



Federated CRM Offering Slashes Deployment Costs by \$1 Million

The Farm Credit System was created to provide American agricultural borrowers access to credit. This entity is a federally chartered network of borrower-owned lending institutions made up of cooperatives and related service organizations.

As a member of the Farm Credit System, AgFirst provides funding and services to 22 affiliated agricultural credit associations in 15 states in the eastern United States and Puerto Rico.

In turn, these agriculture credit associations (hereafter Associations) serve more than 80,000 eligible farmers, ranchers, and agribusinesses.

AgFirst's affiliated Associations needed to increase the intimacy of their customer relationships to retain and grow their loan portfolios. Moreover, significant asset and portfolio growth strained existing customer-centric systems. Thus, Association executives needed an economical, yet robust and integrated, customer relationship management (CRM) solution. They would use it to implement the process changes and marketing initiatives necessary to support continued business growth.

To overcome these challenges, AgFirst deployed Microsoft Dynamics CRM. A core solution was developed based on the common

business requirements of the company's affiliated Associations. Additionally, the solution was designed to let each Association add customizations to fit their unique business needs.

As a result, the two individual associations profiled below—AgChoice Farm Credit (AgChoice) and MidAtlantic Farm Credit (MidAtlantic)—successfully established customer-centric cultures.

Today, employees maintain and nurture close relationships with their agricultural customers even though loan portfolios have increased substantially. Moreover, companywide access to customer data fulfilled the necessary precursor to the deployment of cost-saving virtual teams (for example, loan processing and customer service).

By leveraging AgFirst's hosted CRM solution versus building their own, member Associations AgChoice and MidAtlantic collectively saved more than \$2 million.

Who Is AgFirst Farm Credit Bank?

The Farm Credit System was created by the U.S. Congress in 1916 as a way to provide access to credit for American agriculture. Today, it functions as a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations.



Country or Region: United States
Industry: Banking
Customer Size: 630 employees
Partner: Hitachi Solutions, formerly Customer Effective

Customer Profile

AgFirst provides funding and back-office services to agricultural associations, which provide financing to more than 80,000 farmers, ranchers, and agribusinesses across 15 states in the eastern United States and Puerto Rico.

Business Situation

AgFirst needed an adaptable CRM platform to support its federated IT application service offering. Its customers needed a CRM solution to nurture close customer relationships.

Solution

AgFirst implemented Microsoft Dynamics CRM and developed a core CRM solution. The company then offered CRM as a hosted service to its member Associations who could tailor it to their business needs.

Benefits

- Will save over \$2 million versus stand-alone implementation alternatives
- Seamlessly adapted to AgFirst's federated business model
- User banks able to maintain high customer-satisfaction levels while growing in size
- Executives successfully consolidated virtual operational teams to boost productivity
- Multitenancy feature projected to save \$56,000 over three years
- Business intelligence promotes greater marketing efficiencies and budget use

Key Performance Indicators	3-Year Benefit
Average 3-year, NPV TCO savings (AgChoice + MidAtlantic):	\$1,143,278
Average 3-year ROI (AgChoice + MidAtlantic):	183%
Total 3-Year, NPV TCO savings (AgChoice + MidAtlantic)	\$2,286,556

Table 1. Key financial benefits of Microsoft Dynamics CRM using a hosted solution versus a stand-alone deployment model.

As a member of the Farm Credit System, AgFirst provides funding and services to 22 affiliated agricultural credit associations in 15 states in the eastern United States and Puerto Rico. In turn, these agriculture credit associations serve more than 80,000 eligible farmers, ranchers, and agribusinesses.

AgFirst is headquartered in South Carolina and has more than \$30 billion in assets.

The AgFirst Business Model

AgFirst operates through a federated business model, as illustrated in Figure 1. It provides funding, line-of-business applications, and back-office loan services to its 22 affiliate Associations.

AgFirst's Federated IT Model Supports Its Business Model

AgFirst's IT systems mirror the firm's federated business model. Thus, the company offers line-of-business applications to Associations on a hosted basis. This allows AgFirst to logically and physically consolidate systems under a fixed-cost overhead infrastructure and pass the economies-of-scale savings on to Associations. Moreover, Associations get access to integrated systems tailored to the agricultural-lending space.

Overview of Business Problems

Agricultural lending is similar to small-business lending. For example, although there are 2 million farms in the United States, the majority of them are small in size.¹ Not surprisingly, success in this space is correlated with strong relationships.

Durable relationships allow lenders to develop rich financial intelligence—a vital component to properly evaluating the credit-worthiness of loan applicants. Moreover, the longevity and strength of the lender-farmer relationship is

¹ *Journal of Financial Services Research*, "Small Banks, Small Business, and Relationships: An Empirical Study of Lending to Small Farms," 26:3, p. 246, 2004.

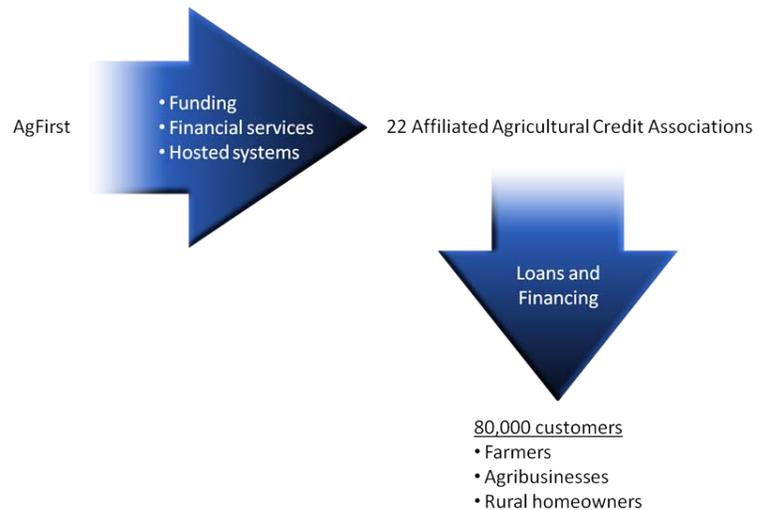


Figure 1. AgFirst's service relationship to its affiliated lending Associations.

correlated to a bank's ability to retain those customers.²

Thus, to survive in today's economic climate—let alone thrive—banks must cultivate intimate relationships with their customers.

Affiliated Associations Business Problems

The following discussion details the respective challenges that the Associations and AgFirst faced. In general, the Associations wanted to both retain existing customers and grow their loan portfolios. As their dedicated IT service provider, AgFirst needed to cost-effectively deliver hosted applications to help Associations achieve those objectives.

AgChoice Farm Credit (AgChoice) is a federally chartered Agricultural Credit Association (ACA) with nearly \$1.3 billion in gross loan assets. Through 10 branch offices, it provides a broad range of financial services to farmers and forest products business owners. Its chartered territory covers 52 counties in central, western, and northern

² *Ibid*, p. 259.

Pennsylvania as well as 4 counties in West Virginia.

AgChoice Farm Credit conducts annual customer satisfaction surveys to guide its philosophy of continuous business improvement. Recent results showed that 28 percent of customers prefer to conduct business at their home/farm. Another 34 percent prefer to do business with the Association by phone.

These findings highlighted a potential weakness in AgChoice's operations. Customer data resided in silos—employees' heads, hard drives, and paper files. So, only AgChoice salespeople could comprehensively answer customers' inquiries about the status of their loans. This tethered them to their desks instead of spending more time in the field with prospects and customers.

A second challenge was that AgChoice salespeople had large geographic territories to cover. However, existing CRM systems were not scalable to close the gap. Spreadsheets, paper files, and e-mail messages were all labor-intensive, and to cover more sales territory with these tools, the Association would have to hire new staff.

In light of these issues, the AgChoice management team established two goals:

- To liberate salespeople from their offices and markedly increase their on-farm presence with customers and prospects.
- To empower back-office loan processing and customer service employees to take salespeople's places to satisfactorily answer customer inquiries.

What AgChoice needed to achieve these goals was an enterprisewide CRM solution. Unfortunately, the Association lacked the resources and budget to field an agricultural-specific solution on its own. This led

executives to engage AgFirst's IT team to address their challenges.

MidAtlantic Farm Credit, ACA (MidAtlantic) is a federally chartered agricultural credit association. The Association makes loans across a wide spectrum of borrower segments, including farm and country homes, equipment and buildings, land, construction, improvements, and production/operating loans. It is one of the largest agricultural lenders on the East Coast with more than \$2 billion in loans outstanding to more than 10,500 members.

MidAtlantic has 20 offices. These operate across the eastern shore of Maryland and Virginia, eastern Pennsylvania, Delaware, north-central Maryland, northeastern West Virginia, and northwestern Virginia.

Over the last few years, MidAtlantic Farm Credit's loan portfolio grew by 30 percent.³ Consequently, the workloads that loan officers, processors, and customer service agents handled also significantly increased. This in turn overwhelmed users, who were saddled with manually intensive tools such as spreadsheets and e-mail applications. And that limited employee's ability to realize their full loan-origination potential.

Another challenge was the effects of employee job or role turnover. Given the relationship-centric nature of MidAtlantic's business, it took a lot of time for employees to get up to speed in their new positions. Meanwhile, much of the customer-oriented business intelligence remained with the previous account owner.

³ Derived from financial reports: www.midatlanticfarmcredit.com/Financials/Annual%20Reports/MAFC_AR07_%C6%9232408.pdf, p. 11 and www.midatlanticfarmcredit.com/Financials/Quarterly/2009/31_Quarterly_Report_3Q09%20FINAL.pdf, p. 6.

This carried an opportunity cost because new employees could not access comprehensive customer histories. So providing continuity of service from employee to employee was hindered.

Still, another challenge was MidAtlantic's distributed workflow. Each of the Association's branch offices processed and approved its own loans. Managers knew that to maintain a level head count, they would need to exploit the efficiencies and skills of the processing staff by launching a centralized processing model. Likewise, executives wanted to implement a call center to provide consolidated customer service.

To overcome these challenges—and implement their operational initiatives—Association managers reasoned that the most appropriate solution would be an enterprise-wide CRM system.

AgFirst Business Problems

AgFirst focuses on providing business systems that meet the following criteria:

- Cost-effective systems that can be centralized to achieve economies of scale that can be passed on to affiliate Associations.
- Highly available, secure, and performing systems that meet stringent industry standards.
- Integrated systems that interoperate efficiently to reduce the rekeying of data and to improve user efficiency.
- Flexible systems that can be configured to meet the unique business requirements of individual Associations.

In the case of CRM, there were particular challenges in providing a system that could meet all of these criteria. Although there were similarities among the affiliated Associations,

there were also key differences in their customer-facing business processes.

Therefore, Associations needed a CRM system that could be quickly configured to support their unique business processes. Further influencing the decision, AgFirst had a substantial investment in existing in-house applications built by using Microsoft technologies.

The Solution

AgFirst managers formed a CRM selection committee to consider several applications, including PeopleSoft CRM and Pivotal CRM. After an in-depth comparison, they chose Microsoft Dynamics CRM because it was the only product that met all of their selection criteria. Notably, it allowed AgFirst to take advantage of its existing investments in Microsoft technologies and skills.

The AgFirst Microsoft Dynamics CRM Implementation

AgFirst enlisted the help of Microsoft Gold Certified Partner Customer Effective to help with the implementation effort. AgFirst also established a focus group of key Association stakeholders to ensure their needs and concerns were addressed.

These three groups collaborated to develop core business requirements for the Microsoft Dynamics CRM solution. The core requirements were designed to provide common functionality to be used across all Associations.

Next, the Microsoft Dynamics CRM system was integrated with other AgFirst hosted systems. Managers dubbed the resulting system the “Base 90(%) Microsoft Dynamics CRM Solution.”

Next, AgFirst provided each Association with its own unique instance of the core Microsoft Dynamics CRM product. They were then given the ability to customize certain system

components to meet their unique business needs.

To meet its rigorous standards for providing reliable, available, secure, and performing systems, AgFirst created custom development, testing, and production environment processes. Two factors made this architecture possible. First, Microsoft Dynamics CRM is integrated with Microsoft Office Outlook. Second, AgFirst has standardized on Microsoft development tools and platforms for all of its in-house-developed systems.

As a result of this approach, AgFirst was able to use its economies of scale to provide its affiliated Associations with a very cost-effective CRM solution. Moreover, it is integrated with other AgFirst hosted systems and is flexible enough to be configured to meet unique business needs.

To date, 12 Associations (including AgChoice and MidAtlantic) have adopted AgFirst's hosted Microsoft Dynamics CRM solution. AgFirst runs a single instance of Microsoft Dynamics CRM while taking advantage of the solution's multitenancy feature to serve 1,200 users across the 12 Associations.

The Affiliate Associations' Microsoft Dynamics CRM Implementations

Both AgChoice and MidAtlantic assigned an on-staff business analyst to configure AgFirst's federated Microsoft Dynamics CRM solution to their specific business needs. They added or removed entities and fields to support the specific market conditions and practices of their operating regions. And they incorporated their own best practices and processes, such as the management of opportunities—from prospect to the closing of a loan.

- In the case of **AgChoice**, the business analyst tailored Microsoft Dynamics CRM to support the firm's virtualized sales and customer service employee teams. Furthermore, AgFirst integrated Microsoft Dynamics CRM with its hosted enterprise

imaging system for loan files. This allows AgChoice users to pull up actual loan documents and information within the CRM interface.

Among AgChoice users are loan staffers who enter new records, add relationship details and service loans. Salespeople take advantage of the solution's opportunities function to manage the sales pipeline. All employees use the notes section to document their conversations with colleagues, customers, and prospects.

- A **MidAtlantic** business analyst also adapted Microsoft Dynamics CRM to the Association's operations and made it available companywide. This in turn allowed managers to implement several operational initiatives.
 - Association executives implemented a centralized **customer service call center** where agents provide a "small-bank" feel with comprehensive customer histories detailed in Microsoft Dynamics CRM.
 - Centralized access to customer information and loan applications further allowed managers to deploy **consolidated loan-processing teams** in three of the firm's four operating regions. The teams process all loans while salespeople spend more time in the field meeting with customers and prospects.
 - Another Microsoft Dynamics CRM-enabled initiative was the **expansion of a Dealer Express, farm-equipment finance program**. Dealers fill out applications for customers at the point of sale and submit them online to a

"Microsoft Dynamics CRM was essential for us to implement consolidated loan and customer service teams. That allowed us to maintain the same head counts while managing significantly greater workloads. And the ubiquitous availability of customer data helped us maintain both our customer satisfaction levels and our ability to make informed lending decisions."

*—Tammy Price, CIO,
MidAtlantic Farm Credit*

virtual work group across two office locations.

- o MidAtlantic marketing staff use the marketing module to **manage campaigns and take advantage of business intelligence** to improve results.

The Business Value

AgFirst and Customer Effective successfully implemented and deployed the Microsoft Dynamics CRM solution in 2007. At its foundation, the platform meets all of AgFirst's hosted-solution requirements. Thus, AgFirst delivered an economical, hosted CRM alternative that saved AgChoice and MidAtlantic a combined \$2 million versus deploying their own CRM solution.

Since the original deployment, AgFirst has upgraded to Microsoft Dynamics CRM 4.0. The upgrade allowed AgFirst to use the multitenancy feature in Microsoft Dynamics CRM to streamline its hosted CRM environment. By doing so, the AgFirst CRM team was able to reduce the number of virtual servers in their development, QA, and production environments by 89 percent—down from 46 to 5. The savings resulting from this action are projected to total \$56,500 over three years.

In addition to receiving a very cost-effective CRM solution, both AgChoice and MidAtlantic have enjoyed substantial business benefits and return on investment from their respective implementations as detailed below.

Association Return on Investment

For AgChoice and MidAtlantic, the ROI for the Microsoft Dynamics CRM implementation was driven by two components:

- Cost savings
- Business benefits

Cost Savings

The primary cost savings were due to AgFirst's physical and logical consolidation of the Microsoft Dynamics CRM solution.

Federated Microsoft Dynamics CRM solution projected to save approximately \$1 million. By developing a single, core solution on behalf of the Associations, only AgFirst incurred the expense to develop the "Base 90(%) Microsoft Dynamics CRM solution."

This "headstart" dramatically reduced each Association's cost to deploy its own agricultural-lending-specific CRM platform. Appendix A compares the AgFirst hosted CRM deployment cost against stand-alone implementation costs by AgChoice and MidAtlantic. By choosing the hosted solution, these Associations have a projected savings of more than \$1 million over three years.

Business Benefits – AgChoice

The business benefits that AgChoice achieved were predicated primarily upon the sharing of customer data.

- **360-degree customer view promotes high customer-satisfaction levels.** Previously, work teams struggled to communicate with each other and effectively service customers due to the inaccessibility of data residing in silos.

The enterprisewide availability to customer information overcame this challenge, allowing Association employees to review, use, and share customer information more effectively. As a result, customers receive seamless service when interacting with loan-processing teams, customer service agents, and salespeople.

For **AgChoice**, the implementation of Microsoft Dynamics CRM helped the firm to maintain customer satisfaction ratings of 98 to 100 percent. Moreover, 2008 and 2009 customer surveys illustrated the success of

cultivating strong customer relationships. In 2008:

- 38 percent of customer respondents know and are comfortable calling at least one AgChoice professional.
- 32 percent know and are comfortable calling two AgChoice employees.
- 21 percent know and are comfortable contacting three AgChoice staffers.
- There was a significant uptick in overall positive responses.

- **Enterprisewide access to customer data liberated salespeople to spend more time with customers and prospects.**

Microsoft Dynamics CRM helped AgChoice managers implement virtual loan-processing teams. Moreover, the companywide access to customer information helped back-office personnel provide personalized customer service. Subsequent customer surveys reveal that customers prefer AgChoice's team approach to customer service. As a result:

- AgChoice's salespeople were freed to significantly increase their on-farm presence with customers and prospects.
- More time with customers and prospects led salespeople to gain local market-specific expertise. This knowledge in turn allowed salespeople to successfully specialize in various agricultural spaces such as timber. By specializing in specific spaces, salespeople became experts in the understanding and analysis of local agricultural market conditions, businesses, and collateral values.

- Extensive space-specific knowledge, according to AgChoice executives, gave the Association a competitive advantage. Salespeople make more competitive loan offers based on local intelligence. Simultaneously, this same knowledge reduces the risk of defaults to the Association.

Operational Benefits – AgChoice

Microsoft Dynamics CRM gave AgChoice executives the system they needed to increase operational efficiencies. Specifically, Microsoft Dynamics CRM hosts AgChoice loan information in one place, making it easier for salespeople, loan officers, and customer service agents to retrieve and use it as needed.

AgChoice executives credit this organizational enhancement with the ability of employees to simultaneously work more deals. Moreover, the use of alerts, reminders, and tasks promotes a service-centric culture that doesn't let matters fall through the cracks.

Thus, the net efficiency gain of the Microsoft Dynamics CRM implementation was that AgChoice is able to manage significant increases in assets and loans respectively while maintaining a level head count.

Business Benefits – MidAtlantic

The sharing of customer data across the enterprise along with the ability to develop actionable intelligence from historic activities delivered a number of business benefits to MidAtlantic.

- **Microsoft Dynamics CRM delivered actionable intelligence to improve marketing efficiencies.** Microsoft Dynamics CRM helped MidAtlantic marketing managers optimize their operations. For example, they were able to link marketing activities to specific outcomes. They developed this business intelligence by comparing year-over-year marketing

activities, costs, and results. Armed with this information, managers:

- **Reduced spending on advertising by 12 percent overall.** Managers dropped ads from three publications that hadn't garnered any response in 24 months. They then redirected a portion of the savings to a trade journal deemed more relevant to MidAtlantic's customers.
- **Saved a profitable event from elimination.** When an event specialist suggested the elimination of a show costing \$5,500, marketing managers researched the impact. A quick report showed that the event had directly led to \$2 million in loans with several hundred-thousand dollars of loan volume in the pipeline. Managers opted to keep the event in the budget with the event specialist's enthusiastic support.
- **Reduced direct-mail campaign print costs by 33 percent.** Campaign managers used historical campaign performance to cull poorly performing mailing list names.

In addition to the benefits resulting from actionable intelligence, managers leveraged other features to capture operational efficiencies.

- **The Campaign Management feature in Microsoft Dynamics CRM saved time and money.** MidAtlantic holds an annual "Bus Tour" event to thank customers and to further cement relationships. A new marketing team member copied the previous year's Bus Tour campaign—along with its 105 activities—into a new campaign. Consequently, every detail was attended to efficiently and economically: good bus drivers were hired and interesting agricultural destinations and fun shopping locations were selected.

Executives noted that the event was a success because the new marketing team member spent his time cultivating relationships with customers versus worrying about a myriad of event details.

Moreover, by reviewing customer histories maintained in Microsoft Dynamics CRM, the marketing team member was able to have a richer dialogue with them about their past relationships with MidAtlantic as well as what future needs they may have.

- **360-degree customer view promotes high customer-satisfaction levels.** Previously, work teams struggled to communicate with each other and effectively service customers due to the inaccessibility of data residing in silos.

The enterprisewide availability to customer information overcame this challenge, allowing Association employees to review, use, and share customer information more effectively. As a result, customers receive seamless service when interacting with loan-processing teams, customer service agents, and salespeople.

MidAtlantic executives specifically noted that following their Microsoft Dynamics CRM implementation, they successfully maintained "outstanding customer satisfaction" ratings despite an increase of \$560 million in their loan portfolio. This represents a 33 percent increase from \$1.72 billion in 2006 to \$2.28 billion in 2009.

Managers also noted that the use of Microsoft Dynamics CRM helped employees maintain and expand upon robust relationships with small farmers without the fall-off in service commonly associated with a fast-growing lending institution.

"Not only did Microsoft Dynamics CRM give us the ability to define our core line-of-business application, but it also gave our affiliate Associations the ability to add and change fields and attributes so they could configure it for their own ways of doing business. It was ideal for our business because we didn't have to pick winners or losers. Everyone could adapt it as they saw fit."

—Mike Craft, CRM Product Manager, AgFirst Farm Credit Bank

- **Enterprisewide access to customer data sped the on-boarding and reassignment of employees.** MidAtlantic managers estimate the cost to hire and train new employees to be about 1.5 times the hire's salary.

Association marketing department managers took advantage of Microsoft Dynamics CRM to train and educate new hires. Workers used customer histories, records, and past campaigns within the Marketing module to cut this cost in half from 1.5 to about 0.75. In 2009, this saved about \$100,000.

- **Microsoft Dynamics CRM enabled a 200 percent expansion of equipment finance program.** MidAtlantic operates a farm equipment finance program called Dealer Express. Previously, customer data resided in silos, which limited loan processing to local teams. The inefficiencies of this system limited the Association to serving a maximum of 40 dealers.

The implementation of Microsoft Dynamics CRM helped managers implement a virtual processing team. Now, the team has ready access to institutional customer information. When employees receive an application, they create a record in Microsoft Dynamics CRM and review quick notes and other relevant customer data.

Consequently, they can walk an application through a 10-step process to deliver a notice of approval within 30 minutes versus up to a day, as was previously required.

The resulting efficiency gains allowed executives to increase the number of dealers that the firm can support by 200 percent—from 40 dealers before Microsoft Dynamics CRM to 120 dealers after implementation.

- **AgFirst's hosted Microsoft Dynamics CRM solution facilitated rapid merger**

between Associations. When MidAtlantic merged with a sister association, marketing and relationship-sensitive operations were barely effected because both entities used AgFirst's hosted Microsoft Dynamics CRM solution. Specifically, managers noted that Microsoft Dynamics CRM lowered the learning curve among merged employees to reduce time-to-productivity by an estimated 50 percent.

Operational Benefits-MidAtlantic

Microsoft Dynamics CRM gave executives the system they needed to increase operational efficiencies. MidAtlantic successfully implemented consolidated teams across loan-processing and customer service disciplines. These changes allowed managers to optimize the skills and experience of team members to more effectively manage growing workloads.

For example, MidAtlantic managers consolidated customer service functions into a call center serving an operating region. Call agents use Microsoft Dynamics CRM to accurately answer questions and to log the details of communications for other employees to use. Executives noted that the solution was necessary to implement the call center without hiring more people.

Thus, the net efficiency effect of Microsoft Dynamics CRM was that MidAtlantic was able to manage significant increases in assets and loans respectively while maintaining a level head count. MidAtlantic absorbed a 30 percent increase in its loan portfolio without adding staff.

The Investment

The two Associations profiled in this study chose to implement a hosted CRM solution versus fielding their own.

- AgChoice's total system costs were made up of implementation costs and IT costs. The implementation cost represents the assignment of a full-time-equivalent (FTE) employee to customize Microsoft

Dynamics CRM to AgChoice's unique business, regulatory, and local requirements.

Ongoing IT costs represent staffing costs associated with updating and maintaining AgChoice-specific CRM functionality.

Thus, the firm's projected net-present-value cost over three years is \$581,431.

- The total system costs for MidAtlantic were made up of implementation costs and IT costs. The implementation cost represents the assignment of an FTE employee to customize Microsoft Dynamics CRM to MidAtlantic's unique business, regulatory, and local requirements.

Ongoing IT costs represent staffing costs associated with updating and maintaining MidAtlantic-specific CRM functionality.

Thus, the firm's projected net-present-value cost over three years is \$684,147.

Consolidated Summary

Agricultural-lending Associations needed to maintain strong customer relationships to stimulate and manage significant growth. Executives asked their application service provider, AgFirst, to deliver a CRM solution.

The AgFirst implementation team responded by adapting Microsoft Dynamics CRM to the firm's federated business application model. The resulting CRM solution meets the core needs of member Associations while allowing them to tailor the solution's functions to their own business and regional requirements.

In so doing, AgFirst managers achieved a cost-saving logical consolidation of their CRM line-of-business application. By taking advantage of the multitenancy feature in Microsoft Dynamics CRM, they cut costs through the physical consolidation of server resources.

The two Associations detailed in this study chose to implement AgFirst's hosted solution of Microsoft Dynamics CRM. Each Association took advantage of AgFirst's economies of scale to each save an average of more than \$1 million across three years versus implementing Microsoft Dynamics CRM on their own.

In addition to marked cost savings in the deployment of a CRM solution, both AgChoice and MidAtlantic successfully took advantage of the system to provide enterprisewide access to customer information. This was a precursor to the implementation of operational initiatives, such as the deployment of centralized loan-processing teams and a call center.

The ubiquitous access to customer data empowered employees to access histories, call logs, and notes. Thus, loan processors and customer service personnel were able to have informed conversations with customers and co-workers. In turn, both AgChoice and MidAtlantic were able to maintain high levels of service satisfaction.

Happy customers weren't the only beneficiaries of a customer-centric CRM solution. Freed from their limiting roles as sole account managers, salespeople dramatically increased the time they spent on the farm with customers and prospects. Customer relationships flourished and AgChoice leveraged this good will in combination with newfound market intelligence to double the size of its business.

Thus, Microsoft Dynamics CRM was a catalyst to the establishment, nourishment, and retention of satisfied customer relationships. In doing so, AgFirst and MidAtlantic surpassed surviving a sharp economic downturn to thriving in its shadow.

"Microsoft Dynamics CRM allows my loan staff to more efficiently organize and use customer information so that they can handle more deals at once."

—Gina Lappano, VP of Operations, AgChoice Farm Credit

Financial Projections

Appendix A

Hosted Versus Stand-Alone CRM Solution Deployment Projections: AgChoice Farm Credit and MidAtlantic Farm Credit

AgChoice Farm Credit Analysis	Preinstall	Year 1	Year 2	Year 3	Total
Real Dollars					
Stand-alone costs	\$1,275,475	\$211,575	\$162,575	\$195,575	\$1,845,200
Federated/hosted costs	\$98,000	\$232,884	\$183,884	\$159,384	\$674,152
Difference	\$1,177,475	-\$21,309	-\$21,309	\$36,191	\$1,171,048
Discount Dollars					
Discount rate	10%				
Stand-alone costs	\$1,275,475	\$192,341	\$134,360	\$146,938	\$1,749,114
Federated/hosted costs	\$98,000	\$211,713	\$151,970	\$119,748	\$581,431
Difference	\$1,177,475	-\$19,372	-\$17,611	\$27,191	\$1,167,683
Net Present Value					
Stand-alone costs	\$1,749,114				
Federated/hosted costs	\$581,431				
Difference	\$1,167,683				
<hr/>					
AgChoice Comparative ROI:	201%				
<hr/>					
MidAtlantic Farm Credit Analysis	Preinstall	Year 1	Year 2	Year 3	Total
Real Dollars					
Stand-alone costs	\$1,311,475	\$218,775	\$169,775	\$202,775	\$1,902,800
Federated/hosted costs	\$98,000	\$274,188	\$225,188	\$200,688	\$798,064
Difference	\$1,213,475	-\$55,413	-\$55,413	\$2,087	\$1,104,736
Discount Dollars					
Discount rate	10%				
Stand-alone costs	\$1,311,475	\$198,886	\$140,310	\$152,348	\$1,803,019
Federated/hosted costs	\$98,000	\$249,262	\$186,106	\$150,780	\$684,147
Difference	\$1,213,475	-\$50,375	-\$45,796	\$1,568	\$1,118,872
Net Present Value					
Stand-alone costs	\$1,803,019				
Federated/hosted costs	\$684,147				
Difference	\$1,118,872				
<hr/>					
MidAtlantic Comparative ROI:	164%				
<hr/>					
Average Comparative ROI:	182%				

Appendix B

AqFirst Server Environment Cost Savings by Upgrading to Microsoft Dynamics CRM 4.0

Microsoft Dynamics CRM 3.0	Physical and Virtual Server Cost	Machines	
		Physical	Virtual
Development environment	\$38,500	2	19
QA environment	\$29,500	2	13
Production environment	\$36,000	3	14
Total	\$104,000	7	46
Microsoft Dynamics CRM 4.0			
Development environment	\$8,000	1	2
QA environment	\$18,000	3	2
Production environment	\$21,500	4	1
Total	\$47,500	8	5
Nominal reduction	\$56,500		41
Reduction %	54.33%		89%

About The Optera Group, LLC⁴

The Optera Group, LLC, (Optera) is a professional services firm specializing in understanding the business value of technology and the strategic use of technology to generate sustained economic value. Optera advises clients on their market strategies and the way their solutions create value in real-world implementations. Optera has extensive experience in IT best practices, business IT alignment issues and defining the Definitive Economic Value™ of technology investments. To learn more, please visit us at:

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About the Method and General Disclaimers

This report provides an illustration of the potential total cost of ownership (TCO) and other financial results a customer or interested party may achieve by implementing various technology solutions. The results shown are based on The Optera Group, LLC's, (Optera) independent analysis of the expected costs and benefits associated with the implementation described above and is based upon the application of assumptions provided by the organization described in this study. Actual results may vary depending on factors associated with a specific implementation. Optera does not guarantee the timeliness or completeness of the information provided by this report or warrant any results from your use or reliance upon the information.

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to:

www.microsoft.com/dynamics

⁴ Information contained in this publication has been obtained from sources considered reliable, but is not warranted by Optera Group, LLC.

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Software and Services	Hardware
<ul style="list-style-type: none">• Microsoft Dynamics<ul style="list-style-type: none">◦ Microsoft Dynamics CRM 4.0• Microsoft Office<ul style="list-style-type: none">◦ Microsoft Office Professional 2007◦ Microsoft Office SharePoint Server 2007• Microsoft Server Product Portfolio<ul style="list-style-type: none">◦ Microsoft Exchange Server 2003◦ Microsoft SQL Server 2005◦ Windows Server 2003◦ Windows Server System• Services<ul style="list-style-type: none">◦ Microsoft Deluxe Support for CRM• Technologies<ul style="list-style-type: none">◦ Microsoft SQL Server 2008 Reporting Services• Windows XP	<ul style="list-style-type: none">• Microsoft Dynamics CRM Web servers• 2 HP Quad CPU Blade Servers (primary load), 6-core with each CPU at 2.93 GHz, 4 GB of memory, EMC SAN connected• 1 x VMware Server on HP hardware (provides disaster recovery image option), dual CPU shared, 4 GB of dedicated memory, EMC SAN connected• Load balancer: f5 switch• Servers (active/active) cluster: 2 HP Quad CPUs, dual core with each CPU at 2.33 GHz, 8 GB of memory, EMC SAN connected