Recognising Intranet ROI

Which Metrics to Measure?

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What's in a Number?

Wouldn't it be great to be able to crystallise the return on investment (ROI) of an intranet? To see the numbers set out in a clear report would please plenty of people, from management to the finance department. It's simply impossible to calculate intranet ROI to a precise dollar and cents amount, because the benefits can be so far-reaching. That being said, there are absolutely ways to quantify the impact of a new intranet – and from almost every angle too!

This ebook is all about gaining clarity around key touchpoints, such as productivity, employee engagement and communication, as well as your own unique metrics. These can help you assess the big picture as you achieve genuine value with your internal communications.

Good to know:

Net profit (benefits) / Investment (cost) × 100 = ROI

Why measure ROI?

Even as far back as 2002, Ernst & Young found that 79% of companies required ROI analysis to be performed on their IT investments – yet even today, intranets are often assumed to be an 'unquantifiable' investment. It's simply not true!

By their very nature, investments are made with the intention of gaining something. If you're responsible for your intranet, you'll want to be able to demonstrate clear indicators of success as would be expected of any corporate expenditure.

It all comes down to one question: "Why exactly are we doing this?"

Your top-level goals are probably to cut costs and improve returns. More specifically, your organisation will have its own reasons for its intranet investment. Here are just a few possibilities:

- Improving internal communications
- Boosting your employee engagement and reducing turnover
- Streamlining the most routine processes
- Building a culture of collaboration
- Attracting quality talent through innovation, and/or
- Enhancing the customer experience.

Every intranet investment should be a strategic one, and these key drivers are a great place to begin when measuring success.

So how do you build out your complete list of metrics?

Establishing your metric mix

Chances are, your initial intranet business case will outline some key organisational KPIs to meet. Here are other proven ways to find compelling metrics to measure:

- Examine the existing intranet in terms of functionality and features.
- Survey a diverse range of employees for their common pain points and expectations when it comes to internal communications. For example, STAR Group ran employee engagement surveys and then classified data into micro-level groups, to identify pain points for different employees.
- Conduct an ROI workshop to outline current deficiencies, SWOT analysis and an end vision.
- Listen around the office for any frustrations or feedback. Anglican Care chose to conduct face-to-face interviews with staff across the organisation. And,
- Identify appropriate options from our handy metric checklist, which is free to download.

We'll cover the metric mix in more detail throughout this book, and provide some next steps in the final chapter.

Good to know:

- **Hard savings** or benefits include things that are easily measurable, such as a reduction in software costs or paper costs.
- **Soft savings** or benefits can include things that aren't so easy to define in a budget, i.e. collaboration. However, there are almost always ways to quantify these metrics – for example, collaboration could be quantified by measuring comments between departments.
- **Increased revenue** is the other key branch of ROI.

Together, these three components can lead to happy staff, customers and stakeholders!

Measuring Productivity

Why measure productivity?

This one's a no-brainer, because productivity determines your profitability and drives your long-term success. Your intranet provides the tools that your teams need to carry out their work on a daily basis, whether they're in the office or working remotely. As such, it makes sense to measure how well the following productivity aspects are working within your intranet:

- **Document management**
  Clear document management makes it fast and easy to both upload information and to find it. Unnecessary work duplication is minimised because everyone's working to the same data.

- **Knowledge sharing**
  Everyone can perform their job well when they're on the same page. An effective intranet will enable the sharing of new policies, procedures and objectives in a clear and ordered way.

- **Corporate directory**
  A detailed corporate directory complete with an organisational chart helps everyone to access the people and skills they need within the organisation.

- **Centralised resources**
  Ideally staff will be able to access resources with one single sign-in for speed and simplicity. They'll also be able to access links and integrations to other systems from the one source.

How to measure it

To measure a boost in productivity, there are a few key pieces of information you'll need before and after the intranet is implemented. These include:

- The task at hand.
- The total time it takes, and
- The number of people who are completing the task.

So what tasks are ideal for productivity metrics? Here are a few options:

- Time saved in locating a specific person within your organisation
- Time saved in reading, categorising and replying to an email
- Time saved when work isn't accidentally duplicated
- Time saved in locating key documents, processes and procedures.

For example, Australian retailer Vita Group has experienced a 9% reduction in the time team members take to find the information they need, thanks to a live search function within their new Elcom-based intranet.

And Shell's employees were able to access tools and information 66% faster using their new intranet compared to their previous system. When factoring in Shell's workforce of 140,000 people, this equated to 140,000 minutes saved daily and savings of $900,000 each week.

Wondering how to source this information in your organisation? Employee surveys and intranet analytics are both useful in comparing initial and final productivity. Here's a quick example.

Intranet Employee Survey

Answers can be full or partial numbers, e.g. 0, 0.25, 1.

1. Please locate the Uniform & Dress Code document using our intranet. How many seconds did this take you?
2. How many times per week, on average, would you find an HR document using our intranet?
3. Please locate the latest company news on our intranet. How many seconds did this take you?
4. How many times per week, on average, would you access company news on our intranet?
5. Please complete a leave request using our intranet, adding the word 'survey' in the description so we know it's for this survey. How many seconds did this leave request take you?
6. How many times per week, on average, would you complete a leave request using the intranet?

Once you have the results, you can calculate time (and cost) savings for the organisation. Multiply the time saved by the average number of times that employees complete that task on a given week. This is how you can calculate how much time can be saved per employee, per week.

The task	Time (seconds) to complete the task using the old intranet	Time (seconds) to complete the task using the new intranet	Time savings (seconds) between the two	Average times the task is completed each week per employee	Time savings (seconds) per employee per week
Locating a HR form	125	45	80	1	80
Finding company news	55	10	45	5	225
Completing a leave request	130	25	105	0.2	21

Assessing Usability

Why measure usability?

Usability, or how easy the intranet is to use in completing a task, reflects how well your intranet was planned and designed. An intuitive and usable intranet can streamline the most tedious, routine internal processes for employees and make tasks easier. It'll also see plenty of daily use. Great usability has a number of flow-on benefits, including:

- **Less demand for IT support**
  Is your IT department being harassed by constant support calls? Probably not if your intranet is easy to publish to, easy to use and designed to be intuitive. IT's time and expertise can instead be directed to the most critical incidents and more proactive purposes.

- **A clearer organisational structure**
  Northcott's customer service team used to get plenty of calls from employees requesting information such as who reported to who. When they implemented a new intranet, their clear and usable intranet directory took a great deal of pressure off this team.

- **Ehanced onboarding processes**
  An intranet with in-built training and education tools can create a smooth onboarding process for new hires, with plenty of advantages. Glassdoor found that better onboarding can lead to an 82% retention boost and a 70% productivity gain.

- **Self-sufficient HR processes**
  From leave applications to updating personal details, so many HR processes can be digitised with a usable intranet. It becomes easy to find and complete self-service options thanks to custom online forms and associated workflows, and it's also easy for HR to share updates about new policies. As just one example, Russian tech company Avito calculated savings of US$450,000 each year through automated HR processes and smoother access to information.

How to measure it

Any modern intranet should include analytics to make it straightforward to measure key usability metrics. Some of these include:

- The success rate of completed intranet-related tasks
- Daily login statistics
- User numbers; for example, Forty Winks implemented a new intranet with Elcom and found that the number of users increased by 285% compared to the previous intranet
- Participation rates in team and project workspaces
- The number of document contributions and edits per month or year
- The number of people accessing the company directory in a set time period.

You can read more on the benefits of process automation in the article How to Automate & Improve Business Processes Across Your Organisation.

Quantifying the Employee Experience

Why measure the employee experience?

As we work to measure how easy the intranet is to use, it's also important to measure how enjoyable it is to use. Your intranet is a constant sidekick for your employees, so it's crucial that they like having it around! By paying attention to employee surveys and interviews while developing your intranet, you'll be able to optimise the experience so the platform is widely embraced. Here are three key qualities of a great employee experience:

- **Flexibility**
  Mobile responsiveness, single sign-in capability and remote cloud-based access can have epic advantages for workplace flexibility. Research from Indeed shows that having the option to work remotely boosts morale and lowers stress, and Dell reported savings of $12 million by creating more flexible workplace options.

- **Personalisation**
  A great intranet experience will be tailor-made for the user. Push notifications and customisable dashboards mean that all workers can stay in the loop and prioritise important messages. A personalised home screen makes it easy to see which minor and major objectives to work towards, reducing digital distractions and guiding the employee's focus.

How to measure it

Here are some of the metrics you might choose to measure to assess the employee experience:

- Send out pulse surveys to gauge satisfaction before and after a new intranet is implemented
- Measure satisfaction with specific parts or components of the intranet
- Measure satisfaction between different areas, departments or teams – for example, frontline staff might have different experiences to warehouse staff
- Assess remote access – for example, Australian retailer Vita Group's accessible new intranet saw a 350% increase in tablet usage and a 150% increase in mobile use.
- Send spot-surveys to test awareness of positive programs and initiatives
- Ask around in person – employees will often be happy to share their thoughts.

Of course, it's also important to take any feedback and use it to improve that experience over time. You can read further on this topic in our article, How to Deliver a Great Digital Employee Experience.

Gauging Employee Engagement

Why measure employee engagement?

A boost in employee engagement is one of the most potent advantages your intranet can produce. Gallup research shows that businesses with highly engaged employees have 21% higher productivity, 22% higher profitability and 10% higher customer satisfaction. Engaged employees take fewer sick days and are less likely to leave.

On the other hand, the price of disengagement can be staggering. The cost of a single disengaged employee could be 34% of their annual salary, or $3,400 for every $10,000 they make – and that's if they even stay within the organisation. Gallup estimates that voluntary turnover costs US companies $1 trillion a year, so it's clear that keeping your workforce engaged can both significantly lower costs and improve revenue.

So what should employee engagement metrics centre around?

- **Organisation awareness**
  The ability to keep employees informed of organisational initiatives, programs and overarching objectives. For example, scholarship and assistance programs might often be missed over email but can be shared very effectively via social feeds, as Anglican Care found with their new intranet.

- **Community engagement**
  The social aspects that support your company community, such as social messaging tools and project workspaces.

- **Recognition efforts**
  Highlighting great work and recognising employees on the intranet, which can make them significantly less likely to look elsewhere for job opportunities.

- **Career opportunities**
  According to the State of Employee Engagement report, 68% of survey respondents said that having opportunities for career growth is an important factor in employee engagement.distractions and guiding the employee's focus.

How to measure it

Here's a list of potential employee engagement metrics that can help you to assess the ROI of your intranet, either via in-intranet surveys or analytics:
- Employee engagement scores
- An employee Net Promoter Score® to measure employee engagement, satisfaction and loyalty
- Engagement with content, such as likes, shares or comments
- The number of events that have been registered for and attended
- Internal recruitment numbers or training, which can reflect awareness of internal programs
- Employee resignations or turnover metrics.

For further reading on this, check out How to Build a Productive and Engaged Digital Workplace.

Evaluating Communication Improvements

Why measure communication improvements?

Communication is what ties employees and teams together, whether they be in the office or working from home. McKinsey research shows that social technologies could improve the productivity of interaction workers by a whopping 20-25%. Better communication can occur in a number of ways:

- **Improving email efficiency**
  On average, it takes 64 seconds to recover from an email interruption. With modern social technology and clearer ordering of information, emails can be reduced and everyone's workday is calmer.

- **Enhancing the quality of information**
  Rather than being bombarded by organisation-wide information, each employee can easily see the most relevant communications for their day, role and objectives.

- **Encouraging collaboration**
  Information silos can be broken down and communication can be grouped by project or team, enabling focused conversations based on the same data.

- **Supporting two-way communication**
  Communication doesn't need to just trickle from the top down with a modern intranet. Employees can easily complete surveys and provide feedback, feeling heard and supported along the way.

Here's one simple example of improved communications. Thanks to their new intranet, leading independent intellectual property firm FB Rice was able to reduce the number of daily emails sent between attorneys and its main support area. Now, people can access the directions they need directly in the system and simply fill in an online form if instructions ever need to be updated.

How to measure it

Easy and clear communication can produce multiple measurable benefits:

- The reduction in emails sent across the organisation
- Time (and therefore money) saved per unsent email – that could be a lot of 64 seconds saved!
- Surveyed awareness of company news and information
- Engagement with content, such as page visits, logins or video views
- The speed of crisis communication; how long does it take to inform and engage all the necessary people when a big change occurs?

Check out our guide on How to Drive Collaboration in Your Digital Workplace for more on improving internal communications.

Appraising Cost-Related Reductions

Why measure cost-related reductions?

Cold hard savings can naturally be some of the most convincing when it comes to justifying an intranet investment, so it's a great idea to measure these wherever possible. There are so many potential savings from implementing a modern intranet, including:

- **Lower printing and paper costs**
  For HR forms, standard workflows, surveys and the like.

- **Reduced office costs and travel costs**
  Particularly as employees are able to work and collaborate from home.

- **Decreased training costs**
  This applies if your intranet supports more self-paced and accessible online learning.

- **Lowered hardware and software costs**
  These savings can be significant as you consolidate your systems to one cloud-based solution. You can stop paying for legacy licences and platforms that are no longer needed, plus IT support could be scaled back.

- **Further cost-saving collaboration**
  In quite a meta way, you could also use your new intranet to crowd-source ideas for further cost-saving within the organisation. .

How to measure it

Most of these metrics will be fairly straightforward, because there are clear before-and-after scenarios to compare. You might choose to include some of the following figures in your post-implementation report:

- Cost savings of taking your intranet to the cloud, particularly if you've moved from an on-premises system. How much were your servers, software and IT support costing before the change?
- Reductions in office electricity bills, travel expenses and/or printing costs.
- Any financial benefits of more reliable IT. One IHS study in the US found that just five IT outages per month could cost a typical midsize company $1 million per year – and a large enterprise over $60 million.
- Decreased training costs, or decreased costs of printing and distributing training materials.
- The potential savings of better compliance with data and privacy regulations, which can easily be improved with a modern system. To provide just one example, an Australian organisation with a turnover of over $3 million per year could face up to a $2.1 million fine for failing to notify the Privacy Commissioner about a serious data breach. Better to avoid those data breaches altogether!

Measuring Customer & Sales Related Metrics

Why measure customer and sales related metrics?

The success of most organisations hinges on how well they serve their customers. For most, a new intranet or digital workplace will have tools built in to help improve customer service, speed up response times and boost sales. These tools might include:

- **Improved connection**
  For example, between customer-facing staff and other employees.

- **Greater customer personalisation**
  Such as CRM features that help to personalise each customer's experiences.

- **Communication tools**
  These can help connect customers with customer support and employees.

- **Improved analytics, surveys and feedback**
  So you can better understand and adapt the customer experience.

- **Gamification or social aspects**
  These can help to motivate service improvements. For example, Taking Shape's intranet now updates sales figures and targets three times per day.

With these tools in place, it stands to reason that managers and other stakeholders will be delighted to see demonstrable ROI when it comes to customer service and sales.

How to measure it

If you're adding in customer or sales related figures into your ROI metric mix, consider the following metric ideas:

- Total sales within a set time period, both before and after the new intranet is implemented
- Customer satisfaction levels as assessed through website or in-store surveys – have customers noticed a change in your staff or service?
- The Net Promoter Score® to assess the likelihood that a customer will recommend your organisation, products or services to someone
- The average time taken to respond to a new customer enquiry
- Improvements in Customer Lifetime Value (CLV) or customer retention rates
- Confidence of your sales teams, as assessed via pulse surveys. Do customer-facing employees feel comfortable as they share products or services, promote benefits and make sales?

Next Steps to Understanding ROI

1. Quickly calculate the potential benefits
If you'd like a clearer idea of what the right intranet solution could do for your business, it takes just a few seconds to see. Our free ROI calculator helps you to quickly analyse the potential ROI of successful internal communications. Give it a try for yourself – you might be surprised by just how much your organisation could save.

2. Build up your resource library
Our helpful document, The Ultimate Guide to Measuring & Improving Intranet Success provides further actionable insights for measuring your intranet performance and outcomes. Even better – this download also includes a useful checklist of potential metrics to help you measure baseline metrics and track success over time.

3. Get started on your internal assessments
If you're putting together a business case for a new intranet, the best time to start planning your metric mix is now. Start developing those internal surveys and assessments, and consider your organisational KPIs as well as the metric options we've outlined in this ebook.

Contact

Perhaps you have questions from the previous chapters, or would like to see first-hand how the Elcom CMS could improve your intranet ROI. You can get in touch with our team with the details below.

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