

FORRESTER®

The Total Economic Impact™ Of Adobe Campaign

Cost Savings And Business Benefits
Enabled By Adobe Campaign

FEBRUARY 2022

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Executive Summary

Consumers are ready to spend, but competition is fierce for a share of consumers' wallet. To win and retain customers, organizations need to market across multiple channels with scale and efficiency. Additionally, they must enable more coordinated, relevant, and hypertargeted outreach. To accomplish this, organizations need an effective cross-channel marketing program, which starts with a centralized platform that can tie together customer data and truly personalize the messaging.

Adobe Campaign is a cross-channel marketing platform that helps marketers orchestrate their audiences with progressive enrichment and segmentation across multiple data sources. The solution delivers cross-channel marketing to reach audiences across the entire customer journey with targeted and personalized campaigns including the ability to re-target. It gives marketers a scalable, extensible, and integrated approach to orchestrate cross-channel campaigns with in-depth capabilities for segmentation and workflow management.

Adobe commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [Campaign](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Campaign on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Campaign. 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 using Campaign, the customer organizations worked with disparate marketing solutions in their attempts to reach customers with siloed data. Having data is better than no data, but without integration and correlation of the data, the organizations lacked

KEY STATISTICS



Return on investment (ROI)
293%



Net present value (NPV)
\$10.2M

the insights and ability to truly engage their customers. The overall efforts yielded less-than-optimal results with limited email outreaches, duplicate outreaches, and an overall disconnect in engaging customers with relevant touchpoints. Organizations found themselves unable to reach their customers with manual outreach or more importantly realize the power of their customer data to truly improve engagement.

Following the investment in Adobe Campaign, the users of Adobe Campaign consolidated customer data, leveraged insights, and created target customer groups for specific marketing to improve open and click-through rates, engagement, and ultimately return on the marketing efforts. Creators, storytellers, and digital marketing magicians combined their know-how with the analytics across channels to make their messaging more powerful. Outreach across channels such as email, phone, and even direct mail became coordinated and centralized, reaching

customers through the right touchpoints, at the right time, and with the right content. Campaign also greatly enhanced scalability by making marketing operations more efficient, largely automated, and centrally managed.

KEY FINDINGS

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

- **Increased conversions from unified marketing outreach boost revenue by \$8.3 million.** Adobe Campaign dramatically increases revenue from higher open and conversion rates. Analytics and data refine targeting, improving consumers' reception of the campaign trifecta of SMS, email, and mobile. Over a three-year period, the composite increases revenue by \$8.3 million PV.
- **Improved customer retention rates from contextual messaging — and customer lifetime value (CLV) — by \$4.6 million.** Campaign provides targeted, relevant messaging through analytics, segmentation, and personalization, which reduces the composite organization's unsubscribe rate by 2.1%. This translates to an increase in revenue of \$4.6 million PV over three years.

- **Increased marketers' efficiency from use of an automated cross-channel marketing platform, creating \$766,000 in value.** By centralizing data, Campaign makes it significantly easier for marketers to understand market

Reduce unsubscribes with more contextual and timely messaging:

2.1%

dynamics and consumers' behavior across different channels to better engage their clientele. The deduplication, coupled with insight, reduces the overall workstream for marketers, resulting in an efficiency gain of \$766,000 PV over three years.

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

- **Reduced IT maintenance costs.** While the sunk cost of on-premises solutions cannot be recovered, the cost to maintain the infrastructure and maintenance costs of software can be. The cloud-based nature of Campaign obviates IT's need to maintain multiple legacy marketing solutions and related support contracts.

Costs. Risk-adjusted PV costs include:

- **Initial implementation cost and ongoing license costs.** The cost of Campaign is based on active licenses, which generally contain a buffer for new customers. Combined with the cost of internal implementation, integration of data sources, and migration of account profiles, the total cost over three years is \$2.1 million PV.
- **Internal training and ramp costs for marketing full-time equivalents (FTEs).** Indirect costs for internal employees include change management

Open rate of emails and push events with Adobe Campaign versus previous solution

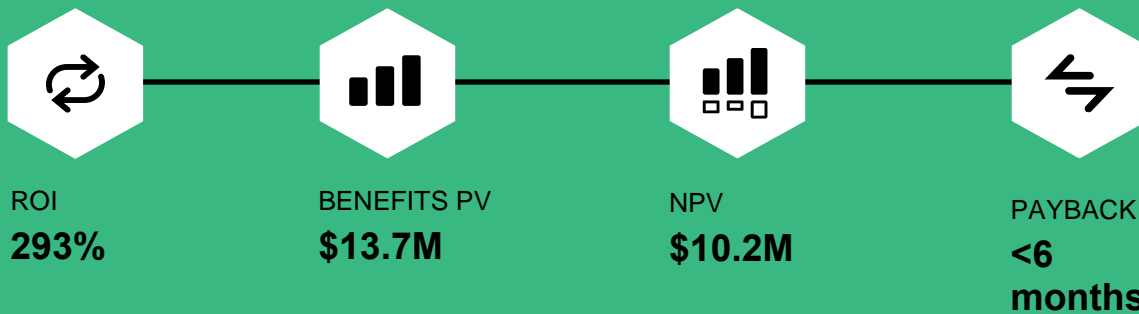
+104%

training, ramping, turnover, and continued training for proficiency. The composite can expect costs of approximately \$1.4 million over three years.

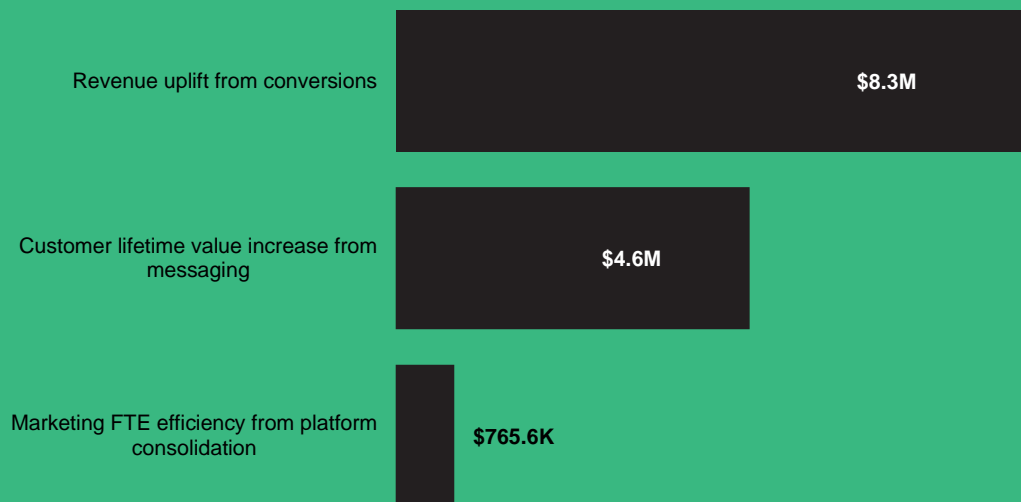
The customer interviews and financial analysis found that a composite organization experiences benefits of \$13.7 million over three years versus costs of \$3.5 million, summing to a net present value (NPV) of \$10.2 million and an ROI of 293%.

“ We use Adobe Campaign as a way of interacting and creating engagement with our customers. We split programs with communications that go to specific target groups in our customer base that are product focused. And this has resulted in open rates as high as 35% to 40%, up from 15%. ”

— Senior director, digital customer excellence, manufacturing



Benefits (Three-Year)



Conversions improve by up to 1.8% percentage points with personalization and greater velocity of outreach on Campaign.

Workflows are 7%-plus more efficient for cross-channel marketing.

Email open rates improve as much as 100%-plus through optimization enabled by Campaign.

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 Campaign.

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 Campaign can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Adobe 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 study to determine the appropriateness of an investment in Campaign.

Adobe 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.

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



DUE DILIGENCE

Interviewed Adobe stakeholders and Forrester analysts to gather data relative to Campaign.



CUSTOMER INTERVIEWS

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



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees.



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 interviewees.



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 Adobe Campaign Customer Journey

■ Drivers leading to the Campaign investment

Interviewees			
Industry	Region	Interviewee	Audience size
Travel	North America	Chief digital officer	1 million-plus unique profiles/100 million-plus touchpoints annually
Financial services	Global	Head of email marketing	5 million-plus unique profiles/100 million-plus touchpoints annually
Healthcare	North America	Director, product owner	1 million-plus unique profiles/40 million-plus touchpoints annually
Manufacturing	EMEA	Senior director, digital customer excellence	1 million-plus unique profiles

KEY CHALLENGES

Organizations as they evolved faced two major hurdles to meet the current consumer market. First, consumers demanded to be met in their preferred medium, and with existing solutions, organizations couldn't coordinate channels into a unified outreach. Second, organizations lacked an efficient feedback loop for their campaigns, especially email. Manually generated reports on performance could not meet modern organizations' requirements for scaling, and it seemed that efforts at times were being thrown at a black hole, per an interviewee.

working on campaigns via different channels and lists, there was no consistency in how and when consumers were contacted. Direct mail sometimes overlapped or duplicated email, which reduced the efficiency of outreach.

“We don't want to do the spray and pray where everyone gets the same type of message. If you're shopping for a cruise, you will get a cruise contented email now on Campaign.”

Chief digital officer, travel

“We didn't have any sense of organization around our customer profiles when it came to marketing automation previously. Our outreach was based on lists that were often duplicated, and we had no clue what the individual customers wanted.”

Senior director, digital customer excellence, manufacturing

Overall, interviewees struggled with common challenges as follows:

- **Convolutd customer contact lists, resulting in duplicative outreach.** With multiple groups

- **Lack of interaction management and personalization.** Disparate communication channels and teams leading the efforts resulted in a lack of holistic understanding of the consumer base. Furthermore, the organizations lacked information about individuals or audiences who required focused targeting, let alone separate audience groups to cater to.

- **Lack of channel coordination.** With customers moving to media such as mobile and SMS, the existing multipronged approach from disparate solutions resulted in disjointed communications and extraneous time to coordinate internally. Marketing efforts across channels lacked the one-two punch necessary for conversions.

“We had email and were just getting started in SMS. We managed our direct mail manually. These were all in different pockets with different teams managing things. As we brought it all together, Campaign became the nexus for how we did things and where we allocated efforts.”

Director, product owner, healthcare

- **Unscalable or unsustainable manual processes.** The lack of integration with prior solutions, lack of templating, and inability to assimilate information about consumers led to lengthy delays in outreach across all channels. And scaling outreach became impossible due to manual processes.

SOLUTION INVESTMENT OBJECTIVES

The interviewees searched for a solution that could:

- Better unify marketing efforts across multiple channels to obtain synergy on messaging, timing, and medium.
- Easily measure and analyze data to improve campaigns.
- Improve outreach efficiency with better contact management and customer segmentation.
- Engage customers at various points in their journey and improve conversion rates.

COMPOSITE ORGANIZATION

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

Description of composite. The composite organization is a North American company primarily serving B2C, with some B2B. The organization has a marketing team of more than 10 FTEs. Due to competition in the space, the company hopes to improve customer loyalty and capture a greater share of wallet through personalization at scale. Analytics and cross-channel centralization are top of mind for this organization.

Key assumptions

- **10,000 total FTEs**
- **\$1B-plus revenue**
- **B2C and B2B**
- **1.2M audience**
- **Use of email, SMS, and mobile channels**
- **Interaction with customers twice a month**

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	Revenue uplift from conversions	\$2,895,299	\$3,351,670	\$3,879,977	\$10,126,946	\$8,317,149
Btr	Customer lifetime value increase from messaging	\$1,693,440	\$1,867,018	\$2,058,387	\$5,618,845	\$4,628,977
Ctr	Marketing FTE efficiency from platform consolidation	\$307,873	\$307,873	\$307,873	\$923,620	\$765,635
	Total benefits (risk-adjusted)	\$4,896,612	\$5,526,561	\$6,246,237	\$16,669,410	\$13,711,761

REVENUE UPLIFT FROM CONVERSIONS

Evidence and data. Interviewees praised the marketing team’s ability to do more and prove the results. Many saw revenue lift from Adobe Campaign driven by higher touchpoint velocity and improved reception with personalized messaging.

- In aggregate, organizations saw a significantly improved open and click-through rates. Open rates for email specifically increased by 34%, compared with prior campaigns.
- Conversion rates immediately improved by 1% to 3%. The impact on lifetime spending is described in the next benefit section.
- Campaign velocity was previously hampered due to an inability to assimilate data and send appropriate messaging to the correct consumer segments. Following the implementation of Adobe Campaign, automation increased the rate of outreach through one-click efforts for various consumer segments.
- Interviewees reported high rates of rejection of campaign frequency — as high as 70% — due to misinformed and underpersonalized messaging on legacy platforms.

- Due to limitations with the disparate systems of the past, organizations were limited in what they could message, and messaging was often duplicative across the various channels, dissipating the value of outbound marketing.

Modeling and assumptions. Forrester based its modeling on the following:

- Forrester assumes that organizations interact with their customers twice a month. It also assumes that Adobe Campaign can manage and send campaigns much faster than legacy providers in line with customers’ accounts.

“Our email conversions through Campaign are the best by a landslide. The effectiveness comes down to us understanding who the customers are, targeting the right customers, and of course being relevant in that dialogue with our customers — all brought together by the Adobe platform.”

Senior director, digital customer excellence, manufacturing

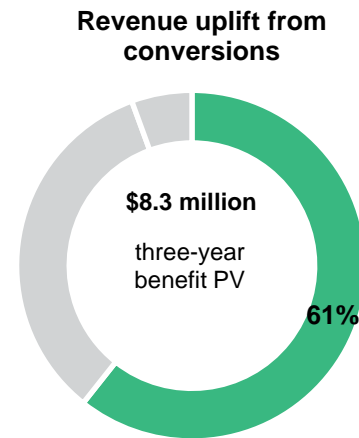
- Based on information from interviewees, Forrester assumes that the average order value (AOV) is \$50 for the composite.
- As with all solutions, people, process, and technology affect benefit totals, Forrester attributes 70% of the benefit to Campaign because its foundational technology enables people and processes.

Risks. Forrester identified risks that could potentially change the benefit value calculated, including:

- Campaigns to promote brand awareness and general reception do not always translate into immediate sales.
- Email-, SMS-, and mobile-driven sales at times depend on one another to create awareness and require a multichannel approach to successfully convert. Firms that do not fully engage

consumers across the various channels may not see the same level of results.

Results. To account for these risks, Forrester adjusted this benefit downward by 12%, yielding a three-year risk-adjusted total PV (discounted at 10%) of \$8.3 million.



Revenue Uplift From Conversions

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Campaign audience	Composite with 5% YoY increase	1,200,000	1,260,000	1,323,000
A2	Campaign velocity, interactions per year	A1*2 per month*12 months	28,800,000	30,240,000	31,752,000
A3	Percentage acceptance of campaign frequency	Interviews	60%	60%	60%
A4	Open rate of email and push events	Interviews	34.00%	35.70%	37.49%
A5	Conversion rate improvement of opened email	Interviews	1.60%	1.68%	1.76%
A6	AOV	Composite	\$50	\$50	\$50
A7	Attribution to Adobe Campaign	TEI standard	70%	70%	70%
At	Revenue uplift from conversions	A3*A5*A6	\$3,290,112	\$3,808,716	\$4,409,065
	Risk adjustment	↓12%			
Atr	Revenue uplift from conversions (risk-adjusted)		\$2,895,299	\$3,351,670	\$3,879,977
Three-year total: \$10,126,946			Three-year present value: \$8,317,149		

CUSTOMER LIFETIME VALUE INCREASE FROM MESSAGING

Evidence and data. Interviewees recognized that the use of personalized and contextual messaging elevated the propensity for consumers to stay subscribed to marketing, especially when presented across the channels that they preferred.

- Specifically, the rate of unsubscribes on SMS and email decreased by 1.5% to 3.5%.
- Customer conversions continued with customers who did not unsubscribe, resulting in a 1.6% conversion uplift.

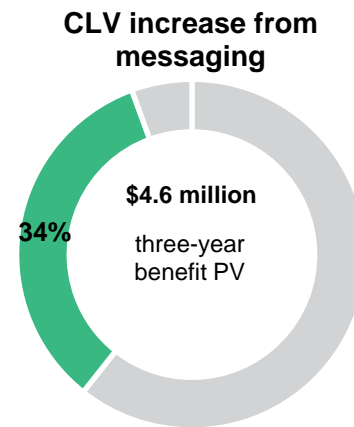
Modeling and assumptions. Forrester based its modeling on the following:

- The AOV is \$50 for the composite, but this may change with differing industries and products. This ultimately affects the CLV and frequency and likelihood of repeat purchases.
- Based on AOV and repeatability of sales, Forrester assumes a CLV of \$875, with a seven-year lifecycle and 2.5 orders per year.
- Forrester assumes that customers have signed on for communications from the vendor: the campaign audience.

Risks. Forrester identified risks that could potentially change the benefit value calculated, including:

- Longevity of customer loyalty varies widely, depending more on brand value than individual campaigns. Hence, value will vary by type of brand.
- While AOV is already low at \$50, some product lines may have even lower AOV.
- Continued privacy regulatory pressures will decrease the effect of data collection and impact influence on future purchases.

Results. To account for these risks, Forrester adjusted this benefit downward by 80%, yielding a three-year risk-adjusted total PV of \$4.6 million.



Customer Lifetime Value Increase From Messaging					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	CLV prior to Adobe Campaign	Composite	\$875	\$875	\$875
B2	Reduction in customer unsubscribes per year	Interviews	2.1%	2.1%	2.1%
B3	Conversion of customers	Interviews	1.6%	1.7%	1.8%
B4	Customers engaged with Adobe Campaign	A1*2 per month*12 months	28,800,000	30,240,000	31,752,000
Bt	CLV increase from messaging	B1*B2*B3*B4	\$8,467,200	\$9,335,088	\$10,291,935
	Risk adjustment	↓80%			
Btr	CLV increase from messaging (risk-adjusted)		\$1,693,440	\$1,867,018	\$2,058,387
Three-year total: \$5,618,845			Three-year present value: \$4,628,977		

MARKETING FTE EFFICIENCY FROM PLATFORM CONSOLIDATION

Evidence and data. Aggregating data in one location speeded analytics. Because Adobe Campaign continually ran analytics, interviewees had the information they needed to address different market segments faster and more consistently. Furthermore, the need to cleanse data decreased because Campaign presented a single source of truth across all marketing channels.

- Interviewees said that the aggregated data decreased workflow and produced faster actionable insights. The decreased time between recording data and producing insights allowed marketers to better predict and deliver what was relevant to consumers via the various channels.
- Visibility for marketing presented new opportunities to optimize and focus on where it mattered.
- Data specialists and analytics FTEs now had a centralized information source, combining email, mobile, SMS, and direct mail. The eliminated need to aggregate data in different formats saved significant time.

Modeling and assumptions. Forrester based its modeling on the following:

- The composite organization requires use of analytics and data scientists to cleanse data before analysis. The anticipated number of analysts or FTEs is five. They spend one-third of their time on these tasks — per interviewees.
- Marketers look through only one pane of glass to see the effect of their campaigns across channels, resulting in less work to attain proper visibility.
- Forrester assumes that the fully loaded salary of one marketer FTE is \$71,483 based on US averages.

Marketer efficiency due to platform consolidation:
3,200-plus hours per year

Risks. There were no risk adjustments for this benefit.

Results. The resulting analysis for this benefit yields a three-year total PV of \$766,000.

Marketing FTE Efficiency From Platform Consolidation					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Internal effort of aggregating, cleaning, and analyzing data in hours	5 analytics FTEs* 1/3 of time*2,080 hours per year	3,432	3,432	3,432
C2	Optimization of workflow due to single source for cross-channel marketing in hours	22 marketing analyst FTEs+7% efficiency gain	3,203	3,203	3,203
C3	Fully loaded marketing FTE cost per hour	TEI standard	\$46.40	\$46.40	\$46.40
Ct	Marketing FTE efficiency from platform consolidation	(C1+C2)*C3	\$307,873	\$307,873	\$307,873
	Risk adjustment	0%			
Ctr	Marketing FTE efficiency from platform consolidation (risk-adjusted)		\$307,873	\$307,873	\$307,873
Three-year total: \$923,620			Three-year present value: \$765,635		

UNQUANTIFIED BENEFITS

Customers experienced an additional benefit that they could not quantify.

Reduced cost of IT operations. As organizations moved to the Adobe Campaign cloud architecture, the cost of maintaining various modes of email and mobile service required a significant time investment from IT operations in network and software upkeep.

Being a cloud-based, centralized database, Adobe Campaign requires significantly less effort to maintain from the IT perspective. Customers said that when moving to the cloud architecture, the need for IT maintenance decreased, especially when multiple data sources consolidated in one format for analytical purposes. Previously, IT professionals manually imported the disparate data sources (through integrations and ad-hoc pulls), resulting in significant delays.

The monetary value of this varies among organizations, depending on the existing point of storage and the types of data that need to be stored locally. Hence, Forrester decided not to quantify this benefit. This benefit nonetheless can present significant savings for IT professionals and, to some degree, marketers.

FLEXIBILITY

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

Forrester found that customers had varied channel mixes for customer outreach and got varied results from each channel. The effective use of Campaign resulted in the optimal alignment of marketing channels to user segments.

As organizations traverse the new normal in the age of COVID-19, organizations need to adapt and reach

customers where it matters, whether it's through direct mail or mobile (for the more tech-savvy).

Increasing the speed at which organizations derive insights and act on them allows them to capitalize on the consumer segments that are most responsive to certain marketing channels, which would have taken much longer without Campaign.

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	License and implementation costs	\$421,200	\$648,000	\$680,400	\$714,420	\$2,464,020	\$2,109,359
Etr	Training and ramp costs of marketing FTEs	\$285,824	\$439,352	\$439,352	\$439,352	\$1,603,881	\$1,378,428
	Total costs (risk-adjusted)	\$707,024	\$1,087,352	\$1,119,752	\$1,153,772	\$4,067,901	\$3,487,787

LICENSE AND IMPLEMENTATION COSTS

Evidence and data. License costs were charged on a subscription basis predicated on the active user profiles that interviewees planned to contact, with a buffer to allow overages. Additionally, implementation and migrations costs were added that were largely an internal effort.

- Interviewees said that their implementations were straightforward — especially because Adobe’s cloud-based software essentially worked on every hardware platform.
- Migration of customer profiles and deduplication of data were necessary to provide a clean slate for the Campaign solution. Interviewees estimated that this effort took up to six months, with two to four FTEs working regularly on the project to introduce the data properly.

Modeling and assumptions. Forrester based its modeling on the following:

- Pricing of Adobe Campaign licenses reflects list pricing as of this study’s publication date.
- Network operations personnel and marketing professionals implement and adjust Adobe Campaign to optimize use.
- Marketing professionals primarily perform migrations. They delineate and mark what future

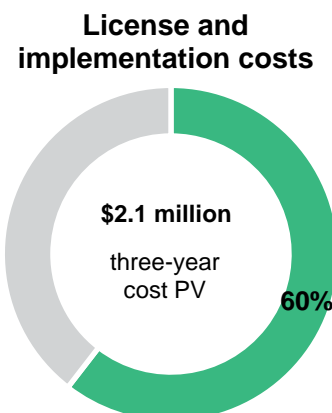
segments customers fall within as a baseline. The baseline in turn provides the structure for organizing customer profiles moving forward.

- Licensing encapsulates email, SMS, and mobile communications.

Risks. Potential risks that can negatively affect the cost basis reflected in this group are as follows:

- The amount of segmentation of customer groups can take an arbitrarily long period of time before being live on Campaigns.
- Integration between different solutions and data sources varies depending on the source.

Results. To account for these risks, Forrester adjusted this cost upward by 8%, yielding a three-year risk-adjusted total PV (discounted at 10%) of \$2.1 million.



License And Implementation Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Cost of Adobe Campaign licensing per year	Adobe list pricing		\$600,000	\$630,000	\$661,500
D2	Implementation and setup costs	Interviews	\$150,000			
D3	Migration of account profiles, internal effort	Interviews	\$240,000			
Dt	License and implementation costs	D1+D2+D3	\$390,000	\$600,000	\$630,000	\$661,500
	Risk adjustment	↑8%				
Dtr	License and implementation costs (risk-adjusted)		\$421,200	\$648,000	\$680,400	\$714,420
Three-year total: \$2,464,020			Three-year present value: \$2,109,359			

TRAINING AND RAMP COSTS OF MARKETING FTES

Evidence and data. To enable Adobe Campaign’s success, interviewees enacted a program of change management, entailing training, ramping to full production speed, and acclimating to segmented customer bases.

- Interviewees estimated that they spent an average of 12 hours per employee, including the time of trainers, to relay the full functionality of the platform.
- Ramp time varied among interviewees, mostly due to the type and scope of consumer bases that they served. The average came to roughly 16 hours during a one-week to two-week period.

Modeling and assumptions. Forrester based its modeling on the following:

- The composite organization mostly trains marketing professionals on the functionality of Campaigns to enable segmentation and personalization.
- Turnover in Years 2 and 3 are included in training and ramp time.
- A permanent administrator assures that marketing professionals can apply rules and structure as required.

Risks. Potential risks that can negatively affect the cost basis are as follows:

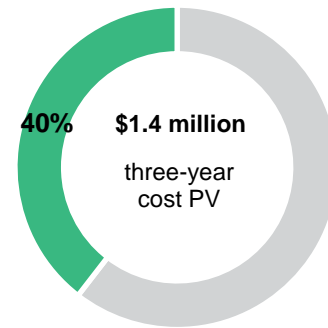
- Complexity of workflows for customer groups vary by industry — in financial services, for instance, how net worth correlates to likelihood to purchase financial products.
- Consolidation to one platform requires varying amounts of effort, depending on existing marketing software.

“As a part of client onboarding (for B2B customers), there were many steps. And while we had a lot of information to assimilate from our customers, it was definitely worth it.”

Head of email marketing, financial services

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$1.4 million.

Change management costs

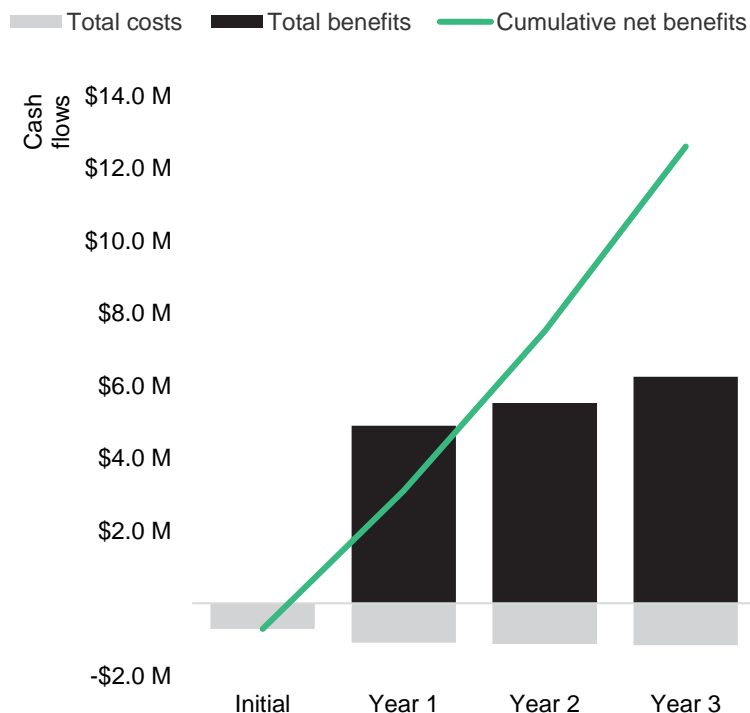


Training And Ramp Costs Of Marketing FTEs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Campaign users	Composite	200	34	34	34
E2	Training hours per user	Interviews	12.0	12.0	12.0	12.0
E3	Ramp-time-to-proficiency per user	Interviews	16	16	16	16
E4	Average compensation rate of marketers using Campaign per hour	TEI standard	\$46.40	\$46.40	\$46.40	\$46.40
E5	Internal platform admin costs of one FTE per year	Interviews		\$96,512	\$96,512	\$96,512
Et	Training and ramp costs of marketing FTEs	$E1 \times E2 \times E3 \times E4$	\$259,840	\$399,411	\$399,411	\$399,411
	Risk adjustment	↑10%				
Etr	Training and ramp costs of marketing FTE (risk-adjusted)		\$285,824	\$439,352	\$439,352	\$439,352
Three-year total: \$1,603,881			Three-year present value: \$1,378,428			

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	(\$707,024)	(\$1,087,352)	(\$1,119,752)	(\$1,153,772)	(\$4,067,901)	(\$3,487,787)
Total benefits	\$0	\$4,896,612	\$5,526,561	\$6,246,237	\$16,669,410	\$13,711,761
Net benefits	(\$707,024)	\$3,809,260	\$4,406,809	\$5,092,465	\$12,601,509	\$10,223,974
ROI						293%
Payback (months)						<6

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."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



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 cash flow analysis to take 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.

Appendix B: Endnotes

¹ 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.

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