



Magic Help Desk

SupportMagic Edition 4.5

Return On Investment

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Executive Summary

The Gartner Group and other industry experts have helped define the true cost of client/server computing including its significant burden on support and labor. Investments in help desk automation applications will provide substantial returns by reducing end-user labor costs and improving the overall efficiency of help desk operations. Magic Help Desk—SupportMagic Edition software provides special advantages in cost reduction through its sophisticated automation facilities. While the return on investment (ROI) of a particular site will vary depending on your metrics and other factors, a worksheet is provided for estimating your own ROI based on previous studies and Magic Help Desk data.

The Challenge: How to Do More with Less

Reducing costs and providing an excellent ROI are at the heart of the Magic Help Desk software. The rise of client/server and distributed computing has brought with it increased costs and complexity, putting pressure on flat or even decreasing IT and data center resources. Simply put, IT managers have had to do more with less.¹

This conflict in trends has brought about the obvious need “to re-engineer technical support functions” and implement centralized help desks and automated tools that “reduce costs, improve customer satisfaction and increase revenues.”²

Reducing Total Cost of Ownership

IT management simply needs to repeat the great job they’ve done automating traditional data centers, but this time for their desktop, client/server and distributed users. According to the Gartner Group, the typical data center has a ratio of 20 percent labor to 80 percent capital. This same, efficient 1:5 labor to capital proportion is what’s needed to keep costs down for client/server and distributed systems. However, those systems suffer from a highly inefficient 7:3 labor to capital ratio. Desktop systems are even worse, with costs that are 85 percent labor and 15 percent capital.³

Gartner insists that you include these high labor costs when determining “the true cost of distributed computing” which they label as Total Cost of Ownership or TCO. TCO includes capital plus all technical support costs, administration, and end-user operations. Gartner cites help desk technology as a primary way to “reduce labor costs and shrink TCO.”⁴

The High Cost of Labor

Nothing costs more in an organization than its people, usually amounting to three-fourths of all expenditures. Reducing labor costs, or making better use of that labor, is the most important financial concern of today's competitive organizations. Better use of personnel can defer new hiring far into the future, bringing substantial long-term cost-reduction benefits.

The Client/Server Economics Letter noted that because labor is "usually only tracked by consultants" it is "a cost factor rampantly out of control" in client/server computing. They added: "Squeezing out labor costs should be the first priority of any productivity or cost control initiative in C/S shops."⁵

Today the magnitude of labor costs is more evident, thanks to in-depth studies by Gartner and others. Labor costs should thus be included in any ROI analysis. And keep in mind, as noted above, that 70 to 85 percent of the cost of desktop and client/server computing are labor-related. This can be measured by the additional time spent on the part of users and the help desk staff that support them.

Without help desk support, Gartner found that the largest portion of client/server computing costs—41 percent—came from users trying to help themselves on their own.

In another study, an analysis was done on the cost of end-user support time. It was found that a hypothetical mid-sized organization that incurs 100 support events in a day and spends an average of 35 minutes per incident to resolve each problem, spends \$4,083 per day on end-user self-support labor or \$1,065,663 per year!⁶

Measuring the Cost Savings of Help Desk Automation

When responding to user problems on an ad hoc basis is no longer viable, centralized help desks are required. Help desk automation is an important part of delivering the benefits of the help desk. It provides the means for implementing an automated problem management and resolution system that integrates all of the help desk functions and leverages all available resources in a streamlined, responsive way.

Reducing Labor Costs

One Defense Department study suggested that for every minute a user spent with a qualified help desk analyst, the user would save seven minutes of self-support time, on the average. That's a 700% improvement in productivity.⁷ When applied to that hypothetical mid-sized organization noted above, self-help labor costs would drop from \$1,065,663 to \$238,863 for savings of \$826,800 per year.⁸

Help desk automation extends those benefits even further. The Gartner Group found that help desk automation would likely (0.8 probability) “increase the efficiency and effectiveness of the help staff by 50% within the first 12 months of automating support procedures.”⁹ At Readers Digest Corporation, use of Magic Help Desk software enabled help desk analysts to handle 300 percent more calls per week, 750 compared to 250.¹⁰

For a Rough Estimate of the cost of end-user self-help labor over 5 years, multiply \$36,000 (TCO of desktop users) times the number of your desktop users, times 41% (self-help labor percentage). When you implement a centralized help desk, you will save over 75% of those costs based on the DOD study. Further savings from implementing help desk automation will increase those savings by at least an additional 50% (according to Gartner group), 30% to 50% according to The Bentley Company. We'll use the 50% figure for our estimates.

For a Detailed Estimate you'll have to figure out the actual number of hours that users are on the phone with your help desk. To calculate the cost, take the average number of problem calls per day times the average number of minutes to resolve the problem, divide by 60 to obtain the hours per day, multiply times \$70 per hour (fully loaded hourly rate) times 260 (working days per year) times 5 years. Multiply that number by 50%, the improvement based on software automation, to obtain the cost benefit over 5 years.

Reducing Downtime

In addition to the time spent calling for help, there are the costs of downtime when the user is “stuck” and not working and also not trying to fix the problem. In addition, there are “the recurring costs of problems that are never reported to the IT department, hence are never fixed. Users throughout the enterprise encounter them over and over again.”¹¹

For calculating downtime, The Bentley Company assumed one half hour lost per help desk call and that amount was reduced an average of 45% over 5 years due to help desk automation.

To estimate: The formula would be # of user calls per year times \$35 (loaded hourly rate) times 5 (years) times 45% (efficiency rate) to obtain the cost benefit.

Regaining Sales Generation Activities

These regained labor costs are significant. When people spend too much time supporting themselves, they are diverted from the “sales-generating” activities they were hired to perform. This cost can be estimated by adding the company's average net profit per hour per employee to the hourly labor cost.”¹²

To estimate: Multiply the average number of hours per day of user calls (from the previous page) times your company's net profit per hour per employee to obtain the cost benefit.

Reducing Training Costs

"Just in time training (JITT) is another opportunity, with the potential of reducing training costs by 70 percent,"¹³ according to Gartner Group. With today's out-of-the-box desktop software solutions, users often wait until they have a problem to get help. The result is that help desks often provide on-demand "training" that reduces the amount of formal training users would have to take.

To estimate: Take the yearly amount of computer-user training dollars spent, including for help desk staff, times 5 (years) times 35% (half of Garter's estimate).

Improving Help Desk Efficiency

These types of efficiencies can be translated into cost-reduction amounts or deferring the addition of help desk personnel to meet increasing support demands.¹⁴ Gartner estimates a 50% efficiency improvement (above).

To estimate: Multiply the total labor costs for current and projected increases in total help desk costs over the next 5 years times 50%.

Reducing Phone Costs

Improved response will also reduce the amount of non-interoffice user calls, as well as callbacks by the help desk. These savings, based on the above, will be in the 30% to 50% range, assuming that

Improved service will also increase the number of calls (although the length of the calls will decline).¹⁵

To estimate: Multiply the total projected phone charges over the next 5 years by 0.33.

Reducing On-site Visits

For tier 2 support issues, an on-site visit by a technical representative may be required, even to a remote site. One can assume that one-third at \$50 per visit will reduce the number of on-site calls.¹⁶

To estimate: Multiply the current number of on-site visits by \$50 times 5 (years) times 0.33.

Increasing Chargebacks

Some help desk organizations charge back internal departments for their support. It's not unreasonable to assume a 5% increase in chargebacks due to better tracking of calls and increased service.¹⁷

To estimate: If you charge back specific departments for support, multiply the amount times .25 to obtain the 5-year figure.

Why Magic Help Desk¹⁸ Provides the Best ROI

When it comes to saving you time, money and resources, Magic Help Desk excels. Customers report lower implementation costs and higher productivity levels when compared to other help desk automation software and services. Here are 17 ways in which Magic Help Desk provides the best ROI, organized by the following areas: implementation, problem identification and problem resolution.

The Easiest Implementation

Magic Help Desk's ease of implementation lessens initial automation costs and eliminates downtime when new personnel have to be trained and changes made in response to new demands. You can:

Implement in Five Days - Not Months—This includes installation, testing, basic screen customizations, overview of features, set up of call logging procedures, set up for data conversion, and other activities. It's that easy.

Train System Administrators in Five Days—Not Weeks—Training is available at regional Network Associates training centers and also on-site. Given the realities of estimated help desk turnover every 18 months, this short training cycle keeps downtime and productivity loss to a minimum.

Customize Faster—Magic Help Desk's extensible design lets you start with a basic configuration and then customize gradually—by person, group or globally—without having to recompile the database or access source code. Get up and running right away then grow with the product, exploiting its capabilities and responding to changing needs without downtime.

Exploit Expert Systems without Having to Build Knowledge Bases—Only Magic Help Desk comes with Statistical Information Retrieval, (SIR) its own high-speed full-text search engine that builds your knowledge base automatically when calls are entered. Other, case-based reasoning systems often require months of set up. And because SIR automates itself, fast answers can be readily provided to short-term repetitive incidents.

Eliminate Data Base Administration Time and Costs—Magic Help Desk has a transparent back-end that requires little attention. Other systems require extensive DBA time and ongoing management.

Fast Problem Identification

The speed with which users can convey problems, have them understood and managed by help desk personnel relates directly to the incurring of end-user labor and help desk personnel costs, detailed above. Magic Help Desk is designed to streamline the entire process of capturing and identifying problems. You can:

Eliminate End-User Frustration—Magic Help Desk automatically captures all previous information provided by users, reducing time-consuming repetition.

Eliminate Note Taking—Magic Help Desk's action detail area summarizes the actions for you, eliminating extensive keyboarding and improving efficiency.

Communicate Problems Faster—Time-consuming forms are eliminated because of natural language support within Magic Help Desk, letting analysts and users describe problems the way they would in conversation. Word Navigator prompts analysts to ask more meaningful questions.

Empower End Users to Help Themselves—End users can now create their own call tickets via e-mail or the Web to directly access Magic Help Desk and quickly get answers to common problems.

Deliver comprehensive Computer Telephony Integration Benefits—Magic Help Desk's full CTI integration increases the efficiency of the entire help desk operation—sites have been known to improve their service levels by 400% and 500%. CTI integration with Magic Help Desk provides sophisticated queue management, pre-loaded caller information, integrated voicemail, automatic callback support and more. These facilities deliver paybacks in reduced costs and better use of personnel by providing faster response, improved user satisfaction, and automated 24-hour support.¹⁹

The Fastest Problem Resolution

The speed with which help desk personnel can provide accurate answers to user problems is the other side of the cost equation. Magic Help Desk's facilities are especially aimed at reducing costs and gaining lost labor. You can:

Provide Faster, Automatic Problem Resolution with Expert System Technology—Only Magic Help Desk uses its own high-speed search engine—with unmatched levels of integration—to put more expertise in your front-line staff, providing the best first-call resolution in the industry.

Provide Faster Access to External Knowledge Bases—SIR's seamless integration results in the fastest access of external databases, including Service-Ware's Knowledge-Paks.

Instant Information Access—Help desk analysts click on InfoBox icons and get instant listings of open calls by subject, client, machinery, etc.—while other systems require written queries to obtain the same information.

Solve Repetitive Problems Efficiently—Analysts also get immediate access to past resolutions of related subjects through Magic Help Desk's Standard Problems and Resolutions facility. This allows fast resolution of repetitive calls without having to research the problem again. Customers report that repetitive problems account for up to 50% of all issues reported. Systems that cannot automatically address this area are not as efficient.

Create Queries Faster—If a query is required, Magic Help Desk offers three different approaches—Find, Ad Hoc and Query by example (QBE)—to get information from the database.

Retrieve Information Faster—Magic Help Desk's integration of asset management and online inventory means that vital, related information can be obtained almost instantly.

What's Your ROI?

Figuring out your return on investment requires that you collect information on your current service levels. How many problems are reported over time? What are their severity levels? How long does it take to resolve them?

It's also important that you and your users set expectations for service levels and that you know your areas of greatest need and which areas or departments will be given emphasis. Agreement on what level of service you will provide is critical to meeting expectation levels.

The attached ROI Worksheet is simply a start. It's a way for you to estimate your return on investment in Magic Help Desk software. It's based on the experience norms of others that have implemented a well-run, automated help desk support organization as well as the findings of consultant organizations, as detailed in this ROI white paper.

Instructions: This worksheet will give you a rough estimate of the paybacks for implementing Magic Help Desk software. It is based on the assumptions and industry norms provided by Gartner group and other studies as well as actual Magic Help Desk customer experiences.

COST BENEFIT	CALCULATION	FIVE-YEAR AMOUNTS
Reducing End-User Labor Costs	Rough estimate: [#] (desktop users serviced by the help desk) X \$11,070. For new help desks: [#] X \$16,605. or Detailed estimate: [#] (average calls per day) X [#] (average minutes resolution) X \$2274.	
Reducing Downtime	[#] user calls per year X \$78.35.	
Regaining Sales Generation Activities	Detailed estimate: [#] (average calls per day) X [#] (average minutes resolution) X [\$____] (5 year net profit per hour per employee)	
Reducing Training Costs	[\$____] (yearly computer-user training cost) X 1.75.	
Improving Help Desk Efficiency	[\$____] (next year's projected increase in total help desk costs) X 2.5.	
Reducing Phone Costs	[\$____] (yearly phone bill) X 1.65.	
Reducing On-site Visits	[#____] yearly on-site visits X \$82.50.	
Increasing Chargebacks	[\$____] yearly chargebacks X 0.25.	

Five-Year ROI Estimate Worksheet

COST BENEFIT	CALCULATION	FIVE-YEAR AMOUNTS
MAGIC HELP	New Help Desk Costs: ²¹	_____
DESK COSTS ²⁰	Software	_____
	Software Maintenance:	_____
	Additional Hardware:	_____
	Hardware Maintenance:	_____
	Implementation Services:	_____
	Training:	_____
	Systems Maintenance Labor	_____
	Total Costs:	_____
	Total Savings Minus Total Costs (ROI)	_____
	ROI X 1.42	_____
		Magic Help Desk ROI

1 Data Center Metrics and Trends, Nolan, Norton & Co., 1996, p. 2: "This shift toward a more distributed environment will continue to have a significant impact on data centers. It places greater cost and performance pressures on data center management, challenges existing management practices, and prompts information technology (IT) and business management to reevaluate the role of the data center. As a result, IT management is under continual pressure to justify data center performance, spending, and often, the very existence of centralized computing."

2 Effective Strategies for the Support Organizations, Part 1, Gartner Group Research Note, May 29, 1996.

3 Total Cost of Ownership: A Powerful Management Tool, Gartner Group Research Note, May 9, 1996.

4 Ibid.

5 Help Desk Economics in a Client/Server Environment, Client/Server Economics Letter, Computer Economics, Inc., Carlsbad, CA, volume 2, number 4.

6 Help Desk Economics in a Client/Server Environment, Client/Server Economics Letter, Computer Economics, Inc., Carlsbad, CA, volume 2, number 4.

7 Ibid.

8 Ibid.

9 Help-Desk Tools for Decision-making Cycle, Gartner Group Research Note, May 29, 1996.

10 Help Desk Economics in a Client/Server Environment, Client/Server Economics Letter, Computer Economics, Inc., Carlsbad, CA, volume 2, number 4.

11 Ibid.

12 Ibid.

13 Total Cost of Ownership: A Powerful Management Tool, Gartner Group Research Note, May 9, 1996.

14 Keep in mind, however, that the total number of calls may not go down because a more response help desk will likely generate more calls to make up for the improved efficiency. However, the positive impact on the enterprise as a whole will be greater.

15 Help Desk Automation Worksheet, The Bentley Company, presented at HDI conference.

16 Ibid.

17 Ibid.

18 Unless indicated otherwise, refers to Magic Help Desk—SupportMagic Edition 4.5.

19 Gartner Group also recommends CTI, and specifically voice response units (VRUs) for these same reasons. See Support ATC: Questions and Answers, Gartner Group Research Note, May 29, 1996.

20 Estimate for five years.

21 Sites that are implementing a help desk for the first time should add costs for staff, computers, general help desk training, rent, phones and other overhead costs. (See pages 6-8.)



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