To: CIO
From: Vince Galasso
Re: SharePoint Investment

XYZ's consultants are spending 25% of their time managing documents instead of billing hours to clients and generating revenue. By purchasing Microsoft SharePoint, XYZ's consultants can collaborate on documents in a more efficient manner than the current system. Therefore, consultants will spend more time billing hours to clients and growing the business instead of managing documents. By utilizing this software package, XYZ will see a net benefit of $1.8 million over the next three years.

Microsoft SharePoint is a software suite that allows web-based document management for more effective organization and management of files. Web based document management means PMPs can work on files simultaneously over the company intranet as opposed to working on files on their individual machines, saving the files and sending them to their colleagues to make changes. Additionally, the existence of a single file reduces time spent managing multiple versions of the same document, which ultimately results in more hours billed to clients. For instance, PMPs spend 25% of their time consolidating multiple versions of files, and waiting for other PMPs to finish their portions of the document. With Sharepoint's web-based collaboration, this time spent on document management can be reduced and converted to billable hours.

XYZ Consulting will have a three-year net benefit of $1.8 million by investing in Microsoft SharePoint (see figure-1). This results from total three-year costs of $0.2 million, attributed to purchasing software/hardware and maintenance. To offset these costs, XYZ will realize total three-year benefits of $2 million, which arise from the increased amount of billable hours that each consultant will be able to generate with the installation of SharePoint. Therefore, XYZ Consulting must invest in SharePoint in order to increase billable hours for its consultants, grow the business and realize the net benefits of this project.

Figure -1 SharePoint Three-Year Cost-Benefit Analysis

	Year 1	Year 2	Year 3
Software and Hardware Cost	$100,000		
Maintenance	$18,000	$18,000	$18,000
Total Costs			**$154,000**
Status quo revenue	$2,625,000	$2,625,000	$2,625,000
Revenue with SharePoint	$3,291,750	$3,291,750	$3,291,750
Benefit	$666,750	$666,750	$666,750
Total Benefit			**$2,000,250**
Net Benefit			**$1,846,250**
ROI			**1199%**

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