

FORRESTER®

The Total Economic Impact™ Of Progress Sitefinity Digital Experience Platform

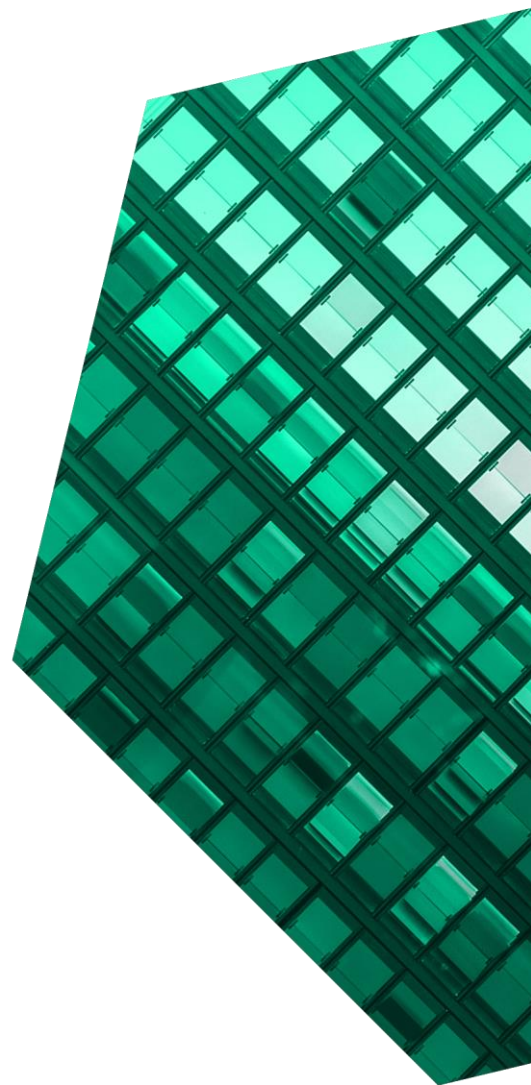
Cost Savings And Business Benefits
Enabled By Sitefinity

JUNE 2021

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Executive Summary

Effective digital delivery is crucial for organizations whose business models are built around online customer engagement. A decentralized delivery structure can lead to inconsistent messaging and a damaged brand reputation. Sitefinity offers enterprises comprehensive, automated content and an experience management platform that offers marketing and IT teams universal control of content, resulting in efficient output of standardized information that accurately reflects an organization's vision.

Progress commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [Progress Sitefinity's](#) digital experience platform (DXP). The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Sitefinity on their organizations.

Sitefinity is a digital experience platform as a service (PaaS) that allows organizations to optimize their collection, management, and delivery of content through real-time metrics, improved collaboration, and streamlined, automated content creation and distribution features. With Sitefinity, enterprises can present measurable, effective content to improve engagement in a more efficient, collaborative manner.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed two customers with experience using the solution. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single [composite organization](#).

Prior to adopting Sitefinity, the customers were using a variety of outdated, disparate web tools. Due to a lack of a centralized, standardized system, going live with a new content feature sometimes required weeks to create, review, approve, and upload. The absence of a unified platform resulted in cross-

KEY STATISTICS



Return on investment (ROI)
245%



Net present value (NPV)
\$2.47M

organizational inefficiencies and content redundancies.

After the investment in Sitefinity, the interviewed customers were able to standardize and better control content creation and presentation, as well as provide a more attractive, user-friendly interface for both external customers and internal teams. This new process of content population resulted in consistent organizational messaging, a decrease in content workflow redundancies, and productivity gains for the web team and other departments within the interviewed organizations.

Productivity gains from improved integrations:

\$1.6 million



KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Productivity gains from improved integrations.** Sitefinity allows organizations to integrate with other internal applications, enabling users to update and share different types of content, including non-web, internally facing reports and documents. As an example, one interviewee mentioned that due to enhanced integrations, their organization is now able to integrate with a multilingual, machine translation application, which provides considerable efficiencies. Instead of waiting a week for the translator to turn around content, the automated integration provides the machine translation in minutes.

Productivity gains from improved integrations are worth more than a risk-adjusted PV of \$1.6 million over three years.

- **Efficiencies in digital delivery.** The standardization and centralization of Sitefinity's DXP solution provides organizations with the ability to create, populate, and deliver information to market in significantly less time than in their previous environments. The yearly efficiencies result in a three-year, risk-adjusted PV of \$1.3 million.

“With the shared components and features of Sitefinity, our cross-departmental projects are more elevated and efficient, and our output is standardized across the organization.”

Technical director, global health agency

- **Efficiencies gained from internal redeployment of IT architects.** Sitefinity's streamlined, all-in-one platform allows organizations to reassign internal IT labor to higher value roles. The three-year, risk-adjusted PV of the associated savings totals \$557,571.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Improved visibility.** With detailed insights into the customer, partner, or employee experiences, organizations can target and mitigate specific pain points effortlessly, thereby improving digital engagement.
- **Site speed.** Sitefinity's unified architecture provides the tools necessary to accommodate an abrupt increase to an organization's web traffic. One interviewee mentioned that their organization recently experienced a 600% increase in visitor traffic without compromising speed or functionality.
- **Measurable engagement time.** Sitefinity's advanced analytics allows organizations to measure user engagement time, which is an indicator of site and content effectiveness. This enables enterprises to rapidly adjust or take down content they deem ineffectual.
- **Enhanced, collaborative employee experience.** Sitefinity's cloud-based design enables employees to share content across the enterprise and accomplish higher level tasks faster with better functionality. Additionally, as one manager mentioned, “The cloud enterprise solution offers full interaction with the cloud team for 24/7 monitoring and with the professional services team when customizations are needed to the core DXP.” This results in enhanced collaboration and an increase in employee satisfaction.

Costs. Risk-adjusted PV costs include:

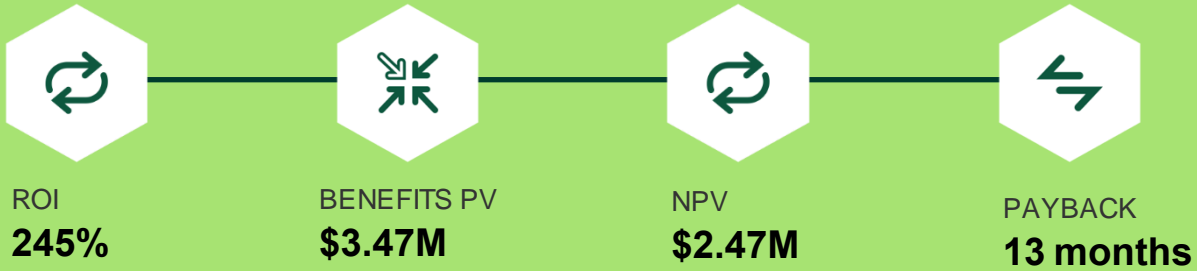
- **Subscription fees.** Organizations incur an annual subscription cost of \$44,000, which includes up to one million page views per month, as well as an annual enterprise subscription add-on costing \$15,000, which offers additional enterprise-focused services and translations management. The total fees in this cost category result in a three-year, risk-adjusted PV of \$146,724.



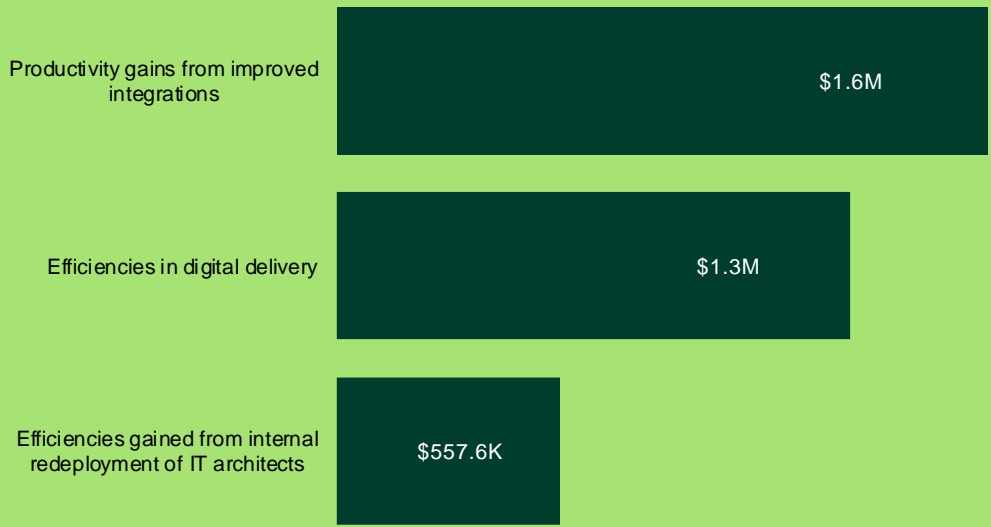
According to one interviewee, the increased site speed accommodated an increase in traffic of 600%

- **Implementation and ongoing management costs.** Implementation comprises of internal initial labor that costs \$663,000; it includes 20% of the time of one IT architect FTE to maintain and manage the Sitefinity platform and relationship, totaling \$30,344 per year. The total three-year PV of implementation and ongoing management costs is \$746,390.
- **Professional services and training costs.** Organizations incur a one-time, initial professional services cost of \$50,000 and an initial training fee of \$10,000. Ongoing yearly fees include \$10,000 in professional services and \$5,000 in training. The three-year PV of total professional services and training costs is \$111,898.

The customer interviews and financial analysis found that a composite organization experiences benefits of \$3.47M over three years versus costs of \$1.0M, adding up to a net present value (NPV) of \$2.47M and an ROI of 245%.



Benefits (Three-Year)



Sitefinity provides advanced analytics to measure digital effectiveness.

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Sitefinity.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Sitefinity can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Progress and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Sitefinity.

Progress reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Progress provided the customer names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed Sitefinity stakeholders and Forrester analysts to gather data relative to the Sitefinity investment.



CUSTOMER INTERVIEWS

Interviewed two decision-makers at organizations using Sitefinity to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Sitefinity Customer Journey

■ Drivers leading to the Sitefinity investment

Interviewed Organizations		
Industry	Interviewee	Organization description
Defense intelligence provider	Head of marketing technology	350 employees
Global health agency	Technical director	Offices in 150 countries

KEY CHALLENGES

The interviewed organizations previously managed content publishing in a less standardized, less strategic, and ad hoc manner that utilized homegrown, outdated, or decentralized tool sets from across the organization. Lacking a unified platform, web team managers had little visibility or control of what was being published and from which department, resulting in cross-organizational redundancies and an inefficient use of internal resources.

The interviewed organizations struggled with common challenges, including:

- **Decentralized control of content.** With several remote offices being responsible for their own content management, universal messaging for the organization was inconsistent. When information changed at headquarters, for example, web staff were responsible for tracking down all of the digital locations where the content was housed and ensuring it was updated.
- **Lack of automated, standardized content creation and population.** Operational efficiencies were unattainable without a standardized process for content creation, management, and delivery. New or updated information took weeks to get to market, with multiple layers of internal review and approval. Content creation was often duplicated due to

inadequate communication channels within the organizations.

“Before implementing Sitefinity, we had no governance or control on what was being created or how it was reviewed at various departments and locations. We were unable to ensure that all communications were a reflection of our organization’s vision.”

Technical director, global health agency

- **Lack of visibility into customer digital engagement.** The legacy solutions were dated, and they did not offer the necessary analytics to measure the impact and effectiveness of digital delivery. Organizations needed to determine how and for how long a customer engaged with the presented information.

“We wanted to update the digital experience while adding standardized functionality that we could personalize to our needs.”

Head of marketing technology, defense intelligence provider

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewed organizations searched for a solution that could:

- Centralize control over content and presentation.
- Standardize and automate content creation and review process.
- Provide rich analytics to measure personalization, effectiveness, and customer digital engagement.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the two companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

- A global government agency doing business in multiple countries.
- Legacy solutions include a wide variety of decentralized, outdated, and customized applications assigned throughout the organization.
- A vital part of operations is the timely, efficient delivery of clear, consistent content to the market.
- An IT architect oversees the management of the site and has an internal web team of approximately 15 technical marketing and content editing staff and 10 web developers. The number of content editors reflected in the composite organization does not represent the limitless number of content editors the organization could potentially engage. Sitefinity's standardized, accessible approach allows organizations to permit content editors, outside of the traditional web team — and regardless of

function or geography — to update, enhance, and deliver information.

Key assumptions

- **Global government agency managing content on various digital channels**
- **Sitefinity used for internal- and external-facing presentation of data**
- **Sitefinity's API integration capabilities deployed to standardize internally facing, non-web content**
- **84 content features per year**
- **156 content updates to integrated applications per year**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Productivity gains from improved integrations	\$400,497	\$800,994	\$800,994	\$2,002,485	\$1,627,866
Btr	Efficiencies in digital delivery	\$316,287	\$632,575	\$632,575	\$1,581,437	\$1,285,586
Ctr	Efficiencies gained from internal redeployment of IT architects	\$137,177	\$274,354	\$274,3534	\$685,885	\$557,571
	Total benefits (risk-adjusted)	\$853,961	\$1,707,923	\$1,707,923	\$4,269,807	\$3,471,023

PRODUCTIVITY GAINS FROM IMPROVED INTEGRATIONS

Evidence and data.

- Sitefinity enabled the composite organization to both deliver new content and update old content across multiple channels in an automated, methodical process that improved workflows for the web team. Efficiently centralizing content and eliminating redundancy saved the web team significant resources.
- Sitefinity’s APIs further allowed users to integrate information with external applications, allowing the composite organization to automatically standardize and share internal, non-web content that would require weeks to update, approve, and distribute in its previous environment.
- Streamlining and centralizing the delivery of new internal, non-web content gave organizational teams a single, reliable location to upload, retrieve, and share content updates with all internal users with permissions. “We now have one central place in the DXP interface where people can update information, and, with Sitefinity’s API integrations, that information is updated automatically throughout the entire organization,” commented a technical director,

adding, “We no longer see gaps in our information amongst the various data centers.”

Modeling and assumptions.

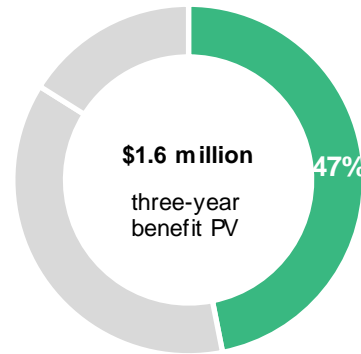
- An average of three content updates are performed each week.
- Each content update requires three web editor FTEs who are all 100% dedicated.
- Two weeks are saved per update per FTE.
- The fully burdened salary of a web editor is \$65,441.
- The first year reflects six months of use, as the first six months are dedicated to implementation.

Risks.

- The number of weekly updates will vary depending on the size, industry, and business model of the organization.
- Salaries may vary depending on geographical location, industry, team member responsibilities, and skill level.

Results.

To account for these risks, Forrester adjusted this benefit downward by 15%. Forrester also applied a productivity capture of 80%, as not all time saved directly corresponds to productivity gains. Productivity gains from improved integrations yield a three-year, risk-adjusted total PV (discounted at 10%) of approximately \$1,627,866.



Productivity Gains From Improved Integrations					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Number of content updates to integrated applications per year	Year 1: 3 per week*26 weeks Years 2 and 3: 3 per week*52 weeks	78	156	156
A2	Time saved per update	2 weeks	2	2	2
A3	Number of web editors required per update		3	3	3
A4	Salary of web editors		\$65,441	\$65,441	\$65,441
A5	Percent captured		80%	80%	80%
At	Productivity gains from improved integrations	$A1*(A2/52 \text{ weeks})$ $*A3*A4*A5$	\$471,173	\$942,346	\$942,346
	Risk adjustment	↓15%			
Atr	Productivity gains from improved integrations (risk-adjusted)		\$400,497	\$800,994	\$800,994
Three-year total: \$2,002,485			Three-year present value: \$1,627,866		

EFFICIENCIES IN DIGITAL DELIVERY

Evidence and data.

- The composite organization experienced considerable efficiencies after implementing Sitefinity’s unified DXP. Manually distributing documents for review and approval was no longer required due to Sitefinity’s streamlined, automated process. Web teams were able to access and work on a project in one location.
- One interviewee noted, “With the integrated workflows, we can create content twice as fast.”
- Sitefinity’s content templates allowed the web team to realize additional efficiencies. Team members could access, view, and update information without having to recreate entire documents.

Modeling and assumptions.

- The composite organization posts an average of seven new content features per month.
- Each feature requires one web editor and one web developer to create and get to market.
- The average time required per feature is reduced from two months to one month.
- The fully burdened annual salary of a web editor is \$65,441, and the fully burdened annual salary of a web developer is \$78,000.
- The first year reflects six months of use, as the first six months are dedicated to implementation.

Risks.

- The frequency at which content features are created and delivered will vary depending on the industry and the organization’s size.
- The digital delivery savings time will depend on an organization’s legacy solution(s).

- Labor costs will vary depending on geographical location, industry, team member responsibilities, and skill level.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%. Forrester also applied a productivity capture of 70%, as not all time saved directly corresponds to productivity gains. The three-year, risk-adjusted PV of the efficiencies in content delivery is valued at \$1,285,586.

“Sitefinity allows us to store content in one location, allowing access for all users and providing efficiencies in content creation. Ultimately, we are able to get to market faster.”

Head of marketing technology, defense intelligence provider

Efficiencies In Digital Delivery					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Number of content features per year	Year 1: 7 per month*6 months Years 2 and 3: 7 per month*12 months	42	84	84
B2	Time saved per feature	1 month	1	1	1
B3	Number of web team FTEs required per feature	1 web editor and 1 web developer	2	2	2
B4	Average salary of web team FTEs	$(\$65,441 + \$78,000) / 2$	\$71,720.5	\$71,720.5	\$71,720.5
B5	Percent captured		70%	70%	70%
Bt	Efficiencies in digital delivery	$B1 * (B2 / 12 \text{ months}) * B3 * B4 * B5$	\$351,430	\$702,861	\$702,861
	Risk adjustment	↓10%			
Btr	Efficiencies in digital delivery (risk-adjusted)		\$316,287	\$632,575	\$632,575
Three-year total: \$1,581,437			Three-year present value: \$1,285,586		

EFFICIENCIES GAINED FROM INTERNAL REDEPLOYMENT OF IT ARCHITECTS

Evidence and data.

- Upon implementing Sitefinity, fewer IT architects were required to perform web-development-related tasks, and they were thereby reassigned to other IT-related posts in the organization.
- The out-of-the-box design of Sitefinity’s platform required less coding, enabling the organization to reduce its labor budget and save IT hours previously allocated to the web team. One interviewee commented, “That is one less thing that our IT security team has to worry about.”

Modeling and assumptions.

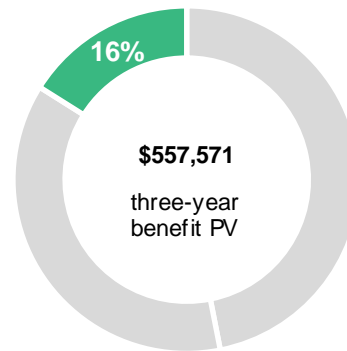
- The composite organization can redeploy two IT architects.
- The fully burdened annual salary of an IT architect is \$152,419.
- The first year reflects six months of use, as the first six months are dedicated to implementation.

Risks.

- Web development needs vary depending on the industry and the organization’s size.
- Labor costs will vary depending on geographical location, industry, team member responsibilities, and skill level.

Results.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$557,571.



Efficiencies Gained From Internal Redeployment Of IT Architects

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Number of IT architects redeployed due to efficiencies gained		2	2	2
C2	Fully loaded salary of IT architects	Year 1: \$152,419/2 Years 2 and 3: \$152,419	\$76,209	\$152,419	\$152,419
Ct	Efficiencies gained from internal redeployment of IT architects	C1*C2	\$152,419	\$304,838	\$304,838
	Risk adjustment	↓10%			
Ctr	Efficiencies gained from internal redeployment of IT architects (risk-adjusted)		\$137,177	\$274,354	\$274,354
Three-year total: \$685,885			Three-year present value: \$557,571		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Improved visibility.** A centralized DXP allows web team members to better monitor and maintain all content delivery, to reduce redundancy, and to improve team productivity.
- **Site speed.** “Sitefinity has dramatically improved our site speed, while allowing us to operate on a far larger scale,” said a manager, adding, “Our visitor numbers are up over 30% from where we were on average before Sitefinity.” Even with considerable and sudden traffic increases, “the system has performed admirably without any issues.”
- **Measurable engagement time.** The composite organization can track user behavior through Sitefinity Insight analytics, personalization, and the optimization solution. With comprehensive analytics, messaging strategy can be customized to be more targeted and effective across all user touchpoints. As content is more strategically aligned with visitors’ preferences, organizations are experiencing increased customer engagement times.
- **Enhanced, collaborative employee experience.** Interviewees reported that employee satisfaction has improved as the team is now able to accomplish more in less time, enabling members to strategize and think beyond just the day-to-day operations. Universal access to a single content platform allows all employees involved to share, collaborate, and quickly deliver an approved feature or update. One interviewee said: “Absolutely everyone in the organization loves the ability to directly link to content type with Sitefinity automatically figuring out the relevant links. It’s details like these that make the content writers much happier.” Additionally, when platform or customization issues surface, having direct, immediate access to the Sitefinity Cloud

enterprise team improves the composite organization’s productivity as project downtime is eliminated.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Sitefinity and later realize additional uses and business opportunities, including:

- **Scalability.** The interviewed decision-makers report that Sitefinity’s unified system for standardized content management enables them to adapt to increasing web-related demands with reliable and consistent efficacy. Despite higher web traffic, the organizations can execute more cross-departmental projects with the platform’s shared content components. Not only are the processes scalable, Sitefinity’s advanced analytics capabilities allow organizations to keep pace with increasing site visits, thereby, promoting overall organizational growth. One interviewee mentioned: “Initially, it was about content creation, then suddenly, it was about our publications models, then our document depository. Aligning all of this with Sitefinity allows for larger scale operations.”
- **Agility.** Organizations look to Sitefinity for additional ways to improve their internal digital experience management processes. From translation services efficiencies to internal knowledge database automation, Sitefinity provides increased, built-in functionalities beyond a basic content management system. One director reported: “These days we really have to be agile. We need to be able to receive information one day and report accurate updates the next. Our ability to do that accurately while hosting more visitors than ever has really highlighted the flexible nature of the Sitefinity solution.”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Subscription fees	\$0	\$59,000	\$59,000	\$59,000	\$177,000	\$146,724
Etr	Implementation and ongoing management	\$0	\$762,832	\$33,532	\$33,532	\$829,897	\$746,390
Ftr	Professional services and training	\$69,000	\$17,250	\$17,250	\$17,250	\$120,750	\$111,898
	Total costs (risk-adjusted)	\$69,000	\$839,082	\$109,782	\$109,782	\$1,127,647	\$1,005,012

SUBSCRIPTION FEES

Evidence and data.

- The composite organization pays annual cloud-based subscription fees for the Tier One package that total \$44,000. This package includes one million external or internal page views per month.
- The composite organization pays an additional \$15,000 per year for the enterprise add-on package.

Results.

Given Sitefinity's straightforward pricing structure, Forrester did not risk-adjust this cost as it will only vary depending on an organization's expected monthly page views. Subscription fees yield a three-year, risk-adjusted total PV (discounted at 10%) of \$146,724.

Subscription Fees						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	Annual subscription fees	Tier One package		\$44,000	\$44,000	\$44,000
D2	Enterprise subscription add-on			\$15,000	\$15,000	\$15,000
Dt	Subscription fees	D1+D2	\$0	\$59,000	\$59,000	\$59,000
	Risk adjustment	0%				
Dtr	Subscription fees (risk-adjusted)		\$0	\$59,000	\$59,000	\$59,000
Three-year total: \$177,000			Three-year present value: \$146,724			

IMPLEMENTATION AND ONGOING MANAGEMENT

Evidence and data.

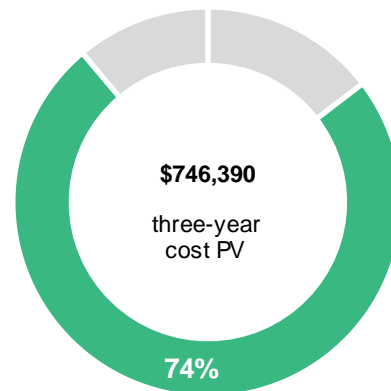
- The composite organization deployed 25 web team FTEs for the implementation process, which took approximately six months. Fifteen FTEs were required at 100%, and 10 FTEs were required at 20%.
- The fully burdened salary of a web team FTE is \$78,000.
- Ongoing management is performed internally by an IT architect who earns a fully loaded salary of \$152,419.

Risks.

- Implementation time will vary depending on an organization’s legacy solution, their web presence, and the complexity of internal requirements.
- Salary levels may differ according to industry, geographic location, responsibilities, and skill level.

Results.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$746,390.



Implementation And Ongoing Management						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Implementation-internal labor	$((15 * \$78,000) + (10 * \$78,000 * 20\%)) / 2$		\$663,000		
E2	Ongoing management-internal	$\$152,419 * 20\%$		\$30,484	\$30,484	\$30,484
Et	Implementation and ongoing management	$E1 + E2$	\$0	\$693,484	\$30,484	\$30,484
	Risk adjustment	↑10%				
Etr	Implementation and ongoing management (risk-adjusted)		\$0	\$762,832	\$33,532	\$33,532
Three-year total: \$829,897			Three-year present value: \$746,390			

PROFESSIONAL SERVICES AND TRAINING

Evidence and data.

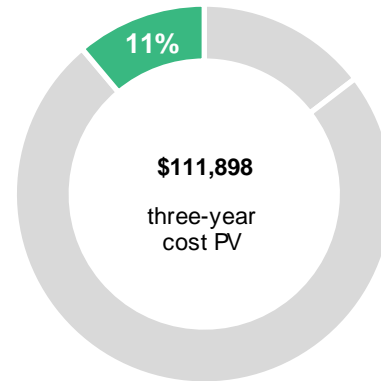
- The composite organization incurred an initial professional services fee of \$50,000, which is followed by an ongoing annual cost of \$10,000.
- The composite organization incurred an initial training fee of 10,000, which is followed by an ongoing annual cost of \$5,000.

Risks.

- The level and associated costs of outside professional services and training engagement will vary depending on the internal talent’s skill level and experience.
- Professional services and training costs may vary according to the industry, size of the organization, and the complexity of the desired DXP.

Results.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$111,898.

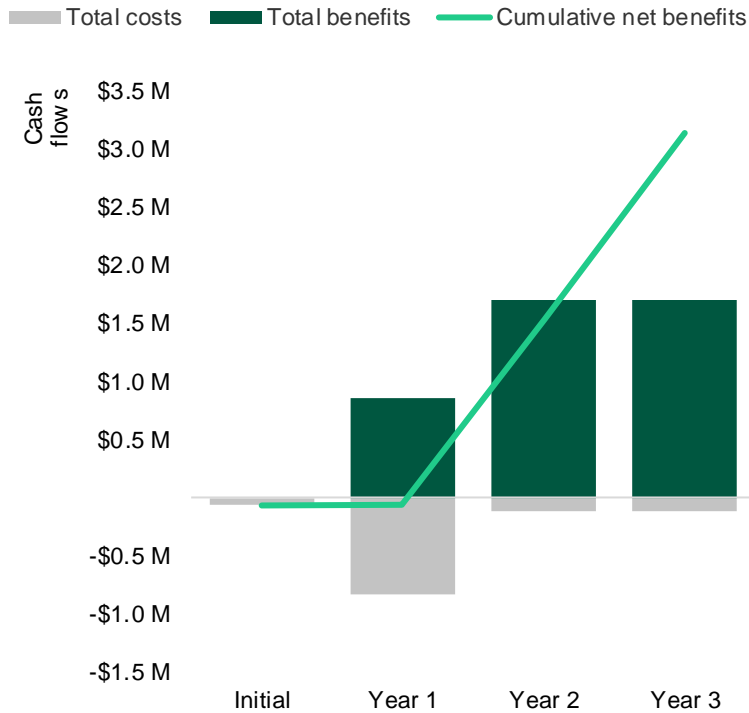


Professional Services And Training						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Professional services		\$50,000	\$10,000	\$10,000	\$10,000
F2	Training		\$10,000	\$5,000	\$5,000	\$5,000
Ft	Professional services and training	F1+F2	\$60,000	\$15,000	\$15,000	\$15,000
	Risk adjustment	↑15%				
Ftr	Professional services and training (risk-adjusted)		\$69,000	\$17,250	\$17,250	\$17,250
Three-year total: \$120,750			Three-year present value: \$111,898			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$69,000)	(\$839,082)	(\$109,782)	(\$109,782)	(\$1,127,647)	(\$1,005,012)
Total benefits	\$0	\$853,961	\$1,707,922	\$1,707,922	\$4,269,806	\$3,471,022
Net benefits	(\$69,000)	\$14,879	\$1,598,140	\$1,598,140	\$3,142,159	\$2,466,010
ROI						245%
Payback period						13.0 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."



PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in the cash flow analysis takes into account the time value of money. Organizations typically use discount rates between 8% and 16%.



PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

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