

CASE STUDY E61  
June 2004

ROI ANALYSIS YOU CAN TRUST™

# ROI Case Study: NetPro Los Alamos National Laboratory

## **THE BOTTOM LINE**

By implementing NetPro's DirectoryAnalyzer, the network engineering group at the Los Alamos National Laboratory was able to drastically reduce the time and costs associated with network monitoring while improving the productivity of employees by ensuring maximum availability and performance for desktop users.

**ROI: 3782%**

**Payback: 1 month**

## **THE COMPANY**

Los Alamos National Laboratory is a National Research facility that develops and applies science to solve national problems. The Computer Network Engineering group designs, develops, installs, and maintains the Laboratory's computing network infrastructure.

## **THE CHALLENGE**

The IT department at the Los Alamos National Laboratory had established a Windows Active Directory domain to centralize the Windows networking environment. While the Active Directory environment itself helped centralize account management and increase the efficiency of desktop management, the organization lacked a robust network management tool to help monitor and troubleshoot the Active Directory environment.

## **THE STRATEGY**

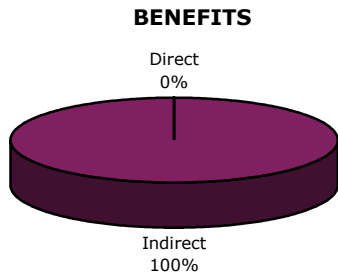
After evaluating the available options for a network management solution, the IT team decided to purchase licenses to NetPro's DirectoryAnalyzer. NetPro's easy deployability and interoperability with Windows Active Directory were key factors in the selection. The IT department was able to install NetPro in one day. Today, NetPro is the standard tool for managing a network encompassing a total of 8000 desktops throughout the Los Alamos National Laboratory domain.

## **KEY BENEFIT AREAS**

Deploying NetPro DirectoryAnalyzer has delivered the following key returns to the organization:

- Increased user productivity. The biggest benefit has come through NetPro's ability to ensure accuracy of DNS records; without DirectoryAnalyzer, 8000 desktop users would lose at least one day's worth of productivity annually while IT resolved DNS inaccuracies — a cost avoided with NetPro. Because the annual fully loaded cost of an average employee is driven up by the high overhead costs per employee (like physical security), the cumulative benefit was significant.
- Increased IT productivity. NetPro DirectoryAnalyzer has also ensured consistent adherence to user group policies, saving IT staff the time it would have taken to resolve recurring policy

violations and also avoiding the associated loss of desktop user productivity.



3-YEAR TOTAL: \$8.3M

### KEY COST AREAS

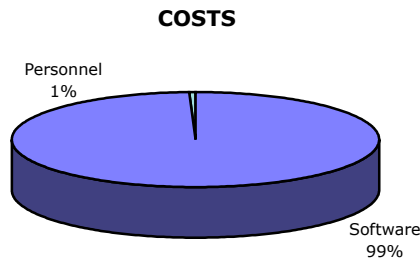
The two key costs associated with the NetPro DirectoryAnalyzer deployment were software and personnel. Initial licenses for NetPro as well as ongoing license maintenance fees amounted to 99 percent of the overall investment. The personnel time spent initially installing and running upgrades and bug fixes to NetPro on an ongoing basis constituted one percent of expenses.

### LESSONS LEARNED

Los Alamos National Laboratory was able to achieve a tremendous return on its modest investment in NetPro DirectoryAnalyzer in less than a month, largely because of the breadth of the user population at the organization. More than 8000 laboratory employees were able to enjoy productivity gains by ensuring system availability, helping immediately justify the investment. Further, the overall cost of an employee is driven up by the additional security and other overhead costs needed at a laboratory, meaning that the bottom line value of recovered productivity was significant. Companies with a similar population of users should therefore actively explore opportunities for making improvements in the technology infrastructure that can have large net cumulative impact on the bottom line.

### CALCULATING THE ROI

Nucleus calculated the costs of software and personnel over a 3-year period to quantify the organization's total investment in NetPro.



3-YEAR TOTAL: \$117,580

The key benefits calculated were increases in the productivity of IT personnel because of better network monitoring features as well as avoidance of the loss of desktop users productivity with ensured system availability. The productivity benefits were calculated based on the average fully loaded cost of IT staff and desktop users. Time savings associated with reduced network management time and reduced downtime for desktop users were multiplied by a productivity correction factor to account for the inefficient transfer of time from time saved to additional time worked.

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**SUMMARY**

Project:	<b>NetPro</b>
Annual return on investment (ROI)	<b>3782%</b>
Payback period (years)	<b>0.03</b>
Net present value (NPV)	<b>6,255,821</b>
Average yearly cost of ownership	<b>39,193</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	0	0	0
Indirect	0	2,786,769	2,786,769	2,786,769
<b>Total Benefits per Period</b>	0	2,786,769	2,786,769	2,786,769

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total per Period</b>	0	0	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total per Period</b>	0	0	0	0

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	73,100	14,560	14,560	14,560
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	200	200	200	200
Training	0	0	0	0
Other	0	0	0	0
<b>Total per Period</b>	73,300	14,760	14,760	14,760

<b>FINANCIAL ANALYSIS</b>	<b>Results</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes		2,772,009	2,772,009	2,772,009
Net cash flow after taxes		2,772,009	2,772,009	2,772,009
<b>Annual ROI - direct and indirect benefits</b>				<b>3782%</b>
Annual ROI - direct benefits only				-20%
<b>Net present value (NPV)</b>				<b>6,255,821</b>
<b>Payback (years)</b>	<b>0.03</b>			
Average annual cost of ownership		88,060	51,410	39,193
3-year cumulative ROI	8535%			
3-year IRR	3782%			

**FINANCIAL ASSUMPTIONS**

All government taxes	0%
Discount rate	15%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the application profiled in the accompanying case. Financial modeling tool, format, and methodology copyright Nucleus Research Inc., all rights reserved.