SmarTeam and CATIA V4 to V5 Transition

Customer ROI Business Case Tool

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The Customer ROI Business Case:
The Heart of Signature Selling Method

Step 1. Understand Customer Business and IT Environment

Step 2. Develop Plans linked to Customer Business Initiatives

Step 3. Establish Buying Vision with the Customer

Step 4. Articulate IBM Capabilities and Qualify the Opportunity

Step 5. Develop Solution With the Customer

Step 6. Close the Sale

Step 7. Monitor Implementation and Ensure Expectations are Met

Steps 1- 4:
A clear picture of customer business objectives!

Step 6:
The ROI business case is crucial to closing

Step 5:
The ROI business case links customer objectives to the IBM Solution

Step 7:
The business case shows expectations are met

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Why ROI?

It's a Business Decision when …

- Customers ask financial questions.
- Customers have to justify the IBM decision internally.
- The competition makes the TCO argument.
- Features and functions alone do not sell the product

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Why ROI?

It's a Business Decision when …

- You need to differentiate the IBM solution from the competition
- The customer has financial problems or poor business performance
- The sales process is stalled.

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Introducing …

SmarTeam and
CATIA V4 to V5
Transition

Customer ROI
Business Case Tool

A Product Lifecycle Management Production

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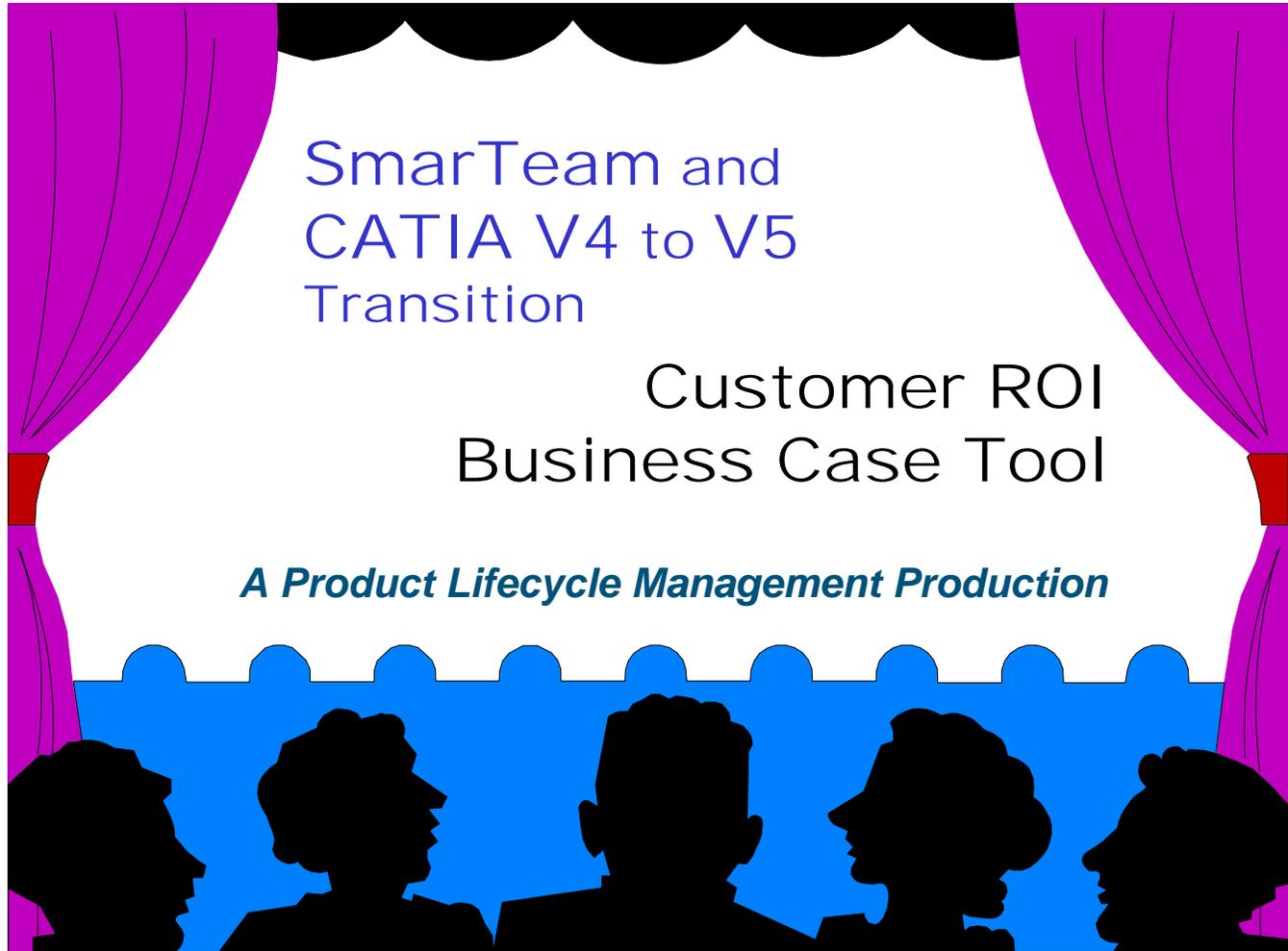
SmarTeam and CATIA V4 to V5 Transition ROI Business Case Tool

- Customer-centered ROI business case analysis of the SmarTeam and/or CATIA V5 proposal

- Focus on customer benefits

- Confidence-building cost analysis

- Professional-quality results

- Guidance and experienced-base help

- Versions in Microsoft Excel and in Lotus 123
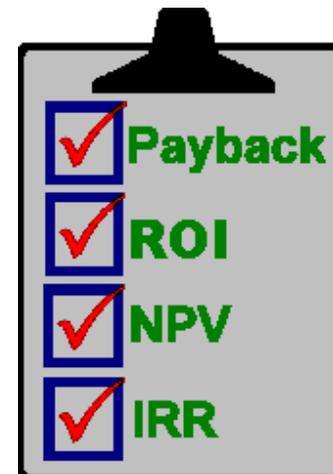
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Simple, Easy to Use

- Progress through spreadsheet pages, develops customer benefits and costs in a logical order

▶ ▶|\ **ROISetup** / CATIA_Migration / Software / Hardware / Services /
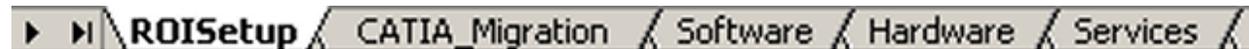
- Simple color code for input and results

User Input
Cell is calculated automatically
Value appears on cash flow statement

- Help and guidance

9a Weeks required for SmarTeam organizational learning.................. `3.0` Weeks

9b Estim | **Time to proficiency for the average V5 User** | r......... `14.0` Weeks

CATIA users upgrading from V4 to V5 typically require 12 to 30 weeks to reach maximum proficiency on V5. Highly skilled users who are already experienced with 3D design
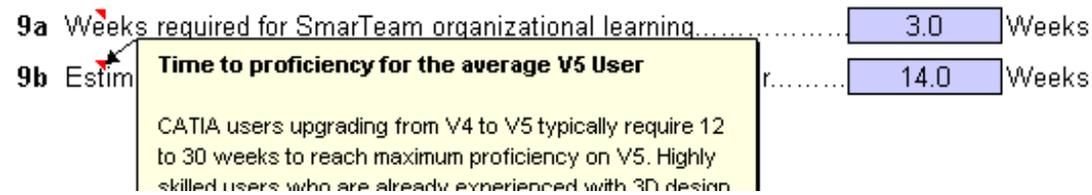
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Simple Set Up

Set up this customer ROI business case by providing a few items of information about the customer and the case itself:

1 Customer Name………………… | Wissenburg Labs |

2 ROI business case subject ……. | Proposed upgrade CATIA V4 to V5 |

3 Analysis Period

   3a How many years to analyze? | 4 |
      Enter either 3 or 4.

   3b Analysis period start date ………………… | 1-Mar-02 |

Four year analysis period summary

	Begins	Ends
Year 1	1-Mar-02	28-Feb-03
Year 2	1-Mar-03	29-Feb-04
Year 3	1-Mar-04	28-Feb-05
Year 4	1-Mar-05	28-Feb-06

4 Currency symbol (e.g., €, $, ¥, £) …………… | € |

Hourly labor costs

5 Average cost/man-hour, IBM or partner labor…………….…€ | 160 |

6 Average cost per man-hour, internal labor……………..…€ | 40 |

Focus on Customer Benefits

CATIA V5 Benefit Ramp Up Over Analysis Period
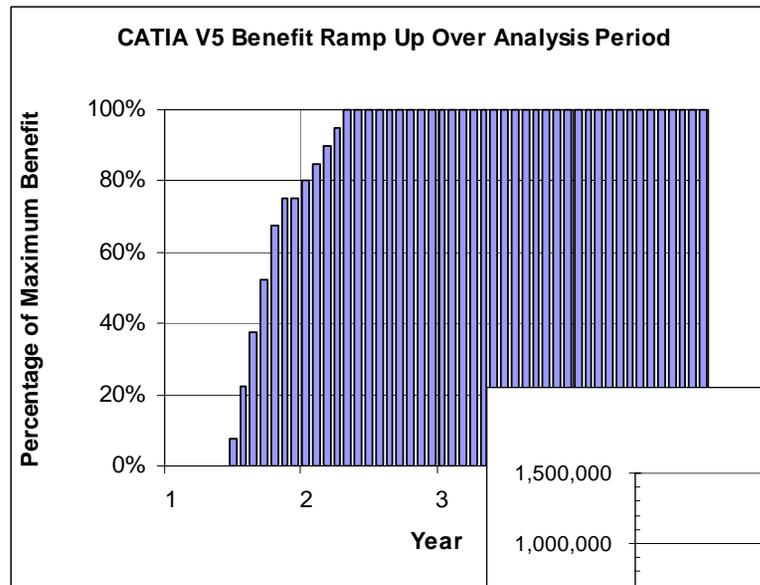
Benefits ramp up realistically

Benefits turn into customer cash flow

Annual Cash Flow

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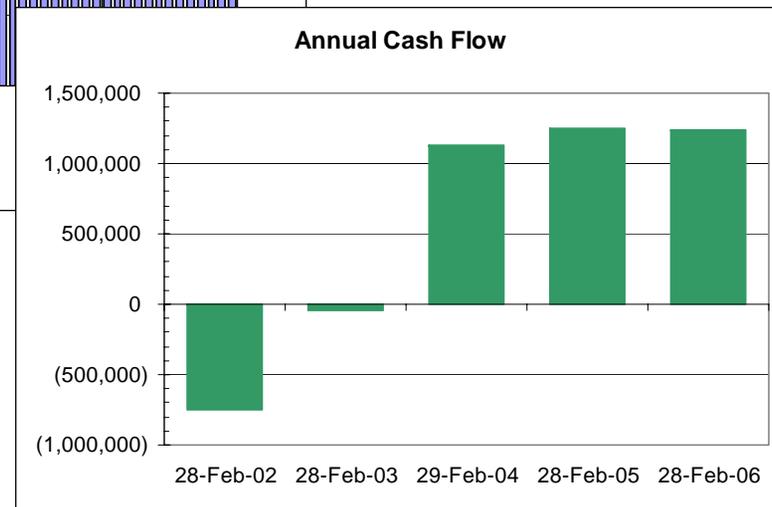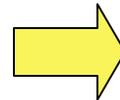
Focus on Customer Benefits

The ROI Law of Large Numbers:

Small % improvement in business performance or major cost item ⟹ Very large benefit for the ROI case
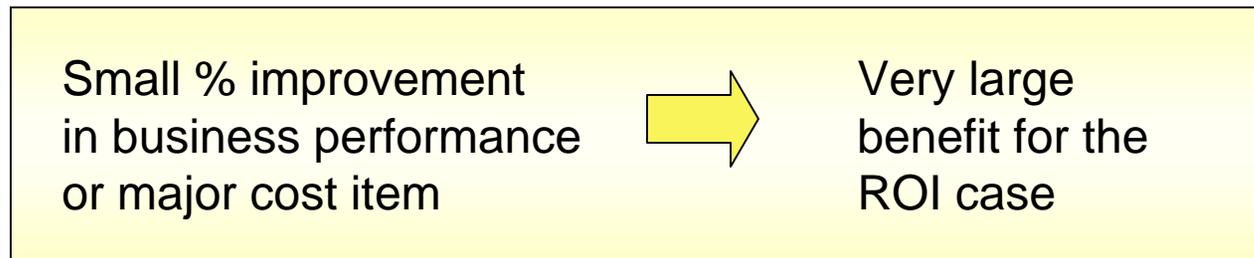
Shorter design time = cost savings, productivity gain

Current annual design labor cost………................…€	6,000,000
Other current design costs………….............…...…€	190,000
Total current design costs……………....…..…€	6,190,000
SmarTeam design time reduction …………….………	5.0%
CATIA V5 design time reduction………………...……	15.0%
Combined overall expected reduction………….	19.3%
Annual OVERALL benefits …………………....…..…€	1,191,575

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Focus on Customer Benefits

Benefits are credible when based on customer-supplied data

Current engineering changes per year..............................| 1,000 |
Changes per year with proposed SmarTeam/CATIA V5........| 600 |

	% of Total changes currently	%Total Changes under Proposal	Average € Cost per Change
Concept design phase.......................	41.0%	51.0%	150
Detailed design phase........................	30.0%	21.0%	600
Testing - Prototype phase	19.0%	19.0%	3,000
After start of production.......................	10.0%	9.0%	15,000

Result: Current annual change cost…………..…………..€ | 2,311,500 |
Result: Annual change cost with proposal…….…………..€ | 1,273,500 |
Result: Cost savings under proposal……………..………..€ | 1,038,000 |

	Year 1 ending 28 Feb 2003	Year 2 ending 29 Feb 2004	Year 3 ending 28 Feb 2005	Year 4 ending 28 Feb 2006	**Total**
€	404,934	1,012,335	1,038,000	1,038,000	3,493,269

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The Cost Picture:
Complete and Credible

		SmarTeam / CATIA V5 Life Cycle Phases		
		Acquisition	**Migration & Implementation**	**Operation**
Resources	**Hardware**	• Server system acquisition • Client system acquisition	• HW migration labor	• HW maintenance
	Software	• SmarTeam or CATIA V5 acquisition	• SW migration labor	• SW maintenance
	Personnel	• Consulting services for acquisition	• Initial user training • IT support labor: migration • Consulting services for migration	• IT support labor: operation • Consulting services for operation

Total cost of ownership in view!

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The Results:
Professional, Compelling

Wissenburg Labs
Proposed upgrade CATIA V4 to V5

Summary of Financial Results and Assumptions

The estimated net benefit (cost) over the evaluation period is as follows:

Net Cash Flow..…….…€ **2,817,654**
  9.0%   **discounting, Net Present Value**….……..€ **1,997,978**
  15.0%   **discounting, Net Present Value**….……..€ **1,591,538**
Simple ROI*..…..……€   **258.8%**
Total Benefits / Productivity Gains………….…..…€ **3,906,454**
Total Costs…………………………………….…..…..…€ **1,088,800**
Payback Period…………………………………….   **1.70 Years**
Analysis Period...   **1 Mar 02** …….to…… **28 Feb 06**
Analysis Period Length.................................   **4 Years**

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The Results:
Professional, Compelling

Break Even Analysis: Calendar Time

Annual Net and Discounted Cash Flow

Net cash flow
8.0%
15.0%

2001 2002 2003 2004

2002 2003 2004 2005 2006

CASH FLOW STATEMENT
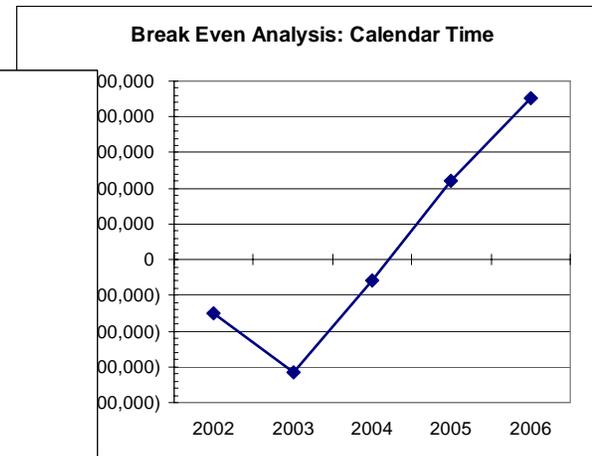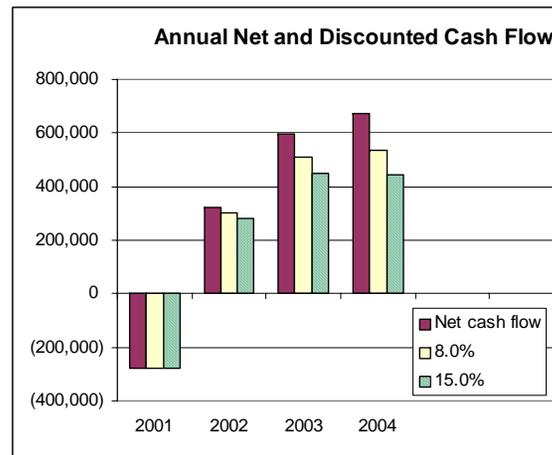
	Year 0 end 28-Feb 2002	Year 1 end 28-Feb 2003	Year 2 end 29-Feb 2004	Year 3 end 28-Feb 2005	Year 4 end 28-Feb 2006	TOTAL
BENEFITS						
Cash inflows (outflows)						
Shorter design Time: Efficiency & productivity …...€	N/A	62,308	230,769	240,000	240,000	**773,077**
Shorter design times: Incr sales and profits……. …...€	N/A	155,769	576,923	600,000	600,000	**1,932,692**
Improved accuracy: efficiency, cost savings…. …...€	N/A	44,135	163,462	170,000	170,000	**547,596**
Improved accuracy: Fewer & earlier changes… …...€	N/A	96,772	358,413	372,750	372,750	**1,200,685**
Total Benefits/Gains	**€**	**N/A**	**358,983**	**1,329,567**	**1,382,750**	**1,382,750**	**4,454,050**

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SmarTeam & CATIA V5
Business Case tool

Questions?

- Where do I get a copy of the tool?

- How do I learn how to use it?

- How do I get started my customer?

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For Business Partners/External Use Go to:
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