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Document **H81**

## **ROI CASE STUDY SAGE SALESLOGIX MORTGAGE LENDERS OF AMERICA**

### **THE BOTTOM LINE**

**Mortgage Lenders of America used Sage SalesLogix CRM to automate the entry and management of its valuable sales leads. By ensuring leads were consistently and accurately tracked, it was able to increase sales productivity, resulting in an increase in closed deals and revenues.**

**ROI: 304%**

**Payback: 4 months**

### **THE COMPANY**

Mortgage Lenders of America is a privately-owned mortgage company based in Overland Park, Kansas. The firm handles a variety of financial products, including conventional and subprime mortgages as well as Federal Housing Administration and Veterans' Administration mortgages.

### **THE CHALLENGE**

In 2003, Mortgage Lenders was receiving sales leads for distribution to its 12 loan officers to convert into sales. Because the leads cost \$25 each to generate, they were a major expense for the company — but they were also very valuable. However, the leads were processed manually, and there was no reliable way to centrally track and manage them. Executives were unable to see what percentage of the leads were becoming sales, or if, in fact, the leads had been lost. *"We were simply flying blind,"* said one Mortgage Lender sales manager.

Mortgage Lenders executives began to look for a lead management application to automate the process, considering Sage SalesLogix, Salesforce.com, and Frontrange GoldMine. The company selected SalesLogix for a number of reasons:

- Although Mortgage Lenders was attracted to the Web-based on-demand nature of Salesforce.com, it felt that given the price, Salesforce.com's customization capabilities weren't robust enough to support Mortgage Lenders's sales process.
- Mortgage Lenders found that GoldMine's underlying database technology was proprietary instead of Structured Query Language (SQL)-based, and thus was not a good choice for the future.
- Mortgage Lenders liked both SalesLogix's flexibility and its ability to be customized.

**RELATED RESEARCH**

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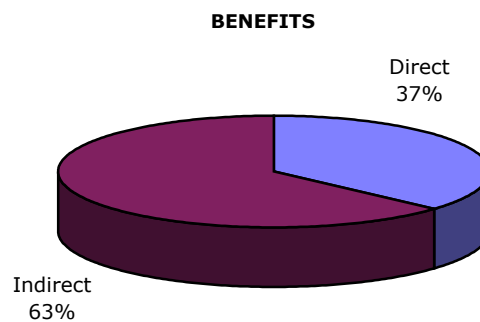
Mortgage Lenders worked with a SalesLogix business partner to customize the application to support Mortgage Lenders's own unique 6-step sales cycle. The selling process is segmented into six milestones, which include lead reception, first customer contact, the proposal offer and acceptance, and the close.

SalesLogix is integrated with the lead generation system to automate the entry of leads directly into the system, eliminating the manual data entry process and ensuring consistent information for analysis of each lead.

SalesLogix monitors the milestones closely and, as needed, automatically sends out messages to sales personnel and potential customers to guarantee no step is skipped. For instance, after a salesperson receives a lead, there is a required follow up first contact that must take place within five days, which is logged in SalesLogix. If the first contact deadline isn't met, the application automatically sends an e-mail directly to the prospect to maintain contact. SalesLogix also issues a follow up satisfaction survey for feedback to each customer.

**KEY BENEFITS**

SalesLogix has provided Mortgage Lenders with one central means to track and manage leads and support a consistent and structured sales process.



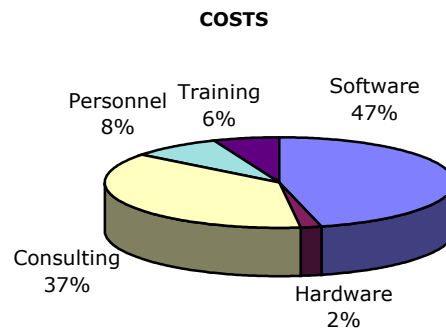
**TOTAL: \$1,153,168**

Key benefits achieved include:

- Increased lead conversion. Because leads are entered automatically, can be carefully tracked through the system, and use automated alerts to keep contacts up to date, Mortgage Lenders can convert more leads into closed deals.
- Increased account manager productivity. Managers spend less time tracking leads and sales teams' performance and can quickly identify areas where they need to intervene or retrain on sales steps or techniques.
- Reduced administrative overhead. Automated lead management has enabled Mortgage Lenders to avoid hiring two additional administrative staff to support the sales team.

## KEY COST AREAS

Key cost areas for Mortgage Lenders's SalesLogix rollout included software, hardware, training, personnel and consulting. Software was the largest expense, followed by consulting.



**TOTAL: \$187,383**

## LESSONS LEARNED

As many CRM implementers have found, Mortgage Lenders determined that a company shouldn't change its operations to fit the CRM application. SalesLogix could be customized to fit its unique selling processes and preserve a competitive advantage without disrupting the sales force. However, the company also learned that it had to make the employees responsible for using it. To that end, SalesLogix automatically monitors a salesperson's activity to ensure they are following all the required steps in the sales cycle.

Mortgage Lenders also found that it was risky to deploy any features that weren't absolutely necessary because they could inhibit effective user adoption. For example, the company had initially included an auto-scheduling feature that made recommendations to sales people on what action to take based on a given event. The sales people didn't like the feature, and rather than risk unneeded barriers to adoption, management determined it was best not to include the functionality. Mortgage Lenders also made efforts in training to demonstrate to users how they would benefit from using the tool to accelerate adoption.

## CALCULATING THE ROI

Nucleus calculated the cost of software, hardware, consulting, personnel, and training over a 3-year period to quantify Mortgage Lender's total investment in SalesLogix. Direct benefits included increased sales through a more seamless and closely monitored sales and marketing workflow and the ability to avoid new administrative staff hires. Indirect benefits included increased account manager productivity because managers reduced the time needed to review and manage individual account activity.

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# DETAILED FINANCIAL ANALYSIS

## MORTGAGE LENDERS OF AMERICA

### SUMMARY

Project:	<b>SalesLogix</b>
Annual return on investment (ROI)	<b>304%</b>
Payback period (years)	<b>0.34</b>
Net present value (NPV)	<b>344,715</b>
Average yearly cost of ownership	<b>62,461</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	91,000	91,000	91,000
Indirect	0	293,389	293,389	293,389
<b>Total Benefits Per Period</b>	0	384,389	384,389	384,389

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	31,000	10,000	0	0
Hardware	4,000	0	0	0
<b>Total Per Period</b>	35,000	10,000	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	6,200	8,200	8,200
Hardware	0	800	800	800
<b>Total Per Period</b>	0	7,000	9,000	9,000

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	12,400	16,400	16,400
Hardware	0	0	0	0
Consulting	25,000	15,000	15,000	15,000
Personnel	15,500	0	0	0
Training	5,841	5,841	0	0
Other	0	0	0	0
<b>Total Per Period</b>	46,341	33,241	31,400	31,400

<b>FINANCIAL ANALYSIS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes	341,148	352,989	352,989
Net cash flow after taxes	169,074	180,995	180,995
<b>Annual ROI - direct and indirect benefits</b>			<b>304%</b>
Annual ROI - direct benefits only			52%
<b>Net present value (NPV)</b>			<b>344,715</b>
<b>Payback (years)</b>			<b>0.34</b>
Average annual cost of ownership			62,461
3-year IRR			291%

### FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%