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ROI CASE STUDY SALESFORCE.COM KIMBERLY-CLARK

THE BOTTOM LINE

Kimberly-Clark deployed Salesforce to support a common CRM strategy across its Health Care and K-C Professional global operations. Nucleus found that the use of a common system that supported collaboration and mobile access enabled Kimberly-Clark Health Care and K-C Professional to increase efficiency and productivity, accelerate sales cycles, and improve customer engagement while reducing technology costs.

ROI: 108%

Payback: 2.1 years

Average annual benefit: \$5,310,436

THE COMPANY

Kimberly-Clark is a global company incorporated in 1928, focused on leading the world in essentials for a better life through product innovation and building on their Personal Care, Consumer Tissue, K-C Professional, and Health Care brands. Headquartered in Dallas, Texas, Kimberly-Clark employs approximately 57,000 people in 36 countries with product sold in more than 150 countries. Kimberly-Clark is publicly traded on the New York Stock Exchange under the ticker KMB. The company reported sales of \$19.7 billion in 2010 of which K-C Professional consisted of \$3.1 billion and Health Care of \$1.46 billion.

THE CHALLENGE

Given the rapid globalization of markets and the need to share best practices with K-C Professional and Health Care sales and product teams around the globe, Kimberly-Clark knew it needed a global CRM system that could support both sales-related collaboration and mobile device access. While the company had deployed SAP CRM in Europe, after three years of active use there were still challenges with synchronization and server support, and homegrown systems in the United States were also limited in their ability to support K-C Professional and Health Care's global sales goals. With four semi-autonomous regions, managers had limited visibility into their peers' operations and best practices, and most information was shared via e-mail or spreadsheets. In early 2009, Kimberly Clark decided to reassess its enterprise CRM strategy with the goal of having greater global visibility.

THE STRATEGY

To begin its evaluation, Kimberly-Clark issued an RFP and received responses from SAP, StayinFront, Microsoft, and Salesforce.com. The RFPs were reviewed by three different groups within the company: the IT infrastructure group, K-C Professional and Health Care business teams, and the IT application services group. SAP and Salesforce.com were the top candidates, because both could support a global deployment with multiple languages, currencies, and mobile device strategies. Because of Kimberly-Clark's previous challenges with SAP CRM, senior management chose Salesforce for implementation in the K-C Professional and Health Care businesses. Kimberly-Clark finished negotiations with Salesforce.com in the end of January 2010 and began developing a prototype based on business requirements.

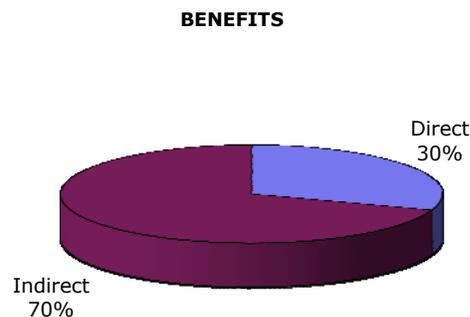
The company had a phased deployment, starting with sales force automation (SFA) in Asia-Pacific in May 2010 for K-C Professional and Health Care, then North America K-C Professional with Latin American Health Care, then European K-C Professional and Health Care, and then North American Health Care. Latin American K-C Professional's implementation is planned for 2012. Each region's deployment took approximately 12 to 16 weeks and included integration of Salesforce with each region's instance of SAP using IBM Cast Iron. After SFA was deployed to all regions, Kimberly-Clark started expanding its use of Salesforce, which included:

- Developing mobile applications. K-C Professional worked with Model Metrics, a Salesforce.com implementation partner (since acquired by Salesforce.com), to develop two custom iPad applications for field sales people.
- Driving adoption of Chatter. A top-down chatter campaign, driven by Kimberly-Clark executives, has driven adoption of chatter beyond just the sales organization to the broader user community.
- Developing custom objects built with Apex and Visualforce that track key performance indicators and deliver them in a scorecard format.

Today Kimberly-Clark has approximately 1900 Salesforce.com users working in more than 10 languages and 27 currencies across Asia-Pacific, Europe, North America, and Latin America with approximately 3000 Chatter users.

KEY BENEFIT AREAS

Deploying Salesforce has enabled Kimberly-Clark to develop and maintain one global view of its customers while enabling sales people to work from anywhere at any time.



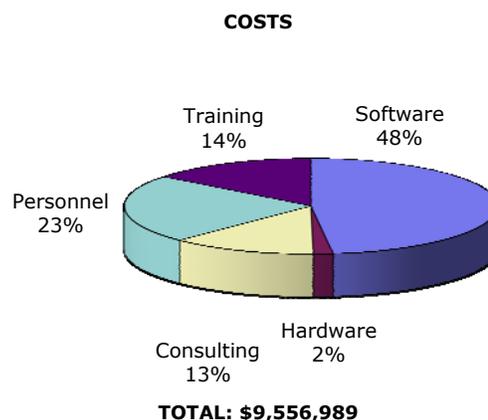
TOTAL 3-YEAR BENEFITS: \$15,931,308

Specific benefits of the project include:

- Increased visibility and collaboration. One common global CRM system with integrated collaboration has enabled Kimberly-Clark sales professionals to have greater visibility into their global customer base and overall company operations and strategy so they can identify and replicate best practices.
- Increased sales effectiveness. Mobile device access and iPad-based field applications have enabled sales to accelerate sales to close more deals and increase customer engagement. In Asia-Pacific alone, the company attributed 3 percent increase in sales to the new application.
- Increased general employee productivity. Because Kimberly-Clark executives and others are sharing information via Chatter, employees are more informed and engaged and spend less time searching for information.
- Improved customer retention. Integration of Salesforce with SAP financial information and the ability to quickly view performance indicators has helped Kimberly-Clark to identify strategies to increase customer satisfaction.
- Increased manager productivity. Ready access to updated information within Salesforce and the ability to follow and be regularly updated on deal progress through Chatter has enabled managers to more quickly target deals where they need to intervene and provide sales team support or direction.
- Reduced technology costs. Kimberly-Clark was able to eliminate hardware and redeploy staff by retiring its existing CRM applications.

KEY COST AREAS

Key cost areas for the deployment included software subscription services, personnel, consulting, hardware, and training. Hardware costs included the cost of iPads purchased to support the mobile applications; hardware purchases such as smartphones that are used to access Salesforce were not included in the costs as they were not driven by the project. Software fees included the Salesforce license fees as well as annual fees for IBM Cast Iron licenses to support the integration. Consulting fees included both implementation services from Salesforce.com and the consulting fees spent for Model Metrics iPad application development.



BEST PRACTICES

Kimberly-Clark took a somewhat untraditional approach for an American company of starting its CRM deployment in Asia Pacific. It chose to do so because that

region had the most rudimentary CRM tools at the time and would likely deliver the greatest sales improvements. Taking a phased approach to deployment also enabled the company to take lessons learned from one region and apply them to further phases of the rollout. This agile approach also took advantage of the cloud development model: it enabled the company to make changes based on initial user feedback to maximize adoption and benefits, rather than rolling out a complete global system that would later need significant reconfiguration or customization to be effective.

Kimberly-Clark found that the consumer-oriented look and feel of Salesforce helped with adoption, as did the ability to meet with and learn from other Salesforce.com customers at Dreamforce.

CALCULATING THE ROI

Nucleus calculated the cost of software subscription services, personnel, consulting, hardware, and training over a 3-year period to quantify Kimberly-Clark's investment in Salesforce. Benefits quantified included the direct savings of eliminated hardware and redeployed staff associated with retiring the existing European SAP CRM deployment, and the avoided staff associated with standardizing and integrating Salesforce globally with SAP.

Direct benefits were also quantified based on the increase in sales attributed to the application, and the avoidance of the additional staff that would have been required to meet those same sales targets without Salesforce.

Indirect benefits quantified included the increased productivity of users attributed not just to Salesforce but also to the use of Chatter and mobile devices. These benefits were quantified based on the time saved using the average fully loaded cost of an employee, applying a productivity correction factor to account for the difference between time saved and actual additional time worked.

Benefits not quantified included the expected increase in productivity and customer satisfaction and retention that Kimberly-Clark expects to achieve as users fully adopt the solution on a global basis, and the additional benefits expected to be achieved as the deployment is completed.

DETAILED FINANCIAL ANALYSIS

KIMBERLY-CLARK

SUMMARY

Project:	Salesforce.com
Annual return on investment (ROI)	108%
Payback period (years)	2.09
Average annual benefit	5,310,436
Average annual total cost of ownership	3,185,663

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	1,072,960	1,747,960	2,017,960
Indirect	0	2,341,587	3,699,159	5,051,683
Total Benefits Per Period	0	3,414,547	5,447,119	7,069,643

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	1,228,795	1,634,941	1,733,208	0
Hardware	0	0	112,500	50,000
Consulting	220,471	880,041	100,000	0
Personnel	514,988	1,610,629	88,877	0
Training	889,269	493,269	0	0
Other	0	0	0	0
Total Per Period	2,853,524	4,618,881	2,034,585	50,000

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(2,853,524)	(1,204,334)	3,412,534	7,019,643
Net cash flow after taxes	(1,426,762)	(602,167)	1,706,267	3,509,821
Annual ROI - direct and indirect benefits				108%
Annual ROI - direct benefits only				-22%
Net present value (NPV)				2,264,734
Payback (years)				2.09
Average annual cost of ownership				3,185,663
3-year IRR				49%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	8%