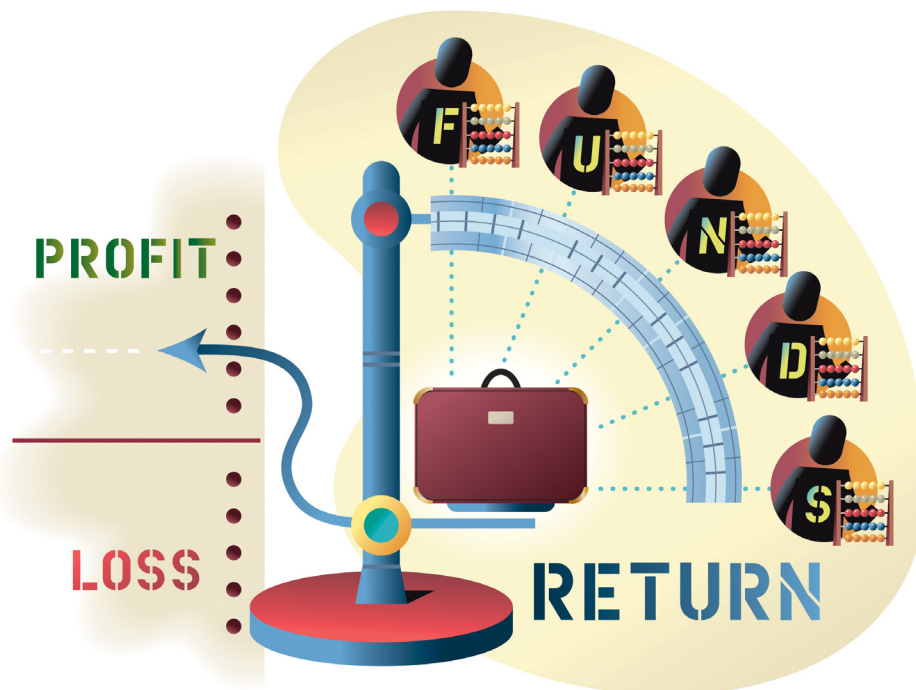


HEALTHY SOFTWARE ROI

Few business calculations create more mystery than software ROI.

Health clubs must manage more data than ever, and deploying the right software requires a substantial investment in both time and money. Getting an ample return on that software investment goes beyond standard ROI equations, or even automation and innovation.



In its simplest form, return on investment is a ratio of costs to savings expressed over time. ROI aims to quantify benefits derived from investments in software or other business initiatives. **Most ROI calculations are too theoretical and miss the mark because generic variables don't account for a health club's unique operating environment.** What happens to your club when you deploy the software? That's the payback.

What's in our ROI

In our industry, true ROI should consider increased employee productivity, increased sales, customer satisfaction and employee satisfaction, as well as reduced costs including labor, maintenance and facilities. In general, ROI should consider the fundamental impact on your business, which is not always easily quantifiable.

Yes, most enterprise-accepted ROI standards ensure your club is on the right financial track, and also serve to validate your investment with decision makers. And softer measurements, often based on experienced hunches, help support a movement toward greater club efficiencies. **But today's club, with ever-evolving resources, sophistication and revenue streams, inspires a more holistic approach to software ROI.** A mindset that says software hits at the core of my business, truly reducing overhead and delivering efficiency gains.

Does my software support strategic initiatives, increase capacity and functionality, meet member demand for synergy and technological compatibility, and at the same time decrease security risk? Other industry ROI benchmarks can't explain where in your club ROI comes from.

True measurements of success must capture more than an isolated victory here or there from fragmented systems tied together with hope and IT sweat. From billing to business intelligence, ROI for the modern club is the sum of its parts. Then, fully integrated to optimize resource management and reduce operating costs to reach your club's highest level of performance.

The ROI Roadmap

Using over three decades of health and fitness know-how, **we've identified eight essential areas of your business worth exploring to determine if your current investment is returning enough value back to your club.** Prospective software investments follow a similar path. For example, a dedicated billing module complementing an end-to-end solution delivers cost savings

so radical you might stop right there and call your software purchase a winner. But digging deeper into the foundation of any health club reveals a less obvious good news story.

Things like scheduling and employee commissions can no longer be viewed as cost centers, but more like muscular revenue generators waiting to lift your bottom line.



Big opportunities for savings and revenue exist in newer technologies.

Online services and cloud adoption open new doors, compounding positive software ROI with lucrative forms of reach, engagement, and a profitable new model for data management. Turns out a positive ROI for vital elements of your business may be hidden in plain sight, but should not remain a mystery.

Business Intelligence ROI

Valuable BI means actionable insight into key drivers impacting your club's business. Moving from gut-based decisions to fact-based decisions captures more revenue opportunities and reduces operating costs.

Department by department, automated reporting, analysis and dashboards turn new efficiencies into savings. Collaborative thinking based on custom analytics and trusted information ignites business builders you didn't know you had. **Making**

smarter decisions based on instant data pulled from anywhere in your club triggers immediate payback.

But creating an analytical culture throughout your organization can be stonewalled by resource constraints.

- Shortages exist everywhere from budgets to analytical talent, and closing technological gaps takes time and stresses IT manpower.
- Even small to medium-sized business are having big data problems.
- Sheer volume and velocity of disparate data flowing through your club requires a more intelligent approach to data management.

For many, there is no more choice around whether to evolve into an analytical culture. Market forces demand it. And it's well worth the investment. And according to the MIT Center for Digital Business, BI is a strategic weapon. "Combining integrated data with powerful analysis tools is seen as a way to gain strategic advantage over competitors."

Implementing the right tools jumpstarts the process.

- Robust visualization in the form of dynamic, graphically rich dashboards enables any user to spot trends and exploit anomalies in a real-time environment.
- Dashboards can unify and mesh data from different areas of your club and summarize performance.
- Having a simple view of your business "at a glance" eliminates meetings and fire drills, while shifting data to those that can monetize it.

How to make BI go:

Choose a modular solution that integrates with

the rest of your software platform.

- Advanced analytics work best when data is siphoned from your entire club.

Quit operating in silos and share valuable data.

- Valuable data transforms management decisions from reactive to predictive, static to strategic.

View and analyze data relationships, historical evidence, and cause and effect.

- No more "scratch pad" analyses.

Now spend your time exploring new revenue opportunities, or forecasting new growth. Business intelligence should no longer come only from the back office where manual calculations and heavy spreadsheets breed costly errors, and don't translate to the rest of your staff. **Good analytics tools turn IT from a cost center to a profit center.**

"Business drivers like improve business planning, gain an overall competitive advantage, improve business planning, and make better-informed decisions are at the top of the BI drivers list." - Forrester

Scheduling ROI

Effective scheduling is the engine making your club run smooth and efficient. Stop booking tennis reservations with paper court sheets or generic spreadsheets. Paper gets messy, it's static, and lacks any intelligence. Money gets left on the table because resources get booked twice and data gets lost.

In this case, resources include players, instructors and courts, all vulnerable to the old way of scheduling things. For eliminating mistakes and rework, good data saves time and money. **Treat those valuable resources to pure automation and watch courts fill up with revenue.**

Make trainers more intelligent

Personal trainers are busy, but could work smarter for themselves and their employer. Even a better

reason to arm them with great tracking tools that put buyers and sellers on the same page.



Imagine a hassle-free environment where customers wanting to sweat align with trainers wanting to work.

- Everybody shows up on time and communicates without a hitch, without interference or you even you knowing about it.
- Revenue stacks up appointment over appointment the way it was designed. That's the promise of smart scheduling.

Chances are your trainers left a desk job, or fear one. Being a great scheduler doesn't drive them to help your members reach their fitness goals.

- So take away day planners and ad hoc spreadsheets from both instructors and trainers.
- Allow your staff to view their workday and scheduling notes in one quick snapshot from a digital device.

So for commissioned employees, **efficient scheduling means more money for them and less employee turnover for you.** Get them out on the floor doing what they're good at.

True integrated software ties scheduling to billing.

1. It's nice when you capture all your revenue, instead of just revenue subject to manual processing. **Manual processing requires too much research, documentation and resolution.** Expect billing errors and blind reconciliation that, in today's business climate, prompt members to leave and never come back.
2. Value flexibility. **Be able to take multiple methods of payments on the scheduling end, and get it right on the billing end.** Also, linking scheduling to billing creates an automated loop matching your club's billing rules and requirements.

Control issues are good when it comes to scheduling and billing.

"to lower the total cost of ownership (TCO) of their IT operations environments, while improving the quality of service of their automated processes, enterprises will need to choose a single tool that is capable of scheduling" - Gartner

Online Services ROI

Building an online presence today is a cost of doing business. Building a BIG online presence, one that engages customers with a compelling user experience monetizes club services around the clock. Online services accelerate time to market and tap a bigger pool of paying customers. Marketing ideas get implemented, tested, and evaluated faster. And results are measurable.

We're now in a consumer-driven market and traditional sales methods serve to complement, not dominate, the programs and services you deliver. With the overnight adoption of smartphones and tablets, your club's most customer-facing resource is the Internet. Take full advantage.

IDC predicts by 2015, U.S. consumers accessing the Internet through mobile devices will surpass those using PCs to go online.

Online for thought:

1. Think about being always on, 24 hours a day, 365 days a year.
2. Rethink staffing and reinvest on all those sunk costs otherwise committed to first contact and follow-up.
3. Think little expense and supervision. Online services represent the lowest-hanging fruit of revenues. The most profitable, too.

Use online services to sell memberships while you're sleeping.

- Allow members to pay for them on their time, without paper statements and notifications.

Automate registration for programs and classes.

- But first, go online and schedule those programs and classes, as well as leagues and special events.

Benefits of a big online presence know few boundaries. Productivity soars, and new revenue streams flow straight from your members' fingertips. As for the other side of the ledger, crunch time and expenses while reducing operating costs to practically zero.

Online services have no downside, unless web and data fail to communicate. To make that connection, link data management software directly to your website and deliver a virtual suite of services to a more demanding, mobile audience. Expand your market and close more prospects and members.

In short, build a big online presence and dig a new pipeline of revenue.

"I very much believe the Internet is indeed all it is cracked up to be." Amazon CEO Jeff Bezos

Billing ROI

Automated billing - through a robust enterprise

program - offers powerful, measurable and immediate return on your software investment. As part of an integrated system, billing automation can truly deliver massive savings.

Having the capability to process bank drafts directly to the bank and merchant provider of your choice brings the billing process in-house. No more billing companies, and no more third-party fees. For health clubs, eliminating the middleman generates cost savings capable of paying for your entire software platform. Billing is that big of a pain point.



Saying no to billing companies means no billing fees, no decline fees and no collection fees.

- Save two to three percent on credit card drafts and ACH drafts.
- No more incremental costs incurred from declined credit card fees.
- Drafts get funded within 24 to 48 hours.

Automated billing in an integrated environment produces big, tangible savings almost overnight.

A powerful billing module comes equipped with tools for accepting multiple methods of payment, resolving billing problems before they happen, and instantly updating your books with precise numbers. Precise numbers that you can preview from one screen and mitigate billing errors.

In the background, update credit card information and get paid on time. Increase dues without a hassle. Automation closes the billing gap, delivering more control over the billing cycle while maximizing your biggest revenue stream. All this occurs in a secure environment using fewer employees.

Why automate billing?

1. Automating both EFT and credit card drafts is not a one-way cost savings street. An automated system is also flexible, enabling multiple ways to handle declined credit cards.
2. Capturing all your payments on your schedule not only eliminates rework, but also optimizes resource management because previous reconciliation now bypasses back-office employees.

Speaking of back office, integrated billing allows you to set up billing groups and run billing as many times as needed throughout the month. Integrated billing is paperless and available online at the same time every month.

Today's consumer expects online convenience, and by accessing statements online members are less likely to delay payment of paper bills. And the actual billing process runs itself, leaving valuable employees free to accomplish other revenue-generating tasks.

Less manpower, sharper numbers, and huge cost savings, all made possible by the right integrated billing software program.

"Through electronic billing, organizations can increase their contacts, deliver customized information, and provide online services that aren't possible with paper billing." - InformationWeek

Back Office/Accounting ROI

Manual reporting and consumer software prove no match for today's accounting guidelines and standards. Health clubs face unique accounting

challenges, and **a true enterprise solution not only automates back-office functions, but also eliminates errors that cost you time and money.**

More and more, industry leaders identify member management as a catalyst for good numbers.

- Having the power to instantly change member status and billing information ensures data integrity.

Capturing dues rates, credit card drafts, and supporting financial data with supreme accuracy preserves both hard-earned revenue and memberships.

- A powerful system inspires confidence in your billing practices and billing capabilities.

Getting it right, and right the first time, is paramount to customer retention. After all, putting the customer on a pedestal is the essence of member management.

Commissions, commissions, commissions

Most health clubs rely on some form of variable compensation to motivate employees and account for services rendered. Manual calculations put too much pressure on both the service provider and your back-office staff.

With so many commission-based employees, you'll find a direct correlation between how creative your spa, series sales, or training packages are and how many mistakes you'll find at the end of the month. Neutralizing payroll damage through manual labor is counterproductive. Going forward, why spend time coaching attention to detail while going backward fixing human errors.

No matter the department, pay scale or hours worked, automation pulls through your entire commission-based staff.

The right software tracks and closes whatever compensation variables you choose.

- For fine-tuning operations, gain control over labor costs across all departments.

- Get as creative as you want with packages and promotions. Align your pay plan with company objectives.
- Run meaningful commission reports, and then feed them directly into your payroll system.
- No mistakes. No problems. Build trust, keep profitable employees, and spark higher performance.

A good commission program provides a simple formula for financial success. From corporate headquarters to seasonal spa techs, show off clean commissions every month. Take the guesswork out and turn crooked numbers straight using reliable software tools, because **variable compensation should no longer be the elephant in the accounting room.**

Intersite accounting to gift cards

Your customers are more mobile and informed than ever before, buying products and redeeming services at multiple locations within your club footprint.

Intersite accounting travels with your customers, cashing in on gift cards, series sales offerings and inventory products.

- Not only does a true enterprise solution properly account for intersite transactions, but also encourages members to make easy purchases at other clubs that can be charged back to their account.

Memberships, personal training, spa packages, seasonal programs and gift cards are a vital part of your revenue base – and revenue recognition. Health clubs, depending on prepaid services to meet revenue goals, must navigate unique deferred revenue issues. **Tracking and recognizing revenue for different revenue streams can turn into a balancing act for consumer programs, and a nightmare for manual reporting.** And neither option holds up to today's accounting guidelines and standards.

A smart system with robust features allows you to absorb each upfront payment with confidence and accuracy.

- Whether selling an individual or bundled service, recognizing the associated revenue automatically in your general ledger - as the service is delivered - leads to better financial management.

Be flexible. **Be capable of deferring revenue through a variety of methods to get the biggest bang for your buck.**

"Accounting software cannot only help you reduce human errors in your calculations, but it can help you gain insights into your business that you couldn't see in paper form." – Inc.

Paperless ROI

Break free from a paper-ridden environment and reap the immediate benefits of document digitization. Why? Both customers and the environment will admire the commitment to reducing your club's carbon footprint.

But like any good sustainability practice, **going paperless boosts your bottom line with tangible financial benefits realized almost immediately.** And what about ever-evolving regulatory requirements and consumer-driven demands for faster, more responsive behavior?

A paperless club is a more profitable club.

Buy paper. Print paper. Mail paper. Store paper. **The cost of paper is one thing, but the cost of human resources is even greater.** Manual tasks tied to producing, routing and chasing down paper get eliminated in an automated, paperless business environment. From membership agreements to paper bills, health clubs present endless opportunities for digitizing labor-intensive documentation.

And if cost savings exist all over your club, an integrated solution managing each aspect of your business is key to adoption and execution. Think about how hard utilities, big banks and insurance companies work to switch customers from paper to pixels. That's the good news. Your customers are already conditioned for a paperless world. They embrace it, and have grown to expect it.

How to go paperless:

1. Stop printing and storing paper membership agreements. The cost savings are obvious, but the timing and flexibility of digitized memberships actually expand your prospect base and revenue opportunities. This paperless transition supports your PCI Compliance, too.
2. Also reconsider printing guest and prospect waivers, along with POS CTA receipts. If necessary, print a waiver for the customer but store your data electronically. Introduce your staff to signature capture devices and ensure faster, paperless transactions throughout your profit centers, including pro shops and food and beverage.
3. To encourage more transactions, email marketing engages more customers than paper collateral, and results are measurable and immediate. Traditional marketing materials require expensive design and printing and take much longer to hit their target, if at all.



4. An end-to-end data management system allows your staff to migrate paper binders to digital resources for classes, clinics and any program previously recorded on paper.

- Critical program information is now at your fingertips, while waitlists get updated instantly.
- No more referencing old binders bound for human error.
- No more paper-filled frustration costing your club time and money.

"By using and promoting electronic payments, statements and eBills over paper, your company is not only saving the earth's valuable resources, you are also saving money." – PayItGreen

Cloud Hosting ROI

Other data-intensive industries have traded legacy IT systems for the cloud and realized substantial reductions in hardware and operating costs. Needing more and more computing horsepower, **health clubs are prime candidates for the cloud's sweet spot of on-demand power and increased IT efficiencies.**

Imagine outsourcing IT and focusing your resources on business-building objectives. **The cloud offers IT independence from training, security, and heavy sunk costs in hardware and maintenance.** The cloud empowers more end users because access and collaboration happen directly at the application. Now you're truly sharing resources, not just allocating them, or eating them.

In the cloud, your return on investment can be calculated using easy subtraction. Simply take away hardware costs, support costs, underutilized servers, and data left for dead.

Cloud Benefits Never End

1. With subscription-based pricing, your club will only pay for the resources it uses. SaaS (software as a service) becomes a forecasted line item. Unlike traditional IT infrastructure, the cloud's cost structure is not a moving target – few surprises, and fewer hidden costs.
2. The SaaS model allows you to think of your IT resources as an asset. Free to grow your business instead of adding costs to it. You'll enjoy the operational benefits of state-of-the-art data management without sacrificing the comfort and production of on-site equipment and dedicated resources.
3. Cloud adoption provides tangible benefits, and tangible returns because former investments in hardware, data centers, IT staff and security are replaced by applications and services bundled as a cloud of IT services.
4. For flexibility, the cloud means you can scale your IT resources up or down to meet demand. It means pay-as-you-go rates for self-service access over the Internet.
5. As for the impact on business, cloud computing also means energy savings, rapid deployment and customer empowerment.

With the SaaS model, your data is hosted on the cloud. This allows users to access your software directly from any web-enabled device. Clubs both large and small can tap the cloud and enjoy rapid elasticity and greater economies of scale.

Moving to the cloud changes the way your business consumes IT, transforming former cost centers into new opportunities for revenue growth. **Payback occurs on both ends of the ledger, something a club-owned IT infrastructure has a hard time doing.**

"We can stop speculating, hopefully stop cloudwashing, and get down to the real business of incorporating cloud services and platforms into our formal IT portfolios." - Forrester

Integrated Solution ROI

The more software systems your club employs the more costs you can expect to incur. Splicing together a standalone accounting system, an off-the-shelf scheduler, and maybe a third-party billing source can make a nice starter package.



But inefficiencies rack up as a club grows and pressure builds on a stitched together system.

- Inefficiencies manifest in errors, delays, miscalculations, and miscommunication between departments. Inefficiencies attack your bottom line twice.
- Yes, mistakes cost money and sabotage customer service, but opportunity costs from missed revenue opportunities destroy forecasts and sabotage growth.

Mobile devices and online services represent new sources of data that aren't exactly native to legacy programs - the type of legacy programs holding hostage a nonintegrated system on life support. **Making web and mobile transparent to your members creates new revenue streams while preserving others.**



- If issues do arise, individual software vendors won't be pointing the finger at each other.
- Not to mention, upgrades and new releases come from the same source.

Pulling data sources through one system that talks to itself gives your club control. Collaboration crunches time. Efficiencies built from a single-source solution build momentum, and enable your club to focus on your business of health and fitness. All that's worth a lot of money.

"The most fundamental technology enabler of transformation is a digital platform of appropriately integrated data and processes." - MIT Sloan Management Review

Integration makes you stronger

A fully integrated system streamlines your entire business, including accounting, scheduling and billing. In the bigger club picture, it's one system for managing all your data, all your departments. A single point of control eliminates duplication and provides a timely, accurate view of all your operating variables.

Flexibility is customizing related modules to match your business plan. With nonintegrated systems, it's the other way around. When data gets scattered around incompatible software, information becomes difficult to verify and employees waste time searching for the truth. Data integrity is gone. Good ideas and good initiatives intended to make money disappear.

1. Integrated solutions require less training and maintenance.
- Support for your entire system is one call away.
2. A single source for training, maintenance and support gains efficiencies because all your employees live and breathe the same interfaces, the same capabilities.

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with Business Intelligence 