Research Portal ROI Considerations

From

Northern Light

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Introduction

Northern Light provides strategic research portals to large organization combining internal research, external licensed research, business news, government databases, and custom Web crawls using the product name SinglePoint. SinglePoint portals are used by market research, market intelligence, competitive intelligence, product management, marketing management, product development, technology research, and strategic planning.

A common undertaking among our clients is to build a business case for the research portal and several clients have done careful calculations of the savings and other benefits of having a research portal.

Our conclusion is that **the typical SinglePoint portal pays for itself ten to twenty times per year.**

We are basing the calculation on actual metrics reported by our clients that have studied and publically disclosed the economic effects of a centralized strategic research portal for licensed market research, primary market research, business news, and other important content sets.

This report is organized as follows:

- Background on Northern Light

- Overview discussion of research portal ROI factors

- Example calculation

Northern Light

Northern Light is headquartered in Boston, Massachusetts USA, and is in a single business: providing strategic research portals to global, new product, technology, and innovation-driven businesses in many industries.

Our client list reads like a who's who in industry and technology and includes global leaders in:

- Pharmaceuticals

- Information Technology

- Telecom

- Financial Services

- Consumer products

- Manufacturing

- Agribusiness

- Logistics

- Strategy consulting

- Hospitality

Northern Light is likely the most experienced builder and operator of research portals in the world. Our clients use Northern Light SinglePoint to guide their corporate strategies and to invent the future that we are all going to live in.

In April, 2009, the Boston Consulting Group published a study in BusinessWeek that listed the ten most innovative companies around the world. Three of Northern Light's clients were in the list. It is not an accident that the most innovative companies use Northern Light SinglePoint. Having the best solution for collecting, searching, analyzing, and sharing information is the key supportive technology for fostering innovation.

Market Research Portal ROI Considerations

Northern Light's clients have experienced quantifiable savings in a number of areas that are well worth considering when the time comes to review the financial case for a strategic research portal:

- <u>Value of time saved</u>. Our client Verizon estimates that its SinglePoint saves 1.5 hours per user session. This is based on the alternative to a centralized market research portal that existed before Verizon deployed SinglePoint which included searching multiple market research analyst firm websites, doing generalized web searches looking for market research information, and asking co-workers for help in finding reports. Using $100 per hour of professional time, it is very straight forward to calculate the value of this time saving based on the number of annual market research portal user sessions a client experiences. The suggested metric is $150/user session on the search portal. A typical client has 2,500 user sessions per month, so the savings from this factor alone is $375,000 per month or $4.5 million per year.

- <u>Consolidated purchasing of information</u>. Duplicated and underutilized information contracts are the norm in many large organizations. SinglePoint makes consolidated licensing and enterprise-wide sharing of purchased content a practical goal. HP has estimated that its SinglePoint portal saves them $1.25 million per year in avoiding duplicate research purchases in their operations around the world. HP has publically published the number of users and sources that were in their portal at the time this study was done, and it was 5,000 user accounts and 25 sources. This can be converted into a metric of $1.25MM/5,000 users/25 sources that can be used to estimate savings in other settings. A typical client has 15 external sources and 6,000 user accounts, so the typical saving from this factor is $900,000.

- Primary research savings. Primary market research projects are, by nature, expensive undertakings. Often, the research has already been performed but the reports are neither widely known nor findable since they are scattered on network folders and laptops or held in repositories like Microsoft SharePoint with ineffective search technology. SinglePoint can consolidate primary research into a single repository and make it available to authorized users throughout the organization. This can eliminate the need for duplicate primary research, saving substantial amounts of money and increasing the impact of primary research that has been performed. One Northern Light client has estimated that its SinglePoint portal saves the client 10% in its annual primary research budget in avoided new research projects. (For this client, this amounts to $1.0 million dollars per month in savings!) A "search SinglePoint first" culture backed up by a requirement that new research proposals include as a first-section discussion of the literature search in SinglePoint helps achieve this ROI benefit.

- Reduced number of websites/portals. It is not uncommon for departments and functional groups within an organization to provision and field numerous websites, each facing a different audience such as Sales, Marketing, and Product Management in multiple organizations and geographies. HP has spoken publicly of having greatly reduced the cost of providing research internally when their SinglePoint implementation permitted the consolidation of 150 distinct intranet sites hosting or accessing research in all their divisions around the world down into just one site. On the IT side alone, they estimated that they saved $1.5 million per year in hardware, software, and, especially, IT systems administration. This can be converted into a metric of $10,000 per duplicate portal eliminated per year.

- Supporting large numbers of users with limited staff. In this era of budget cuts and staff reductions, a self-service market research portal makes it feasible to support a wide audience of consumers of research with a very limited internal staff. For example, one of our clients has one person supporting 5,000 users of secondary research via a SinglePoint portal. Another client has 5 people supporting over 60,000 users of secondary research using SinglePoint. In another case, 6 internal market research professionals produce important original research reports and publish them to an audience of 300 users in the marketing department via the SinglePoint portal without having to allocate precious researcher time away from the task of actually doing the research in order to field numerous requests from users for the reports. In all of these examples, without the SinglePoint portal significantly more staff would be required to help the users of research find the research that had been purchased or created for them. Also, without the SinglePoint portal, the market research staff would be overwhelmed with volumes of requests for help finding reports.

- Obtaining new business. Each organization has a good idea of what value a closed sale might bring to the table or what being able to rapidly respond to a competitive situation means to a company. Most of Northern Light's clients use SinglePoint portals to help prepare for sales presentations, customer briefings, and to find persuasive analyst support for their product roadmaps to make them more compelling to potential customers. Such considerations are especially important to clients pursing business aggressively around the world. Our client HP requested success stories from its sales and marketing staff to document the contribution of HP's SinglePoint (which they call MarketVision) to business and customer wins, and so many poured in that they had to stop collecting the success stories because the market research staff did not have time to read them all! Suffice it say tens of millions of dollars of increased sales was identified as

having been won with direct support to the sales and marketing teams being provided by HP's SinglePoint.

- Intellectual property issues and fair use. It is easy for users to unknowingly violate the usage terms of their agreements with sources of secondary research — an exposure that no large company wants. This happens when users post documents to multiple internal portals without any system for enforcing licensing arrangements. Market research analyst firms have been known to present invoices for hundreds of thousands of dollars to companies when market research reports were posted to websites sites without proper access controls. Northern Light SinglePoint enforces the terms of the content licensed and frees organizations from day-to-day concern with such usage issues.

- Developing new products faster. A strategic research portal can speed the time to insight in product research. By making all research easily available researchers can spend less time looking for information and more time considering it. A product researcher using a research portal incorporating reports with external expert commentary (e.g. Gartner, Forrester, IDC in the information technology industry will have a better grasp of what customers want and what competitors are planning. Text analytics, a Northern Light specialty, can help greatly with the process of product research. For example, all relationships between technologies or scientific concepts (e.g., drugs, diseases, genes) can be automatically identified to the researcher. A senior researcher at a global research-driven pharmaceutical company made this comment when he noticed a key relationship for the first time while looking at a text analytics result in a SinglePoint portal, "This is an *Ah Ha Moment!*"

- Improved decision making. Without a simple-to-access research portal, the fact is that most users give up and stop looking for the best information that bears on their projects and just make do with whatever they can find.   With SinglePoint, users have the best information available on every search easily and quickly, and even more important than the time they save is that their business analyses are well-informed. What is the value of having better researched and analyzed business decisions? It could easily dwarf all the millions of dollars of savings combined from all the other ROI considerations. We have one excellent example of this factor. One of our clients reported that their SinglePoint portal saved the company $50 million on one decision when an acquisition team working on a time-pressured deal over a weekend found research in their SinglePoint portal that challenged the market forecast for the technology of the acquisition target. Without SinglePoint, the client thought the deal would have gone through and would have been a disaster. By impacting this one decision alone, the SinglePoint portal paid for itself for the next 375 years!

Sample Calculation of a Research Portal ROI

Our average client has these metrics for their research portals:

- 30,000 annual user sessions

- $10 million annual primary research budget

- 6,000 average user accounts

- 15 external research sources

- 20 intranet sites providing research in product and geographic units

There are many more measurements and estimates that would be required to do a full calculation, such as the contribution the portal made to closing new business, the contribution of the research portal to speeding new products to market, etc. Since these measurements and estimates are not available to Northern Light for most clients, we will not calculate a value for items requiring those figures, restricting our calculations to the first three categories.

These two categories are the value of time saved doing research by the professional staff at our client and the value of the duplicate purchases that were avoided.

Value of Time Saved by Client Professional Staff

30,000 user sessions x 1.5 hours per user session x $100 per hour = $ 4,500,000
                                                                        in time saved

Value of Avoided Primary Research Studies

$10,000,000 x 10% = $ 1,000,000
                                                                        in avoided duplicate
                                                                        primary research

Value of Duplicate Purchases of Market Research Studies

$1,250,000 x (6,000/5,000 users) x (15/25 sources) = $ 900,000
                                                                        in avoided duplicate
                                                                        research purchases

Value of Consolidating multiple research sites and repositories

20 intranet sites x $10,000 per site = $ 200,000
                                                                        in IT costs

Total

Total for the four factors calculated above $ 6,600,000

Not calculated here, but larger than the figures above by one or more orders of magnitude, is the contribution made by the SinglePoint portal to winning new business, making more informed business decisions, and getting new products developed faster.

Summary

A strategic research portal can greatly speed and enhance the processes of analyzing markets, tracking competition, understanding customers, forecasting technologies, and developing new

products. A strategic research portal helps to win sales and develop new business, and provides invaluable support for guiding product plans and new product strategies across the organization.

And it saves millions of dollars per year.
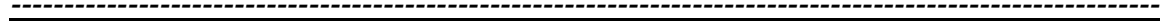
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