

## Financial and Organizational Impact

There are two areas that need to be discussed in regards to the impact that will take place approximately two to three years after implementation of the solution. The two areas are the Financial Impact and the Organizational Impact.

### Financial Impact

The initial financial impact will appear to show a greater expenditure on Cap X (capital expenditures) in equipment/software upgrades and purchases, human resources (contracted employees) and marketing collateral. These expenses will initially appear to go against the company's vision of reducing expenses. The first year will show a large amount of money being allocated to this new centralized equipment. However over the next two years, the company will be able to begin to remove and rotate the number of antiquated computers and servers from each metro. This reduction of servers and hardware will begin to reduce the cost of maintaining multiple servers, computers, support services, personnel and equipment that are currently being duplicated in every metro. Centralizing the system will eliminate the redundancy while consolidating the company's resources.

After year two, it will begin to show the savings from the purchase of this enterprise system. It is expected to breakeven in year 3 with a trajectory of 25% increase in ROI for year 5. The question is how will this show an ROI of 25%? It will because each Metro will contribute a small percentage of their cost to the centralized enterprise system. This system is shared and paid for by the contribution of each metro. In the past, each metro was responsible for purchasing, maintaining their equipment. Now with this enterprise system, each metro only has to spend a small percentage of their former Cap X to have the same results. The savings will flatten out over time for each metro because of their small constant contribution towards the collectively shared enterprise system. The benefit to having this system in place will allow each metro to rest easy knowing that they will not be hit with large expenditure requests from IT and Marketing

in the future. Without those expenditure requests for equipment and resources, each metro will not have to deal with any unexpected surprises for upgrades.

### Organizational Impact

The initial organizational impact will appear immediately. The new system will require the support and help of many departments. The impact will ultimately result in a clear exchange of information, continuity in collateral/marketing materials, and even continuity in equipment and resources that would reduce the cost of differentiation in processes. With this enterprise system, all decisions and changes can easily be changed with a cascading effect that is uniform for all metros. This system will make communication of information more concise and consistent. With a clearer form of communication, all of the employees and agents will be able to make better decisions in regards to sales and marketing of products with the most current and up-to-date information. With the up-to-date information materials, agents and the company will notice an increase in sales and production numbers which will result in greater revenue for the company. This improved delivery system will make our agents appear more professional and competent to their customers.

IT will need to get their personnel on board for setting up this new system. This would require cooperation from the IT in that they can effectively procure the necessary software, hardware, and network equipment. Once the systems are in place, the IT department will be able to reduce the cost of manpower. This might lead to reducing staff or reallocating of IT personnel to other projects that support the company. The impact will result in less demand for support from IT.

Marketing will notice a decreased need in personnel as well. Since every metro has their marketing department doing a duplication of the same work. This enterprise system will effectively reduce the need for duplication of the same products by the various marketing department. Centralizing of the marketing materials will eliminate duplication and redundancy of marketing materials. This could allow the company to

reduce staff or utilize their manpower towards other projects or to new initiatives that could generate increased sales and revenue.

Finance will notice a massive reduction in operating expenses. While assets might decrease so does the liabilities for the equipment expenses. This will also benefit finance because they would not have to realize the depreciation of their equipment. This transition will cause expenses to drop which will increase profits for the company. While the company will notice only nominal sales increases of approximate 5% for the first few years, the company will improve its financial position as the years progress due to the company's overall lower operational cost requirement.