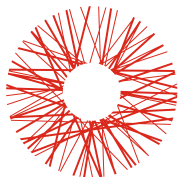




ROI CASE STUDY

PROGRAM: CUSTOMER RELATIONSHIP MANAGEMENT

DOCUMENT NUMBER: Y122 AUGUST 2024



NUCLEUS
RESEARCH

ROI: 660%

Payback: 2.4 Months

ZOHO ONE

RETAIL SOLUTIONS PROVIDER

ANALYST

Cameron Marsh

THE BOTTOM LINE

A retail solutions provider achieved a 660 percent return on its investment upon implementing Zoho One and recovered its investment in the solution 2.4 months after deployment. The organization was previously using Salesforce, but high customization costs and complexity hindered its ability to scale operations. Nucleus found that upon the adoption of Zoho, the organization achieved a 20 percent increase in new client onboarding efficiency, and was able to redeploy staff across sales and customer support. Collectively, increased efficiencies enabled the organization to save over 700,000 per year in avoided labor costs.

THE COMPANY

This provider of advanced retail technology solutions specializes in the tobacco industry and supports a diverse range of independent retailers and tobacco vendors. With approximately 30,000 customers, the organization offers a variety of services, including point-of-sale (POS) systems, customer care ticketing, and analytics. Its solutions are designed to streamline retail operations, improve inventory management, and enhance customer engagement.

THE CHALLENGE

Before the transition to Zoho, the organization was using Salesforce for its ticketing and order management processes. However, as the startup began to grow, customizing their existing solution to better align sales and service teams spread across multiple countries became a costly endeavor. Salesforce's complexity and the steep learning curve also made it challenging for users to adapt quickly, resulting in suboptimal productivity gains. Since each department within the organization had unique needs and workflows, the organization required a solution that could be easily and quickly customized to fit these specific requirements without extensive IT involvement. The high cost of hiring specialized consultants and IT staff to manage and customize Salesforce strained the organization's budget, and integrating the platform with other essential business systems often required extensive custom development work that leading to delays and increased operational overhead. In addition, the lack of flexibility and transparency in Salesforce's pricing model meant that scaling up usage as the organization grew resulted in significant additional costs.

**Cost : Benefit
Ratio** | **1 : 3.1**

THE STRATEGY

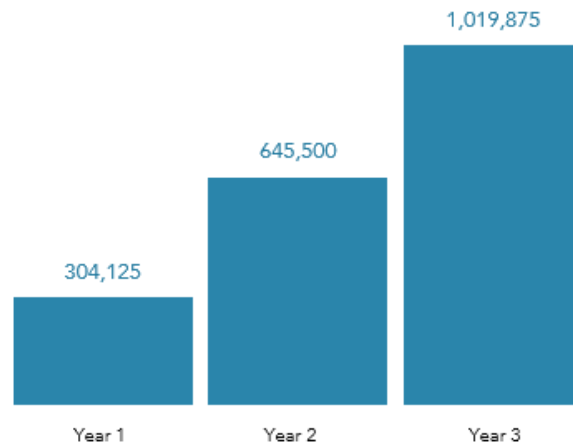
The organization made the decision to implement Zoho as an alternative to Salesforce after a demonstration of its ease of use and customization capabilities. Adopting a phased approach, the organization began with Zoho Desk to establish a customer care ticketing system, then gradually integrated Zoho CRM and Zoho Analytics. The implementation process, managed by a single project manager, involved creating a roadmap and customizing processes for various stakeholders, including sales and credit card processing teams. With strong support from Zoho and minimal external assistance, the organization successfully deployed Zoho in less than four months. This strategy ensured each feature was fully utilized before expanding, resulting in a seamless and effective integration across the organization.

KEY BENEFIT AREAS

Benefit areas seen as a result of the Zoho deployment include improved customer support efficiency, increased new client onboarding efficiency, and improved analytics and reporting capabilities.

- Improved customer support efficiency. Nucleus found that Zoho Desk enabled the organization to redeploy one employee that was previously dedicated to ensuring customer inquiries were resolved. Previously, the organization lacked an integrated system to track calls, manage incoming requests, and handle escalations, which are critical to its POS-centric business. The organization used Zoho Desk to automate ticket creation and streamline the management of customer inquiries and issues, eliminating the need for manual tracking and resulting in more than \$70,000 in annual labor cost savings.
- Increased client onboarding efficiency. The implementation of Zoho reduced the average time required to onboard a new client by 20 percent. Before implementing Zoho, the onboarding process involved five manual steps, creating opportunities for errors and delays. With Zoho, the entire onboarding process has been streamlined into an automated workflow. Sales, AR, and the installation team now work within a unified system, reducing the time required for each step and saving the organization more than \$300,000 annually in labor hours.
- Improved reporting and analytics capabilities. The deployment of Zoho Analytics further improved organizational productivity by automating data management and reporting tasks, eliminating the need for manual processes and numerous spreadsheets. This automation enabled the organization to scale its reporting volume by approximately 200 percent without proportionality expanding its reporting team, saving the organization more than \$120,000 annually in avoided headcount.

CUMULATIVE NET BENEFIT



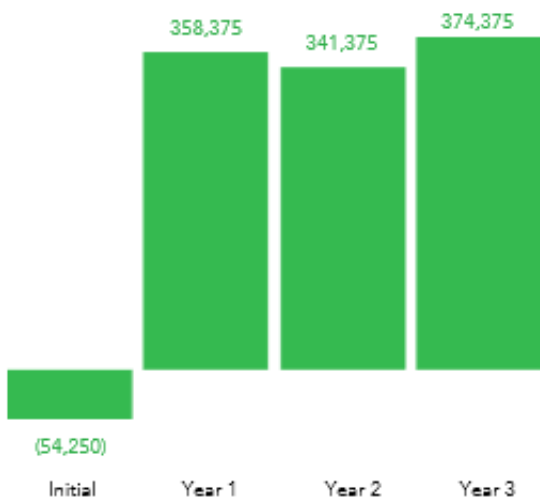
KEY COST AREAS

Key cost areas of the organization’s deployment of Zoho include the subscription cost for the software, labor costs for both initial and ongoing support of the platform, and training.

LESSONS LEARNED

The organization described several lessons learned throughout their transition from Salesforce to Zoho. Initially opting for Salesforce proved to be too expensive and complex for their needs, and the organization spent several months trying to justify the additional costs. One user noted that a more thorough analysis of alternative vendors in the beginning would have helped them better identify a more suitable and cost-effective solution. The organization also noted that throughout the implementation, the support from the Zoho team was a strong asset, highlighting the importance of strong vendor relationships during such transitions. Additionally, the experience demonstrated the necessity of scalability and customization in a CRM solution to meet specific business requirements.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify the organization's total investment in Zoho technology.

Indirect benefits quantified include time savings for sales and service staff. The indirect benefit is multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time spent working.

Benefits not quantified include improved strategic decision-making from data insights.

FINANCIAL ANALYSIS

Annual ROI: 660%

Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	0	0
Indirect	0	504,375	504,375	504,375
Total per period	0	504,375	504,375	504,375

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	7,500	16,000	33,000	0
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	40,000	130,000	130,000	130,000
Training	6,750	0	0	0
Other	0	0	0	0
Total per period	54,250	146,000	163,000	130,000

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(54,250)	358,375	341,375	374,375
Net cash flow after taxes	(29,838)	197,106	187,756	205,906
Annual ROI - direct and indirect benefits				660%
Annual ROI - direct benefits only				-270%
Net Present Value (NPV)				486,448
Payback period				0.2 years
Average Annual Cost of Ownership				164,417
3-Year IRR				656%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.