

A Forrester Total Economic
Impact™ Study

Commissioned By
Salesforce™

Project Directors:
Michelle S. Bishop

September 2016

The Total Economic Impact™ Of Salesforce Community Cloud For Partner Community

Improved Channel Visibility And
Efficiency Enabled By Partner
Community

Table Of Contents

Executive Summary	3
Disclosures	5
TEI Framework And Methodology	6
Analysis	7
Financial Summary	23
Salesforce Community Cloud: Overview	24
Appendix A: Total Economic Impact™ Overview.....	25
Appendix B: Forrester And The Age Of The Customer	26
Appendix C: Glossary.....	27

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

© 2016, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to www.forrester.com.

Executive Summary

Salesforce™ commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Salesforce Community Cloud for Partner Community. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of this solution within their organizations.

To better understand the benefits, costs, and risks associated with a Partner Community investment, Forrester interviewed and surveyed several existing customers of Partner Community. Community Cloud is an enterprise platform for online communities and portals. It connects customers, partners, and employees directly to the information, apps, and experts that they need to take action.

Community Cloud offers business integration, personalization, customization and branding, and engagement. Through Lightning Bolt, it also offers the ability to quickly and easily create next-generation communities and portals that seamlessly integrate with Salesforce.

For the organizations interviewed and surveyed, the primary drivers for a Partner Community implementation were improved partner engagement and communication. Organizations also sought to increase partner satisfaction, improve pipeline visibility, forecast accuracy, and improve partner productivity by improving business processes supporting their indirect sales channel. At the same time, some of these organizations faced challenges in supporting their indirect channel partners. A number of these organizations were working with a combination of manual processes and disparate legacy systems to receive leads, price, and support deals through their indirect sales channel prior to their Partner Community deployments.

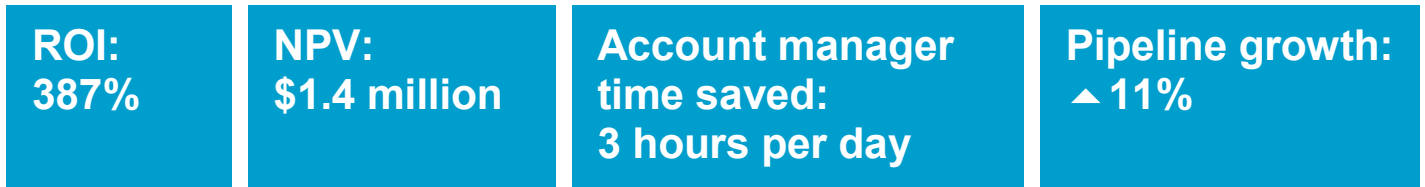
PARTNER COMMUNITY DRIVES SALES, IMPROVES CHANNEL VISIBILITY AND SALES EFFICIENCY

Our interviews with two existing customers and surveys with 30 existing customers found that a composite organization experienced the risk-adjusted ROI, NPV, and benefits shown in Figure 1. The composite organization analysis points to benefits of \$1,809,319 versus project costs of \$371,891, adding up to a net present value (NPV) of \$1,437,429.

The benefits quantified in the ROI model came from increased sales with better channel visibility and coordination; efficiency savings due to improved channel partner processes, such as reduced deal friction and deal support; improved decision-making with better channel visibility and partner access to real-time insight on channel coverage and performance; and cost savings on maintenance of legacy systems.

Other benefits cited by interviewed and surveyed companies include improved partner communication, collaboration, and engagement; increased agility, leading to improved partner experience; and ease of implementation and use.

FIGURE 1
Financial Summary Showing Three-Year Risk-Adjusted Results



Source: Forrester Research, Inc.

“It’s amazing how the channel performs when your partners are happy with you and they feel they’re being heard. Volume goes through the roof. It’s all about relationship management.”

— CTO, alternative business lender

- › **Benefits.** The composite organization experienced the following risk-adjusted present value benefits that represent those experienced by the interviewed and surveyed companies:
- **Increased sales with better channel visibility and coordination.** Survey respondents reported an 11% growth in their indirect channel sales pipeline and a 5.9% increase in win rate as a result of their Partner Community deployment. Improved channel visibility and increased partner coordination drove increased sales for the composite organization at a value of approximately \$6.9 million in revenue over three years. At a profit margin of 14%, these increased sales translate to an incremental profit of \$967,209 in the financial analysis.
 - **Efficiency savings from improved channel partner processes.** Partner Community improved channel partner processes such as recruitment and onboarding; lead registration, leading to reduced deal friction; and deal support. These improved processes saved time for the composite organization's indirect channel sales team, representing efficiency savings of \$453,229 over three years.
 - **Improved decision-making and analysis with better channel visibility.** Partner Community brought increased partner access to real-time insight on channel coverage and performance. Partner Community also brought improved channel visibility to the organizations interviewed and surveyed. As a result, these companies and their partners were able to save time and also make better data-driven decisions on pipeline management, deal investigation, and remediation of non-performing deals. The cost savings from this benefit are quantified at \$335,725 over the three-year analysis.
 - **Cost avoidance savings for maintenance and/or upgrade of legacy systems.** By implementing Partner Community, the composite organization no longer had to spend resources on maintenance of its legacy partner portal, saving it \$53,156 over three years.
 - Other benefits listed by these organizations interviewed and surveyed include:
 - **Improved partner communication, collaboration, and engagement.** Partner Community brought seamless sharing of leads and opportunities with its indirect channel, expose data and improve collaboration with channel partners.
 - **Increased agility, leading to improved partner experience.** One organization reported a 20% reduction in time to price a deal, with faster processing of leads through Partner Community.
 - **Ease of implementation and use.** Organizations minimized customization as needed functionality was available out-of-the-box with Partner Community. Partner Community was also accepted quickly and easily by channel partners during deployment.
- › **Costs.** The composite organization experienced the following risk-adjusted costs:
- **Salesforce Community Cloud licensing fees.** The composite organization paid \$266,342 in Salesforce Community Cloud fees, which include Partner Community fees for 100 partners and Sales Cloud fees for 25 internal users on the indirect channel team.
 - **Professional services fees.** The composite organization paid \$11,000 in professional services fees with its Partner Community deployment.
 - **Implementation costs — internal labor.** The composite organization also spent \$13,200 in internal labor costs over its two-week deployment.
 - **Ongoing administration and community management.** The composite organization allocates \$32,712 per year on ongoing administration and community management of Partner Community.

Disclosures

The reader should be aware of the following:

- › The study is commissioned by Salesforce 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 Community Cloud.
- › Salesforce 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.
- › Salesforce provided the customer names for the interviews but did not participate in the interviews.

TEI Framework And Methodology

INTRODUCTION

From the information provided in the interviews and survey, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering implementing Community Cloud. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision, to help organizations understand how to take advantage of specific benefits, reduce costs, and improve the overall business goals of winning, serving, and retaining customers.

APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact that Community Cloud can have on an organization (see Figure 2). Specifically, we:

- › Interviewed Salesforce marketing, sales, and consulting personnel, along with Forrester analysts, to gather data relative to Community Cloud and the marketplace for Community Cloud.
- › Interviewed two organizations currently using Community Cloud and surveyed an additional 30 customers to obtain data with respect to costs, benefits, and risks.
- › Designed a composite organization based on characteristics of the interviewed organizations.
- › Constructed a financial model representative of the interviews and surveys using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the interviews and surveys as applied to the composite organization.
- › Risk-adjusted the financial model based on issues and concerns the interviewed organizations highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While interviewed and surveyed organizations provided cost and benefit estimates, some categories included a broad range of responses or had a number of outside forces that might have affected the results. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling Community Cloud: benefits, costs, flexibility, and risks.

Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

FIGURE 2
TEI Approach



Source: Forrester Research, Inc.

Analysis

COMPOSITE ORGANIZATION

For this study, Forrester conducted a survey of 30 Partner Community customers and interviews with representatives from the two following companies, which are Partner Community customers:

- › A division of a US-based large financial products and services organization that is a leading provider of financing for multifamily properties, with approximately 1,500 users of Partner Community.
- › An alternative business lender that provides multiple loan products for small businesses. It is based in the US and has 600 partners in its indirect channel.

In addition to the interviews, Forrester conducted an online survey of 30 organizations in North America and the UK that have deployed Partner Community. Online survey participants came from a variety of industries and job roles, and all used Partner Community to connect with their partners. On average, the survey respondents had 48 unique visitors per month using Partner Community at an average of 122 total logins per month.

Based on the interviews, Forrester constructed a TEI framework, a composite company, also known as *Organization Z*, and an associated ROI analysis that illustrates the areas financially affected. The composite organization that Forrester synthesized from these results represents an organization with the following characteristics:

- › It is a US-based financial services organization.
- › It has annual revenues of \$100 million.
- › It has over 800 partners in the indirect channel.
- › Tier 1 indirect channel partners have access to Partner Community.
- › Prior to Partner Community, it had basic legacy partner portals where indirect channel partners could submit their leads. Most partner communication was conducted over email and phone.

INTERVIEW HIGHLIGHTS

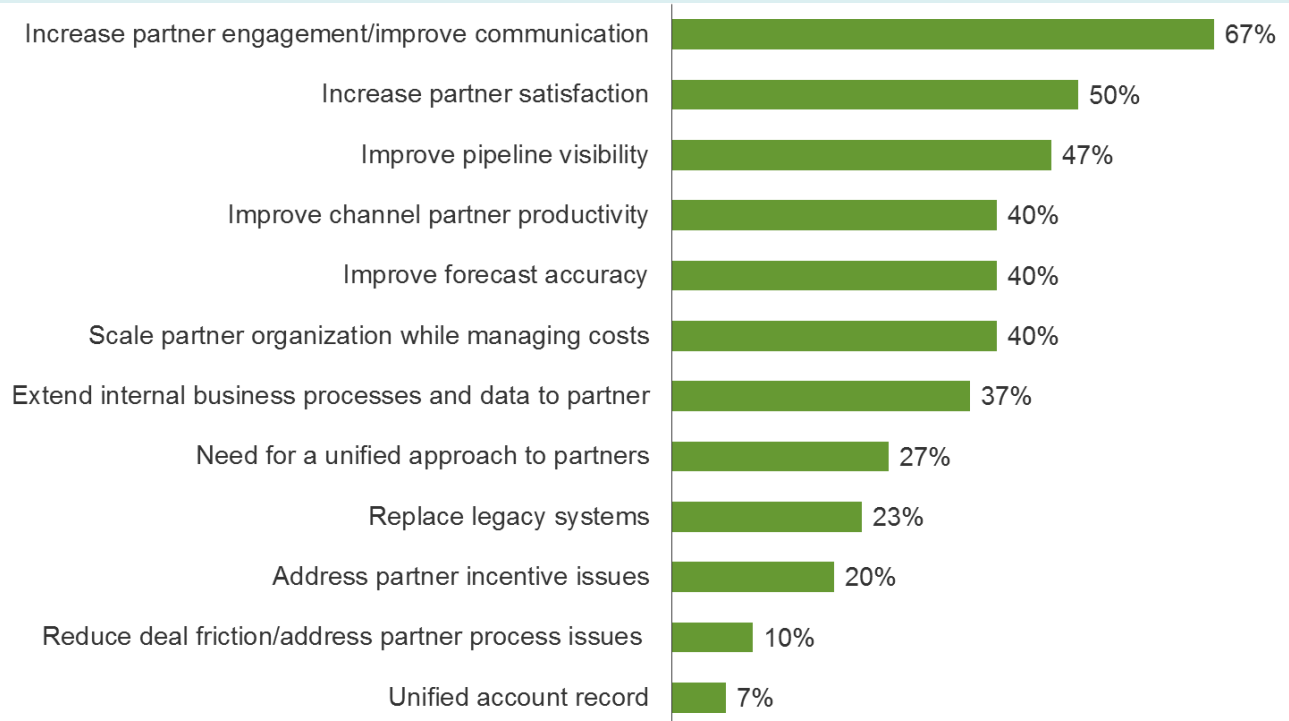
The interviewed organizations were facing similar issues as the surveyed respondents. Over 67% of survey respondents cited increased partner engagement and improved communication as their primary business objective for implementing Partner Community. Additional leading drivers for deploying Partner Community included increased partner satisfaction and improved pipeline visibility. See Figure 3 for the top business objectives that surveyed companies cited for implementing Partner Community.

“We did a survey with brokers a year ago, and when they were deciding which lender to choose, compensation wasn’t the top factor. Access to information and communication was their No. 1 consideration in deciding which lender to go to. Partner Community addressed this concern.”

~ CMO, alternative business lender

FIGURE 3

Top Business Objectives For Implementing Community Cloud



Base: 30 Salesforce Community Cloud users

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2016.

Situation

For the customers interviewed, the main drivers for their Partner Community implementation were to improve engagement and indirect channel partner processes. Other highlights from these discussions included:

- › One organization noted its indirect sales team could not fully support all its partner relationships as its business grew. Communicating with its partners to ensure thorough deal tracking and support was a challenge. At the same time, the organization had limited engineering resources to upgrade its current partner portals to fit its needs. It also wanted to work with a company that had experience in projects for its particular use case, which was a portal for loan brokers.
- › The partners of one financial services organization that works with lenders noted that its current partner business processes supporting its \$40-billion business were not highly automated, with the majority of the business conducted through emailed documents, spreadsheets, and other manual approvals. It was also working with different systems that were not linked, so its approval process for partner deals would require it to manually copy archives from one system to another. The organization wanted to create a loan sourcing, review, approval, and pricing application to support its business with Partner Community as the main entry point for its lenders. This application would integrate with Sales Cloud and other systems linked to the credit, pricing, and other enterprise functions, in order to drive a more automated process internally and externally.
- › The survey showed that 57% of the respondents had an in-house developed portal, while 40% had a vendor-provided portal for their partners prior to their Partner Community implementation. Only 3% of the survey respondents had no portal in place to communicate with their partners before their Partner Community deployment.

Solution

Organization Z used Partner Community to implement a partner-facing application that would allow its partners to register deals, track pipeline and requests, and receive sales support. *Organization Z* noted that its most active partners — those that provided the highest number of leads that led to conversion — comprised the top 12% or so of its indirect channel. The composite organization wanted to commit its resources to nurturing these partners. It established a tiered system for its indirect channel partners and gave Tier 1 partners, which numbered at 100, full access to the Partner Community. This access would also serve as an incentive to Tier 2 partners to rise to the next tier.

Results

The interviews and surveys with Partner Community customers revealed the following benefits:

- › **The high-level benefits include increased sales, improved channel partner processes, and increased partner access to real-time insight.** These and other results are illustrated in Figure 4 below.
- › **Increased sales was the most common benefit cited by customers surveyed.** When we asked respondents to rank the four most important benefits from their Partner Community implementation, we found that increased sales with better channel visibility and coordination was the top-ranked benefit, cited by 57% of respondents. One executive at an interviewed organization noted: “As adoption of Partner Community has grown, we’ve more than doubled funding volume. We’ve seen improvement in conversion.” This organization reported a 60% increase in pipeline growth for its indirect channel partners with access to Partner Community after its project deployment. One CMO observed: “We’re definitely seeing a lot more volume at the top [of the funnel via the indirect channel]. There’s more confidence by the brokers that we are receiving the deals, the deals are being tracked properly back to them, and with Partner Community they get the visibility on a real-time basis. Brokers are more confident in sending deals to us.” A fellow executive added: “It’s amazing how the channel performs when the broker is happy with you and they feel they’re being heard. Volume goes through the roof. It’s all about relationship management.”

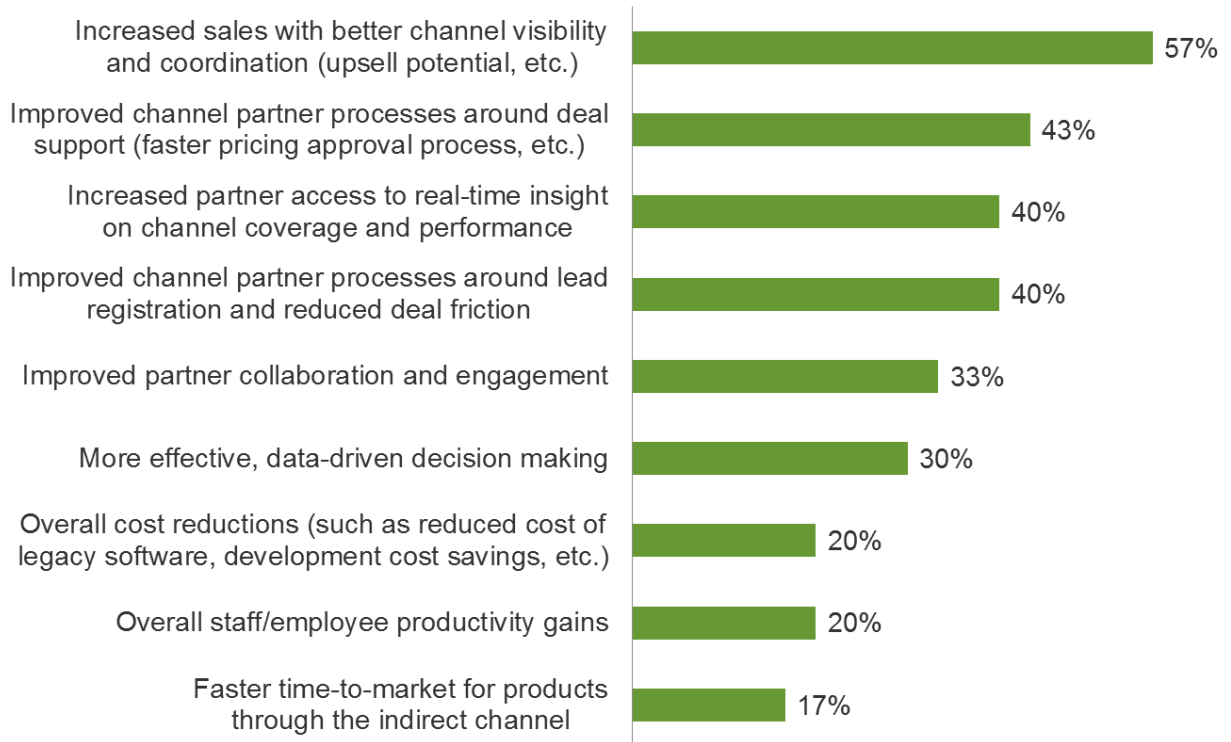
“Through Partner Community, we’ve unleashed a very robust collaboration tool that both sides can see and is tied directly to the transaction. It’s transparent — we expose that to our partners so they know every deal in their pipeline. The ability to track the back and forth of a conversation, that level of granularity is very powerful for us.”

~ Business lead and director, financial products and services organization

FIGURE 4

High-Level Benefits From Partner Community

“Which of the following high-level benefits has your organization received/do you expect to receive from your investment in Salesforce Community Cloud? Rank up to top four most important.”



Base: 30 Salesforce Community Cloud users

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2016.

› Improved efficiencies with better channel partner processes.

Interviewed and surveyed organizations realized greater efficiencies for their account management team supporting the indirect channel as they improved their channel partner processes through Partner Community. For these organizations, Partner Community enabled faster and simpler recruitment and onboarding for their indirect channel partners. Partner Community also reduced deal friction, as it improved the lead registration process. Surveyed and interviewed organizations also reported that Partner Community brought better deal support. One interviewee noted that their pricing approval process was faster, as their team could now directly pull out deal information from Salesforce on a partner level after the Partner Community implementation.

“Year over year our lead volume in the indirect channel has doubled. We couldn’t have handled that without Partner Community. Our internal processes weren’t sufficient.”

~ CTO, alternative business lender

“In the past, to register deals for pipeline tracking, we had email and spreadsheets. The pricing team and lawyers would have to look at deals to review; there would be questions back and forth with the lender; there was a system that generated deals with approved quotes and pricing; it was a huge administrative burden.”

— *Director, business transformation, financial products and services provider*

“Partner Community has been good for our indirect sales team. Given the number of salespeople you need and their overall productivity, we don’t have to add people to handle the pipeline.”

— *CTO, alternative business lender*

- › **Improved decision-making and analysis with better channel visibility.** Partner Community increased partner access to real-time insight on channel coverage and performance. At the same time, organizations that implemented Partner Community now had direct information on their indirect channel. This improved analytics through Partner Community and drove more effective, data-driven decisions for these organizations. One interviewee remarked: “We have better business process integrity with Partner Community since we can track loans over their life cycle. If a deal went south, pre-Partner Community, it took months to piece that information. Now we can do that in hours.” Another executive at this company noted: “Before we did things over email, and we spent a tremendous amount of time collecting emails for the deals that we did for deal investigation and audit.” Improved visibility into the indirect channel pipeline was a common Partner Community benefit cited by both interviewed organizations. One executive noted that they could better track partner performance and, when needed, increase sales and marketing efforts to these partners to increase retention and improve performance. Another financial services organization noted that its underwriting and operations team was able to cut the number of “bad” partner deals by 50%.

“Because of Partner Community, our data is better. Now our data, documents, contacts, and collaboration are all in the same place. Being centralized supports that speed and certainty.”

— *Director, business transformation, financial products and services provider*

“We have a much better picture of what our pipeline is with Partner Community. We have better understanding of our deal flow, better forecasting on production and the business we’re bringing in. We also have more insight into our portfolio.”

— *Business lead and director, financial products and services provider*

“Partner Community makes our internal metrics and pipeline reports more accurate. So we can understand which of our partners are contributing to our success and which are not. We can also see which deals are incomplete, and we’ve cut bad broker deals by half. It’s really an optimization problem — our sales team and underwriting and operations teams have finite time.”

— *CTO, alternative business lender*

- › **Cost avoidance savings for maintenance and/or upgrade of legacy systems.** Organizations interviewed and surveyed also realized savings as they moved to Partner Community and discontinued maintenance of legacy systems such as partner portals. They could also avoid the cost of upgrading these partner portals and other legacy systems to get the needed functionality for their indirect channel.

- › **Improved partner communication, collaboration, and engagement.** One organization noted that Partner Community brought seamless sharing of leads and opportunities with its indirect channel. It could now expose necessary data to its partners, eliminating the need to check for status updates, and improve collaboration with its channel partners.

“Communication was our top objective, and partner communication has improved with Partner Community.”

— *CMO, alternative business lender*

- › **Increased agility such as faster processing of leads, leading to improved partner experience.** Interviewees reported that they were able to speed up communication with their indirect channel partners through Partner Community. “We’ve improved our partner experience as we’ve speeded up the process,” one interviewee noted. This organization reduced

time from lead quote to pricing by 20%. As a result, partner wait time was reduced, and these partners were able to get answers to their customers faster.

“Partner Community provides our lenders transparency into where their transaction is in our deal approval process. And this transparency is our competitive advantage, because there is speed in certainty of execution. [Because of Partner Community] we are more standardized, and we are faster to answer to the customer. Our partners can also respond quickly to us when we hit a stumbling block because we’ve got an effective collaboration tool.”

— Director, business transformation, financial products and services provider

- › **Ease of implementation and use.** Interviewed organizations also noted that Partner Community had a lot of the functionality they needed, such as out-of-the box partner viewing permissions. These organizations also noted that Partner Community was accepted by their partners quickly and easily during deployment. One interviewee stated: “We took a risk because we are in a pretty conservative industry. But it [Partner Community] has been overwhelmingly successful. It’s very intuitive, very simple to use. You don’t need a lot of instruction; it’s all there.”

“Having sharing rules predefined was huge. Partner Community was easy to stand up with a lot of out-of-the-box permissions. We were able to control what the lenders were able to do and see.”

— Director and business lead, financial products and services provider

BENEFITS

The composite organization experienced a number of quantifiable benefits in this case study:

- › Increased sales with better channel visibility and coordination.
- › Efficiency savings due to improved channel partner processes.
- › Improved decision-making with better channel visibility.
- › Cost avoidance savings for maintenance and/or upgrade of legacy systems.



Increased Sales With Better Channel Visibility And Coordination

Organizations were able to improve channel visibility and coordination with their partners after their implementation of Partner Community. With Partner Community, the indirect channel now had access to customer account records in Salesforce. Apart from this access, Partner Community gave the indirect channel better processes for lead registration, leading to reduced deal friction. This improvement in channel visibility and better coordination led to increased sales. Interviewed and surveyed organizations reported a percentage increase in pipeline growth as a result of Partner Community that ranged from 11% to as much as 60%. One interviewed organization also noted that growth in revenue performance for partners with access to Partner Community was approximately 70% higher than for those partners without access to Partner Community. Surveyed organizations also reported a 5.9% increase in partner win rate with increased partner access to real-time insights through Partner Community.

As a result of its Partner Community deployment, *Organization Z* saw an 11% increase in pipeline growth for its indirect Tier 1 channel partners who had access to the solution, as these partners saw better pipeline visibility and improved coordination. With 1,440 deals through the indirect channel in Year 1, this 11% pipeline growth represents 158 additional deals. Partners also saw their win rate increase by an average of 5.9% after the Partner Community deployment. At a historical partner win rate of 25% and an average deal size of \$65,792, improved visibility and coordination through Partner Community has driven increased sales of approximately \$2.76 million in Year 1. At a profit margin of 14%, the incremental profit from these increased sales due to Partner Community is quantified at \$386,271 in Year 1. The financial analysis also assumes a growth rate of

12.2% for the composite organization, which translates to incremental profit from increased sales of \$433,482 and \$486,326 in years 2 and 3, respectively.

As average deal size, partner win rate, and the number and size of deals through the indirect channel may vary depending on each organization, the quantified benefit of incremental profit from increased sales due to Partner Community is risk-adjusted and reduced by 10%. The risk-adjusted benefit of incremental profit from increased sales due to better channel visibility and coordination with Partner Community is \$347,644, \$390,134, and \$437,693 in years 1, 2, and 3 respectively. See the section on Risks for more detail.

TABLE 1
Incremental Profit With Better Channel Visibility And Coordination

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
A1	Average number of deals (per year)			1,440	1,616	1,813
A2	Pipeline growth post-Community Cloud			11%	11%	11%
A3	Total additional leads post-Community Cloud	A1*A2		158	178	199
A4	Partner win rate			26.5%	26.5%	26.5%
A5	Average deal size			\$65,792	\$65,792	\$65,792
A6	Incremental revenue	A3*A4*A5		\$2,759,080	\$3,096,300	\$3,473,758
A7	Profit margin			14%	14%	14%
At	Profit from increased sales with better channel visibility and coordination	A6*A7	\$0	\$386,271	\$433,482	\$486,326
	Risk adjustment	↓10%				
Atr	Profit from increased sales with better channel visibility and coordination (risk-adjusted)		\$0	\$347,644	\$390,134	\$437,693

Source: Forrester Research, Inc.



Efficiency Savings Due To Improved Channel Partner Processes

Partner Community also improved channel partner processes for the organizations interviewed. These organizations could process their channel partner deals faster through Partner Community, with one company reporting a 20% reduction in time to price a deal. More automated processes around deal support, faster partner onboarding, and increased partner access to real-time insight in channel coverage and performance drove time savings for account managers who covered the indirect channel. These organizations also saw improved

collaboration between their account managers and channel partners. For some organizations, this also meant that they could grow their indirect channel partners without hiring additional account managers.

Organization Z saved 3 hours a day for each account manager on its channel partner team with the improved efficiency and visibility enabled by Partner Community. Indirect channel partners could now access the information that they needed through Partner Community, saving time and effort for both channel partner and account manager. For a team of six account managers assigned to the indirect channel, and at an annual fully loaded annual rate of \$90,000 per account manager, this time saved is quantified as efficiency savings of \$202,500 per year.

Interviewed and surveyed organizations provided a range of account team efficiency gains as a result of their Partner Community implementations. The variability in size of each company's indirect channel may also have an impact on these gains. To compensate, this benefit was risk-adjusted and reduced by 10%. The risk-adjusted benefit of account manager efficiency savings through improved channel partner processes with Partner Community is quantified at \$182,250 per year, or \$546,750 over three years. See the section on Risks for more details.

TABLE 2
Efficiency Savings Due To Improved Channel Partner Processes

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
B1	Number of account managers for channel			6	6	6
B2	Hourly rate per person		\$90,000/2,080 hours	\$43.27	\$43.27	\$43.27
B3	Number of hours saved per day			3	3	3
B4	Total hours saved per year	$B3 * 5 \text{ days} * 52 \text{ weeks}$		780	780	780
Bt	Efficiency savings due to improved channel partner processes	$B1 * B2 * B4$	\$0	\$202,500	\$202,500	\$202,500
	Risk adjustment	↓10%				
Btr	Efficiency savings due to improved channel partner processes (risk-adjusted)		\$0	\$182,250	\$182,250	\$182,250

Source: Forrester Research, Inc.



Improved Decision-Making With Better Channel Visibility

By deploying Partner Community for their indirect channel, organizations increased partner access to real-time insight on channel coverage and performance. Consequently, they improved partner collaboration and engagement. With this increased visibility into leads and deals through their indirect channel, organizations can now make better, data-driven decisions. Increased visibility also meant that sales teams could act quickly to address any issues around deals, accounts, and partner performance, with faster remediation resulting in time and money saved.

One financial services organization noted that its underwriting and operations team was able to cut the number of "bad" partner deals by 50% with the increased visibility enabled by Partner Community. The size of this company's deals ranged from \$5 million to over \$1 billion. Another organization could better forecast its business and save months of work on large deals that were not fit for its portfolio.

Organization Z saved 6,240 man-hours per year, or approximately three full-time equivalents (FTEs), on pipeline management, deal investigation, and remediation of nonperforming deals with the improved channel visibility driven by Partner Community. This time saved included multiple resources supporting the indirect channel, such as sales support, account managers, and operations. At a blended rate of \$50,000 per year, the organization saved \$150,000 per year with the improved decision-making through better channel visibility due to Partner Community. To account for variability in an organization's pre-Partner Community environment that determines the extent of quantified benefits from improved channel visibility, this benefit was risk-adjusted down by 10% to \$127,500 per year.

Forrester notes that organizations may also choose to quantify benefits from improved decision-making with better channel visibility through Partner Community in terms of cost avoidance of revenue loss, apart from time saved on pipeline management, deal investigation, and remediation on nonperforming deals. Organizations may choose to evaluate revenue saved or other cost savings with improved forecasting and better data-driven decisions through channel visibility from Partner Community and include this in their analysis.

TABLE 3

Improved Decision-Making With Better Channel Visibility

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
C1	Number of man-hours saved on pipeline management, deal investigation, and remediation of nonperforming deals			6,240	6,240	6,240
C2	Hourly rate per person			\$24.04	\$24.04	\$24.04
Ct	Improved decision-making with better channel visibility	C1*C2	\$0	\$150,000	\$150,000	\$150,000
	Risk adjustment	↓10%				
Ctr	Improved decision-making with better channel visibility (risk-adjusted)		\$0	\$135,000	\$135,000	\$135,000

Source: Forrester Research, Inc.



Cost Avoidance Savings For Maintenance And/Or Upgrade Of Legacy Systems

By replacing their indirect channel partner portals with Partner Community, organizations realized cost savings from discontinuing maintenance of these legacy systems. As one interviewee noted, "Now these engineering resources are better directed to other efforts than channel sales automation." Another organization retired a 2002 legacy system for processing exceptions in its channel partner transaction process that was "not robust" after the organization deployed Partner Community. Survey respondents noted a 15% reduction in their annual cost of

maintaining legacy systems that supported their indirect channel with their deployment of Partner Community. Those organizations considering an enhancement or upgrade of their previous partner portals to provide additional functionality would also avoid the cost of upgrading their legacy systems by moving to Partner Community instead.

By replacing its legacy partner portals with Partner Community, *Organization Z* no longer needed three IT engineers working approximately three weeks per year to support and roll out enhancements to its legacy partner portals. At an annual fully loaded compensation of \$130,000 per year, or approximately \$62.50 per hour, these support savings are quantified at \$21,500 per year.

As the cost of maintaining legacy systems may vary depending on an organization's pre-Partner Community environment, these cost avoidance savings were risk-adjusted down by 5% to \$21,375 per year. See the section on Risks for more detail.

TABLE 4

Cost Avoidance Savings For Upgrade/Maintenance Of Legacy Systems

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	Number of engineers			3	3	3
D2	Hourly rate per engineer			\$62.50	\$62.50	\$62.50
D3	Number of hours	40 hours*3 weeks		120	120	120
Dt	Cost avoidance savings for upgrade/maintenance of legacy systems	D1*D2*D3		\$22,500	\$22,500	\$22,500
	Risk adjustment	↓5%				
Dtr	Cost avoidance savings for upgrade/maintenance of legacy systems (risk-adjusted)		\$0	\$21,375	\$21,375	\$21,375

Source: Forrester Research, Inc.

Total Benefits

Table 5 shows the total of all benefits across the four areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$1.8 million.

TABLE 5

Total Benefits (Risk-Adjusted)

Ref.	Benefit Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increased sales with better channel visibility and coordination	\$0	\$347,644	\$390,134	\$437,693	\$1,175,471	\$967,310
Btr	Efficiency savings due to improved channel partner processes	\$0	\$182,250	\$182,250	\$182,250	\$546,750	\$453,229
Ctr	Improved decision-making with better channel visibility	\$0	\$135,000	\$135,000	\$135,000	\$405,000	\$335,725
Dtr	Cost avoidance savings for upgrade/maintenance of legacy systems	\$0	\$21,375	\$21,375	\$21,375	\$64,125	\$53,156
Total benefits (risk-adjusted)		\$0	\$686,269	\$728,759	\$776,318	\$2,191,346	\$1,809,421

Source: Forrester Research, Inc.

COSTS

The composite organization experienced a number of costs associated with the Community Cloud solution:

- › Salesforce Community Cloud Licensing fees.
- › Implementation costs.
- › Training.
- › Administration.

These represent the mix of internal and external costs experienced by the composite organization for initial planning, implementation, and ongoing maintenance associated with the solution.



Salesforce Community Cloud Software Fees

The composite organization gave Partner Community access to its Tier 1 partners, with tiers based on sales figures. *Organization Z* paid \$30,000 a year in Partner Community fees. This cost analysis also takes into consideration Salesforce fees for the 20 internal team members of the composite organization who support its indirect channel. These Salesforce fees cost \$72,000 per year. Total Salesforce fees for the Partner Community deployment are \$102,000 per year. To account for variability in Salesforce fees, these costs are risk-adjusted up by 5% to a total of \$107,100 per year.

Salesforce Community Cloud licensing fees will vary according to each organization's use case, implementation, and number of users. Forrester urges readers of this study to consult with Salesforce when estimating total software and support fees for your particular organization.

TABLE 6

Community Cloud Licensing Fees

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Salesforce Community Cloud subscriptions			30,000	30,000	30,000
E2	Other Salesforce fees			72,000	72,000	72,000
Et	Salesforce subscription costs	E1+E2	\$0	\$102,000	\$102,000	\$102,000
	Risk adjustment	↑5%				
Etr	Salesforce subscription costs (risk-adjusted)		\$0	\$107,100	\$107,100	\$107,100

Source: Forrester Research, Inc.



Professional Services Fees

Organizations that implement Salesforce without using Lightning Bolt may incur professional services fees should they choose to include third-party consultants in their Partner Community implementations. The interviewed organizations typically used third-party consultants for development and integration services.

Organization Z paid \$10,000 in professional services fees. To account for variability in the amount of professional services that organizations require at implementation, this cost was risk-adjusted up by 10% to \$11,000.



Implementation Costs

Partner Community implementation costs may vary for organizations, and this variability is dependent on the level of customization and integration required for each organization's use case. Time-to-implement varied from two weeks to nine months for the organizations interviewed.

Organization Z had two people allocate 20% of their time over two weeks to set up the Partner Community site. The fully loaded compensation for these IT resources is \$130,000 a year, or \$62.50 per hour. In addition to the Partner Community setup, the composite *Organization Z* also incurred \$10,000 in costs for additional work for Partner Community in conjunction with its Salesforce implementation.

Implementation costs can vary from organization to organization due to the complexity and customizations required by each company. Therefore, this cost was risk-adjusted up by 15%. The risk-adjusted cost of implementation over the three years is \$13,200.

TABLE 7

Implementation Costs

Ref.	Metric	Calculation	Initial
G1	Number of people		2
G2	Hourly rate per person		\$62.50
G3	Hours		16
G4	Additional work		\$10,000
Gt	Implementation costs — internal labor	$(G1 \times G2 \times G3) + G4$	\$12,000
	Risk adjustment	↑10%	
Gtr	Implementation costs — internal labor (risk-adjusted)		\$13,200

Source: Forrester Research, Inc.



Administration And Community Management

IT administration of Partner Community is typically minimal, but ongoing community management for the indirect channel will vary according to the nature of an organization's sales channel, the amount of moderation and content curation required, the size of the product portfolio, and content release cadence, among other factors.

Organization Z allocated 40 hours a year to ongoing IT administration for Partner Community and 0.5 of an FTE (or the equivalent of 1,040 hours) to ongoing management of its Partner Community for its indirect channel. At a blended annual compensation of \$60,000 per FTE, the cost of ongoing administration and management of Partner Community is quantified at \$31,154 per year. To account for variability, this cost was risk-adjusted up by 5% to \$32,712 per year.

TABLE 8
Administration And Community Management

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
H1	Number of people			1	1	1
H2	Hourly blended rate per person	$\frac{\$60,000}{2,080 \text{ hours}}$		\$28.85	\$28.85	\$28.85
H3	Hours allocated to ongoing administration	1 week		40	40	40
H4	Hours allocated to community management	$0.5 * 2,080 \text{ hours}$		1,040	1,040	1,040
Ht	Ongoing administration and community management	$H1 * H2 * (H3 + H4)$		\$31,154	\$31,154	\$31,154
	Risk adjustment	↑5%				
Htr	Ongoing administration and community management (risk-adjusted)		\$0	\$32,712	\$32,712	\$32,712

Source: Forrester Research, Inc.

Total Costs

Table 9 shows the total of all costs as well as associated present values (PVs), discounted at 10%. Over three years, the composite organization expects total costs to be a PV of \$371,891.

TABLE 9
Total Costs (Risk-Adjusted)

Ref.	Cost Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Salesforce subscription costs	\$0	\$107,100	\$107,100	\$107,100	\$321,300	\$266,342
Ftr	Professional services fees	\$11,000	\$0	\$0	\$0	\$11,000	\$11,000
Gtr	Implementation costs — internal labor	\$13,200	\$0	\$0	\$0	\$13,800	\$13,200
Htr	Ongoing administration and community management	\$0	\$32,712	\$32,712	\$32,712	\$98,136	\$81,349
	Total costs (risk-adjusted)	\$24,200	\$139,812	\$139,812	\$139,812	\$443,636	\$371,891

Source: Forrester Research, Inc.

FLEXIBILITY

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so. There are multiple scenarios in which a customer might choose to implement Community Cloud and later realize additional uses and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Organizations may see additional sales and efficiency benefits from Partner Community as they expand the number of partners who have access to the Partner Community or deploy Partner Community to other divisions in their organization. Additional benefits may also accrue as they increase the number of use cases available to users of Partner Community. One organization interviewed noted that it was looking to build functionality in Salesforce and Partner Community that would give its partners discretion for discounting, which could result in its partners closing more deals. This organization was also investigating adding functionality that would give its partners more visibility into the payment schedule for commissions. This would improve the partner experience and also potentially bring more efficiency savings to the indirect channel sales teams. The value of flexibility is unique to each organization, and the willingness to measure its value varies from company to company.

RISKS

Forrester defines two types of risk associated with this analysis: “implementation risk” and “impact risk.” Implementation risk is the risk that a proposed investment in Community Cloud may deviate from the original or expected requirements, resulting in higher costs than anticipated. Impact risk refers to the risk that the business or technology needs of the organization may not be met by the investment in Community Cloud, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

TABLE 10

Benefit And Cost Risk Adjustments

Benefits	Adjustment
Cost avoidance savings for upgrade/maintenance of legacy systems	↓ 5%
All other benefit categories	↓ 10%
Costs	Adjustment
Salesforce Community Cloud licensing fees	↑ 5%
Professional services fees	↑ 10%
Implementation costs	↑ 10%
Administration and community management	↑ 5%

Source: Forrester Research, Inc.

Quantitatively capturing implementation risk and impact risk by directly adjusting the financial estimates provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as “realistic” expectations since they represent the expected values considering risk.

The following impact risks that affect benefits are identified as part of the analysis:

- › Benefits from incremental sales and improved decision-making with better channel visibility will vary depending on an organization's products, services, industry, and market; the structure of its indirect channel; and the particular use case for its Partner Community deployment.
- › Sales efficiency savings may fluctuate depending on the size of the indirect channel organization and variability of compensation.
- › Scale of benefits also depend on the variability of the organization's pre-Partner Community environment.

The following implementation risks that affect costs are identified as part of this analysis:

- › Variability in the number of partners and internal users for a Partner Community implementation will affect Salesforce fees included in the analysis.
- › Implementation costs and professional fees can vary due to the complexity and customizations required by each company.
- › Ongoing administration costs may vary based on the use case for Partner Community. These administration costs may increase with the number of partners, products, and services offered as well as the nature of indirect channel partner processes required for their Partner Community.

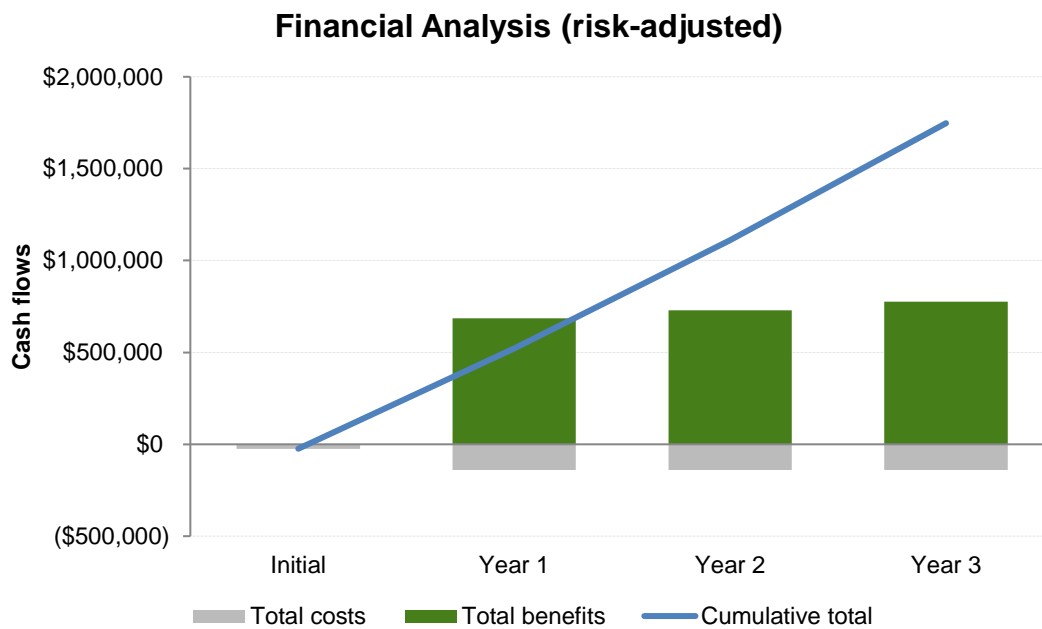
Table 10 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates for the composite organization. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

Financial Summary

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 in Community Cloud.

Table 11 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 10 in the Risks section to the unadjusted results in each relevant cost and benefit section.

FIGURE 5
Cash Flow Chart (Risk-Adjusted)



Source: Forrester Research, Inc.

TABLE 11
Cash Flow (Risk-Adjusted)

Summary	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$24,200)	(\$139,812)	(\$139,812)	(\$139,812)	(\$443,635)	(\$371,891)
Total benefits	\$0	\$686,269	\$728,759	\$776,318	\$2,191,346	\$1,809,421
Total	(\$24,200)	\$546,457	\$588,947	\$636,507	\$1,747,712	\$1,437,530
ROI						387%
Payback period (months)						Less than 1 month

Source: Forrester Research, Inc.

Salesforce Community Cloud: Overview

The following information is provided by Salesforce. Forrester has not validated any claims and does not endorse Salesforce or its offerings.

THE POWER OF COMMUNITIES

In today's business world, customers, employees, and partners expect constant connectivity with each other and the ability to access information at any time, from any device. These shifting demands require a new platform for managing relationships: the Community Cloud.

Communities are a fantastic resource for engaging with your customers, but they're useful for so much more than that. You can integrate communities into all of your business processes and use them to foster other important relationships — not only with your customers, but also with your employees and partners.

With Community Cloud, you can open new lines of communication, from customer to customer as well as with your brand. You'll empower employees to innovate faster and collaborate more efficiently. And you can team up with any partner in your ecosystem — whether it's a selling partner, a manufacturing supplier, or a design agency. It's all possible with the right tools.

It's easy to build a secure, reliable, and scalable community with Salesforce Community Cloud. It's designed to incorporate third-party or custom apps and integrate data from any system for fast deployment. Salesforce Community Cloud can help your company:

- › Accelerate channel sales.
- › Provide stellar service.
- › Connect customers.
- › Transform the workplace.
- › Build a community of anything.

PARTNER COMMUNITY

Partner Community removes the friction from your partner sales relationships to accelerate your channel sales. With Partner Community, you can create private, branded communities that your partners can access from any mobile device. Partner Community is completely integrated with Sales Cloud, so your partners have access to a full CRM for accessing leads, registering deals, and moving opportunities through the pipe. Full Chatter collaboration on records makes it easy for partners to collaborate with one another and for your team to close deals quickly. Easily include rich media content in your community and provide partners access to critical files and content from Salesforce Files. And integrate third-party data and business processes right into the community so that your partners have one destination to access all of your resources.

For more information on Salesforce Community Cloud, visit <http://www.salesforce.com/communities>.

Appendix A: Total Economic Impact™ Overview

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. TEI assists technology vendors in winning, serving, and retaining customers.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, flexibility, and risks.

BENEFITS

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often, product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place 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. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

COSTS

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the form of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

FLEXIBILITY

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office productivity suite can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

RISKS

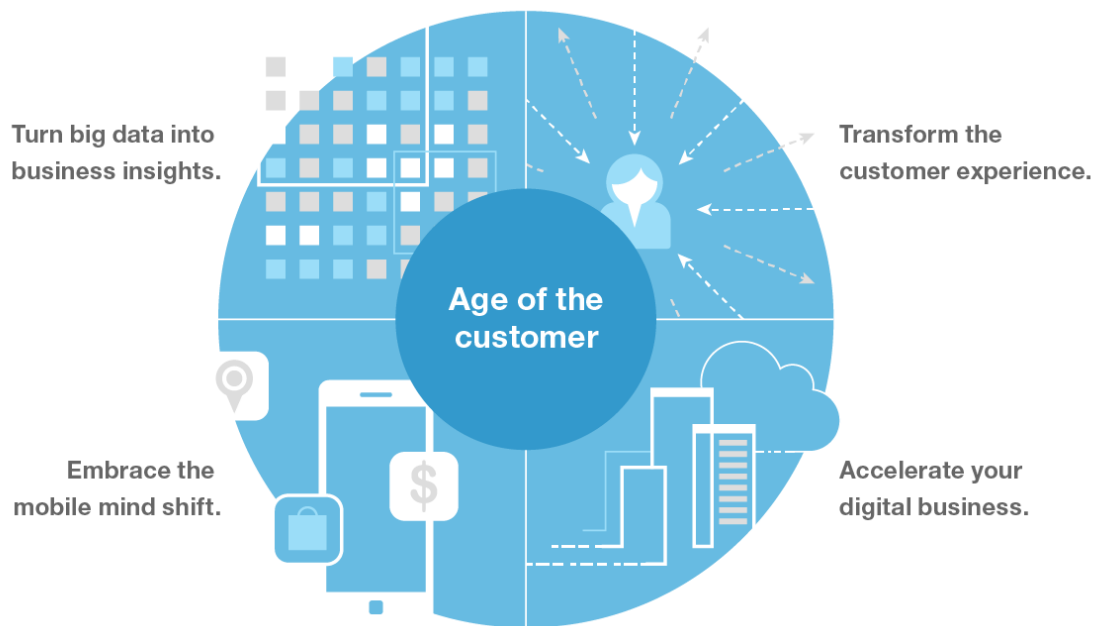
Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI risk factors are based on a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the risk factor around each cost and benefit.

Appendix B: Forrester And The Age Of The Customer

Your technology-empowered customers now know more than you do about your products and services, pricing, and reputation. Your competitors can copy or undermine the moves you take to compete. The only way to win, serve, and retain customers is to become customer-obsessed.

A customer-obsessed enterprise focuses its strategy, energy, and budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.

CMOs and CIOs must work together to create this companywide transformation.



Forrester has a four-part blueprint for strategy in the age of the customer, including the following imperatives to help establish new competitive advantages:



Transform the customer experience to gain sustainable competitive advantage.



Accelerate your digital business with new technology strategies that fuel business growth.



Embrace the mobile mind shift by giving customers what they want, when they want it.



Turn (big) data into business insights through innovative analytics.

Appendix C: Glossary

Discount rate: The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their respective organizations to determine the most appropriate discount rate to use in their own environment.

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.

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.

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.

Return on investment (ROI): A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

A NOTE ON CASH FLOW TABLES

The following is a note on the cash flow tables used in this study (see the example table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in years 1 through 3 are discounted using the discount rate of 10% at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until 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.

TABLE [EXAMPLE]

Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
------	--------	-------------	--------	--------	--------

Source: Forrester Research, Inc.