



# Proving the Business Case for Collaborating in the Cloud

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Author Kahootz and Agile Elephant

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# Making a Collaboration System Work in your Enterprise

As your teams move from old style collaborating with email and file attachments inside your inboxes, to new ways of working and sharing with collaboration tools like Kahootz, then you, your teams and your company need a different mindset.

While the potential power of these new style collaboration systems for enterprises like yours gathers momentum, it's those who understand how to gain value who will succeed. Managing the transformation requires developing a deep understanding of human communication and the culture of the organisation, as well as the technology - how can they work effectively together?

Our research shows that three things are critical in most organisations to make a collaboration solution work effectively:

- **Why are we doing this? What is the strategic rationale?** All evidence suggests that if a project cannot deliver business benefits it will fail as it won't get the required support. A good business case and ROI is essential.
- **Getting the workforce engaged.** Unless users engage with the system, understand what's in it for them and use it effectively to collaborate, it will not deliver the benefits.
- **Making it happen.** It's easy to start a LOCAL "skunkworks" project but to roll a collaboration system out usually needs getting the resources and attention of the enterprise behind it.

# Why are we doing this? Building a Strategic Rationale

Most organisations start using collaboration systems for poorly defined, qualitative reasons and find it hard to describe benefits in quantifiable terms.

Our experience is that enterprises that do adopt these systems typically start with requiring basic benefits of collaboration and communication, but the systems quickly expand into areas such as helping with project management, process workflow, knowledge management and a variety of enterprise specific vertical applications.

But often no one believes these extra use cases initially, so it's best to use what we call the "Base Case plus "Free" Upside Case" approach to quantify the savings and build the ROI.

## Building a Base Case

The Base Case looks at benefits that are generic to information workers in any enterprise. There is some research that allows quantification of expected benefits - see table below.<sup>1</sup>

### Base Case – Table of Potential Benefits

Potential Benefit	Proportion of day %	Base Case Benefit %	Potential Benefit %
Dealing with email	25	25	7.5%
Finding information	20	30	6%
Internal communication & collaboration	15	25	c 3.5%
Task specific roles	40	10	4
Total	100%	90%	21%

In summary, a well-executed collaboration solution can save about 20% of an information worker's daily time.

<sup>1</sup> (Source: McKinsey Global Institute, Agile Elephant simplification)

## Upside Case Factors

In our work we have identified about 20 different possible “Upside Case” factors which are more enterprise dependent. There are enterprises using these systems to move factories, deliver spares, and support many other business processes. Examples are shown below.

### Upside Case Factors – Table of Potential Benefits

Function Area	Examples of Potential Value Gained
New Product Development	<ul style="list-style-type: none"> <li>• Crowdsourcing ideas internally and externally</li> <li>• Rapid feedback from the field and customer service</li> </ul>
Operations & Logistics	<ul style="list-style-type: none"> <li>• Project deliveries – moving factories and hospitals are two major examples, but also managing smaller programmes</li> <li>• Systems become part of the workflow – scheduling, inventory management</li> <li>• Logistics – collaborating with suppliers and customers to minimise waste and delay</li> </ul>
Sales & Marketing	<ul style="list-style-type: none"> <li>• Marketing and PR</li> <li>• Customer help at time of ordering</li> </ul>
Customer/Stakeholder Service	<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Stakeholder communication</li> </ul>
Operational Unit Level	<ul style="list-style-type: none"> <li>• Cross unit collaboration across “silos”</li> <li>• Moving information across silos</li> <li>• Knowledge Management</li> </ul>

Function Area	Examples of Potential Value Gained
Enterprise Support	<ul style="list-style-type: none"><li>• Rapid communication</li><li>• HR – managing talent to tasks</li><li>• Recruitment</li><li>• Allowing various units to understand each other better</li></ul>

## What works, what doesn't – Success Factors

Our research shows a number of common factors of successful projects:

- **Visible senior level sponsorship to support and become directly involved**
- **High energy support to engage – recruit the enthusiasts early**
- **Support team providing structured training / onboarding / ongoing education over a long period, not just a “train and forget” approach**
- **Creation of ‘workgroup manager hubs’ to share ideas and use cases inside and outside the enterprise**
- **Provision of continual housekeeping and maintenance of workgroups - which enhances ease of use and is a critical driver of uptake**
- **Ensuring the system is viewed as a trusted repository of the latest information**

# Engaging the Workforce – The Engagement and Collaboration Dynamic

To obtain the highest value from collaboration systems requires 4 key elements: **Engagement, Collaboration, Education and Empowerment**

## Engagement

There are 2 aspects of engagement which are relevant to collaboration systems:

- **Employee engagement which collaboration systems can boost**
- **Engagement of the system by its users**

## Employee Engagement

Research shows that teams with high employee engagement rates are 21% more productive than those with low engagement.

Collaboration systems can help drive employee engagement by enabling users to work more efficiently and openly together, for example by breaking down silos allowing easier and more fluid interactions across enterprises and enhancing mutual assistance.

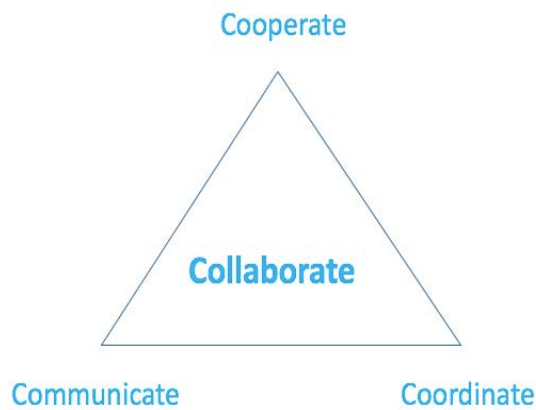
## Engagement with the System

To release the full potential of collaboration systems means that users need to be able to engage easily with it and also have good reasons for doing so. Key drivers include:

- **Providing an environment where users trust the system**
- **Ensuring that users understand what value the system can bring to them personally**
- **Providing solid support and education of processes and developing new ways of working**
- **Continual re-evaluation of what is working and what isn't and then driving change to optimise efforts**

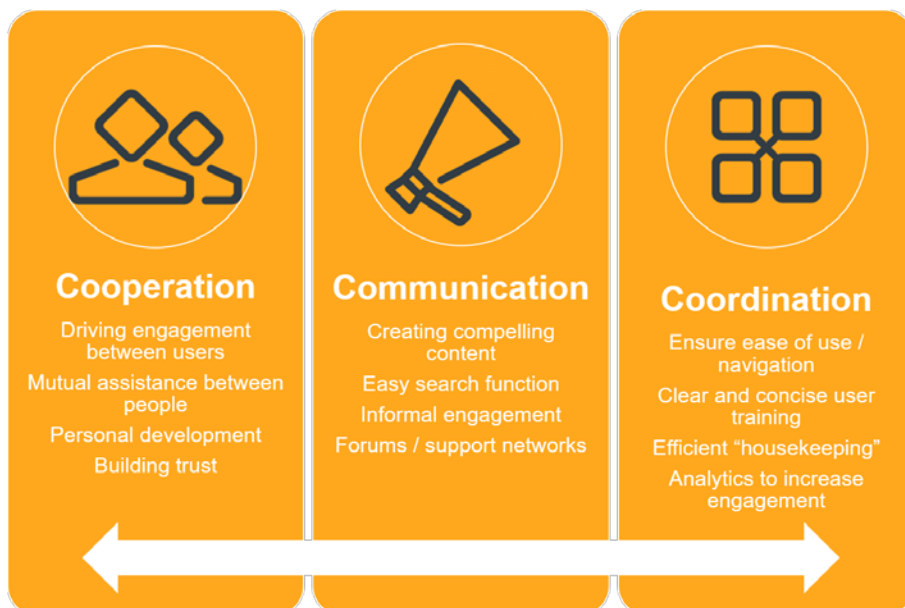
## Collaboration

To obtain the best results collaboration is dependent on the interplay of 3 elements working simultaneously together: **Cooperation, Communication and Coordination.**



- **Cooperation:** Between users
- **Communication:** Compelling content
- **Coordination:** Operational organisation

Key elements that help in any project are shown below.





## Education and Empowerment

Understanding how the system works at an operational level is one element but building knowledge of how collaboration platforms can be used to empower users and become part of re-imagining workplace transformations and develop new ways of working (such as working in a flattened environment with less hierarchy, more transparency, easier mutual assistance, and open sharing of information) is a continual learning process.

Most vendors, such as Kahootz, offer a free trial of their collaboration system, which can help enterprises to evaluate a potential system.

Ensuring that the necessary resources, processes and ROI's are put in place to make a transformation possible is crucial for keeping users engaged, enthused and on side.

# Making it Happen – Building a Business Case

In most enterprises building the business case is essential to getting resources and wider support. This can be very time consuming and difficult. Our approach is to build a high level base case that is already Return on Investment (ROI) positive, and the harder to calculate Upside areas become “bonus” cases.

## Building a Base Case

A “first cut” is to use the Base Case model in the earlier table, look at the number of people that can be impacted, and after checking which of those elements applies, look at what the benefit could be – but then halve it, as that is about the mid-case for the average user engagement.

Multiply this saving by the average salary and that is a first cut estimate of potential savings. If that is interesting (and it should be in most enterprises) that is great, because this project makes economic sense even before any upsides are found.

## “Free” Upside Case Estimates

This is enterprise dependent and is where recruiting the enthusiasts across the organisations come in – ask them where they can see the systems being used. As a first cut, ask them to estimate the relative sizes of the benefits. This can be presented as “Free” upsides – the Base Case already pays for the system; the possible Upside benefits are a bonus!

## Estimating the Costs

There are four major cost drivers that usually need to be considered, these are:

- **Costs of people managing the implementation and training the users**
- **Costs of system usage – there is usually a setup cost of setting up the system. This is far smaller if it is cloud based where you are typically paying per user per month**
- **User time consumed in training and learning the system**
- **Ongoing support costs – a few people needed to monitor, mentor, maintain and mediate systems on an ongoing basis**

## Growth modelling

It is essential to model the expected growth, month by month, because the growth in usage will drive most of the costs and benefits. Start with a “Worst Case” (minimum needed to cover the fixed costs). It is not essential to be fully precise, but there are 2 main elements:

- **Total user growth per unit time (e.g. per month). This will drive many of the costs**
- **Monthly utilisation – what % of users engage with a system per day, week, month etc. This drives most of the benefits**

Most enterprises have their own way of calculating the details, but in general it is the rate of cost growth vs. benefit growth over time and calculating a Return on Investment (ROI) rate.

# Putting it all Together – NHS England

## Case Study

We have found our approach gives a good way of rapidly estimating the ROI and building a case so it is apparent early whether the project will pass the internal ROI hurdle rates. The following case study was for parts of NHS England.

### **NHS Case Study Part I – Strategic Rationale**

*The NHS Five Year Forward View (FYFV) represents the most ambitious plan to date that aims to deliver on the three forms of integration: health and social care; physical and mental health; and acute and primary care.*

*In January 2015, the NHS invited individual organisations and partnerships to apply to become 'Vanguard' sites for the new care models programme, one of the first steps towards delivering the Five Year Forward View and supporting improvement and integration of services. Vanguards were struggling to find one place to work together and asked NHS England for a solution that could be implemented in an agile and cost-effective manner as existing systems did not offer our vanguards an ability to share content privately within their local vanguard teams or work collaboratively as teams on key deliverables.*

Kahootz was selected as it could fulfil these requirements. Initially, some 2,500 members of staff across each local vanguard and those working on the national programme were provided access. Key users included programme managers, clinical staff and formally appointed lay representatives. The initial implementation plan was heavily driven to get the workforce engaged as much as possible.

- **Identify a devolved group of 'super users' who were initial enthusiasts for the system throughout the vanguard sites and central programmes.**
- **One to one training and support for users**

Once the system was operational, Agile Elephant was commissioned to make an independent review of the collaboration service and help with planning the scale up of the service. Initially they interviewed 22 representatives from STPs, Vanguards and NHS England and carried out an online survey which was responded to by over 120 people.

## NHS Case Study Part II – Driving User Engagement

The major driver of engagement is whether users find the system useful. Overall, the service was working for the users - increasing workflow fluidity, encouraging team working and saving people time. The data showed a variety of use cases, but the ones that users saw as most valuable were:

- **Connecting teams, organisations, third parties and a wide group of stakeholders across silos**
- **Sharing and distribution of documents and information, co-creation and version control of documents**
- **Sourcing of information**
- **Improving team communication**

The most important benefit was time saving – the capability of the system is to find, create or share documents and policies and so make sure that the NHS is not continually ‘reinventing the wheel’.

In addition, the study noted the rise of “unexpected” added value usage of the system for tasks such as:

- **Project and programme management**
- **Spreading innovation**
- **Tasks “In the workflow” such as supplier management**

The Kahootz system itself helped in that it was found to be:

- **Intuitive to pick up, even from a low knowledge base of such systems so that training and start-up costs were less than available alternatives**
- **Simple functionality, but not too simple that it was limited in what it could do**
- **A consumption based licencing model meant the software was more cost effective than available alternatives**

Continuing the one to one training as much as possible, for as long as people needed it was seen to be a major factor that drove user acceptance and faster engagement.

It was also important to look at areas that were not working so well, and work as quickly as possible to remedy them so users were not left frustrated with the system and moved away from it. The main areas to address were:

- **As workgroups got bigger, in users and content, it was necessary to tidy up and “prune” them of content to prevent them becoming harder to navigate, and thus less useful.**
- **Growth had also resulted content being produced ranging from PDFs to PowerPoint slide decks and becoming harder and harder to find. Search and some standardisation became increasingly important.**

The other key task Agile Elephant was engaged on was building a Business Case and model for scaling the system up across the wider NHS.

## NHS Case Study Part III – Building a Business Case and Model

The team used their Base Case model with assumptions tested by the interviews and questionnaires.

In short, the findings were that, for a c 12,000 user system the potential financial value and return-on-investment (ROI) include a first-year net operating benefit of £1.5m, rising to £8.9m in Year 2 and beyond assuming no further growth. This gives an ROI of 42% in the Year 1 and far higher in Year 2 and beyond. Total Years 1 and 2 net operational benefits are about £10.3m and ROI is about 150% over the 2 years.

The vast majority of the benefits are in time saved. The reason for the huge jump in ROI between years 1 and 2 is that all the training and learning curve costs (the vast majority of the costs) are taken in Year 1, once a user is trained and engaged the benefits are ongoing but costs are not - so ROI is far higher in Year 2 and onwards.

Assuming Year 2 growth saw a doubling to 24,000 users, then overall ROI is about 150%, and net operating benefits are around £11.1m in Year 2. Total Years 1 and 2 net operational benefits are about £12.4m

This is because as the user base doubles the annual benefits increase, but the new users incur their learning costs in Year 2 – i.e. “their” Year 1. This reduces the ROI overall even though the first 12,000 users are contributing the full benefits with no added learning and training costs. But in Year 3 with 24,000 users gaining the full benefits and minimal learning costs the overall impact is far greater.

What this study showed was that at an operational level there is a strong evidence base that a collaboration system in health and social care is useful and usable, in fact is giving benefits in far more areas than intended.

Not only that but the estimated benefits had a highly positive ROI at the assumed rate of scaling (doubling annually), so system scale-up had a positive benefit.

At the time of writing this document (nearly 1 year on) user numbers have already exceeded the Year 1 target (now 18,000+) and we have a growing pipeline of NHS projects now wishing to use the service.

# How the Cloud Enables you to Scale

So how has NHS England been able to attract such a significant number of users to the platform and then scale up licence numbers quickly when required?

Firstly, the central support team promoted the Kahootz platform at every opportunity and acted as the central pivot, building bridges across silos and encouraging collaboration between different departments.

Secondly, they encouraged users to participate by providing relevant use cases that solved a pressing need. These include:

- **Connecting teams, organisations, third parties and a wide group of stakeholders across silos.**
- **Sharing and distribution of documents and information, co-creation and version control of documents.**
- **Sourcing of information**
- **Improving team communication**

Users began to understand the purpose of the platform which meant a greater chance of success, that could then be built on as others want to do the same or begin to identify new use cases.

Because Kahootz is much more flexible than many one-size-fits-all applications, users started to innovate and found it easy to adapt and deploy online workspaces for other projects and initiatives.

To support this increase in the user base, they needed the ability to involve more users quickly at a large scale – both internally and externally – whilst being able to keep their costs under control.

Innovative cloud pricing models such as active user licencing made this possible, by allowing an unlimited number of registered users, but only paying for those that login and use the system each month.

This consumption-based approach ensures that licencing costs only grow as usage of the tool increases, meaning a much better ROI.

If you would like to discuss how this model could benefit your enterprise, please [contact us today](#).



# How Agile Elephant can help your Enterprise make Collaboration Work

Agile Elephant has designed 3 levels of assistance, to help educate enterprises on their collaboration journey.

## **LEVEL ONE – Envision, Enable, Engage**

Building a successful collaboration system requires having a clear strategy in place. Understanding the potentials, drivers and enablers is necessary – but being aware of potential blockers and pitfalls and learning how to overcome them is crucial too.

## **LEVEL TWO – Evaluate and Enhance**

Your collaboration system is running but you would like to build on the foundations laid. You should now consider carrying out a full Health Check so you build on what you have already achieved. It will focus on where the best value can be gained within your organisation to help drive business cases.

## **LEVEL THREE – Evaluate and Evolve**

### **Rolling developing the system across the end to end value chain**

For those looking to adapt corporate strategies and integrate workflows to achieve the maximum potential across both internal and external communities. A complete end to end analysis of where and how collaboration systems can drive the enterprise forward and show how to build a detailed business model, business case, ROI and implementation plan.

[Contact Agile Elephant](#) to find out more.

#### **Kahootz**

1 Weston Court,  
Newbury Road,  
Weston,  
Berkshire,  
RG20 8JE

t. +44 (0)1488 648 468  
e. [sales@kahootz.com](mailto:sales@kahootz.com)

#### **Agile Elephant Limited**

20-22 Wenlock Road  
London  
N1 7GU  
United Kingdom

t. +44 (0)20 3397 9921  
e. [info@theagileelephant.com](mailto:info@theagileelephant.com)