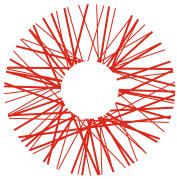




ROI CASE STUDY

PROGRAM: CUSTOMER RELATIONSHIP MANAGEMENT

DOCUMENT NUMBER: S74 JUNE 2018



NUCLEUS
RESEARCH

ROI: 165%
Payback: 8 Months

CREATIO

HERSHEY'S ICE CREAM

ANALYST

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THE BOTTOM LINE

Hershey's Ice Cream deployed Creatio to modernize its sales and account management practices and provide a consistent source of data for analysis and decision making. Moving from a largely paper-based system to Creatio and providing sales managers in the field with tablet-based access enabled the company to increase productivity, identify opportunities for sales performance improvements more quickly, and redeploy three sales support resources by automating data entry and analysis.

THE COMPANY

The Hershey Creamery Company was founded in 1894 by Jacob Hershey and his four brothers on a farm in Lancaster Pennsylvania. In the past 124 years, the family-owned company has grown from a small farmhouse operation to more than 40 distribution sites with sales of over \$140M a year. With their involvement beginning in 1924, the Holder family has owned and operated Hershey's Ice Cream since the early 1960s. The company, now based in Harrisburg, Pennsylvania, is on the top 100 list of US ice cream manufacturers, selling more than 120 flavors of hand-dipped ice cream, sherbet, and frozen yogurt, as well as novelty and packaged desserts. The company sells through dealers as well as directly to schools and institutions.

THE CHALLENGE

Although Hershey's has made many innovations through the years in its product lines and delivery methods, its sales and account management practices had remained very traditional, relying on paper-based records and Excel spreadsheets to manage sales operations. Sales people in the field would plan their account visits and report back to headquarters on an ad-hoc basis, making it difficult for managers to have visibility into sales activities in a timely manner.

Cost : Benefit
Ratio

1 : 2.1

In 2016, Jim Holder, who then led training and safety, began to explore technology options that would enable not just greater sales productivity but greater visibility across the business.

THE STRATEGY

The company used Microsoft Dynamics GP for enterprise resource planning (ERP), and considered Dynamics 365 as well as Salesforce.com. The marketing department had already looked at Creatio so the company already had some familiarity with the application. Ultimately, the company chose Creatio for three main reasons:

- High usability. The company recognized that moving to an electronic system would be a significant change for both sales and back-office staff, many of whom had been

there for years, and felt that the intuitive nature of the desktop application would drive faster adoption and productivity.

- Field sales capabilities. Hershey's found the out-of-the-box mobile capabilities for field sales highly usable as well and expected that they would ease the shift to tablet for field sales users.
- Analytics. Moving to Creatio would enable Hershey's to build reports and dashboards for real-time analysis, enabling managers to more rapidly identify opportunities for coaching and optimizing field sales efforts.

Hershey's made the decision to move forward in late 2016 and worked with Creatio professional services and a partner, Technology Advisors, to plan the deployment, map out processes, complete the needed integrations with the ERP application, and configure and customize the software to meet Hershey's needs. The total deployment process took approximately 9 months, with Jim and Tim Ryan, a former regional sales manager, managing the project. They created their own training materials that included written training materials, walkthroughs, screen sharing, and exercises that focused not just on functionality, but how the system would support day-to-day activities of users. The training consisted of three different sessions over six days, with a pilot group of field sales people and sales managers.

TYPES OF BENEFITS



The rollout was completed by September 2017, and the company continues to add users while expanding its use of analytics and reporting.

KEY BENEFIT AREAS

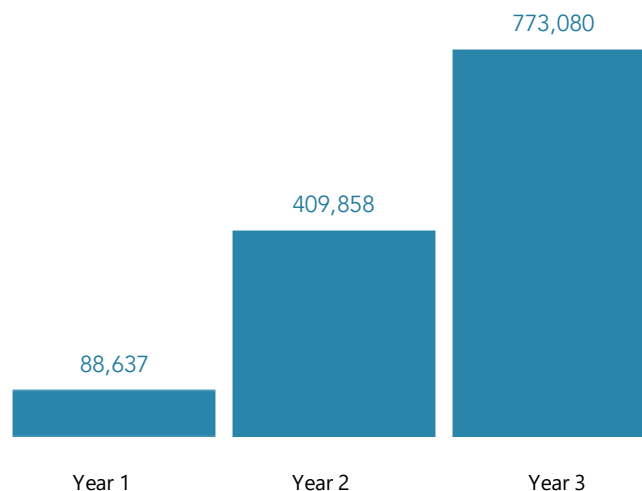
Deploying Creatio to support its sales operations enabled Hershey's to streamline data entry, increase sales productivity and effectiveness, and drive more data-driven decision making. Key benefits of the project included:

- Increased sales productivity. Because sales can access information on all their accounts via a tablet, they can plan their account visits with complete visibility into account health, location, and order history. They can also easily update their account activity from the road, saving time while increasing the timeliness and detail of account information.
- Reduced administrative overhead. Because sales reps can now enter information directly and reports and dashboards are automatically updated with real-time data,

Hershey's has been able to redeploy three administrative staff members to other work activities while significantly reducing paper and printing costs.

- Reduced travel costs. Greater visibility into account activity and location for both field sales staff and managers enables them to plan their account visits to optimize visit time and minimize travel time, increasing "face time" with accounts while reducing overall fuel and travel costs.
- Improved sales management. Before Creatio, managers had to wait – sometimes months – for sales productivity data to be available. Managers now have complete visibility into sales activities as they happen, enabling them to be more proactive and data-driven in providing sales coaching and helping field sales to optimize their account management activities. They can also segment productivity by daily and weekly numbers as well as by the type of customer visited (such as "assisted living facility" or "convenience store"). Over time, the company expects that this will enable managers to onboard new field staff more rapidly by providing better guidance on account prioritization and sales offers.

CUMULATIVE NET BENEFIT



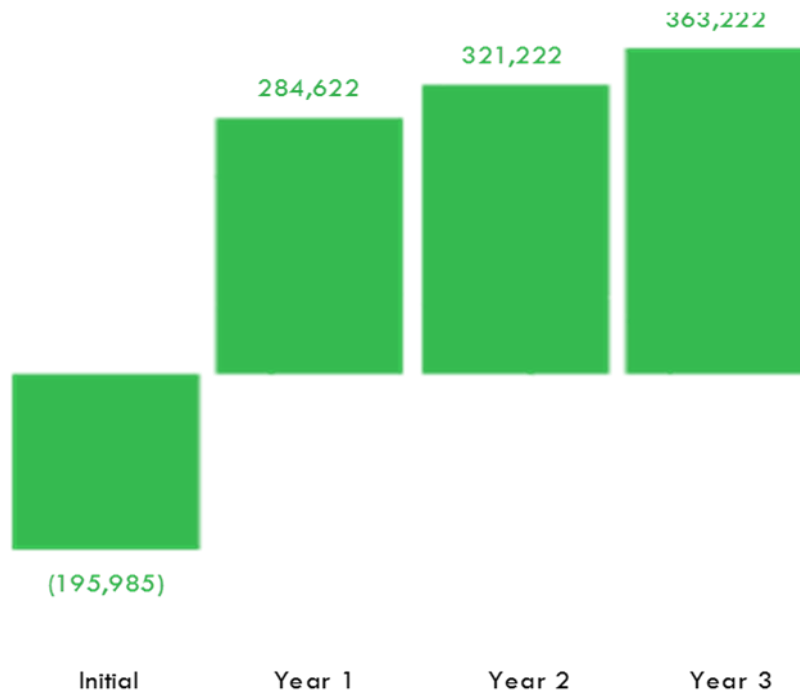
KEY COST AREAS

Costs of the project included annual software subscription fees, the cost of tablet devices for field sales staff, consulting fees for implementation and ongoing enhancements, initial and ongoing personnel time to deploy and support the application, and the cost of training time.

LESSONS LEARNED

Becoming a more data-driven business has enabled Hershey's to become much more proactive in their coaching to ensure that field sales reps are effective in both how they manage their time and how they share data about accounts. A key part of this data-driven approach was an easy-to-access and use tablet application that makes it easier for them to take on new accounts and plan their activities while encouraging greater data capture.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, Hershey's tablet investment driven by the project, initial and ongoing consulting and personnel costs, and the cost of training time to quantify Hershey's total investment in Creatio.

Direct benefits quantified included the redeployment of three administrative staff people (based on their fully loaded annual cost) and the reductions in fuel and paper and printing costs. Indirect benefits quantified included the increased productivity of both field sales staff and managers who now spend less time reviewing accounts, planning their field sales visits, and updating account information. The productivity savings were quantified based on the annual fully loaded cost of those employees using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Not quantified in the ROI analysis were the savings in manager time and benefit of accelerating time-to-productivity for new field sales employees and those taking on new accounts, which are likely to become more evident over time as Hershey's continues to grow.

FINANCIAL ANALYSIS

Annual ROI: 165%

Payback period: 0.8 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	206,160	206,160	206,160
Indirect	0	288,462	288,462	288,462
Total per period	0	494,622	494,622	494,622

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	30,600	42,000	42,000	0
Hardware	10,000	0	0	0
Consulting	30,000	40,000	3,400	3,400
Personnel	70,000	128,000	128,000	128,000
Training	55,385	0	0	0
Other	0	0	0	0
Total per period	195,985	210,000	173,400	131,400

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(195,985)	284,622	321,222	363,222
Net cash flow after taxes	(107,792)	156,542	176,672	199,772
Annual ROI - direct and indirect benefits				165%
Annual ROI - direct benefits only				18%
Net Present Value (NPV)				355,895
Payback period				0.7 years
Average Annual Cost of Ownership				236,928
3-Year IRR				144%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.