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## **ROI CASE STUDY RIGHTNOW TECHNOLOGIES COLORADO DEPARTMENT OF REVENUE**

### **THE BOTTOM LINE**

**The Colorado Department of Revenue (DOR) used RightNow Technologies to provide self-service research to taxpayers, reduce call center and e-mail volumes, and improve the accuracy and consistency of information provided to the public.**

**ROI: 8,732%**

**Payback: 3 days**

### **THE COMPANY**

The Colorado Department of Revenue (DOR) is responsible for the collection of tax revenues for the state of Colorado and during its peak season from early February to mid April provides tax filing assistance to more than 2.4 million individual income tax filers, 221,000 sales tax accountants, and 169,000 wage-withholding organizations. During the income tax filing season — and for several months following it — all of these individuals have questions regarding the proper application of tax rules, the obtaining of forms, and the status of returns.

### **THE CHALLENGE**

During the income tax filing season, it is difficult for the Colorado DOR to adequately and cost effectively handle the spike in inquiries from the taxpayer base it serves. Although call volumes can spike from approximately 3,000 calls per week to more than 7,700 calls per week during tax season, the organization is able to hire fewer than a dozen additional tax experts to handle calls and e-mails. Because tax law is subtle and complex it is difficult to recruit, train, and retain people with the breadth of expertise necessary to handle potentially arcane and complex questions that people may ask. Worsening conditions for the call center was the fact that taxpayers often repeatedly call or e-mail the DOR with the same question until they get the answer they like. Because the Colorado DOR needs its best tax experts to work on more important issues, such as the formulation of tax policy, the organization has few highly informed employees available for staffing its call center and replying to e-mails.

### **THE STRATEGY**

In 2000, the Colorado DOR began looking for ways to reduce the volume of calls to its call center, and to provide answers to the public in a rapid, precise, correct, and consistent manner. A large portion of the public's questions tends to be similar and readily answered and a smaller portion tends to be more complex, requiring the help of tax-trained subject matter experts. The Colorado DOR wanted to make

**TOPICS**

- IT / Infrastructure
- Operations
- Government
- Customer Relationship Management
- E-Commerce
- Software as a Service

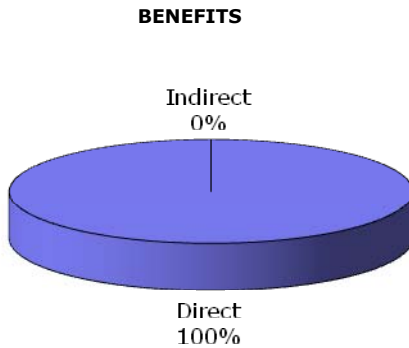
self-service tax research available for questions that are easily answered, so that it could reduce the volume of calls to its call centers and make its highly trained tax available for the more difficult and complex questions.

In mid 2000, the Colorado DOR began using RightNow to create a knowledge base that the public could use to answer questions on its own, rather than call the organization’s call center. First, the organization assembled all of its content, scrubbed it for accuracy, and then formatted it for consumption by the public over the Web. Then it built a portal and designed interfaces that would enable people to rapidly find the information they needed for the most commonly asked questions. Automated e-mail responses were also created for the most often asked questions. Lastly, the knowledge base was divided into two portions, a public version that appears on the Web site, and a private version that is available only to employees. RightNow is used on a continuous basis to capture knowledge anywhere in the Colorado DOR and apply it to taxpayer interactions, regardless of how that person contacts the organization.

Using RightNow to divert public inquiries from its call center and e-mail to its publicly available knowledge base has resulted in annual Web site hit volumes of more than one million. As a result, there have been dramatic reductions to the volumes of e-mail and phone-based inquiries. RightNow is also used to monitor how the public is using the knowledge base, enabling the organization to fine tune the publicly available portion of the knowledge base and how it is used by the public.

**KEY BENEFIT AREAS**

Using RightNow Technologies to access its institutional knowledge base and make it available to the tax-paying public has enabled the Colorado DOR to reduce staffing needs, improve customer service, and increase the accuracy and consistency of information provided to taxpayers.



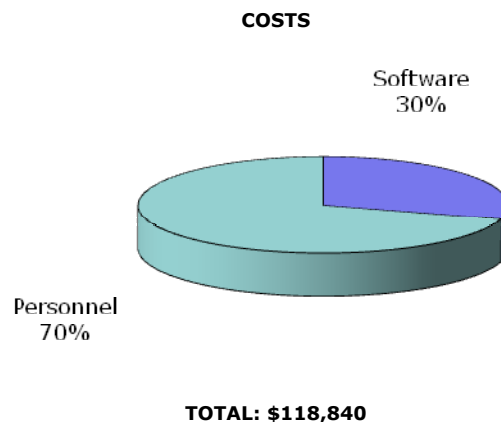
**TOTAL: \$266,285**

Key benefits from the solution include reduced call center costs. By using the knowledge base to divert inquiries away from the call center and e-mail, the Colorado DOR avoided spending additional money on temporary workers and reassigning its staff and tax-trained subject matter experts to the call center during the tax season.

Using RightNow to make a knowledge base available to the public has also had broader business benefits that are valuable to a service-driven organization, but are not readily quantified. As the result of both Web-based delivery of to commonly asked questions and automated e-mails, the Colorado DOR now provides answers to the public in a far more rapid and consistent manner. These techniques have also improved customer service levels and made it easier for taxpayers to complete the tax preparation process. Additionally, using RightNow to analyze its Web-based interactions with the public has enabled the Colorado DOR to better understand the questions and concerns of the public, which has led to increased customer service levels.

### **KEY COST AREAS**

Key cost areas for the deployment were software, and personnel. One employee of the Colorado DOR spent two days building the knowledge base and creating the Web pages for access by the public. Another employee spends 40 percent of her time researching new content for the knowledge base, publishing content, and maintaining the system.



### **LESSONS LEARNED**

Continuous fine tuning of both the knowledge base and how the public interacts with it has been key to the success of the deployment. Initially, the Colorado DOR was aggressive in publishing as much content to the knowledge base as possible. However, this frequently resulted in a member of the public receiving too many potential answers to a question, becoming frustrated, and then turning to either the phone or e-mail for resolution. After using RightNow to discover that these users were sometimes overwhelmed, the organization reduced the public portion of its knowledge base — RightNow enables creation of separate knowledge bases for people inside and outside of the organization — by 75 percent. This made it easier for people to find the information they needed, and increased the self-service rate.

Since the deployment, the Colorado DOR has continually monitored public interaction with the knowledge base — the questions they ask, the content that is most useful, and how these change at different points in the tax season. This has enabled the organization to fine tune what information the public sees, which

questions are featured at the home page as the 20 most often-asked questions, and the allocation of content between the private and public portions of the knowledge base.

### **CALCULATING THE ROI**

Nucleus calculated the costs of software and personnel over a 3-year period to quantify Colorado DOR's total investment in RightNow.

Direct benefits calculated consisted of avoided new hires for the call center. This savings was quantified based on the assumption that a small percentage of Web site page views would have translated into calls to the call center if the knowledge base was not available. The calculation was made using the average time of a call today and the average annual fully loaded cost of a call center employee.

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# DETAILED FINANCIAL ANALYSIS

## COLORADO DEPARTMENT OF REVENUE

### SUMMARY

Project:	<b>RightNow Technologies</b>
Annual return on investment (ROI)	<b>8732%</b>
Payback period (years)	<b>0.01</b>
Net present value (NPV)	<b>56,041</b>
Average yearly cost of ownership	<b>39,613</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	88,762	88,762	88,762
Indirect	0	0	0	0
<b>Total Benefits Per Period</b>	0	88,762	88,762	88,762

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total Per Period</b>	0	0	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total Per Period</b>	0	0	0	0

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	11,750	11,750	11,750
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	565	27,675	27,675	27,675
Training	0	0	0	0
Other	0	0	0	0
<b>Total Per Period</b>	565	39,425	39,425	39,425

<b>FINANCIAL ANALYSIS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes	(565)	49,337	49,337	49,337
Net cash flow after taxes	(283)	24,668	24,668	24,668
<b>Annual ROI - direct and indirect benefits</b>				<b>8732%</b>
Annual ROI - direct benefits only				8732%
Net present value (NPV)				56,041
<b>Payback (years)</b>				<b>0.01</b>
Average annual cost of ownership				39,613
3-year IRR				8732%

### FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%