

NUCLEUS
RESEARCH

ROI: 508%

Payback: 2.4 Months

MICROSOFT DYNAMICS 365 BUSINESS CENTRAL KELLY ROOFING

ANALYST

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THE BOTTOM LINE

Kelly Roofing deployed Microsoft Dynamics 365 Business Central to modernize its accounting and resource management capabilities. The company realized time and cost savings and has increased the productivity of its employees. Nucleus found that Business Central's workflows and analytics capabilities have enabled Kelly Roofing to process more financial data and create reports more quickly than its previous solution. Since deploying Business Central, Kelly Roofing has implemented profitability analysis for each of its business units and reduced the amount of working capital it requires each year.

THE COMPANY

Kelly Roofing is a roofing contractor founded in 1972 with headquarters in Naples, Florida. The company provides both repair and replacement services for roof materials including flat, tile, shingle, and metal. Kelly Roofing also offers a variety of roofing accessories including skylights, gutters, insulation, and cleaning services.

THE CHALLENGE

Kelly Roofing had been using QuickBooks Enterprise as its accounting software but was quickly outgrowing its rigid framework. QuickBooks's accounting functions were masked in a way that prevented the company's accountants from having clarity into the performance of each business unit. In order to create detailed reports, Kelly Roofing's accountants would have to export the required data into Microsoft Excel and recreate their formulas from scratch. The company's executives not only wanted more control over the company's financial data but also wanted a solution that could accommodate Kelly Roofing's rapid growth.

Additionally, QuickBooks did not have any way to integrate with the company's customer relationship management (CRM) software, Microsoft Dynamics 365. As a result, Kelly Roofing's employees had to manually duplicate the information as invoices were created. There was no collaboration between the sales teams and customer service department, which caused delays in the company's daily operations and monthly close process.

**Cost : Benefit
Ratio**

1 : 4.8

THE STRATEGY

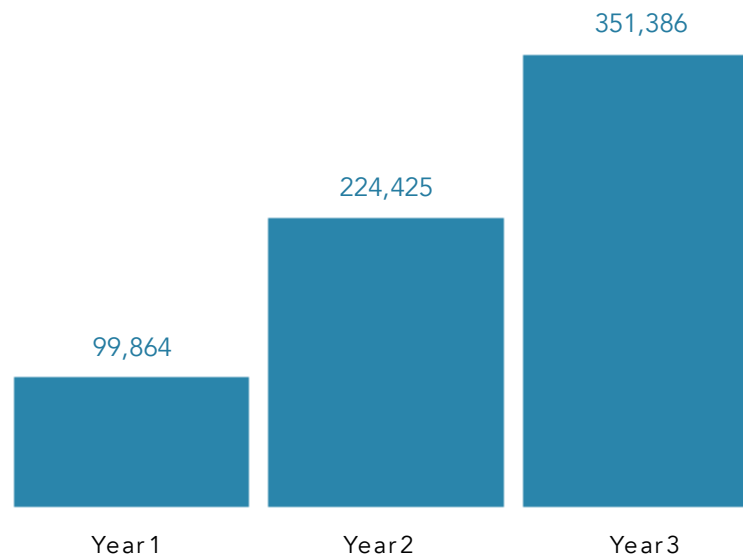
Kelly Roofing conducted a search for a new ERP system in 2016 and considered multiple solutions including Nimbus, AccuLynx, and Microsoft Dynamics 365 Business Central. The company chose Business Central for two primary reasons:

- Consolidation. Kelly Roofing had already been using the Microsoft Dynamics 365 platform for its CRM needs and wanted to unify its back-office functions onto a single platform. Microsoft provided a seamless integration between its CRM and enterprise resource planning (ERP) products.
- Alignment with corporate goals. Kelly Roofing believed that Microsoft Dynamics 365 Business Central was the solution that most closely matched with its growth plans

and would not force the company to operate in a way that would constrict either its current or future actions.

This was one of the first ever deployments of Business Central to go live in North America. Kelly Roofing was prepared for the data migration and open to changing their financial processes as needed, which contributed to the successful implementation. Business Central tripled the number of relevant accounts for Kelly Roofing to use each month and added controls for Kelly Roofing's accountants to analyze the data and create reports wherever they need to.

CUMULATIVE NET BENEFIT



KEY BENEFIT AREAS

Kelly Roofing's implementation process did not require a large upfront investment, and thus led to a short payback period. Key benefit areas seen as a result of the Business Central deployment include:

- **Eliminated costs.** After going live on Business Central, Kelly Roofing was able to retire its deployment of QuickBooks Enterprise and eliminate its cost from the books. The company was also able to redeploy resources away from data entry and legacy process support to more valuable human resources work.
- **Increased user productivity.** Kelly Roofing has realized time savings with Business Central's prebuilt workflows and automated capabilities. The company's accountants can collaborate with other departments and deliver more reports with higher accuracy than they could with the legacy deployment of QuickBooks.

- Reduction in working capital. Because Kelly Roofing has more granular visibility into its financial data, project managers have been able to identify operating and material costs that were previously hidden from the budget and forecast. The more accurate job estimates have enabled the company to carry less inventory while maintaining short completion times.

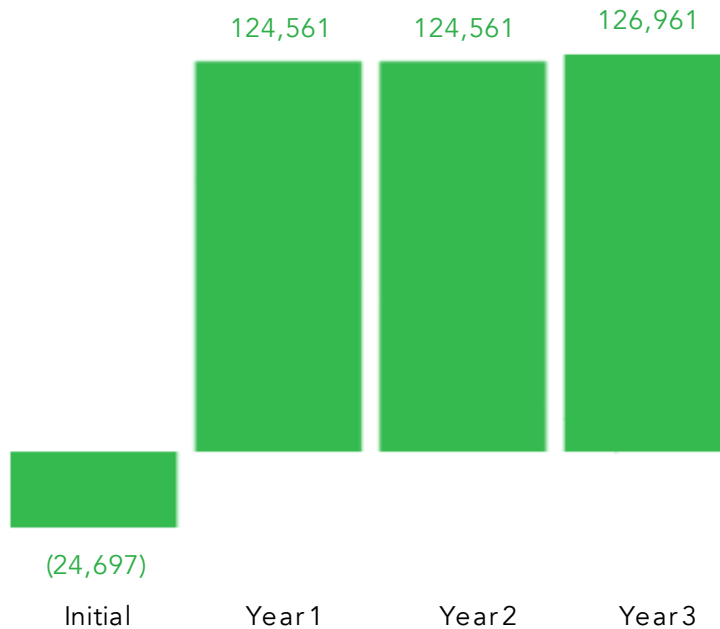
TYPES OF BENEFITS



KEY COST AREAS

The largest cost area of the Kelly Roofing deployment was the professional services required for the implementation of Business Central. Other cost areas over the three-year period included the subscription cost for Business Central, personnel time for the employees who executed the implementation, and employee time spent being trained on the new system.

NET CASH FLOWS



LESSONS LEARNED

As Kelly Roofing grew, the ability to drill down into the underlying financial data became increasingly critical for planning and budgeting initiatives, including cost and variance analysis for each of its business units. The company's project managers can now track revenue, expenses, and profitability with Business Central's reporting and analytics capabilities and can compare the planned budget with actual operating costs. Business Central has also provided Kelly Roofing with a granular view of individual projects and enabled the company to account for hidden costs that had previously delayed projects.

With the cloud-based delivery of Business Central, Kelly Roofing now has more flexibility than it did with its legacy accounting solution, but the company also realized benefits by adapting its processes to fit best practices developed by Microsoft. Kelly Roofing decided that extensive software customizations would not be beneficial in the long run because they wouldn't have functional support from the vendor. Kelly Roofing has ensured the longevity of their Business Central deployment by establishing internal processes that fit within the framework of Microsoft's guaranteed support for general functionality.

CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify Kelly Roofing's total investment in Business Central. Direct and indirect benefits were also quantified over the three-year period.

Direct benefits quantified included eliminated costs from retired legacy software and redeployed resources that had been used to support legacy processes.

Indirect benefits quantified included time saved by end users and the increased amount of work completed each month. Nucleus calculated the time savings benefit using the fully-loaded cost per hour of employees. Time savings were multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Unquantified benefits included the reduced amount of working capital required by Kelly Roofing for annual operations and reduced labor costs associated with individual construction projects.

FINANCIAL ANALYSIS

Annual ROI: 508%

Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	74,016	74,016	74,016
Indirect	0	73,710	73,710	73,710
Total per period	0	147,726	147,726	147,726

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	2,400	2,400	2,400	0
Hardware	0	0	0	0
Consulting	18,600	2,000	2,000	2,000
Personnel	0	18,765	18,765	18,765
Training	3,697	0	0	0
Other	0	0	0	0
Total per period	24,697	23,165	23,165	20,765

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(24,697)	124,561	124,561	126,961
Net cash flow after taxes	(13,583)	68,509	68,509	69,829
Annual ROI - direct and indirect benefit				508%
Annual ROI - direct benefits only				209%
Net Present Value (NPV)				167,282
Payback period				0.2 years
Average Annual Cost of Ownership				30,597
3-Year IRR				502%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.