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THE ROI AGENT COMPANY

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SAMPLE DELIVERABLE · EARNED VALUE REPORT CARD™

What we hand a client to sell with.

Commissioned by BOSS to independently assess and document the value their outsourcing service delivered to Westwood Corporation.

Independent assessment · client deliverable

$585,000	18 mo	Independent
VALUE DOCUMENTED · 3 YEARS	MATCHED ACTUAL AT ASSESSMENT	THIRD-PARTY ASSESSED

What this document is. This is a specimen of the **Earned Value Report Card™** — the deliverable we produce *for* a client, to be used with *their* customers and prospects. **BOSS** was our client. **Westwood Corporation** was BOSS's customer. BOSS commissioned us to independently assess and document the financial value their outsourcing service had actually delivered to Westwood, so that BOSS could sell with a number a CFO would accept rather than a claim. The dollars below are **BOSS's value to Westwood**, independently verified — they are not a measure of our engagement with BOSS.

Overview

BOSS (Business Outsourcing System Solutions) commissioned an independent assessment of the earned and projected financial savings realised by **Westwood Corporation** after outsourcing its IT infrastructure and back-end accounting to BOSS. At the time of the assessment Westwood had been on the service for eighteen months.

Westwood designs and markets textile products to department and speciality retailers. Founded in 1980, it carries revenue of over $15 million, serves more than 100 customers across North America, and distributes from three warehouses on the East and West coasts.

Business Issue

Like many mid-sized apparel manufacturers, Westwood had made limited IT investment — a financial application on an AS400 and EDI bolted on to meet customer requirements. The application did not cover the full supply chain, had no inventory management module, and offered no real-time reporting.

Financial reports were typically unavailable until after an accounting period had closed. By then the data was too old to avert a problem. **Real-time data became a hard requirement for any solution considered.**

Solution

Facing an expired AS400 lease, Westwood weighed the cost, benefit and risk of upgrading its own infrastructure against outsourcing. Significant upgrades to backup, security and redundancy would have been required, plus the custom configuration needed to migrate legacy data to a new financial application.

Westwood elected to outsource back-office accounting and IT management to BOSS at a fixed monthly fee, upgrading the financial system at the same time and retaining decision and analytical control.

> **Why the rules-based architecture mattered.** Most accounting systems embed business rules in the database, so any change means a time-consuming reconfiguration. BOSS replaced the manual approach with a rules-based solution — rules, formulas and reporting structures change on the fly without involving IT. Westwood's own rules were modelled at conversion, so time-to-value was not impacted.

Benefits

IT infrastructure cost savings

- **Programming — $80,000/yr.** One full-time programmer at a fully loaded rate, making application modifications and building reports.
- **Hardware lease & software maintenance — $15,000/yr.**
- **MIS outsourcing — $15,000/yr.** Third-party provider running infrastructure, monitoring, backups and upgrades.
- **EDI consulting — $20,000/yr.** Outside consultant making EDI modifications.

Back-office cost savings

- **Accounting staff — $160,000/yr.** Two A/R managers, one data entry clerk and one A/P administrator at an average fully burdened salary of $40,000.
- **Close cycle — $50,000/yr.** Closing the books took two weeks; today it takes two days. At a fully loaded $100,000 salary ($500/day over 200 working days).
- **Inventory carrying — $80,000/yr.** A six-week supply averaging $600,000 was held for lack of real-time visibility. Reducing it by one third ($200,000) at a 40% carrying cost.

- **Inventory manager — $25,000/yr.** Manual monthly inventory consumed one week a month — 25% of net available hours at a fully burdened $100,000.

Costs

Westwood incurs $12,500 per month for IT infrastructure outsourcing ($150,000 annually) and $8,333 per month for business process outsourcing — **$250,000 per year in total.**

To stay conservative, the analysis **excluded** *the software and hardware upgrade costs Westwood would have incurred had it not used BOSS.*

EARNED & PROJECTED VALUE REPORT CARD

$585,000 net cash flow · three years

PROFIT IMPACTS	2003	2004	2005	TOTAL
IT Personnel	$80,000	$80,000	$80,000	**$240,000**
AS400 Lease / Support / Maintenance	$15,000	$15,000	$15,000	**$45,000**
MIS Outsourcing	$15,000	$15,000	$15,000	**$45,000**
EDI Consulting	$20,000	$20,000	$20,000	**$60,000**
Back-office Employees	$160,000	$160,000	$160,000	**$480,000**
Treasurer — close cycle	$50,000	$50,000	$50,000	**$150,000**

PROFIT IMPACTS	2003	2004	2005	TOTAL
Inventory Carrying Costs	$80,000	$80,000	$80,000	**$240,000**
Inventory Manager	$25,000	$25,000	$25,000	**$75,000**
Net inflows	$445,000	$445,000	$445,000	**$1,335,000**
BOSS — outsourcing fees	($250,000)	($250,000)	($250,000)	($750,000)
Net cash flow	**$195,000**	**$195,000**	**$195,000**	**$585,000**
Cumulative cash flow	$195,000	$390,000	$585,000	$585,000

Westwood had **earned $292,500** over the first eighteen months and was projected to earn a further $292,500 over the following eighteen.

Our Role

We were the independent assessor. We did not deliver the outsourcing service and we do not claim the savings — BOSS earned those. What we produced was the evidence: a line-item baseline, a cost side that was not omitted, a deliberately conservative assumption set, and a matched actual at eighteen months.

That is the difference between a vendor claim and a **CFO-certifiable number.** *BOSS could put this document in front of a finance committee. A brochure does not survive that room.*

Want this for your own numbers?

ValueLogics builds documented, CFO-certifiable value cases — baseline, projection, and a matched actual. as@valuelogics.ai · 728-230-5573