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ROI CASE STUDY ORACLE AND ANTENNA SOFTWARE DIRECTV GROUP

THE BOTTOM LINE

DirecTV used Oracle CRM On Demand and the Antenna Software AMPower Sales mobile application to deliver key customer and partner data and metrics to field sales managers, improving their productivity and enabling them to sell more intelligently.

ROI: 432%

Payback: 2.6 months

THE COMPANY

El Segundo, California-based DirecTV Group Inc. provides satellite-based television services to consumers and businesses throughout the United States. With nearly 17 million subscribers, 11,200 employees, and \$14.7 billion in 2006 annual revenue, DirecTV is one of the largest satellite service providers in the country. The company offers exclusive programming, interactive sports packages, and other special features to consumers using cutting edge broadcasting technologies. As part of this effort, the company has been adding high definition television to its mix of offerings, with 95 channels already live nationally.

THE CHALLENGE

Because it's geographically diverse, DirecTV relies on more than 5,000 retailers, including major chains such as Best Buy as well as small independent electronic shops, to sell its products and services. Overseeing these dealer networks are area sales managers (ASMs) and employees all over the country. These sales professionals assist in closing deals with end customers. Previously, they had to carry around weekly and monthly sales and pipeline paper reports that were sometimes outdated. To better help them support the retail channel and more effectively close sales, the sales force needed access to real-time customer and partner information. DirecTV therefore decided to deploy a CRM system that was remotely accessible via mobile devices.

THE STRATEGY

After considering its needs, DirecTV selected Oracle CRM On Demand to handle sales force automation. To deliver the data to the mobile clients, it chose mobile solutions provider Antenna Software, whose AMPower Sales application is optimized for Oracle. DirecTV picked these vendors for a number of reasons, including:

- DirecTV's staff already carried Research In Motion (RIM) BlackBerry 8700, 8800, and Pearl handheld devices, powered by AT&T's wireless network. Rather than issue bulky laptops with a new interface that might have required

TOPICSCustomer Relationship
Management

Software as a Service

Enterprise Applications

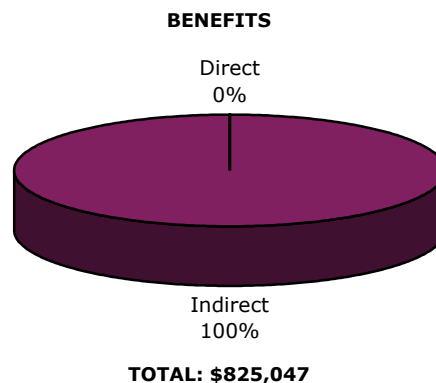
user re-training, DirecTV decided to extend Oracle CRM On Demand out to the familiar handheld devices. Additionally, the AMPower Sales software was supported on the RIM platform.

- Because Oracle CRM On Demand is delivered in a software-as-a-service (saas) format, it didn't require the same major investment in hardware and software as would a typical on-premise CRM application.
- The user interface was relatively simpler to use, and could be easily streamlined to meet DirecTV's needs. Sales personnel could easily access customer information or key metrics, such as the number of activations and open service requests at a given dealer.

In 2006, DirecTV deployed Oracle CRM On Demand and AMPower Sales for a 6-month pilot to a small group of ASMs. The pilot allowed the project team to determine just what sort of information and metrics the sales staff needed to be most effective in the field. After the pilot's conclusion, in January 2007 the solution was expanded out to the rest of the sales force.

KEY BENEFIT AREAS

DirecTV was able to quickly realize productivity gains for its sales processes through the rollout of the Oracle and Antenna applications. The specific benefits include:

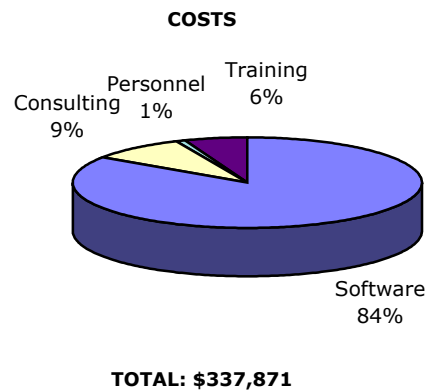


- Improved sales productivity. The rapid access to customer and retail partner data allows sales people to be more productive. Overall, the sales staff is saving three and one half hours per week per person for tasks, and managers save four hours a week. Additionally, to update information for dealers, managers no longer rely on faxing or sending forms, but do it via the BlackBerry in real time. Sales people can also immediately initiate new service requests directly into Oracle.
- Access to detailed information. The sales staff is able to immediately access key information, such as the dealer's account and service history, as well as business performance metrics. To help with closing, the system also provides real-time updates on the latest product and service promotions.
- The ability to react to challenges. Direct access to current sales metrics allows managers to intervene and deal with exceptions or problems by contacting the dealer and initiating remediation plans.

- Accelerated reporting. Sales pipeline reports can be generated in one day in Oracle, rather than in seven days with the previous system.

KEY COST AREAS

Key cost areas for the deployment included software, consulting, personnel, and training. The main cost was for the combined Oracle and Antenna licenses. There was relatively little training required, as the CRM solution is fairly intuitive. The system requires ongoing internal maintenance, amounting to about 20 hours a week per month for one staff member.



LESSONS LEARNED

DirecTV knew that its sales people needed fast access to actionable data to make them more effective in the field. More and more companies, even very large ones with considerable internal resources, are seeing on demand as a viable way to deploy CRM. DirecTV also realized that if it used laptops, which can be heavy and cumbersome in the field, it risked adoption slowdown. It was better to use handheld devices the end users were already familiar with, to save both money and time.

CALCULATING THE ROI

Nucleus calculated the costs of software, consulting, personnel, training, and other investments over a 3-year period to quantify DirecTV's total investment in the Oracle CRM On Demand and Antenna Software AMPower Sales mobile applications. Indirect benefits including increased productivity of managers and staff were calculated based on the average fully loaded cost of employees, using a correction factor to account for the inefficient transfer of time between time saved and additional time worked. Not quantified was the potential direct benefit realized through more sales, as the solution is still fairly new.

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DETAILED FINANCIAL ANALYSIS

DIRECTTV

SUMMARY

Project:	Oracle CRM On Demand and Antenna Software
Annual return on investment (ROI)	432%
Payback period (years)	0.22
Net present value (NPV)	181,457
Average yearly cost of ownership	112,624

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	0	0
Indirect	0	275,016	275,016	275,016
Total Benefits Per Period	0	275,016	275,016	275,016

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	91,200	91,200	103,080
Hardware	0	0	0	0
Consulting	30,000	0	0	0
Personnel	2,791	0	0	0
Training	7,918	0	5,841	5,841
Other	0	0	0	0
Total Per Period	40,709	91,200	97,041	108,921

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(40,709)	183,816	177,975	166,095
Net cash flow after taxes	(20,355)	91,908	88,987	83,047
Annual ROI - direct and indirect benefits				432%
Annual ROI - direct benefits only				-243%
Net present value (NPV)				181,457
Payback (years)				0.22
Average annual cost of ownership				112,624
3-year IRR				445%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%