KPI Metrics Assessment

TECHNOLOGY SERVICES

NetSuite KPI Assessment – TECHNOLOGY SERVICES Industry Benchmarks

● Current   ● Potential

FUNCTIONAL AREA	KPI	BOTTOM TIER	MEDIAN	TOP TIER
Sales Force Automation	Gross Margin	25%	43.1%	68.2%
Order Management	Order Fulfillment Efficiency	customer specific	customer specific	customer specific
Sourcing & Supply Chain Management	Spend Under Contract	decentralized buying	40% - 70%	> 85%
Inventory & Warehouse Management	Order Fill Rate	< 97%	97%	99%
Project Management & Delivery	Annual Revenue per Billable Associate Associate	$88,000	$213,000	$275,000
Customer Service	Customer Referenceability	< 71.3%	71.3%	84%
Financial Management & Reporting	Finance Team Efficiency	customer specific	customer specific	customer specific
Technology & BI Platform (currently does not exist in model) model)	Replace Current Systems	customer specific	customer specific	customer specific
Budgeting & Forecasting	Days to Complete the Annual Budget Budget	> 40 days	40 days	27.5 days
Human Resources	HR Team Efficiency	customer specific	customer specific	customer specific

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The Metrics

KPI Definitions

Metrics
Detailed KPI Definitions and Calculations

KPI	Description	Calculation
Gross Margin	Gross margin is a company's net sales revenue minus its cost of goods sold (COGS). In other words, it is the sales revenue a company retains after incurring the direct costs associated with producing the goods it sells, and the services it provides. The higher the gross margin, the more capital a company retains on each dollar of sales, which it can then use to pay other costs or satisfy debt obligations.	Gross Profit ($$) divided by Revenue ($$) e.g.: $28M Gross Profit divided by $50M Revenue = 56% Gross Margin
Days Sales Outstanding (DSO)	Days Sales Outstanding (DSO) or Days Receivables is a measure of the average number of days that it takes a company to collect payment after a sale has been made. DSO is often determined on a monthly, quarterly or annual basis, and can be calculated by dividing the amount of accounts receivable during a given period by the total value of credit sales during the same period, and multiplying the result by the number of days in the period measured.	Accounts Receivable Amount divided by Daily Sales. (Daily Sales = Annual Revenue divided by 365) e.g.: $9M Accts Rec divided by $137k Daily Sales ($50M Revenue/365) = 65 Days
Spend Under Contract	The amount of Procurement spend managed by a contract. When companies purchase goods and services, using pre-negotiated contracts covering a year or more will typically allow them to negotiate a better price. The higher amount of "spend under contract", the more likely that the company is saving money on goods and services.	Assumes that a company can get a better price "under contract" than individual purchases ("maverick spending"). e.g.: Maverick Spend today $200k, desired maverick spend $0, assumed premium being paid on maverick spend = 10%. $200k x 10% = $20,000 cost savings.

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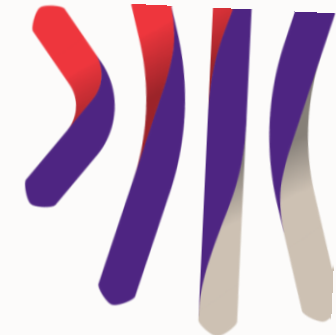Detailed KPI Definitions and Calculations

KPI	Description	Calculation
Order Fill Rate	Fill rate is the percentage of customer orders that a company can ship immediately from the stock without placing backorders or missing a sale. Backorders are orders that are not available in stock at the moment but the customers place them to receive later. The Order Fill Rate metric is a measurement that tells businesses how effectively they are meeting customer demand.	(Total Number of Customer Orders Shipped / Number of Customer Orders Filled) * 100 For example, your customers placed 1800 orders in a month and you shipped only 1753 of the total. Your order fill rate = 97%.
Annual Revenue per Billable Associate	The average amount of Billable Revenue generated by a consultant.	Total Billable Revenue divided by number of billable associates. e.g.: $6,120,000 Total Revenue divided by 30 associates = $204,000 Revenue per Billable Associate
Customer Referenceability	A customer reference is a positive story your customer can share about a successful delivery of products or services, used to create demand and sell impact. The goal of customer reference management is to organize and amplify these stories to help sales and marketing better sell your business' products or services.	Number of customers willing to be a reference divided by the total number of customers. e.g. A company has 800 customer total and 643 of those customers are willing to be references for the company. 643/800 = 80% customer referenceability

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Detailed KPI Definitions and Calculations

KPI	Description	Calculation
Finance Team Efficiency	The percentage of time spent on manual finance related activities. The goal is to reduce this manual activity time by increasing productivity with NetSuite capabilities. Productivity gains are measured in dollars by determining the cost of time spent on manual activities. Reducing the amount of time an employee spends on manual tasks allows employees to work on more strategic activities.	The percent of time currently spent on manual finance related activities minus the anticipated percent of time spent on manual finance related activities after acquiring NetSuite capabilities multiplied by number of finance employees and multiplied by Annual Fully Burdened Labor Rate. e.g.: 4 Finance FTEs paid $60K/year spend 35% of their time performing manual finance related activities. With NetSuite, their anticipated percent of time performing manual finance related activities is reduced to 15%, resulting in a 20% reduction in time spent on manual finance related activities. 4FTEs times times $60K times 20% = $48K
IT Team Efficiency	The percentage of time spent on manual IT related activities. The goal is to reduce this manual activity time by increasing productivity with NetSuite capabilities. Productivity gains are measured in dollars by determining the cost of time spent on manual activities. Reducing the amount of time an employee spends on manual tasks allows employees to work on more strategic activities.	The percent of time currently spent on manual IT related activities minus the anticipated percent of time spent on manual IT related activities after acquiring NetSuite capabilities multiplied by number of IT employees and multiplied by Annual Fully Burdened Labor Rate. e.g.: 4 IT FTEs paid $60K/year spend 35% of their time performing manual IT related activities. With NetSuite, their anticipated percent of time performing manual IT related activities is reduced to 15%, resulting in a 20% reduction in time spent on manual IT related activities. 4FTEs times times $60K times 20% = $48K

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Metrics
Detailed KPI Definitions and Calculations

KPI	Description	Calculation
Days to Complete the Annual Budget	How many days it takes for the Finance team to do their annual budgeting. The cycle time to complete an annual budget includes the number of calendar days — including weekends — from establishing budget objectives to delivering a ready-to-use budget. Faster also means the Finance / FP&A team is more efficient and data more available for budget building.	Number of days that it takes the Finance / Accounting and FP&A team to put together annual budget. Range can be 3-5 weeks to 1 week. With a FP&A tool, the team can speed up the annual budgeting and better yet see it in real-time throughout the year.
HR Team Efficiency	The percentage of time spent on manual HR related activities. The goal is to reduce this manual activity time by increasing productivity with NetSuite capabilities. Productivity gains are measured in dollars by determining the cost of time spent on manual activities. Reducing the amount of time an employee spends on manual tasks allows employees to work on more strategic activities.	The percent of time currently spent on manual HR related activities minus the anticipated percent of time spent on manual HR related activities after acquiring NetSuite capabilities multiplied by number of HR employees and multiplied by Annual Fully Burdened Labor Rate. e.g.: 4 HR FTEs paid $60K/year spend 35% of their time performing manual HR related activities. With NetSuite, their anticipated percent of time performing manual HR related activities is reduced to 15%, resulting in a 20% reduction in time spent on manual HR related activities. 4FTEs times times $60K times 20% = $48K

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Thank You