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ROI CASE STUDY GOOGLE APPS TVR COMMUNICATIONS

THE BOTTOM LINE

TVR deployed Google Apps to replace its existing Microsoft Exchange environment and improve collaboration, reducing IT costs and risk while increasing agility.

ROI: 500%

Payback: 1 month

THE COMPANY

TVR Communications is the largest provider of interactive patient education and entertainment products and services in the United States. In 2008, TVRC systems and its 400 employees delivered education, entertainment and communication services to more than 6 million patients at 350 healthcare locations.

THE CHALLENGE

As the healthcare market has evolved, TVR's business has become much more sophisticated and competitive. As hospitals and other competitors look for opportunities to cut costs and drive revenues, TVR must continue to innovate while finding ways to manage costs.

On the IT side, TVR had a fairly traditional communication strategy: although the company had invested in e-mail about 10 years ago, it had not enhanced or upgraded its Microsoft Exchange environment in some time — the most commonly-used communication and collaboration tool was the telephone. In 2007, TVR found that its dated version of Exchange, which was running on Windows NT 4, was running out of disk space and needed to be upgraded or changed. Given that an on-premise Exchange upgrade would have been costly, TVR looked for other more cost-effective options — such as on-demand applications — that could support its growing collaboration needs while containing cost and reducing risk.

THE STRATEGY

TVR was already in the process of evaluating NetSuite for its financials and billing applications and Rackspace to host its existing custom applications, and it considered Google Apps and other on-demand applications for e-mail and collaboration. The company ultimately chose Google Apps for two main reasons:

- Google was less expensive to license.
- Google was seen as the less risky choice because of Google's size and viability.

TOPICS

Software as a Service
Content management &
collaboration

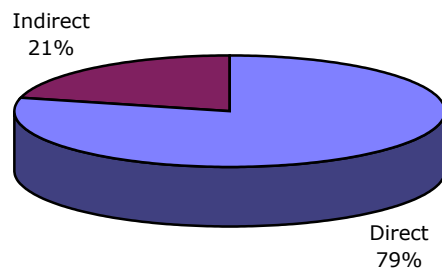
TVR licensed Google Apps in January 2008 and provided users with training using Google's standard training materials. Today, approximately 150 users use Google Apps for e-mail, calendaring, collaboration, and sharing documents. TVR users make extensive use of Google Sites to support tactical short-term projects and as external point of presence with customers and prospects. They also use Google Spreadsheets to support project management and budgeting.

Many of TVR's users are heavy Blackberry users so they often access e-mail via their mobile devices. Using Google Apps enables users to access their work information from anywhere, and has enabled TVR to act as more of a virtual company, further reducing costs while increasing flexibility.

KEY BENEFIT AREAS

Deploying Google Apps has enabled TVR to increase collaboration and reduce risk while providing a geographically-distributed employee base with the ability to work from anywhere. Key benefits from the deployment include:

- Avoided IT costs. Without Google Apps, TVR would have had to upgrade its Microsoft Exchange deployment, incurring significant licensing and hardware costs.
- Increased IT staff productivity. IT staff has reduced the time spent managing archiving and backup of e-mail messages.
- Reduced risk. TVR has found that having Google support and manage e-mail and collaboration reduces the risk of downtime.
- Improved collaboration. Employees can share and version documents such as spreadsheets to manage projects collaboratively even if they're working in different locations. This enables TVR to reduce costs while increasing the productivity of employees.
- Improved customer interaction. TVR can now respond to requests for proposals with a presentation on a Google Site, which provides a more collaborative way to manage the RFP process and respond to evolving customer requests.

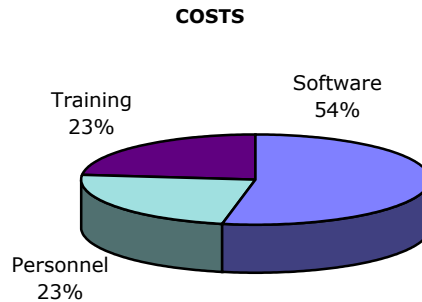
BENEFITS

TOTAL: \$284,000

KEY COST AREAS

Key cost areas for the deployment included software, personnel, and training. TVR did not invest in external consultants to support the deployment but instead invested some internal personnel time in deploying the application and migrating

data. Training was a key cost issue, as many users were used to Microsoft Outlook and needed training to understand and take advantage of labels, multiple folders, and Web cookies and caching.



TOTAL: \$50,787

BEST PRACTICES

Deploying Google Apps is a key facet of TVR's strategy to contain costs and reduce the risk associated with IT. However, with something as important and personal as e-mail, it found a lot of effort was required to get non-technical users to feel comfortable with a different environment. As Google looks to appeal more to enterprise customers, more training materials and support will likely be necessary to drive effective adoption by less Web-savvy end users.

CALCULATING THE ROI

Nucleus calculated the costs of software, personnel, and training over a 3-year period to quantify TVR's total investment in Google Apps.

Direct benefits quantified included the IT costs that were avoided by moving to Google Apps instead of the Microsoft Exchange upgrade that would have been required. Indirect benefits quantified included increased IT staff productivity associated with the reduced time needed to manage e-mail archiving and backup and the reduced cost associated with downtime that TVR had experienced with its previous environment.

Nucleus Research is a global provider of investigative technology research and advisory services. Building on its unique ROI case study approach, for nearly a decade Nucleus Research has delivered insight and analysis on the true value of technology and strategies for maximizing current investments and exploiting new technology opportunities. For more information or a list of services, visit NucleusResearch.com, call +1-617-720-2900, or e-mail info@NucleusResearch.com.

DETAILED FINANCIAL ANALYSIS

TVR COMMUNICATIONS

SUMMARY

Project:	Google Apps
Annual return on investment (ROI)	500%
Payback period (years)	0.08
Net present value (NPV)	97,244
Average yearly cost of ownership	16,929

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	208,000	8,000	8,000
Indirect	0	20,000	20,000	20,000
Total Benefits Per Period	0	228,000	28,000	28,000

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	9,000	9,000	9,000
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	4,800	6,821	154	154
Training	11,858	0	0	0
Other	0	0	0	0
Total Per Period	16,658	15,821	9,154	9,154

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(16,658)	212,179	18,846	18,846
Net cash flow after taxes	(8,329)	106,090	9,423	9,423
Annual ROI - direct and indirect benefits				500%
Annual ROI - direct benefits only				380%
Net present value (NPV)				97,244
Payback (years)				0.08
Average annual cost of ownership				16,929
3-year IRR				1183%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%