

A Forrester Total Economic Impact™
Study Commissioned By Salesforce
June 2017

The Total Economic Impact™ Of Salesforce Commerce Cloud

Improved Revenue Performance, IT Cost
Savings, And Improved Agility

Table Of Contents

Executive Summary	1
Key Findings	1
TEI Framework And Methodology	3
Salesforce Commerce Cloud Customer Journey	4
Interviewed Organizations	4
Key Challenges	4
Key Results	5
Composite Organization	7
Financial Analysis	8
Improved Revenue Performance	8
Incremental Revenue With Salesforce Einstein’s Embedded Predictive Intelligence And Recommendations	10
IT Cost Savings	11
Increased Agility And Labor Savings For Marketers And Merchants	12
Increased Agility And Labor Savings For IT Teams	14
Faster Time-To-Value	15
Increased Stability With SaaS — Cost Avoidance Of Lost Revenue	17
Value From Commerce Cloud’s Service Offerings	18
Flexibility	19
Salesforce Commerce Cloud Project Implementation And Ongoing Fees	21
Implementation And Training Costs	22
Financial Summary	23
Salesforce Commerce Cloud: Overview	24
Appendix A: Total Economic Impact	25
Appendix B: Supplemental Material	26
Appendix C: Endnotes	26

Project Director:
Michelle S. Bishop
June 2017

ABOUT FORRESTER CONSULTING

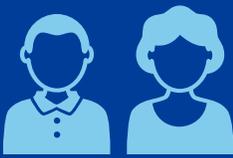
Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester’s Consulting services connect you directly with research analysts who apply expert insight to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

© 2017, 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 forrester.com

Key Benefits



A 35% increase in revenue performance over three years:
\$15 million



Increased agility:
50% increase in digital team productivity



Faster time-to-market:
33% reduction in time-to-market

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 Commerce Cloud. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of a Salesforce Commerce Cloud investment on their organizations.

To better understand the benefits, costs, and risks associated with this implementation, Forrester interviewed four customers of Salesforce Commerce Cloud. Salesforce Commerce Cloud is an agile and scalable unified commerce platform that includes Digital, Order Management, Store, and Einstein capabilities. Formerly called Demandware, Salesforce Commerce Cloud is part of the Salesforce Intelligent Customer Success Platform. In a recent Forrester report, one customer observed, “The integration of commerce into the Salesforce ecosystem of marketing, services, and sales is a potential unbeatable combination.” Salesforce Commerce Cloud continues to be a viable option for retailers looking for an established, highly scalable software-as-a-service (SaaS) solution with market-leading personalization and promotions commerce capabilities.¹

The interviewed customers were retailers that had annual online revenues ranging from \$10 million to \$40 million, providing the study a view into a cohort of customers that were not the largest on the platform yet still aspired to grow their business and could take full advantage of all the value drivers that the platform had to offer. Prior to using Salesforce Commerce Cloud, the interviewees used varying legacy eCommerce platforms. They were struggling with stability and scalability issues with their eCommerce sites. As they planned to grow their business, launch new sites, and expand to new geographies, they wanted to improve their efficiency and optimize site operations to increase sales. With Salesforce Commerce Cloud, the organizations benefited from improved revenue performance, lower costs, increased agility, increased stability, and optimization services from Salesforce’s Retail Practice and Customer Success services.

Key Findings

Quantified benefits. The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed:

- › **Improved performance from out-of-the-box capabilities of Salesforce Commerce Cloud’s core functionality and toolkit.** The composite organization, based on the companies interviewed, saw increased annual revenue growth of 35%. Organizations also reported a 5% lift in average order value (AOV) and at least a 28% lift in conversion rates with their Salesforce Commerce Cloud deployment.
- › **Sales lift from using embedded predictive intelligence and recommendations through Einstein.** Organizations reported a 20% lift in attributable revenue with their deployment of predictive intelligence and recommendations through Einstein.
- › **IT cost savings from moving to Salesforce Commerce Cloud’s SaaS model.** Organizations reported at least a 35% reduction in overall solution support and system administration costs by moving to Salesforce Commerce Cloud from their legacy on-premises platform. Organizations also reported a 50% reduction in project costs to launch



ROI
184%



Benefits PV
\$4.6 million



NPV
\$3 million



Payback
3.6 months

and implement new sites and roll out major upgrades.

- › **Increased agility and operational efficiency for digital teams.** Native capabilities of Salesforce Commerce Cloud enabled digital teams to be more agile, resulting in a 50% productivity increase for marketers, merchants, and IT resources supporting eCommerce.
- › **Faster time-to-value with Salesforce's SaaS model.** Organizations could launch new eCommerce sites faster than in their previous platforms. Organizations reported a 33% reduction in time-to-market with Salesforce Commerce Cloud.
- › **Increased stability with SaaS.** Deploying Salesforce Commerce Cloud reduced site downtime for the composite organization by 44 hours per year.
- › **Value from retail practice and customer success service offerings.** Organizations optimized their sites and saw improved performance from consulting with Salesforce on site optimization and international expansion. At the same time, the composite organization saved \$23,625 in third-party consulting fees over three years.

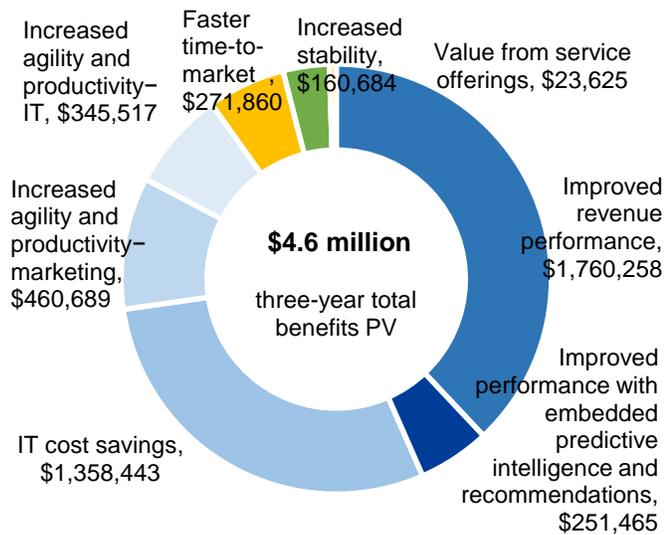
Costs. The interviewed organizations experienced the following risk-adjusted costs:

- › **Salesforce Commerce Cloud implementation and ongoing costs.** Organizations incurred implementation and ongoing costs for deployment of Salesforce Commerce Cloud, as well as additional sites and features. They also paid Salesforce Commerce Cloud Subscription fees.
- › **Employee time spent on implementation.** The customers, on average, spent eight months on implementation and training.

Forrester's interviews with four existing clients and subsequent financial analysis found that a composite organization based on these interviewed organizations experienced benefits of \$4.6 million over three years versus costs of \$1.6 million, adding up to a cumulative return with a net present value (NPV) of \$3 million (all values in US dollars) and an ROI of 184%.

"We chose Salesforce Commerce Cloud since it's in the cloud; we could be hands off with hosting, security patches, and maintenance. The Site Genesis reference application made it very easy to go live with a site. As a result, we could focus on building our brand and optimizing experiences from an online shopping level."

eCommerce manager, skin and wellness company



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 Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Salesforce Commerce Cloud.

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 Salesforce Commerce Cloud can have on an organization:



DUE DILIGENCE

Interviewed Salesforce stakeholders and Forrester analysts to gather data relative to Salesforce Commerce Cloud.



CUSTOMER INTERVIEWS

Interviewed four organizations using Salesforce Commerce Cloud to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

Employed four fundamental elements of TEI in modeling Salesforce Commerce Cloud's impact: 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.

DISCLOSURES

Readers should be aware of the following:

This 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 Salesforce Commerce 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 client names for the interviews but did not participate in the interviews.

Salesforce Commerce Cloud Customer Journey

BEFORE AND AFTER THE SALESFORCE COMMERCE CLOUD INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Salesforce Commerce Cloud clients, including:

INDUSTRY	REGION	INTERVIEWEE(S)	EMPLOYEES	TOTAL COMPANY REVENUE/SIZE
Specialty foods retailer	Headquartered in the United States	eCommerce manager	400+ employees	\$60 million
Apparel and outdoor gear manufacturer	Headquartered in the United States	Senior manager of eCommerce Senior web merchant	550 employees	\$150 million
Mattress and bedding products manufacturer	International	VP of eCommerce	5,000+ employees	\$3 billion
Skincare and wellness company	North America	eCommerce manager	1,000+ employees	\$50 million

Key Challenges

The four interviewed organizations had online sales ranging from \$10 million to \$40 million per year. All the organizations had transitioned from legacy on-premises eCommerce platforms to Salesforce Commerce Cloud. These organizations were looking to grow and be more agile (with initiatives such as more promotional campaigns) to address their growing online market but found that it either wasn't feasible or cost efficient in their existing environments. System stability, scalability, and operational efficiency were also common goals. The interviewees identified specific challenges that needed to be resolved, including:

- › **A business goal to grow the online channel.** Other drivers for growth included adding new product lines or expanding into other countries, among others. Organizations were either finding that a larger percentage of their sales were through eCommerce or anticipating more growth, and they needed a platform that could handle this volume. Across the board, retailers are seeing their greatest growth area in eCommerce. Additionally, many are adding commerce capabilities in new regions or with new products. For example, one retailer had launched apparel as a new product category, and then launched a new Europe-specific site. Another organization needed a platform that could easily scale to 27 additional countries. As one interviewee noted, "Growth is the mandate, and we needed the capability to evolve the site to push an increase in sales."
- › **Operational issues with the legacy environment.** Several of these retailers were experiencing downtime issues and site outages with their previous eCommerce solution. Platform stability was a problem, with one web merchant noting, "It couldn't handle traffic; we'd have to split our database into four so our system wouldn't go down." Another retailer had issues with their hosting provider. One eCommerce manager observed: "We were spending a lot of energy and money keeping the lights on. Every patch could kick off problems in other parts of the site."

"We only had eCommerce in three countries, and we had a mission to roll out eCommerce to an additional 27 countries. We needed something we could use in 30 countries with minimal tech support. I wanted a mission-critical system without creating my own infrastructure."

*VP for eCommerce,
mattress and bedding products
manufacturer*



› **Scalability issues with previous eCommerce platforms.**

Organizations with small digital teams needed a low-maintenance and scalable solution. These retailers did not want to spend their digital team's resources on site maintenance: Retailers want to focus on retail, not on being in the database business. One retailer with a legacy on-premises platform noted, "We don't have the expertise to run a temp-regulated room, and all that comes with managing boxes. And staffing 24 hours a day to avoid website downtimes was not possible." Another talked of "avoiding those 5 a.m. moments" with their Salesforce Commerce Cloud deployment. These retailers had lean digital teams, and they wanted to concentrate on strategic initiatives, such as retail innovation, instead of managing databases and infrastructure in-house. These retailers also wanted to be able to easily launch new sites or release new features at a faster pace than was possible with their legacy solutions.

› **Desire to update to a more modern solution to improve agility.**

These retailers had deployed eCommerce platforms when online sales for their organization were in their infancy. They needed to upgrade their sites to get new functionality that didn't require customization or lengthy upgrades and would enable them to grow eCommerce sales. One executive was relieved they would not have to worry about their site going down during their peak selling period, saying, "Our old platform was natively database driven. It was an absolute nightmare for agility. You didn't have the comfort level that what you were doing was going to work. With Salesforce Commerce Cloud, there is so much we can do that we couldn't do before."

"I want to be using my time to create sales and not use my time on the technical pieces. The Salesforce Commerce Cloud platform gives us the certainty of a stable environment. I don't have to worry about peak selling period; I don't have to worry about our site going down."

*VP for eCommerce,
Mattress and bedding
products manufacturer*



Key Results

The interviews revealed that key results from Salesforce Commerce Cloud investment include:

› **Organizations improved performance with out-of-the-box capabilities of the core functionality and toolkit and embedded predictive intelligence and recommendations.** Organizations reported improved revenues, increased conversion rates, and increased average order values. These improved performance metrics were driven by functionality available through Salesforce Commerce Cloud such as improved campaign management, promotion capabilities, and onsite search. These functionalities were not available in the legacy eCommerce platforms of these retailers and would have required tedious customizations. As one retailer noted: "There is no way we could have grown our eCommerce business the way we've grown it without Salesforce Commerce Cloud. We wouldn't be at the level we are in terms of revenue and customer experience. [With our previous system], it's like we had an old beater car and they asked us to drive across country in five days. With Salesforce Commerce Cloud, it's helped us meet our sales goals."

› **Organizations improved performance with embedded predictive intelligence and recommendations.** Those retailers that had implemented predictive intelligence with Einstein and recommendations also reported improved performance as a result. One organization noted: "After we turned on Einstein for a test period, we saw a lift in conversion rate, checkout rate, and average order value. In those two weeks, we had a 160% growth rate from using Einstein. And there was the added benefit of turning it on — we didn't need a developer to bolt on an existing piece of software. It was a

"We chose Salesforce Commerce Cloud because of their SaaS model where everything they offered was out of the box. Everything from the onsite search capability, promotions, and campaign management has pretty much been top notch. For onsite search, for example, you get 90% of what a firm who specialized in onsite search would offer, but it comes free with the platform. And Salesforce Commerce Cloud is easy to work with."

*Senior manager of eCommerce,
apparel and outdoor gear
retailer*



couple of hours, instead of days.”

- › **Organizations increased agility.** Organizations increased their agility, as Salesforce Commerce Cloud enabled them to rapidly implement the solution, quickly roll out new feature functionality, offer complex promotions, and quickly deploy site changes that could lead to increased sales. Cloud allows the organizations interviewed to automatically add new capabilities without lengthy upgrade processes. This increased agility also contributed to time savings for marketers, merchants, and IT resources.
- › **Organizations saved on IT costs.** Other cost savings include project cost savings with faster time-to-market, IT costs associated with maintaining an on-premises solution (e.g., infrastructure costs, DBAs), and using third-party software to support functionality such as personalization or onsite search.
- › **Organizations saw faster time-to-value.** Interviewees would consistently cite faster time-to-market for initial implementation and ongoing improvements as a major benefit of their move to Salesforce Commerce Cloud. One retailer observed that their lean teams could now easily tweak the site and go to market faster with these changes. Another retailer noted, “We had a short launch time. We had two sites up within 24 weeks and our site was live before the holiday. Salesforce Commerce Cloud provided us that short go-to-market.” For these organizations, that meant less time spent by resources on launching sites, resulting in lower project costs, as well as a faster time-to-value for incremental sales and profit in that time.
- › **Organizations increased platform stability and scalability with Salesforce Commerce Cloud’s SaaS model.** Organizations reduced downtime and increased system stability by moving to the Salesforce Commerce Cloud platform, which is unsurprising given that the interviewed firms were all using legacy solutions previously. This directly resulted in cost avoidance of missed sales and improved operational efficiency for members of the digital team. Particular benefits were found in merchant and marketing self-service. One retailer observed, “I know that in a pinch if I have to make a change in production, such as a URL change or a price fix, I can make it happen and I know it’s going to work.” Other major benefits were around scalability and the ability to manage traffic spikes. An eCommerce manager observed: “Back with [previous vendor], if we sent an e-blast with high engagement, the site would see an obvious slowdown. Our team was having to batch emails instead of sending it all at one. We haven’t had to think about it since moving to Salesforce Commerce Cloud, and that’s amazing.”
- › **Organizations benefited from access to Salesforce’s professional services teams.** Organizations also noted that they gained additional insights and improved performance by engaging with Salesforce Commerce Cloud’s retail practice and customer success services. This included advisory in areas such as platform optimization, search engine optimization (SEO), advanced site tuning, and international expansion. Other services included KPI benchmarking, heat mapping, and UI/UX consulting. One retailer noted: “We talked to a specialist in European eCommerce and learned about best practices such as which payment methods are the best. Another organization also noted it had better reporting with its move to Salesforce Commerce Cloud, with one executive noting, “We have a robust scorecard with exactly all emails that were sent, all the campaigns, campaign performance, etc.” This

“We’ve improved our operational efficiency with Salesforce Commerce Cloud. For our Japanese site launch, we flew in our eCommerce manager for four days. And now she can maintain the site. It’s really easy to train our team to use Salesforce Commerce Cloud. It makes it easier to collaborate with teams around the world. It’s been a boon for our international business.”

*VP for eCommerce,
Mattress and bedding
products manufacturer*



was not available to the organization in its previous environment.

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated 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 that Forrester synthesized from the client interviews has the following characteristics:

Description of composite. It is a retailer with \$180 million in annual revenue that is headquartered in the United States with international locations. This business-to-consumer (B2C) organization has over \$20 million in annual online revenue. It has four people on its digital merchant and marketing team supporting its eCommerce site. Resources on its eight-person IT team also spend a portion of their time maintaining and supporting the eCommerce site. Prior to its Salesforce Commerce Cloud, the organization used a legacy eCommerce platform. This was an on-premises, heavily customized platform with limited promotional functionality out of the box. By replacing its legacy eCommerce platform with Salesforce Commerce Cloud, the organization wanted to address scalability and stability issues before it expanded online operations internationally.

Deployment characteristics. The organization relaunched its main eCommerce site using the Salesforce Commerce Cloud platform. It also launched additional branded sites in new geographies. The organization replaced its basic out-of-the-box recommendation tool with the embedded predictive intelligence of Einstein and recommendations through Salesforce Commerce Cloud. The organization also used several service offerings from the Salesforce retail practice and customer success portfolio, which included site optimization and international expansion consulting.



Key assumptions

Approximately \$20 million in annual eCommerce revenue

Four-person digital marketing team

Relaunched eCommerce site and launched additional branded sites in new geographies

Replaced legacy vendor tool with Salesforce Commerce Cloud

Financial Analysis

QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Improved revenue performance	\$675,675	\$709,459	\$744,932	\$2,130,065	\$1,760,258
Btr	Improved performance with embedded predictive intelligence and recommendations	\$96,525	\$101,351	\$106,419	\$304,295	\$251,465
Ctr	IT cost savings	\$546,250	\$546,250	\$546,250	\$1,638,750	\$1,358,443
Dtr	Increased agility and labor savings — marketing and merchants	\$185,250	\$185,250	\$185,250	\$555,750	\$460,689
Etr	Increased agility and labor savings — IT	\$138,938	\$138,938	\$138,938	\$416,813	\$345,517
Ftr	Faster time-to-market	\$193,050	\$61,074	\$61,074	\$315,198	\$271,860
Gtr	Increased stability with SaaS — cost avoidance of lost revenue	\$62,184	\$64,737	\$67,417	\$194,338	\$160,684
Htr	Value from Commerce Cloud service offerings	\$9,500	\$9,500	\$9,500	\$28,500	\$23,625
	Total benefits (risk-adjusted)	\$1,907,372	\$1,816,558	\$1,859,779	\$5,583,709	\$4,632,541

Improved Revenue Performance

Organizations interviewed all reported improved eCommerce revenue performance after deploying Salesforce Commerce Cloud. These organizations noted that this increase in sales was enabled by Commerce Cloud’s out-of-the-box functionality such as promotions, campaign management, SEO, synonym work, and onsite search capabilities, among other drivers. With Salesforce Commerce Cloud:

- > The majority of the organizations reported an increase from 30% to 50% in eCommerce sales.
- > One organization reported an eCommerce sales increase of 100%, but this increase also coincided with significant retail and international expansion for the company. Therefore, Forrester was conservative in considering attribution of this growth to the Salesforce Commerce Cloud platform.
- > One organization reported that it doubled online sales as it relaunched its eCommerce site and expanded sales to a new country.
- > One organization also reported an increase of 5% in AOV with its Salesforce Commerce Cloud implementation.

The table above shows the total of all benefits across the areas listed below, 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 \$4.6 million.



The composite organization saw a 35% increase in online revenue after its Salesforce Commerce Cloud deployment.

- › Conversion rates also increased as the sites launched with the new Salesforce Commerce Cloud platform. One specialty foods retailer reported that conversion rates increased by 28% on mobile and 36% on desktop after deploying Salesforce Commerce Cloud.
- › Interviewees noted that the platform gave their organizations the tools to enable an increase in online revenue.

For the composite organization, Forrester assumes that:

- › Salesforce Commerce Cloud increased online revenue by an additional 35%.
- › Online annual revenue prior to Salesforce Commerce Cloud was \$16.5 million. This does not include eCommerce sales attributed to the recommendation engine.
- › Online sales in the previous platform grew by 5% each year. This organic sales growth is not attributed to Salesforce Commerce Cloud.
- › The profit margin used to capture incremental profit from this increased revenue due to Salesforce Commerce Cloud is 13%.

Risks that have an impact on this benefit include:

- › The percentage revenue increase may vary based on an organization's prior tools and platforms and other factors.
- › The increase in revenue, AOV, and conversion rates may vary by company, industry, and use case.
- › Profit margins will vary by company and industry.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$1,760,258.

"We're opening a membership program; we're doing and planning a lot of promotions. It all has been part of our overall lift in sales. We could never have done those things before [in our old environment]. The tool set to do those promotions would not have been there without Salesforce Commerce Cloud."

eCommerce manager, specialty foods



Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider potential range of outcomes for benefit estimates.

Improved Revenue Performance — Incremental Profit

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	eCommerce sales on previous platform (does not include sales from recommendation engine)	Assumes 5% organic growth	\$16,500,000	\$17,325,000	\$18,191,250
A2	Percentage growth post-SF Commerce Cloud		35%	35%	35%
A3	Additional revenue due to SF CC		\$5,775,000	\$6,063,750	\$6,366,938
A4	Profit margin	Industry operating margin	13%	13%	13%
At	Incremental profit from improved revenue performance	A3*A4	\$750,750	\$788,288	\$827,702
	Risk adjustment	↓10%			
Atr	Incremental profit from improved revenue performance (risk-adjusted)		\$675,675	\$709,459	\$744,932

Incremental Revenue With Salesforce Einstein's Embedded Predictive Intelligence And Recommendations

Organizations interviewed that had used embedded predictive intelligence and recommendations with Salesforce Commerce Cloud also reported additional revenue growth due to these capabilities. A recent Forrester Wave™ report stated that Salesforce also shows compelling over-the-horizon potential in the realm of artificial intelligence (AI) and data-driven decision making with its Salesforce Einstein capabilities.² Salesforce also recently announced a partnership between Salesforce Einstein and IBM Watson to deliver joint solutions to leverage artificial intelligence, which could potentially bring more revenue improvements to customers of Salesforce Commerce Cloud if these solutions are incorporated into the solution.

With the Salesforce Commerce Cloud platform:

- › One organization that ran a two-week test between its old recommendation engine and Einstein reported that it made \$500,000 in sales through its previous out-of-the-box recommendation engine and made \$700,000 in sales through recommendations powered by Einstein. This represents a revenue difference of 40%.
- › Another organization without a previous site recommendation engine attributed an additional \$700,000 in revenue over a four-month period to the embedded predictive intelligence and recommendations through Einstein.
- › Predictive intelligence and recommendations was also easy to implement, with one eCommerce manager noting: “The real benefit is that Einstein was easy to turn on. We didn’t need a developer to bolt on an existing piece of software.”

For the composite organization, Forrester assumes that:

- › The organization saw a 20% lift in sales from recommendations when it replaced its out-of-the-box recommendation engine with Salesforce Commerce Cloud.
- › In the previous environment, sales attributed to the recommendation engine represented 20% of total online sales.
- › The profit margin used to capture incremental profit for the financial analysis is 13%.

Risks that affect this benefit include:

- › Sales increases may vary depending on how each organization implemented recommendations on its site and the pre-Salesforce Commerce Cloud environment.
- › Profit margin will vary per company and industry.
- › Retailers’ revenues are moving to eCommerce, regardless of platform.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$251,465.



The composite organization saw a 20% increase in revenue from recommendations by moving to Salesforce Commerce Cloud.

“We have more access to data, more ability to manipulate this data, and really understand who is engaging what content. We are able to target media spend more effectively because of Salesforce Commerce Cloud. We’ve been able to spend the same and get more.”

*AVP for digital operations,
digital marketing company*



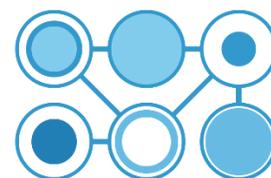
Profit From Incremental Revenue With Embedded Predictive Intelligence And Recommendations

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	eCommerce sales attributable to recommendation engine	Assumes 5% organic growth	\$4,125,000	\$4,331,250	\$4,547,813
B2	Percentage growth from move to SF Commerce Cloud		20%	20%	20%
B3	Revenue from move to Einstein from old recommendation engine	B1*B2	\$825,000	\$866,250	\$909,563
B4	Profit margin	Industry operating margin	13%	13%	13%
Bt	Improved performance with embedded predictive intelligence and recommendations	B3*B4	\$107,250	\$112,613	\$118,243
	Risk adjustment	↓10%			
Btr	Improved performance with embedded predictive intelligence and recommendations (risk-adjusted)		\$96,525	\$101,351	\$106,419

IT Cost Savings

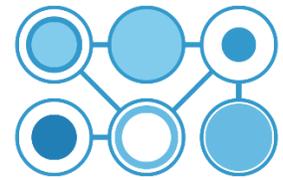
Organizations moving from an on-premises solution saved on IT costs by moving to Salesforce Commerce Cloud's SaaS model. These IT costs included infrastructure, application hosting, support, and security costs. Other IT costs savings include the fees paid on front-end licenses and maintenance for a previous eCommerce platform. Organizations interviewed also did not have to incur additional integration costs for new features. With Salesforce Commerce Cloud:

- › Organizations estimated a 35% to 50% reduction in overall solution support and system and database administration costs when compared with their previous platform. These organizations did not have to manage databases, maintain security expertise in-house, or incur other costs associated with an on-premises solution.
- › Organizations had access to new feature releases with new capabilities (such as Einstein, merchandising enhancements, responsive design, and content management capabilities, among others) without additional integration costs. One interviewee noted: "Turning on recommendations with Einstein took hours versus two to three days in our old environment. Implementing a full suite of third-party recommendation software to our platform would have been at least a week's worth of work." Another eCommerce manager observed, "Our old system, we had patches once a month for different versions. It was a headache."
- › Upgrades of their eCommerce platform were no longer an issue with organizations benefiting from the continuous release model of Salesforce Commerce Cloud. Interviewees discussed the difficulty of upgrading on their previous eCommerce platform because of the effort and expense required to port over custom-written applications and extensions.



35% reduction in solution support and administration costs

- › Organizations could reduce costs by as much as 50% for such projects as new site launches, upgrades, and new functionality for their eCommerce platform. One VP for eCommerce manager asserted, “We were launching these international sites, and with all the dev work we would have doubled the cost of the project if we weren’t using Salesforce Commerce Cloud.”



For the composite organization, Forrester assumes that:

- › Moving from its previous eCommerce platform to Salesforce Commerce Cloud saved an average of \$65,000 annually for fees for front-end licenses and modules.
- › The organization saved \$320,000 per year on infrastructure, hosting, content delivery network (CDN), support, and security costs that it had been spending on its legacy on-premises solution.
- › By launching new branded sites through Salesforce Commerce Cloud instead of on its legacy platform, the organization saved on project costs at an average of \$190,000 a year.

\$65,000 in front-end feature licensing costs saved per year

\$320,000 in infrastructure, hosting, and security costs saved per year

\$190,000 in new site implementation and upgrade costs saved per year

Risks that affect this benefit include:

- › IT cost savings will be dependent on an organization’s pre-Salesforce Commerce Cloud environment and if it was moving from an on-premises solution or a single-tenant SaaS solution.
- › Projects such as implementation of new features and branded sites and subsequent cost savings may vary with each organization’s deployment.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$1,358,443.

IT Cost Savings					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Front-end feature licenses and modules		\$65,000	\$65,000	\$65,000
C2	Infrastructure hosting, support, and security costs		\$320,000	\$320,000	\$320,000
C3	Costs of new site implementation/major upgrade		\$190,000	\$190,000	\$190,000
Ct	IT cost savings	C1+C2+C3	\$575,000	\$575,000	\$575,000
	Risk adjustment	↓5%			
Ctr	IT cost savings (risk-adjusted)		\$546,250	\$546,250	\$546,250

Increased Agility And Labor Savings For Marketers And Merchants

Organizations also consistently reported increased agility as a benefit of the move to Salesforce Commerce Cloud. The companies interviewed were previously running their eCommerce sites on heavily customized, on-premises platforms with limited promotional functionality, merchandising, and site layout management. Salesforce Commerce Cloud’s core functionality toolkit has native out-of-the-box capabilities

that enabled eCommerce managers to roll out promotions and other site enhancements to drive better customer experience and improve revenue performance. This increased agility, in turn, drove productivity savings for marketers and merchants on the digital team. With Salesforce Commerce Cloud:

- › Marketers and merchants saw time savings and improved productivity.
- › Marketers and merchants could quickly implement new site features, campaigns, and promotions. Process automation was another benefit of their implementation that saved time. One eCommerce manager noted that their team could now schedule promotions in advance through Salesforce Commerce Cloud, a capability they did not have in their previous platform.
- › Salesforce Commerce Cloud features and functionality mentioned by the interviewees that contributed to their increased agility included campaign management, promotions, multisite capabilities, onsite search, and responsive design.
- › Marketers and merchants also found that it was easier to implement new features, such as recommendations, and go live with new branded sites on Salesforce Commerce Cloud when compared with their previous environment.
- › Small digital teams found that they were also spending a lot of time on maintaining site stability on their on-premises legacy eCommerce platform. One eCommerce manager noted that in their previous environment: “We spent a lot of energy and money keeping the lights on. Every patch could kick off problems in other parts on the site.”
- › Organizations with very basic eCommerce platforms with no back-end integration with their ERP systems also reported significant time savings with the automation and integration gained through Salesforce Commerce Cloud.
- › Estimates for improved productivity due to increased agility with the new eCommerce platform ranged from 50% to 100% for the interviewed organizations.

For the composite organization, Forrester assumes that:

- › Each merchant and marketer on the digital team that uses Salesforce Commerce Cloud improved their productivity by an average of 50%. There are four people on the digital team supporting eCommerce.
- › The average fully loaded compensation for marketers is \$78,000 annually.
- › Forrester assumes that only 50% of these time savings are captured for productive work. Total savings translate to 520 hours saved per person.
- › By integrating order processing systems with Salesforce Commerce Cloud, the organization also saved 1.5 full-time equivalents (FTEs) in manual effort, which is quantified at \$117,000 saved per year.

Risks that affect this benefit include:

- › The value of time savings will be dependent on the organization’s prior processes and systems as well as the number of FTEs affected.
- › Differing use of the Salesforce Commerce Cloud offering can have an impact on the level of time savings achieved.



50% increased productivity for merchandisers and marketers with improved operational efficiency

- › The ability for FTEs to recapture this time for additional productivity can vary.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$460,689.

Increased Agility And Labor Savings — Marketers And Merchants					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Number of employees		4	4	4
D2	Percentage of time saved (productivity improvement)		50%	50%	50%
D3	Average fully loaded compensation (per year)		\$78,000	\$78,000	\$78,000
D4	Productivity capture		50%	50%	50%
D5	Labor savings from integration of order processing systems w/ Salesforce Commerce Cloud	1.5 FTsE total effort	\$117,000	\$117,000	\$117,000
Dt	Increased agility and labor savings — marketing and merchants	$(D1 * D2 * D3 * D4) + D5$	\$195,000	\$195,000	\$195,000
	Risk adjustment	↓5%			
Dtr	Increased agility and labor savings — marketing and merchants (risk-adjusted)		\$185,250	\$185,250	\$185,250

Increased Agility And Labor Savings For IT Teams

The increased agility and improved stability with the Salesforce Commerce Cloud investment also improved productivity for IT resources supporting the digital team. Organizations moving from an on-premises solution to Salesforce Commerce Cloud did not have to allocate IT engineering resources to maintaining IT infrastructure and system stability. Organizations did not have to spend as much IT development resources on functionality that was now available out of the box with Salesforce Commerce Cloud. Upgrades were also less of a strain on IT resources with Salesforce Commerce Cloud’s continuous release model. With Salesforce Commerce Cloud:

- › Organizations estimated that IT resources supporting their eCommerce site improved productivity by approximately 50%. One organization also added improved stability with higher uptime of the new eCommerce platform, which directly contributed to a 20% productivity improvement for the IT team.
- › Another organization estimated that it saved at least \$200,000 a year in IT engineering resources alone by choosing a SaaS model with Salesforce Commerce Cloud, instead of an on-premises solution, since the organization didn’t have to devote resources to costly upgrades. Instead, it could take advantage of the continuous release cycles gained via a SaaS solution.
- › Organizations that did not maintain in-house developers saved on fees paid to third-party contractors with the out-of-the-box functionality and increased agility that Salesforce Commerce Cloud delivered.



50% increased productivity for IT resources with improved operational efficiency

For the composite organization, Forrester assumes that:

- › Each IT resource supporting the eCommerce site improved their productivity by 50% on average. The organization has six IT resources (developers and engineers) whose productivity improved because of the increased agility and stability of Salesforce Commerce Cloud.
- › The average fully loaded compensation for an IT FTE supporting the digital team is \$97,500 annually.
- › Forrester assumes that only 50% of these time savings are captured for productive work, representing 560 hours saved per person.

Risks that affect this benefit include:

- › The value of time savings will be dependent on the organization's prior eCommerce platform and processes, as well as the number of FTEs affected.
- › The ability for FTEs to recapture this time for additional productivity will vary.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$345,517.

Increased Agility And Labor Savings — IT					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
E1	Number of IT personnel		6	6	6
E2	Percentage efficiency improvement		50%	50%	50%
E3	Average fully loaded compensation per IT developer		\$97,500	\$97,500	\$97,500
E4	Percentage captured		50%	50%	50%
Et	Increased agility and labor savings — IT	$E1 * E2 * E3 * E4$	\$146,250	\$146,250	\$146,250
	Risk adjustment	↓5%			
Etr	Increased agility and labor savings — IT (risk-adjusted)		\$138,938	\$138,938	\$138,938

Faster Time-To-Value

Another benefit of a Salesforce Commerce Cloud implementation for the interviewed organizations was faster time-to-market for new branded sites and expansion into new geographies. Organizations found that it was faster to develop new eCommerce sites with Salesforce Commerce Cloud compared with their previous environment. It was also easier and faster to develop and activate features, such as promotions and recommendations. This faster time-to-market benefit can be quantified in terms of improved productivity for digital teams and IT cost savings. At the same time, this benefit also translates to faster time-to-value for the organizations. By delivering eCommerce sites faster, Salesforce Commerce Cloud enables organizations to benefit from incremental revenue and profit from these new sites. With Salesforce Commerce Cloud:



Reduced
time-to-market
by **33%**

- › One organization rolled out a new branded site in five weeks, compared with three months in its previous environment. This organization specifically chose Salesforce Commerce Cloud for the ability to rapidly develop and scale as it launched branded sites in 30 countries.
- › One organization that was expanding to North America reported that it would have taken 50% longer in its pre-Commerce Cloud environment to launch a site for a new geography. For this organization, deployment went from 36 weeks to 24 weeks, representing a 33% reduction in time-to-market.

For the composite organization, Forrester assumes that:

- › Launching new sites was an average of three months faster with Salesforce Commerce Cloud. This represents a 33% reduction in time-to-market.
- › After the initial main site deployment in Year 1, the organization expanded to two new eCommerce sites for different geographies every year, at an average revenue per site of \$87,000 per month.
- › The profit margin used to capture incremental profit due to faster time-to-value for the financial analysis is 13%.

Risks that affect this benefit include:

- › The number of new eCommerce sites launched and the monthly revenue from each site will vary.
- › Profit margin will vary by company and industry.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$271,860.

Faster Time-To-Market					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
F1	Number of new eCommerce sites added		1	2	2
F2	Average monthly gross revenue per additional eCommerce site		\$550,000	\$87,000	\$87,000
F3	Faster time-to-market	3 months	3	3	3
F4	Profit margin		13%	13%	13%
Ft	Faster time-to-market	$F1 * F2 * F3 * F4$	\$214,500	\$67,860	\$67,860
	Risk adjustment	↓10%			
Ftr	Faster time-to-market (risk-adjusted)		\$193,050	\$61,074	\$61,074

Increased Stability With SaaS — Cost Avoidance Of Lost Revenue

Moving to Salesforce Commerce Cloud from legacy eCommerce platforms also increased stability for the organizations interviewed. With Salesforce Commerce Cloud:

- › Organizations reduced downtime. With previous legacy platforms, organizations reported issues with site traffic spikes that would slow down their eCommerce sites or bring the sites down altogether. One retailer noted that on its previous on-premises platform, its site was down 30 days out of the year, not including site outages whenever it sent bulk email out for promotions, which would lead to spikes in traffic. The organization also reported that it had not had any site outages since implementing Salesforce Commerce Cloud. Another retailer had between 12 and 14 downtime incidents a year for its site with its legacy eCommerce platform.
- › Organizations avoided missed sales due to downtime that they had experienced in their previous platform. One VP for eCommerce noted: “Our UK site would go down and we’d lose £10,000 a day. One time I wasted a week to get that site up and stable.” A reduction in downtime also translated to a reduction in lost revenue for these organizations.

For the composite organization, Forrester assumes that:

- › Salesforce Commerce Cloud replaced a legacy eCommerce platform from another vendor.
- › The previous legacy platform had an average of 22 incidents per year, at an average length of 2 hours per incident. This downtime affected a total of six people. The average hourly compensation (including the value of benefits) for these employees is \$46.88.
- › Average revenue lost per hour of downtime was \$9,916 in the first year.
- › This downtime was eliminated with its move to Salesforce Commerce Cloud.

Risks that affect this benefit include:

- › The value of reduced downtime will be dependent on the organization’s prior legacy systems.
- › The number of people affected by downtime will vary across companies.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$160,684.



Reduced downtime
by **44 hours per year**

“Our old system used to fold over all the time, and we’d have to go to a development house. When our UK site is down, we’d lose £10,000 pounds a day. As eCommerce becomes more critical to our business, I don’t want to have to worry about denial of service attacks and other problems. There’s such a joy of having the platform stable with Salesforce Commerce Cloud.”

*VP for eCommerce,
mattress and bedding
products manufacturer*



Increased Stability and Cost Avoidance of Lost Revenue

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
G1	Number of incidents per year		22	22	22
G2	Length of incident (hours)		2	2	2
G3	Average revenue per hour	$(A1+B1)/2,080$ hours	\$9,916	\$10,412	\$10,932
G4	Incremental profit saved	$G1*G2*G3/A4$	\$56,719	\$59,555	\$62,532
G5	Number of IT personnel		6	6	6
G6	Number of hours saved		44	44	44
G7	Hourly compensation		\$46.88	\$46.88	\$46.88
G8	Total IT labor cost saved due to reduced downtime	$G5*G6*G7$	\$12,375	\$12,375	\$12,375
Gt	Increased stability with SaaS — cost avoidance of lost revenue	$G4+G8$	\$69,094	\$71,930	\$74,907
	Risk adjustment	↓10%			
Gtr	Increased stability with SaaS — cost avoidance of lost revenue (risk-adjusted)		\$62,184	\$64,737	\$67,417

Value From Salesforce Commerce Cloud's Customer Success Service Offerings

Organizations that had used Salesforce Commerce Cloud's retail practice and customer success offerings also reported on the value they received from these consulting services, in such areas as site optimization and international expansion. A number of these organizations also attributed part of their revenue increase to recommendations from the Salesforce retail practice and customer success services team on optimization and promotions. With Salesforce Commerce Cloud:

- › One retailer reported: "Our old site was cumbersome and had a lot of page views. Salesforce did a UX review, and now our current site has a number of suppressed pages. With their recommendations, we've seen better conversion rates, and that's directly tied to the better checkout experience. We can now pinpoint quickly what results in conversion lift, cart abandonment, and its impacts."
- › Organizations also noted that with the services provided by Salesforce Commerce Cloud that were part of their subscription, they avoided the cost of paying outside consultants for services such as site optimization and international expansion. One organization noted that by working with an international specialist at Salesforce, it could "avoid the pitfalls" associated with shipping internationally. One retailer also noted that meeting with a strategist to work on site optimization and complex promotions helped increase sales, especially during the holiday season.

"We do a biweekly site optimization. We also met with a strategist over the holiday, which is a big season, because we have complex promotions. For these promotions, the strategist provided next steps that were really helpful. We also worked with them to come up with shopping cart recipes that drive the bottom line a bit better. Having that support was really awesome, and holiday sales moved quickly."

eCommerce manager, skincare and wellness company



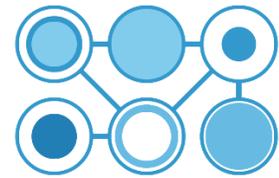
For the composite organization, Forrester assumes that:

- › The value of additional sales resulting from consulting with retail practice and customer success services, which included site optimization and international expansion, was included in the first quantified benefit of 35% improved revenue growth for the organization.
- › By using retail practice and customer success services of Salesforce Commerce Cloud, the organization saved \$10,000 a year on third-party professional services fees.

Risks that affect this benefit include:

- › Variability in the type of engagements with the retail practice and customer success services may affect the cost savings on outside professional services fees.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$23,625.



\$10,000 annual cost avoidance savings for third-party services

Savings On Third Party Professional Services Fees					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
H1	Savings on third-party professional service fees		10,000	10,000	10,000
Ht	Value from Commerce Cloud service offerings	H1	\$10,000	\$10,000	\$10,000
	Risk adjustment	↓5%			
Htr	Value from Commerce Cloud service offerings (risk-adjusted)		\$9,500	\$9,500	\$9,500

Flexibility

The value of flexibility is clearly unique to each client, and the measure of its value varies from organization to organization. There are multiple scenarios in which a client might choose to implement Salesforce Commerce Cloud and later realize additional uses and business opportunities. For the interviewed organizations, this includes:

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a 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.

- › As organizations gained improved agility and a scalable eCommerce platform with their implementation, they would see additional digital team cost savings and incremental revenue and profits from faster time-to-market as they launched new eCommerce sites for new brands or geographies.
- › Future features and functionality that Salesforce may introduce through Salesforce Commerce Cloud's continuous release model may bring additional benefits in areas of improved performance and incremental revenue. The scale of these benefits will be dependent on the appetite of the organizations to implement these new features. For example, one organization interviewed had not, as of yet, deployed recommendations on its site through Salesforce Commerce Cloud. It anticipated that turning on this feature would drive additional sales going forward.
- › Continued site optimization of the eCommerce site with additional consulting from retail practice and customer success portfolio services could also bring additional revenue benefits and cost savings to these organizations. One large manufacturer noted that it was planning to use these services for the launch of a new branded website for a line of products that would appeal to a younger demographic. Areas of expertise available through Salesforce Commerce Cloud include standard offerings around platform optimization, SEO, advanced site tuning, and international expansion. Other services also include KPI benchmarking, heat mapping, UI/UX consulting, and access to Salesforce Commerce Cloud's customer roundtable community.

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

“Having worked with a few platforms before, you can really see the difference working with Salesforce Commerce Cloud. They provide us with case studies, an SEO specialist, an international specialist. That alone is pretty huge. Salesforce's continuous release and innovation model means we don't have to rely on just ourselves to keep up best practice.”

Senior manager of eCommerce, apparel and outdoor gear manufacturer



Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Itr	Salesforce Commerce Cloud implementation and ongoing fees (platform subscription and third-party solution and site support)	\$315,000	\$459,900	\$483,000	\$506,100	\$1,764,000	\$1,512,505
Jtr	Internal labor for implementation	\$119,600	\$0	\$0	\$0	\$119,600	\$119,600
Total costs (risk-adjusted)		\$434,600	\$459,900	\$483,000	\$506,100	\$1,883,600	\$1,632,105

Salesforce Commerce Cloud Project Implementation And Ongoing Fees

Organizations incur implementation and ongoing fees with their Salesforce Commerce Cloud deployment. This cost category includes implementation and ongoing fees paid to external third-party providers for development, configuration, and rollout of the initial eCommerce site (or sites) under Salesforce Commerce Cloud, along with ongoing enhancements. This cost category also includes annual fees paid to Salesforce Commerce Cloud, which are calculated as a percentage of overall online revenue:

- › The composite organization spent \$300,000 in fees in initial implementation of Salesforce Commerce Cloud, which includes fees to third-party agencies and other providers to support site design, integration, and deployment.
- › The composite organization will spend \$438,000; \$460,000; and \$482,000, respectively, in years 1, 2 and 3 on ongoing fees for support for site enhancements as well as the Salesforce Commerce Cloud subscription.
- › As fees are variable, readers of this study should refer to their Salesforce account manager for pricing specific to their organization, when conducting their own analysis.

Risks that affect this cost include:

- › Salesforce Commerce Cloud fees vary from organization to organization, considering different contract agreements and revenue volumes.
- › Implementation and ongoing fees vary depending on contract terms.
- › Size and scope of deployment, as well as the amount of new site functionality implemented over the course of the analysis, may vary.
- › Additional professional services fees may be incurred by organizations, depending on their planned deployment.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$1,512,505.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of over \$1.6 million.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

Salesforce Commerce Cloud Fees

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
I1	Salesforce Commerce Cloud implementation costs and ongoing fees		\$300,000	\$438,000	\$460,000	\$482,000
I2	Salesforce Commerce Cloud initial and ongoing fees	I1	\$300,000	\$438,000	\$460,000	\$482,000
	Risk adjustment	↑5%				
Itr	Salesforce Commerce Cloud initial and ongoing fees (risk-adjusted)		\$315,000	\$459,900	\$483,000	\$506,100

Implementation And Training Costs

Interviewed organizations reported implementation times ranging from six to ten months. For the composite organization, Forrester assumes that:

- › The composite organization's implementation team spent eight months on the relaunch of its eCommerce site with Salesforce Commerce Cloud.
- › These eight months of implementation also include training time for the customer experience team as well as onsite training at Salesforce for two key members of the digital team.
- › Two FTEs were part of this implementation team, and each person had a fully loaded compensation of \$78,000 per year.



2 FTEs
on the implementation team

Risks that affect this cost include:

- › The scope of the deployment, the number and complexity of the integrations required, and the difficulty migrating from prior systems/processes may vary.
- › Organizations that may have more complex site features or choose to implement additional functionality at initial launch may incur higher costs.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$119,600.

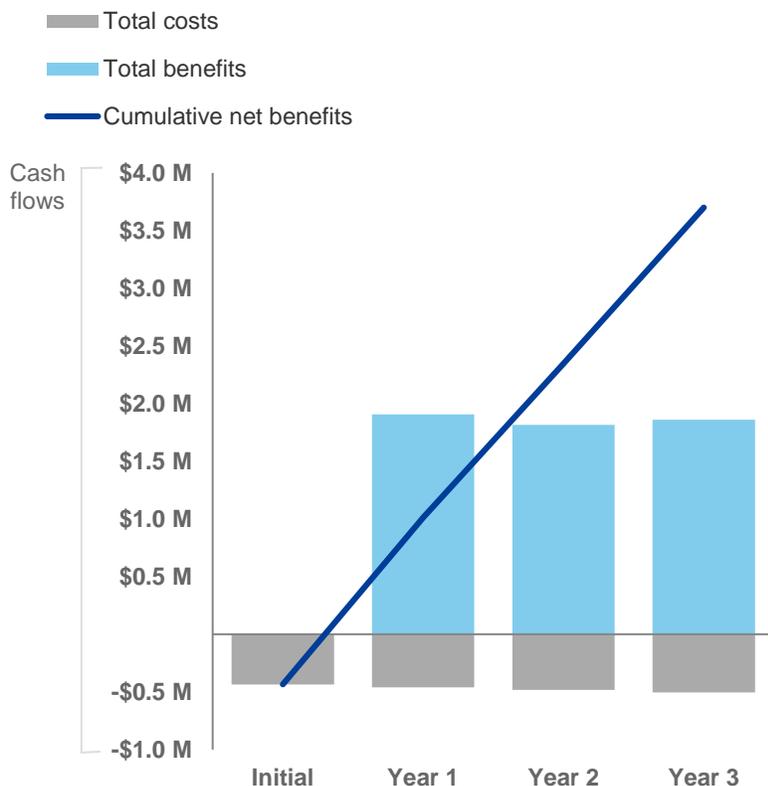
Implementation And Training Costs

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
J1	Number of people		2			
J2	Average fully loaded compensation per year		\$78,000			
J3	Length of implementation (years)	8 months/12	0.67			
Jt	Implementation and training	J1*J2*J3	\$104,000	\$0	\$0	\$0
	Risk adjustment	↑15%				
Jtr	Implementation and training costs (risk-adjusted)		\$119,600	\$0	\$0	\$0

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 Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$434,600)	(\$459,900)	(\$483,000)	(\$506,100)	(\$1,883,600)	(\$1,632,105)
Total benefits	\$0	\$1,907,372	\$1,816,558	\$1,859,779	\$5,583,709	\$4,632,541
Net benefits	(\$434,600)	\$1,447,472	\$1,333,558	\$1,353,679	\$3,700,109	\$3,000,437
ROI						184%
Payback period						3.6 months

Salesforce Commerce Cloud: Overview

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

Salesforce Commerce Cloud is an enterprise cloud commerce platform that empowers brands to unify the customer experience across all points of commerce (web, social, mobile, store, and others) — from shopping to fulfillment to customer service — with embedded, AI-powered predictive intelligence that delivers a 1-to-1 shopping experience and a robust Commerce Cloud partner ecosystem. This ensures satisfaction and growth from planning to launch and beyond. Brands using Commerce Cloud move to market faster, engage significantly more customers, and deliver seamless shopping experiences across all channels.

Key Capabilities Of Commerce Cloud

Key capabilities of Salesforce Commerce Cloud include:

- › Comprehensive digital commerce across web, mobile, social, and store.
- › Mobile-first point-of-sale and store operations that empowers and increases store personnel effectiveness.
- › Predictive commerce with Einstein to automate 1-to-1 shopping experiences.
- › An extensive partner ecosystem with more than 200 certified partner integrations.

Commerce Cloud Advantages

Key advantages of Salesforce Commerce Cloud include:

- › **Trusted customer success.** Ensure your commerce operations is always on, always secure, and always fast with scalable, secure multitenant architecture.
- › **Faster innovation.** Launch new websites, expand into new geographies, and create innovative experiences that attract customers' attention and differentiate your brand.
- › **Predictive commerce with Commerce Cloud Einstein.** Automate 1-to-1 commerce experiences with next-generation artificial intelligence powered by Commerce Cloud Einstein.
- › **A unified experience.** Provide a unified experience for customers across all channels, from browsing to buying to fulfillment to service.
- › **Commerce and CRM.** Power everything from commerce to marketing, customer service, community, and beyond with Salesforce's customer success platform.

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: Supplemental Material

Related Forrester Research

“The Forrester Wave™: B2C Commerce Suites, Q1 2017,” Forrester Research, Inc., March 24, 2017

Appendix C: Endnotes

¹ Source: “The Forrester Wave™: B2C Commerce Suites, Q1 2017,” Forrester Research, Inc., March 24, 2017.

² Source: “The Forrester Wave™: B2C Commerce Suites, Q1 2017,” Forrester Research, Inc., March 24, 2017.