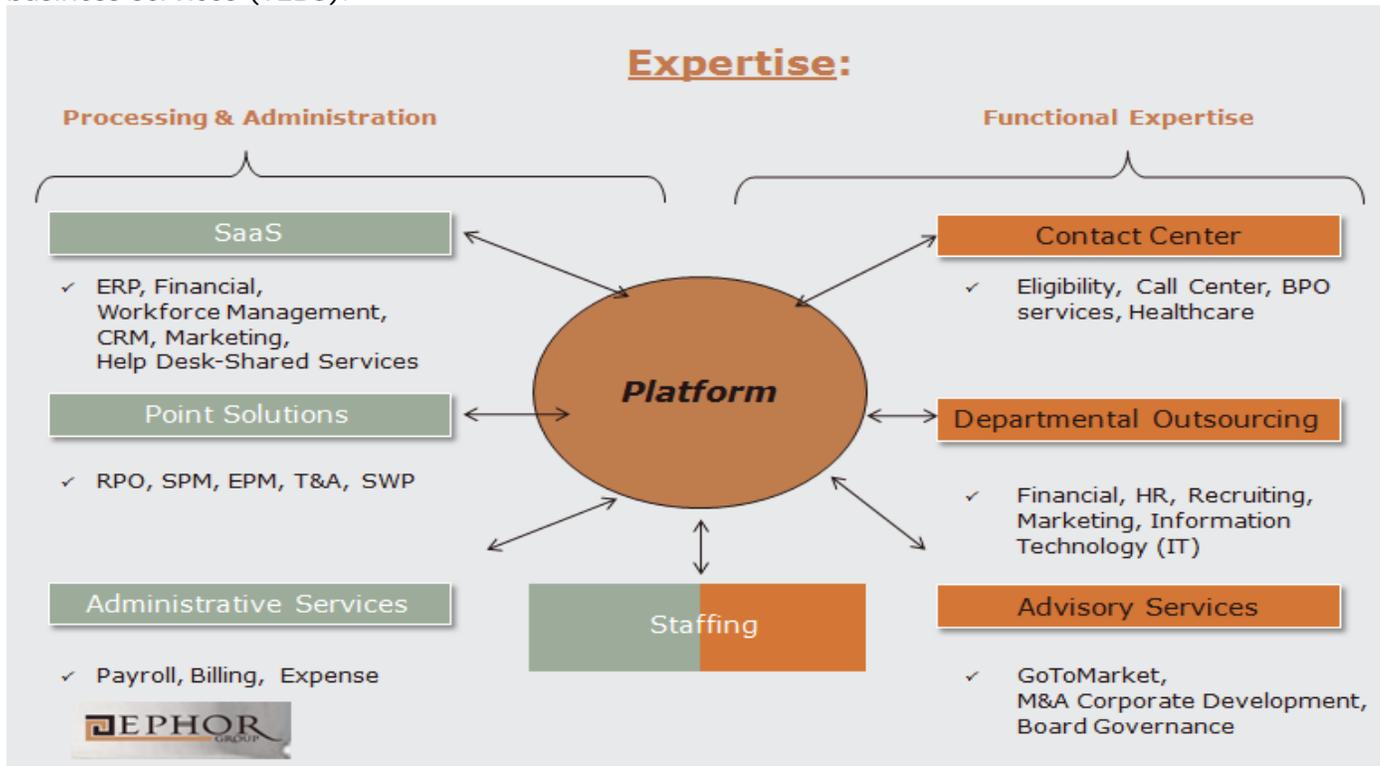




## Vendor Evaluation and Selection from Ephor Group

Based on our expertise in the technology outsourcing arenas, Ephor Group, for a limited time, is offering **complimentary support for technology sourcing** including evaluation and selection as well as implementation advisory services.

Our expertise areas include outsourcing software, VAR solution providers, and technology enabled business services (TEBS).



### Questions Answered by Ephor Group:

- I. **Opportunity.** Who are the key players, key providers? What are the trends and drivers, pricing intelligence, "Unit of One Economics" and other key criteria buyers should know before buying?
- II. **Landscape.** Who will be around in 3 years? Which providers have the best service? The best operating model? Also includes: history and satisfaction.
- III. **SWOT.** What are pros and cons of each?





## Sourcing Advisory Sequence of Events: Vendor Evaluation and Selection Best Practices

### VEST Sequence of Events:

Step One:  
Review Short-List of  
Best Alternatives:  
Typically a 15 to 30  
minute Discussion.

Vendor Evaluation Selection Tools  
provided include:

- I. Short-list of providers
- II. Excel templates
- III. Research reports, use case presentations, and fact sheets.

Criteria	HubSpot	Softfront	Marketo	Genius	Eloqua	Pardot	InFusionsoft
Target Market:							
Founded:							
Headquarters:							
Clients:	100+ peer family step by step setup requires no programming		Can be customized, programmed to fit any situation	Social Media	WebSite Chat	Social Media integration	CRM section helpful for sales person to know how to follow up. Easy to use
Price/Costs:							
Feature: Email Campaign Mgmt:	Yes, via API		Yes, Plus	YES	YES	YES	YES
Feature: Tracking and Analytics and Feature: Event Marketing:	Yes, via API		Yes		Progressive		YES
Feature: Mobile:	Yes, via API		Integrated with		Integrated with		NO
Feature: Social:							
Feature: Chat:							
Features for Sales Reps:	How who is		Lead scoring	Trackable			Basic
Feature: Lead Scoring with workflow, communications, alerts, triggers:	via App Center		Very advanced	Yes, with SFDG		Included	Can setup progressive lead tracking
Integration Included and with whom?							
Question: Lead Duplication Protocol:							
Question: Third Party Integration:							
Implementation and Setup:							
Question: Differentiation:							
TCC:	Yes		Requires a consultant				

Step Two:  
Compare Pros, Cons,  
ROI, and key criteria.

Products & Capabilities	General Features / Offerings	Integration / API	Mobile / iOS / Android	Reporting / Dashboards	Personalization / Targeting	Segmentation / Lists	Spam / Deliverability	Uptime / Reliability	Vendor / Support
1	How the information was generated	Manual / Live Demo	Manual / Live Demo	Manual / Live Demo	Manual / Live Demo	Manual / Live Demo	Manual / Live Demo	Manual / Live Demo	Manual / Live Demo
2	API Connecting beyond implementation support	Open API	Open API	Open API	Open API	Open API	Open API	Open API	Open API
3	Advanced Analytics / Reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Advanced Targeting / Personalization	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Advanced Segmentation / Lists	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Advanced Campaign Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Advanced Reporting / Analytics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	Advanced Integration / API	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Advanced Mobile / iOS / Android	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Advanced Personalization / Targeting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
11	Advanced Segmentation / Lists	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
12	Advanced Campaign Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
13	Advanced Reporting / Analytics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
14	Advanced Integration / API	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Advanced Mobile / iOS / Android	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
16	Advanced Personalization / Targeting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
17	Advanced Segmentation / Lists	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
18	Advanced Campaign Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
19	Advanced Reporting / Analytics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
20	Advanced Integration / API	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
21	Advanced Mobile / iOS / Android	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
22	Advanced Personalization / Targeting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
23	Advanced Segmentation / Lists	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
24	Advanced Campaign Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
25	Advanced Reporting / Analytics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
26	Advanced Integration / API	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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28	Advanced Personalization / Targeting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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42	Advanced Campaign Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
43	Advanced Reporting / Analytics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
44	Advanced Integration / API	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
45	Advanced Mobile / iOS / Android	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Step Three:  
Have Vendors provide  
“Use-Case” demos and  
complete scorecard  
ranking scoring system.

Criteria	Score	Ranking (High to Low)
Proven Experience in Industry Vertical	5	High
Defined Vertical Solution / Solutions	3	Medium
Count of Client (at Least 30 current)	3	Medium
Count of Client in Your Industry Vertical (At Least 3)	1	Low
Industry Reputation - Three Facing Fan References	0	
Financial Stability		
Company Size / Partnerships		
Methodology	0	
Technology Platform Capabilities		
Solution for Current Needs		
Solution for Future Needs		
Builder / Manager (Auto Responder Based on Rules)		
PPC Management		
Campaign Attribution (Email)		
Phone Best Practices		
SEO		
Reporting		
Social Media		
Landing Pages		
Lead Tracking via web and Lead Management		
Lead Scoring		
Marketing Analytics		
Test Benefit Analysis	0	
Setup		
Implementation		
Training		
Monthly Cost		
Total Cost		
ROI Expectations		
SLA's (Service Level Agreements)		
SL for Needed Solution	0	
Energy Experience		
Implementation		
Setup Cost		
Monthly		
Reporting		
Subject Matter Expertise		
SEO Best Practices		

*\*For solution providers and software players, we will create publishable industry reports as requested.*





## Ephor Group Focus Areas

We research, advise and monitor these outsourcing technology and service sectors.

Sector:	Financial	Human Resources	Information Technology	Sales & Marketing
Platform Providers:	ERP Financial Management	Payroll HRIS – HRMS	Cloud and/or Hosted ITSM	CRM Web
App Providers:	Expense Management Spend Management Time and Attendance Billings Reconciliation	Talent Acquisition Talent Management Workforce Optimization	Network Management Security Backup and Bus. Continuity Asset Management	PRM (Partner) SPM (Sales Performance and Compensation) Marketing (Automation, Lead Gen and Nurturing)
VAR Leaders:	ERP Implementation QuickBooks Support	HR Software Implementation Fractional HR Services	Software Implementation ITO Fractional IT Services	Software Implementation Outsourced Services Providers

The most common tools adopted in the marketplace by small businesses include:

Solution	Most Common Tools Used by SMBs
Communication Tools	Microsoft Outlook, Google Apps, SharePoint, Social Networking Sites, Intranet
Customer Relationship Management	SalesForce.com, Microsoft CRM, Zoho, SugarCRM, NetSuite, SalesLogix
Marketing Automation	Hubspot, Eloqua, InfusionSoft, Pardot, Marketo
Enterprise Resource Management	Microsoft Dynamics, QuickBooks Enterprise
Financial Management	QuickBooks, Microsoft Dynamics, Peachtree
Productivity	Basecamp, Google Apps, Microsoft Suite
Security	McAfee, Norton, Zenith, Microsoft
Storage	Dell, HP, EMC
Workforce Management	ADP, Ceridian, Paychex
Expense Management	Concur, SpringAhead, Nettime, ExpenseCloud

Technology adoption findings among small and mid-market buyers:

- Nearly 80% of small to medium business outsourcing at least one function. The “big bang” approach has given way to a focused by function and/or deliverable scope as opposed to a “lift and shift.”
- Approximately 10% of the market evaluating outsourcing a new/additional function. While buyers continue to be cautious, the percentage of companies using outsourcing is growing, and the functions being outsourced are too.
- 40% believe the value proposition of outsourcing is achievable or attained for their company.
- Overall, the market is characterized with national and regional software leaders and then highly fragmented implementation service providers. While competition is prevalent, regional leaders continue to strengthen their standing in their local markets through expansion and acquisitions. BestInClass performers have Gross Margins > 70% but Net Income (EBITDA) is single digits or zero (< 10% have multiyear contracts). < 10 % using offshore. The majority have started bundling of products and services, services and management, technology and services

While still evolving, BPO and technology platforms have been consolidated to a few major players paving the way for global, national and regional service providers to approach the mid-market. Adoption is increasing along with vertical specialization (i.e. focusing on healthcare dental practices, or restaurants or professionals) with the primary reason for buying being to bypass technology ERP upfront costs while gaining access to the capabilities and benefits of BPO.





## Defining the Buyer for SaaS Technology Solutions & Implementation:

Today, the vast majority of business outsource some function(s) and administrative processes with the scope of services depending upon the company's maturity and complexity.

- I. Accordingly, BPO (business process outsourcing) and SaaS (software-as-a-service) has grown beyond providing tax services, bookkeeping, and receivables management to multi-process, multi-functional providers delivered via a SaaS platform.
- II. The demand drivers have shifted from license software to SaaS solutions, from cost savings to capability enabling solutions, and from functional specific to business-centric solutions.
- III. Adoption and utilization of software is improving based on the latest technologies ability to meet today's work requirements (one-click reporting and drill-down, mobile and tablet ready, etc.).

What will satisfy the needs of buyers is simplifying the technology and functional processes with a business-centric mindset. Common reasons for adopting technology include:

- + **Automation** of key processes:
  - o **Financial:** billing and collection across online payment processing tied to bank and financial reporting integration which allows for better cash collection, cash management, and visibility.
  - o **Human Resources:** Streamline employee performance management, job and career development, talent acquisition, talent management, workforce optimization and workforce planning.
  - o **Information Technology:** Asset management, security and productivity.
  - o **Sales & Marketing:** Improve revenue.
- + Efficiency of transactional processing from an average of \$15 per transaction to a few dollars.
- + Governance including regulatory compliance and **risk mitigation** (Leap into 3rd generation security, risk mitigation and governance practices!).
- + **Global features including embedded language, user preferences** regulatory compliance and reporting across global operations.
- + **Complex services such as revenue forecasting**, revenue-recognition complexities, total compensation reporting, global payroll capabilities, etc..
- + **Replaces "people dependent" model with a "process dependent" BPO model** (P2P, O2C, R2R<sup>1</sup>).
- + Personnel cost savings:
  - o Rather than hire and build fiefdom's, leverage outsourced partners people, technology investments, and expertise. i.e. rather than staff a department, hire on-demand a well oiled professional team with 15+ years average experience.
- + **Shifts the burden and costs** of technology upgrades from the buyer to the BPO provider.

<sup>1</sup> Functions: Record to Report (R2R), Order to Cash (O2C), Source to Pay (S2P), Procure to Pay (P2P).



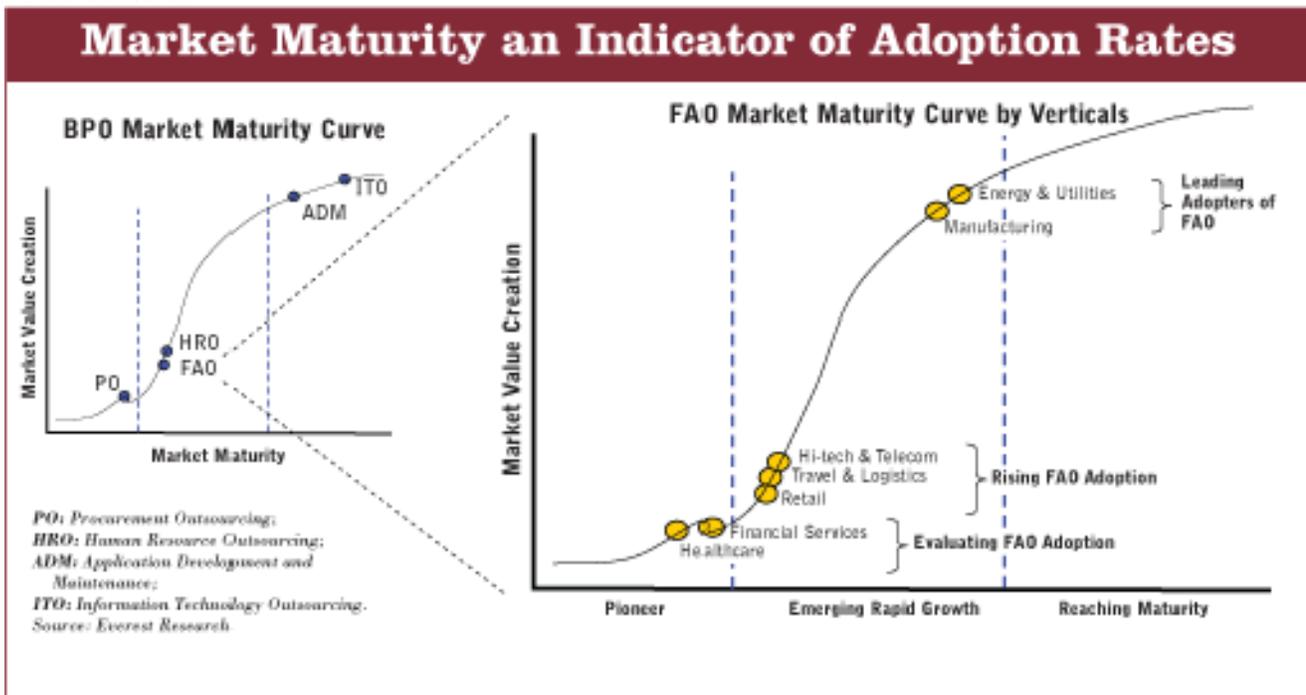
- + Replaces “fixed-cost” model with a flexible cost model.
- + Reduction in DSO, asset recovery, spending, slippage, mistakes.
- + Improvement in inventories and/or labor and job scheduling and costing.

Trends include:

- + Buyers continue to be cautious and **implementations are done via a phased** approach by module, process, or function one or two at a time.
- + The **hybrid pricing model** continues to become the dominant pricing model (annual retainer plus FTE-based pricing in combination with either transaction-based pricing models).
- + Beyond efficiency of operations, cost savings, and business process improvements, **buyers requirements include strategic support** in the areas of financial and operational analytics, capital and financing, and overall support of the new role and agenda of today’s CFO including sourcing procurement, ITO, HRO, Risk, and other key functions.
- + Clients demanding more than labor cost arbitrage; SaaS platform plus analytics an upfront requirement along with broad scope of expertise and then point specific processes and functions delivered via a transaction based pricing model.

**The State of Adoption and Utility:**

The scope of outsourcing is growing and as technology evolves the cost to implement decreases. With the demand for efficiencies risen executives can meet their efficiency of operations requirements with shared service centers.





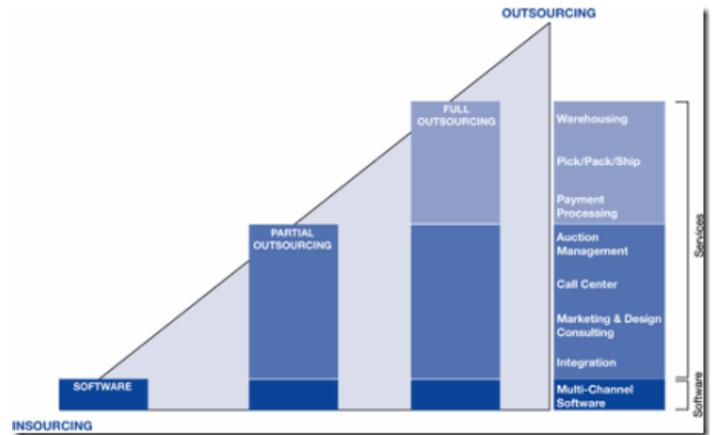
**The Business Case for Buyers of BPO Solutions:**

Over the past few years we have seen the BPO market expand as the ability to deploy BPO via SaaS coupled with companies adoption of more agile/flexible cost structures. Primarily, executives are turning to BPO solutions for:

1. Controls
2. Intelligence
3. Real-time KPIs, Knowledge, Analytics
4. Performance Capabilities
5. SaaS Platform

Today, by eliminating non-value added processes, automating key processes, and gaining access to resources as needed is key to profitability.

Every day more executives make the decision to outsource business process and functions. In fact, the average business outsources part or all of at least two (2) business processes and/or functions. Furthermore, once executives make the decision to outsource the number of processes/functions expands as evidenced by a recent survey: Over 75 percent of the finance executives plan to expand their outsourcing programs in 2010 and over 85 percent of the finance executives are satisfied with the benefits from BPO<sup>2</sup>.



Consistent with economic and competitive pressures, the market demand for BPO continues. Of course, the ROI depends on the exact situation and requirements; however, for emerging enterprises, the business case is compelling. Historically, companies had the option to buy an industry specific financial management software, or they could invest in ERP (enterprise resource planning) software. The ERP included financial management software that cost hundreds of thousands (Sage, Microsoft) or millions (Oracle, SAP) in up-front costs, before counting the cost of implementation, setup, maintenance, training costs and process improvements.

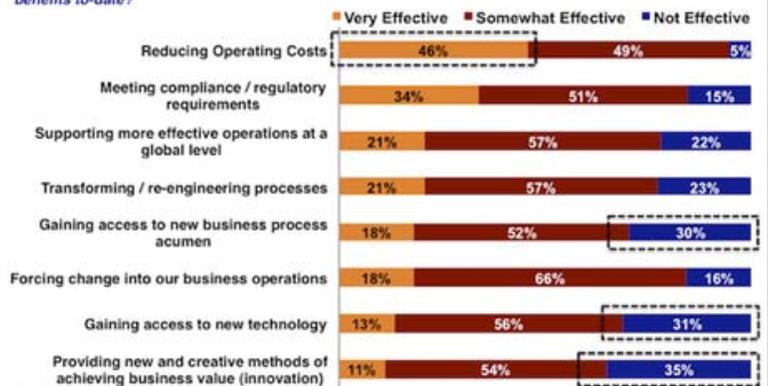
Driving the adoption and use of BPO are the benefits of a variable pricing model delivered via a SaaS model, combined with technology capabilities and business process excellence deployed via F&A.

Companies can leverage a SaaS BPO platform to outsource an entire function or single process.

Clients financial benefits include reduced operating costs via a pay-as-you-go pricing model, thereby cutting capital expenditures. More importantly than the financial benefits, the capability benefits really drive the adoption of BPO. Technology advancements available today are incredible, like automated processing of payables/receivables and other

**Real business benefits from outsourcing beyond cost-reduction are still elusive for many**

*Q. How effective have your current outsourcing initiatives been at achieving the following business benefits to-date?*



Source: HIS Research and the London School of Economics Outsourcing Unit, 2011  
Sample: 347 Buyers of Outsourcing Services

<sup>2</sup> WNS Annual CFO Survey 2010.





processing event transactions (no internal human resource costs), or streamlined administration so that reports are generated automatically: the ability to provide operational and financial reporting dashboards and reports in near real-time. Today's BPO platform provides an alternative to building internal back-office fiefdoms before a company has the time and resources that are appropriate. In addition to gaining enterprise controls and intelligence, cost savings for every business are a priority. And it's even more import for service businesses that depend on their people to offload and automate transactional and routine tasks so that ALL current employees can focus on revenue and client related tasks and processes.

Not only are companies challenged with becoming more efficient to maintain the status quo, competition is eroding margins, globalization is causing changes in cost structures, and technology is either a hindrance or a helper.

*Did you know that the average cost of internally processing a document is \$15 per invoice when done manually?*

**The Cost of Processing Transactions is Approaching Zero**

Characterized by

Finance Process	Cost in the Average company	Cost in the Worst company	Cost in the World Class company
A/R remittance processing	\$0.67	\$13.68	\$0.01
P/R check processing	\$1.91	\$10.93	\$0.36
A/P invoice processing	\$2.93	\$6.80	\$0.35
Tracking fixed assets	\$4.05	\$19.10	\$0.16
Expense report processing	\$6.05	\$25.75	\$0.27
<b>Labor Cost per transaction</b>			

Source: AICPA and the Hackett Group [www.thehackettgroup.com](http://www.thehackettgroup.com)

\*\*Notice that the costs in the last column are very close to zero.

3

The chart is clear to business owners, the time and resources spent on processing transactions must be reduced! In the future, companies will spend less time processing and more time on the core business. Almost all of the transactional processing can be done by technology that did not exist 10 years ago.

- **Companies will spend less time processing and more time on the core business.**
  - Demand for real-time financial reports as well as non-financial reports and intelligence.
  - World-class companies are able to close within one day.
  - Controls and financial reporting reduce risk, cost overruns/rework/errors/theft and variances.
- **Rising Costs of Processing:**
  - Average cost of \$15 per invoice done manually.
  - Almost all of accounting can be done by technology that did not exist 10 years ago.
  - Time spent processing transactions must be reduced!
- **Rising Complexities:**
  - Contingent workers make up a third of the workforce.
  - Profitability depends on the success of client, job or project specific teams.
  - Variances and changes in cash, contracts, and margins must be managed in real-time!

<sup>3</sup> Sources: <http://www.BPOtoday.com/BPO-today-resource-guide>, <http://www.outsourcingsuppliers.com/e/everest.html>, Everest Group, Outsourcing Institute, <http://www.globalservicesmedia.com/>, Equaterra

