new ones."**

The organization turned to Microsoft for advice. According to the IT manager: "We had a good relationship with Microsoft, having deployed many of the company's products in addition to its CRM platform." Microsoft suggested that Avanade Managed Services could be the answer to the challenges facing the charity organization. "We did our homework and concluded that Avanade had the required skills and experience," the IT manager said. "Before, we couldn't focus on new projects because we were fully occupied meeting the demands of existing projects. Avanade gave us the resources to handle existing projects and still deliver new ones."

The charity organization's working relationship with Avanade has evolved in the two years since the organization began using Avanade's services in 2013. "We began the relationship by issuing work orders for each project, but we now have a more flexible arrangement, which helps us to deal with the ebb and flow of our workload," the IT manager said. "This engagement model allows us to use all of

Avanade's tools and capabilities across our CRM operations as needed. The Avanade people operate as members of our team, and we introduce them that way when we meet with our users." Avanade typically has six to eight people onsite at the charity organization every other week, and another three people who work remotely. However, these numbers can be scaled up or down depending on the workload, which offers the charity organization the scalability it needs to support its operations with CRM services.

## Benefits

Since it began to use Avanade Managed Services, the organization's CRM team has substantially increased its ability to support charity operations. As a result, the charity organization can now provide far better support to its users through CRM projects. This is true even though it has decreased the number of staff responsible for CRM projects and avoided costs associated with its use of boutique vendors.

Before turning to Avanade, the charity organization struggled to make its CRM operations efficient and effective. According to the IT manager, the 15-member team's time and resources were consumed by maintaining existing projects and managing relations with boutique vendors: "The team worked reactively most of the time. They spent their time maintaining existing projects with little time to work on new ones, meaning that we could not deliver on new CRM projects requested by users."

The staff responsible for CRM projects is now down to seven individuals who concentrate mostly on project management and infrastructure development. This leaves Avanade with most of the responsibility for net-new projects requested by users at the charity organization. According to the IT manager: "Avanade handles all configuration and development work with new projects and supports existing projects with enhancements, bug fixes, and the like." Until the organization began using the Avanade services, the charity organization's CRM staff could handle only one or two net-new projects a year, and it needed an average of six to eight months from engagement to delivery. The IT manager laid out the substantial impact of Avanade on the team's ability to deliver new CRM projects: "Now, we can handle 10 to 15 projects a year. They can be completed in weeks, including the paperwork that slows down the project, so the engineering work is done much faster." Meanwhile, efficiencies the charity organization is achieving with Avanade are also allowing it to manage its expanding CRM-related project base without needing to expend additional resources.

**"With Avanade, when we get a request for a new solution, we can scope it out and get back to the user within a week. Before, we had to say we'd get back to them in a few months, and that's before beginning the work."**

Previously, the organization was unable to meet requests for new projects or provide support for its users in a timely manner once a CRM project was completed. "With Avanade, when we get a request for a new solution, we can scope it out and get back to the user within a week," the IT manager said. "Before, we had to say we'd get back to them in a few months, and that's before beginning the work." This has been particularly impactful because many of the charity organization's CRM projects are budget driven, and when funds are allocated, they must be used or forfeited. "Users will come to us and say we need to do this project right away. If we can't, the opportunity may be gone," the IT manager said. "With Avanade, we can scale quickly to handle these projects in a timely manner."

The ability to develop and deliver on more CRM projects in a timely way benefits users across the charity organization and ultimately improves its ability to meet its charitable objectives. With its global scope, the organization relies on these CRM tools to pinpoint and manage demand for its charitable services and to help its charity workers manage the processes involved with carrying out their work. According to the IT manager, "Avanade has given us the nimbleness we needed to deliver projects quickly and to handle a fluctuating workload efficiently. In addition, users have seen a reduction in red tape and scope creep, which has saved them considerable time."

According to the IT manager, Avanade has also been a big help in gathering user requirements and scoping projects to their budgets. "We need to stay within budgets," the IT manager said. "Avanade has the skills to see when the scope is too broad and to prioritize our customer needs within the budget so that the additional work can be handled later with a second round of funding. Because of this, we have built up a great deal of trust with our users."

## Quantifying the Benefits

By conducting several interviews with the IT manager at the charity organization and asking questions about operations before and after it began to use Avanade Managed Services, IDC was able to quantify the benefits realized from the deployment. When projected over five years, the benefits from staff productivity gains and the ability to provide substantially more CRM tools and applications to users average \$6.75 million per year.

For the purposes of this study, IDC has quantified the value the charity organization is expected to achieve as a result of the impact of Avanade Managed Services on the CRM team's operations. IDC has identified three major areas of value for the CRM team:

- **Net-new projects.** Since the charity organization began to use Avanade, it has increased the number of net-new CRM-related projects that it delivers to users by six times. IDC projects that this much-improved ability to deliver on new projects to support operations has an annual average value of \$2.71 million over five years.
- **Managing existing projects.** With Avanade, the charity organization can support more than double the number of CRM applications, portals, and services with a smaller staff. IDC calculates that this will result in a productivity benefit worth an annual average of \$2.78 million over five years.
- **Reallocate staff time.** With Avanade, the charity organization has been able to reallocate more than half of its CRM staff to other areas, providing it with a productivity benefit worth an average of \$1.14 million per year when projected over five years.

In addition, by minimizing red tape and other inefficiencies that characterized the organization's CRM landscape before Avanade, the charity organization is realizing time savings for various employees of approximately 150 hours with each net-new project. These time savings have a total value worth an average of \$125,100 per year when projected over five years.

# Return on Investment

IDC projects that the charity organization will leverage its use of Avanade Managed Services to realize **discounted total benefits of \$24.02 million** in staff productivity gains over five years, compared with a **discounted investment of \$8.37 million**. This results in a five-year **ROI of 187%** with **payback** on its investment in Avanade Managed Services occurring within **3.5 months** (see Table 1).

**TABLE 1**

## Five-Year ROI Analysis

Benefit (discounted)	\$24.02 million
Investment (discounted)	\$8.37 million
Net present value (NPV)	\$15.65 million
Return on investment (ROI)	187%
Payback period	3.5 months
Discount rate	12%

Source: IDC, 2015

IDC conducted several interviews with an IT manager responsible for CRM operations and development at the global charity organization to quantify the benefits and investment associated with its use of Avanade Managed Services and created an ROI analysis from the results.

IDC calculates the ROI and payback period in a three-step process:

1. Measure the benefits from increased IT staff and user productivity and other cost savings since deployment.
2. Ascertain the total investment.
3. Project the investment and benefit over five years and calculate the ROI and payback period. The ROI is the five-year net present value of the benefit divided by the discounted investment. To account for the time value of money, IDC bases the ROI and payback period calculations on a 12% discounted cash flow.

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