



CollectOne

Minimize costs. Maximize results.

Return on Investment Calculator

“Return on investment analysis will assist you in making the right choice.”

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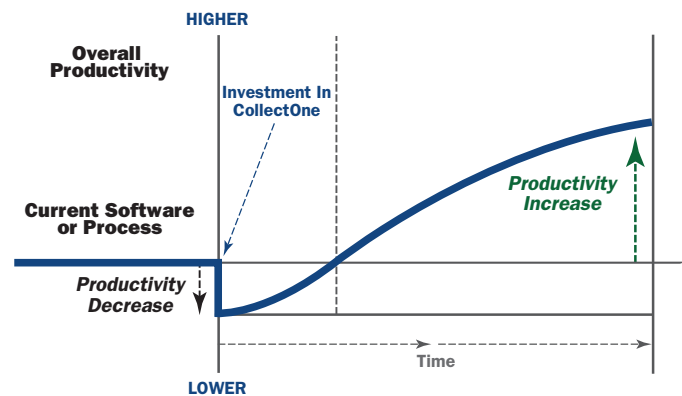
Your collection software solution is an important long term investment. Investing in a solution that allows you to highly automate your business processes will increase efficiency and provide your organization with a significant long term return on investment.

Return on investment analysis compares the gains anticipated from your investment against the cost and will assist you in making the right choice.

Calculating ROI

When calculating your first year ROI it is important to account for changes in collections productivity during ramp-up. The diagram below (Figure 1) illustrates what happens when a new collection software application is deployed. There will be a period of time in which productivity decreases as users participate in training and become acquainted with your CollectOne application. After this period, historical productivity levels return and level off at a higher point as your organization begins to maximize the potential of your CollectOne solution.

Figure 1. First Year ROI Overview



A standard formula for calculating first year ROI is in Figure 2. It uses just a few key variables related to collection software and possible hardware costs, training and the overall productivity cost savings of your CollectOne solution.

Figure2. First Year ROI Calculation

$$\frac{(B - (\frac{B}{1+E})) \times (12-C)}{A + (B \times C \times D)} = \text{First Year ROI}$$

| |
|--|
| A = Investment in CollectOne (Dollars) |
| B = Monthly labor costs (Dollars) |
| C = Implementation, training & ramp up time (Months) |
| D = Productivity lost during implementation, training & ramp up (Percentage) |
| E = Productivity gain after implementation, training & ramp up (Percentage) |



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The figures on the top (the numerator) represent the earnings portion of the equation, which comes from an increase in productivity. The increase in average monthly productivity is represented in the left bracket $(B - (B / 1 + E))$. The right bracket $(12 - C)$ is the number of months in a year minus months of training (C). If your users require two months to become productive on the new application, then there are ten months left in the year to benefit from productivity gains.

The figures on the bottom (the denominator), which is the cost portion of the equation, includes your investment in CollectOne, any hardware investment (A) and the cost of the productivity lost, in terms of labor cost, as your users learn the application. This second term is the result of multiplying (the product) the monthly labor cost (B), by the period of time users receive training and become acquainted with your CollectOne application (C), multiplied by productivity decreases during training (D) – therefore $B \times C \times D$. Note that training time refers to the time it takes a user to reach the same level of productivity historically experienced – not the length of the training and implementation.

If you play with the numbers, you will notice that the productivity gain and loss are the most sensitive variables in the equation. Slight changes in those figures produce the most dramatic changes in ROI. You can understand why a user-friendly application, proper training and implementation services are critical. It is the long-term result of your investment.

Keep in mind that this ROI metric is more accurate for the cost savings element of your investment in CollectOne. When calculating ROI in terms of increased revenue generation, you would include revenue estimates which may lessen the accuracy of your results. A more extensive ROI analysis may include profit gains from increased collections.

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Headquartered in Simi Valley, CA, CDS Software is a privately-held company with more than 350 clients worldwide. **For more information, please visit www.collectone.com.**

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