ROI CASE STUDY
COGNOS
KNOWLEDGESTORM

THE BOTTOM LINE

By upgrading to Cognos 8 Business Intelligence, Knowledgestorm reduced the amount of staff required for supporting BI initiatives and significantly improved the productivity of its developers and report builders. Knowledgestorm also created new, more value-added reporting products for its customers.

ROI: 69%

Payback: 1.45 years

THE COMPANY

Knowledgestorm is a Web-based provider of advertising programs, lead generation programs, and content syndication services to companies that market or advertise to technology buyers. Content on the Knowledgestorm site includes white papers, blogs, Webcasts, and podcasts from technology vendors. Knowledgestorm's network of partners consists of analyst firms (including Nucleus Research), business and technology magazines, and search engines.

THE CHALLENGE

In mid 2006, Knowledgestorm began increasing its focus on providing its customers competitive and business intelligence. The company wanted its customers to see not only how their content performed but also how it measured against competing content on the KnowledgeStorm Network. This was a significant tactical and strategic change for the company. Lead generation products rely on production of frequently updated versions of a particular — often standardized — report, and is far less data intensive than business intelligence, which involves creating reports that involve far more data and require more customization, content, complexity, and usability.

Knowledgestorm was using Cognos Series 7 for both internal report generation and the creation of tools that help customers evaluate their lead generation programs. While the application was strong for creating dense lead generation reports, Knowledgestorm decided that in order to shift its reporting focus, it would now need the following from its BI platform:

- Portability of content. Knowledgestorm wanted to provide its customers with content and reports that were easily downloaded, stored, and shared. Knowledgestorm wanted its reports to be in easily shared formats — ideally as PDFs — so that after being downloaded and printed, they would be viewed and

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used by as many people as possible, and improve the awareness of the
Knowledgestorm brand.

- Ease of use. Having successfully adopted BI with Cognos Series 7, both
technical and business users at Knowledgestorm were broadening their uses of
BI and reporting. One IT staff member spent 80 percent of her time helping
users create and run standard reports, and the company wanted to enable her
to spend time on more value-added tasks such as the creation of new reporting
products for customers.

- Scale of reporting. Knowledgestorm wanted a solution that would automate
the creation and generation of as many reports as possible so that its BI
specialist, marketers, and relationship managers could independently create
large numbers of customized reports that would provide customers with more
value-added competitive and strategic intelligence.

THE STRATEGY

Although Knowledgestorm had been using Cognos for BI for several years, it looked
at competing products from Business Objects and SPSS. Cognos 8 Business
Intelligence was chosen because of its price and the fact that it would leverage the
company's existing Cognos investments. One person in the IT department spent
20 percent of their time on the deployment for a year and was helped by a
consultant from Sky Solutions, a Cognos partner. The upgrade required:

- Integration. Cognos 8 Business Intelligence is designed to integrate stronger
reporting capabilities with data cubes than Cognos Series 7. Because the data
in Knowledgestorm's data cubes had not been structured for public
consumption, the cubes were modified for more ready report generation.

- Portal construction. An internal team built a homegrown portal where Cognos
8 Business Intelligence reports would be published for download by customers.

- Report redesign. Cognos 8 Business Intelligence has more reporting and
charting capabilities, such as geographic representations and various types of
dashboards, than Cognos Series 7. In order to make the best use of these new
capabilities, Knowledgestorm evaluated all of its standard reports and
redesigned them to leverage these capabilities to maximize the value of the
reports to customers.

KEY BENEFIT AREAS

Upgrading to Cognos 8 Business Intelligence enabled Knowledgestorm to reduce
the amount of staff required to support BI and create more value added reports for
its customers while improving the productivity of its programmers and report
builders. Key benefits from the upgrade include:

- Improved standard reporting. Prior to the deployment, Knowledgestorm would
have dedicated almost 1,000 developer hours to the building and enhancement
of standard reports. This has been eliminated because Cognos 8 Business
Intelligence enables report administrators to rapidly create a single report
definition that will generate distinct reports for multiple clients without the help
of a developer.

- Improved custom reporting. Knowledge storm has 136 custom reports that it
provides to its customers. Prior to the upgrade, these each required eight
hours of work from the company's BI manager and marketing staff. Because
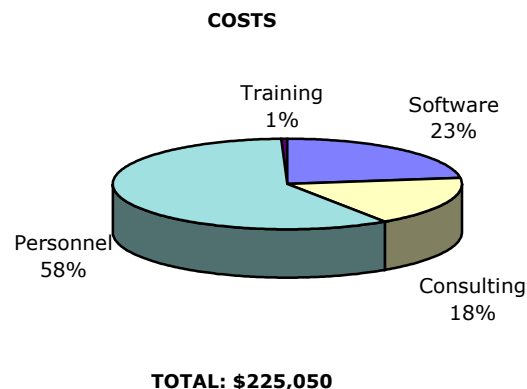Cognos 8 Business Intelligence enables such tight integration between its

reporting capabilities and the company's data cubes, production of these reports is now automated, and requires no manual workflows.

- Reduced support requirements. One person in Knowledgestorm's IT department supports the company's BI activities. As a result of the upgrade, she now spends 40 percent of her time on BI rather than 80 percent. This is because the solution uses burst execution to generate reports, more tightly integrates reporting with the data cubes, and has reporting that is more stable and requires less troubleshooting.

BENEFITS

Direct
0%

Indirect
100%

TOTAL: $355,258
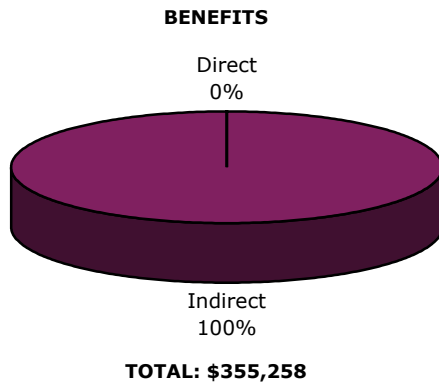
KEY COST AREAS

Key cost areas for the deployment included personnel, software, consulting, and training. Knowledgestorm purchased 52 seats for Cognos 8 Business Intelligence, including seats for developers, analysts, and consumers. One person in the IT department spent 20 percent of their time on the deployment for a year and was helped by a consultant from Sky Solutions, a Cognos partner. She also spent two days in training for the solution and now spends 40 percent of her time supporting the solution on an ongoing basis. Cognos 8 Business Intelligence was deployed on existing servers and required no hardware purchases.

COSTS

Training
1%

Software
23%

Personnel
58%

Consulting
18%

TOTAL: $225,050

LESSONS LEARNED

Championing and evangelism were both key to Knowledgestorm's decision to upgrade to Cognos 8 Business Intelligence. The IT department championed the proposed upgrade by having Sky Solutions complete a proof-of-concept project that demonstrated the ability of Cognos 8 Business Intelligence to produce PDF-based reports that were not only rich in content but also portable. Once management understood that Knowledgestorm deliverables could become more widely used at its customers and improve both its brand and value proposition for companies, the upgrade received strong sponsorship from senior management.

CALCULATING THE ROI

Nucleus calculated the costs of personnel, consulting, software, and training costs over a 3-year period to quantify Knowledgestorm's total investment in Cognos 8 Business Intelligence.

Indirect benefits included reductions in the amount of time required to support Cognos BI, create custom reports, and generate standard reports. Not quantified was the ability of developers and report builders to improve customer service, cross selling, up selling, and customer retention by creating new reports in Cognos 8 Business Intelligence that improve Knowledgestorm's value proposition.

SUMMARY

Project:	**Cognos 8 Business Intelligence**
Annual return on investment (ROI)	**69%**
Payback period (years)	**1.45**
Net present value (NPV)	**32,090**
Average yearly cost of ownership	**75,017**

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	0	0
Indirect	0	118,419	118,419	118,419
Total Benefits Per Period	0	118,419	118,419	118,419

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	26,250	0	0	0
Hardware	0	0	0	0
Total Per Period	26,250	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	5,250	5,250	5,250
Hardware	0	0	0	0
Total Per Period	0	5,250	5,250	5,250

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	8,400	8,400	8,400
Hardware	0	0	0	0
Consulting	40,000	0	0	0
Personnel	18,900	37,800	37,800	37,800
Training	1,300	0	0	0
Other	0	0	0	0
Total Per Period	60,200	46,200	46,200	46,200

FINANCIAL ANALYSIS	Year 1	Year 2	Year 3
Net cash flow before taxes	72,219	72,219	72,219
Net cash flow after taxes	38,735	38,735	38,735
Annual ROI - direct and indirect benefits			**69%**
Annual ROI - direct benefits only			-36%
Net present value (NPV)			**32,090**
Payback (years)			**1.45**
Average annual cost of ownership			75,017
3-year IRR			47%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%