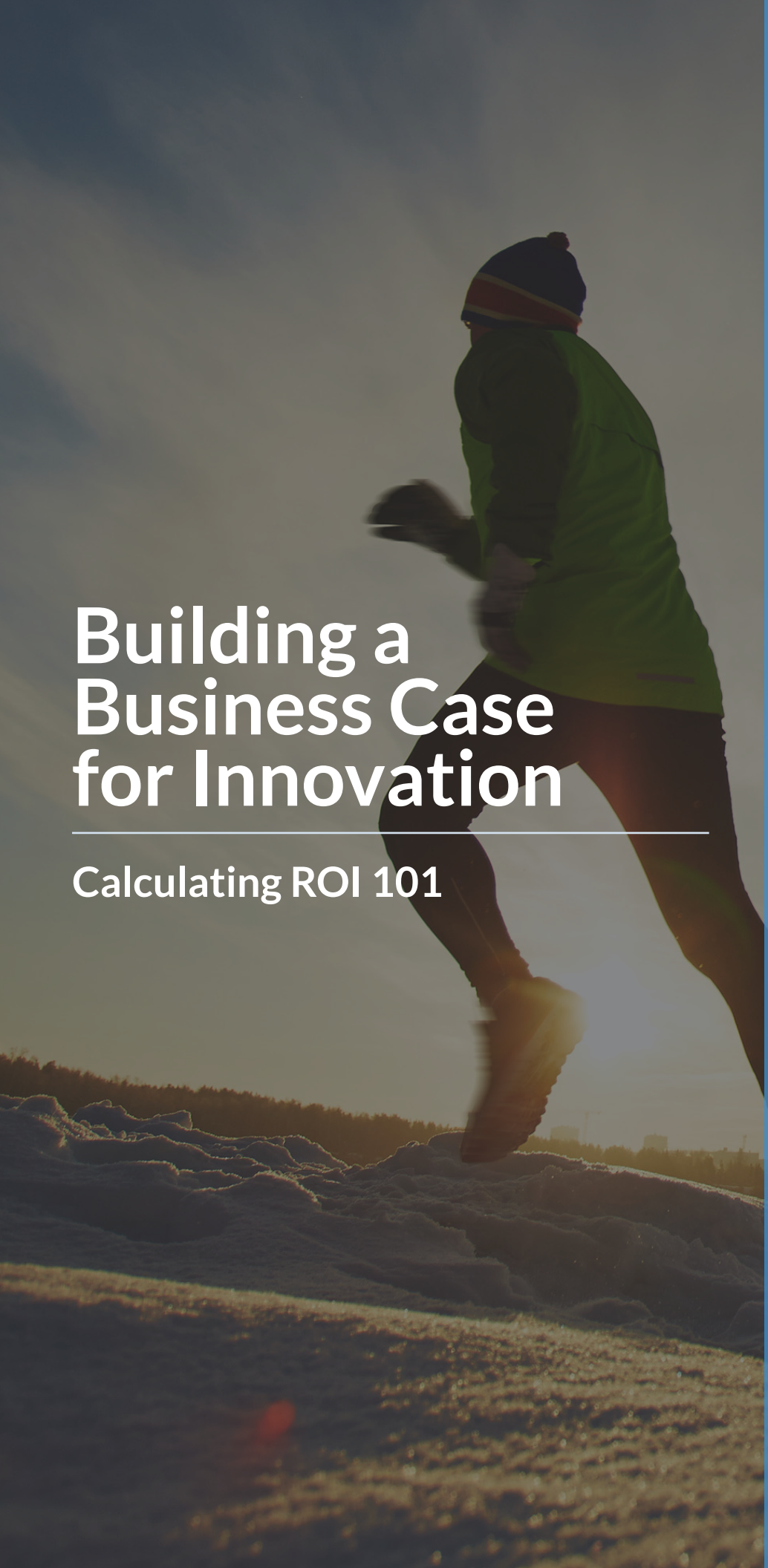

INNOVATOR'S GUIDE

Building a Business Case for Innovation

Calculating ROI 101

SITETRACKER

www.sitetracker.com

Modern project & asset management technology reduces time to create reports by **over 80%.**

A New Era Requires a New Approach

The telecommunications industry is entering an increasingly complex and competitive era. Unprecedented growth in network traffic is straining network capacity, mobile network operators are experiencing margin compression and modest revenue growth, and network densification means that the number of projects and assets to manage is growing exponentially. These factors are driving operators and their massive supply chain to focus on efficiency and innovation. Now more than ever, delivering infrastructure projects on-time and on-budget requires a more modern and more efficient approach.

The foundations of his new approach are the platforms, tools, and technologies that drive process and performance improvements. In a term: operational excellence. Today, the best technology is software-as-a-service (SaaS), a way for organizations of any size to leverage the latest and most powerful enterprise software in a scalable and affordable way. The total cost of ownership with SaaS is lower than expensive legacy systems that many companies still use. For example, true SaaS businesses don't need to price gouge by charging on a per-project basis. This makes building internal business cases for upgrading technology easier than ever — particularly when you highlight all of the hidden costs of the status quo, and the savings gained by moving away from legacy systems.

A comprehensive business case incorporates both quantitative and qualitative factors.

This guide will help you identify and understand the status quo, including the many significant hidden costs that are easy to overlook, and show how modern software solutions can dramatically improve operational excellence.

Specifically, we will cover of the most basic quantitative factors that our customers have used to build a solid business case:

1. Calculating return on investment (ROI)
2. Quantifying and mitigating risk
3. Increasing project manager productivity
4. Streamlining meetings and saving time
5. Understanding software-as-a-service

Subsequent guides will dive deeper into the more difficult-to-measure factors, plus a number of qualitative ones that have a real impact on operational excellence and long-term growth.

We understand that the process can seem complicated, so we're here to help anytime. For a personalized consultation with our industry experts, send us a message at info@sitetracker.com.

Now, let's dive in.

Calculating Return on Investment (ROI)

The fundamental formla for calculating return on investment is straightforward:

$$ROI = \frac{Benefits - Costs}{Costs}$$

Simple! But remember, it's only part of the overall decision to invest. Let's take a look at some real-world examples to explore the various benefit and cost calculations in the following sections.

Benefit Calculation: Quantifying & Mitigating Risk

A Sitetracker customer partnered with a major US city to create the largest and fastest free wifi network for citizens, delivered via 7,500 wifi kiosks, which also serve as digital advertising billboards. In reviewing their process, every transition from task to task and handoff from team to team represented an opportunity for a project to be delayed or sidetracked. The potential points of failure only grew in proportion to the number of projects in progress (if not faster, given the logistical difficulties of managing a high volume of projects).

The formula to calculate the total Potential Points of Failure (PPF) is therefore:

*PPF = (# of Sites, Projects, or Assets) * (# of Tasks Per Site) * (# of Teams and Stakeholders Involved)*

In the example above, each kiosk deployment requires approximately 450 tasks, spread across 15 teams, from start to finish. Even with their phased installation plan starting with about 4,000 units, that's 4000 * 450 * 15 = 27 million PPF in each project phase.

Now let's consider how this can affect day-to-day workflows:

1. Assume a delay of X hours in Y% of PPF, (e.g. one hour delay in 5% of PPF)
2. What's the hourly rate of the person most affected by the delay, such as a project manager or field technician? (e.g. a field worker is sitting waiting for another vendor instead of adding value by working on a site)
3. How many workers are affected?

For your projects, the potential Savings from Fewer Delays is therefore:

Savings from Fewer Delays =
*PPF * (X hours of delays) * (Y% of PPF affected) * ($ rate of affected workers) * (# of affected workers)*

These may not be felt as direct losses, but they are losses nonetheless — money spent on activities that do not add value to the business. Note: this calculation doesn't include any contracted penalty clauses that are sometimes included as a calculated percentage of time past project completion.

Automated reports and dashboards can reduce the time spent in recurring meetings **by an average of 56%.**

Customers report that by leveraging Sitetracker automated reports and dashboards, they were able to **reduce time spent in weekly meetings by 56%.**

Benefit Calculation: Streamline Meetings & Save Time

Another Sitetracker customer, a mid-size telecommunications service provider based in the Northeast United States, conducts weekly site-by-site meetings with project managers and the management team to ensure that project portfolios are on track. By leveraging Sitetracker reports and dashboards, they were able to reduce time spent in these weekly meetings by 56%.

To perform this calculation, consider:

1. How many recurring meetings does your organization have?
2. How many people are in each of those meetings?
3. How often are those meetings? Weekly? Monthly?
4. How long does the meeting last, in hours?
5. Take a guess at the average salary of attendees in the room. Divide by 2080 to get the hourly rate, then add 25% to account for the cost of benefits and taxes.

Therefore:

$$\textit{Est. Hourly Per Person Cost} = \frac{\textit{(Annual Salary)*1.25}}{\textit{2080}}$$

The total cost of that meeting is then:

Meeting Cost =
(Est. Hourly Per Person Cost)(# of Meeting Attendees)*(Meeting Length in Hours)*

To understand the potential savings:

1. Multiply that number by .56, representing a 56% cut in meeting length.
2. Multiply the result by the number of recurring meetings per year. For example, multiply by 50 if it's a weekly meeting (to account for holidays) or by 12 if it's a monthly meeting.

In formula form:

Savings from Streamlined Meetings =
*((Meeting Cost)*0.56)*(Number of meetings per year)*

The end result is the potential savings from improving meeting efficiency. In organizations with a large number of meetings, especially "standing meetings" or regularly recurring meetings, the potential savings can be substantial.

Benefit Calculation: Project Manager Productivity

Communicating progress and results is a critical part of any project manager's job, but that doesn't mean that the process of creating and sharing reports needs to take a lot of time. Consider the two general types of reports that project managers create: detailed site-by-site information and executive-level summary reports.

Today, many project managers spend at least 6-8 hours per week compiling information in spreadsheets to understand progress at individual sites and translate those to reports for weekly management meetings. This is in addition to the ad-hoc requests for information that inevitably come up. Part of the reason it takes so long is that information is stored in siloed or disparate systems. In order to assemble complete and actionable reports, project managers must work with these systems to join the exported information together. Typically this is done in spreadsheets, which increases the potential for human error.

Likewise, an additional unfortunate side effect is that by the time data is collected and synthesized into actionable intelligence, it's often outdated.

Identify the variables:

1. How many Full-Time Equivalents (FTEs) are involved in seeing projects through to completion?
2. What is the Average Hourly Rate (AHR) of those individuals? Multiply by 1.25 to account for the cost of benefits and taxes.

Think of how much of their time is spent on "non-value-add" activities, such as creating reports based on (or in) spreadsheets, passively joining meetings, and waiting for others to complete a task. Our customers estimate that figure at around 25-30%. Use 25% to get a conservative estimate.

The formula is therefore:

Savings from Higher Productivity =
*(# of FTEs) * (AHR* 2080) * 25%*

As much as **25-30%** of project managers' time is spent on non-value-add activities, such as creating reports or waiting for others to complete tasks.

Software-as-a-Service dramatically **lowers costs and simplifies planning** for operational expenses.

Cost Calculation: Software-as-a-Service Platform

Unlike antiquated on-premise systems that require costly physical servers to be owned, managed, maintained, and upgraded by your company, Sitetracker is delivered securely via the cloud as SaaS. This means that there's no physical server or infrastructure to maintain. Sitetracker is available anytime, anywhere through an internet connection. You will always have access to the latest and best version. This dramatically simplifies the cost calculation because there are no hidden costs.

Understanding SaaS costs is easy:

1. User Licenses (subscription) - Also called "seat licenses," these grant individuals access to Sitetracker. This allows organizations of any size to benefit from Sitetracker's powerful capabilities. Again, because it's SaaS, users always have access to the latest and most powerful features.

2. Customer Success (subscription) - Sitetracker offers ongoing support and customization through our team of industry and product experts. From small administrative tasks to adapting to major changes in your business, the Sitetracker Customer Success team is there to support you the entire time. Furthermore, on-demand videos, documentation, and training are available 24/7/365. Customer Success subscriptions also scale according to your business and provide up to a certain number of hours per month of enhancements, according to your business needs and contract.

3. Integrations (subscription) - To provide a single source of truth and increase the value of existing IT investments, Sitetracker integrates with other enterprise systems, such as accounting, ERP, and invoicing systems. Once an integration service is configured, it can easily and automatically move data between systems, ensuring that organizations always have the latest, highest quality data available.

4. Implementation (one-time) - Sitetracker customers can be up and running in 8-12 weeks, not 8-12 months as with traditional software tools. Our team of experts helps craft a precise statement of work based on your business needs and processes, then configures Sitetracker to deliver value to you and your team in record time. While every implementation is uniquely scoped, total costs are a fraction of the annual subscription. This contrasts sharply with legacy tools that require upfront fees equal to multiples of the annual rate. We believe in partnering with our customers for the long term, so we invest in understanding your business processes to ensure that your entire team is successful on day one.

For the latest rates, please contact info@sitetracker.com.

In formula form, the recurring annual cost is simply:

Annual Subscription =
*(User Licenses (monthly rate)) * (12 months) * (# Users) +*
(Customer Success Subscription) + (Integration subscriptions)

Likewise, the first-year cost is:

First Year Cost = (Annual Subscription) + (Implementation)

That's it! No servers to maintain or physical security controls to worry about. Sitetracker makes it easy and affordable to get the latest and most valuable software. More importantly, it empowers your organization to focus on its strengths and achieve its strategic objectives.

Bring It Together to Calculate ROI

Assemble your figures from the sections above:

1. Benefit: Savings from Fewer Delays
2. Benefit: Savings from Streamlined Meetings
3. Benefit: Savings from Higher Productivity
4. Cost: Annual Subscription*

Then plug them into the original formula:

$$ROI = \frac{Benefits - Costs}{Costs}$$

**For the Costs component, it's best to use the Recurring Annual Cost because the one-time implementation fees are only a fraction of the annual cost.*

Conclusion and Next Steps

Calculating ROI is deceptively simple. The basic formula hides the myriad points of friction, inefficiencies, delays, and errors that complicated business processes often create. As shown above, the small and often hidden costs can have as much (or more) of an impact on operational excellence as the large purchases, major delays, and otherwise attention-getting changes in the business. Identifying these hidden costs is critical to creating a proper business case and ultimately improving performance.

In the next installment, ROI 201, we'll dive into some of the qualitative and more-difficult-to-quantify factors that nonetheless have a dramatic impact on the business's long-term success, including:

- Access to better intelligence
- Better decision-making
- Employee satisfaction and drive
- Talent acquisition
- Workforce planning
- Information system consolidation
- Speed to revenue
- Mergers & acquisitions considerations
- How to build and present your business case

For more information or a personalized consultation with our industry experts, send us a message at info@sitetracker.com.

"Now we can see where all of our projects are in real time. **That simply wasn't possible before Sitetracker.**"

Jeff Lee, Program Manager, Verizon Wireless

SITETRACKER

Our Mission:
Empower innovators to build the future faster

Sitetracker, Inc. empowers innovative organizations to build the future faster. Created by expert project managers, Sitetracker is the world's first complete platform for managing modern, high-volume distributed capital projects and assets. Innovators use Sitetracker to plan effectively, deploy efficiently, and grow the value of their portfolios. Market leaders in the telecommunications, utilities, smart cities, and alternative energy industries - such as Verizon, SAC Wireless (Nokia), Intersection Media (Alphabet), and Panasonic - rely on Sitetracker to manage over one million sites and projects representing over $12 billion of capital assets in the United States and Europe.

For more information, visit www.sitetracker.com.