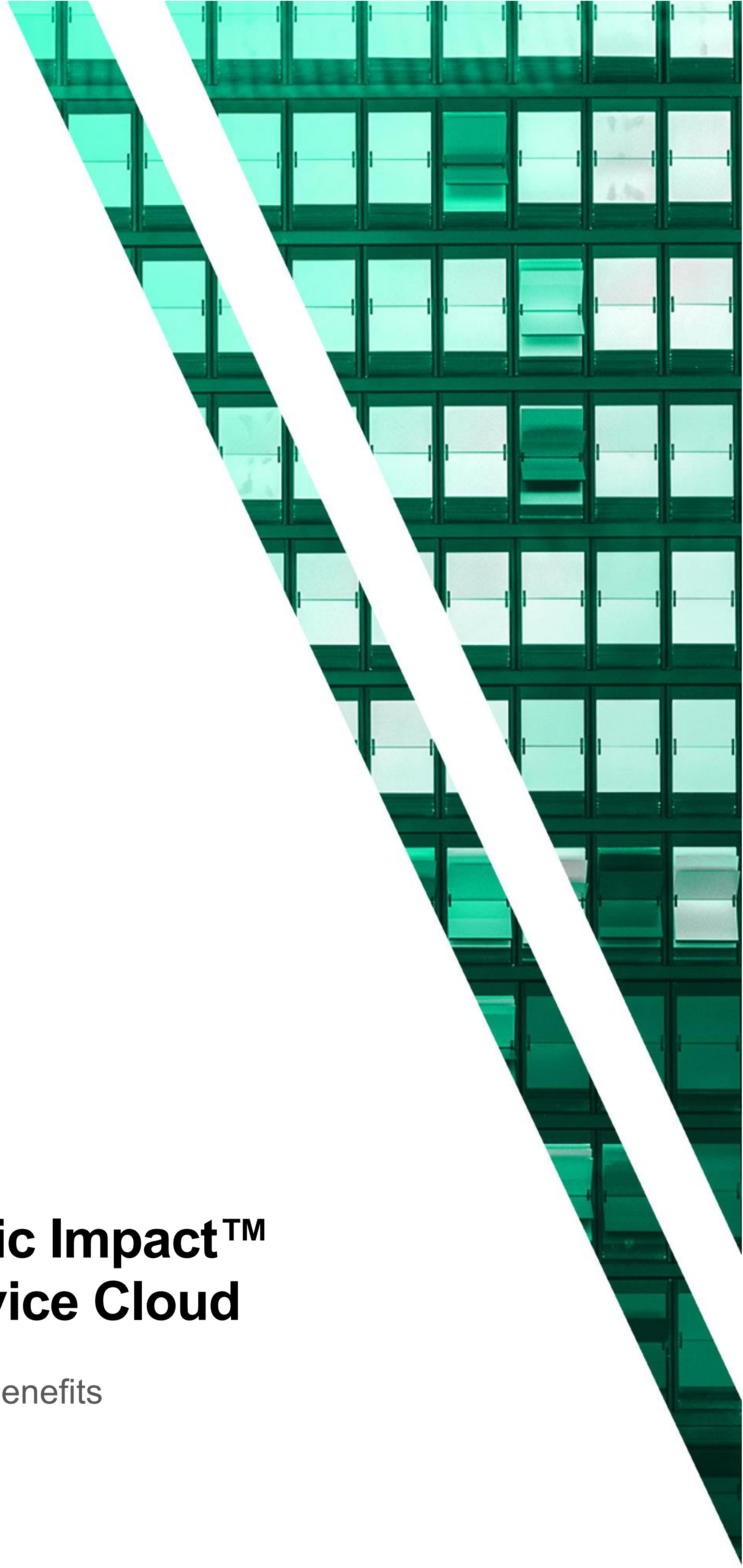

The Total Economic Impact™ Of Salesforce Service Cloud

Cost Savings And Business Benefits
Enabled By Service Cloud

MAY 2021

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY SALESFORCE

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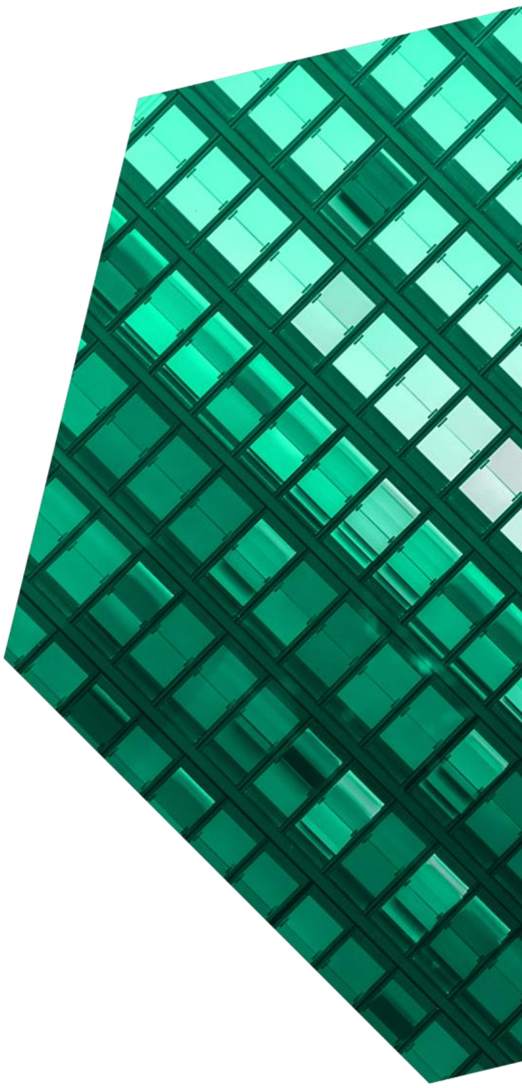


ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

Salesforce Service Cloud unifies the contact center around a single view of the customer and empowers service agents to meet customer expectations, create positive interactions, and deliver seamless digital service. Service Cloud customers deflected cases to self-service, automated manual processes, streamlined legacy technology stacks and workflows, and had more loyal customers.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers with experience using Service Cloud. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organization.

Prior to using Service Cloud, respondents from the interviewed organizations had traditional contact centers that offered email and telephony support. Agents juggled several systems and struggled with information and departmental silos. Customers faced long hold times, struggled to find answers online, and demanded a more seamless experience.

After the investment in Service Cloud, the customers were able to add new service channels, unify customer information in a single place, and automate manual tasks. With Service Cloud and the Salesforce ecosystem, agents were empowered to create better experiences for their customers.

KEY STATISTICS

Return on investment (ROI)
248%

Net present value (NPV)
$14.6 million

KEY FINDINGS

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

- **Deflected up to 40% of cases to more cost-efficient channels.** The addition of chat and self-service options resulted in case deflection and containment, increased agent productivity, and reduced per-interaction costs. Over three years, the deflection of interactions to more economical channels is worth more than $9.2 million to the composite organization.

Interactions deflected to more cost-effective channels

Up to 40%

- **Removed 2 minutes per call by eliminating manual post-call administration and 1,152 hours annually of reporting consolidation.** Powerful reporting features and configurable workflows enable the composite organization to avoid manual efforts. Over three years, the elimination of both 2 minutes per call and 1,152 hours annually of reporting consolidation is worth nearly $8.5 million to the composite organization.

- **The simplified contact center technology stack saved $1.6 million over three years.** The consolidation of the legacy stack trimmed spending for tools, agent training, and maintenance. Over three years, the streamlined environment is worth nearly $1.6 million to the composite organization.

- **Salesforce Sales Cloud and Service Cloud together improve customer experience and retention rates by up to 30%.** The collaboration between the sales and service organizations helped improve upsell, cross-sell, customer satisfaction, and retention rates. Over three years, and a cumulative total of 1,800 retained customers, the improved retention is worth nearly $1.2 million to the composite organization.

Improved customer retention rates

Up to 30%

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

- Speed-to-value enabled rapid response to pandemic shutdown.

- Supportive technology improved agent retention.

- First-call resolution rates improved.

- Compliance was streamlined with digital documentation.

- Personalized case routing customized the service experience.

- Automated case escalation reduced response times.

Costs. Risk-adjusted PV costs include:

- **Salesforce subscription and add-on products total $3.5 million.** The composite organization licenses 625 agents and three administrators for Service Cloud, and it uses several add-on products from the AppExchange. Over three years, these external costs total $3.5 million for the composite organization.

- **Professional services total $1.6 million.** The composite organization engages an advisory firm to provide ongoing professional services. Over three years, these external costs total more than $1.6 million for the composite organization.

- **Internal implementation efforts and training costs total $420,000.** The composite organization dedicates both technical and business resources to the implementation of Service Cloud and provides training to its 625 agents. Over three years, the internal costs of these efforts are $420,000.

- **Internal costs related to change management and administration total $310,000.** The composite organization shares administrative efforts across its Salesforce ecosystem, requiring only partial FTE efforts for ongoing administration. A change manager dedicates 50% of their time in the first year to shepherd adoption and instill best practices.

Synopsis. The customer interviews and financial analysis found that a composite organization experiences benefits of $20.4 million over three years versus costs of $5.9 million adding up to a net present value (NPV) of $14.6 million and an ROI of 248%.

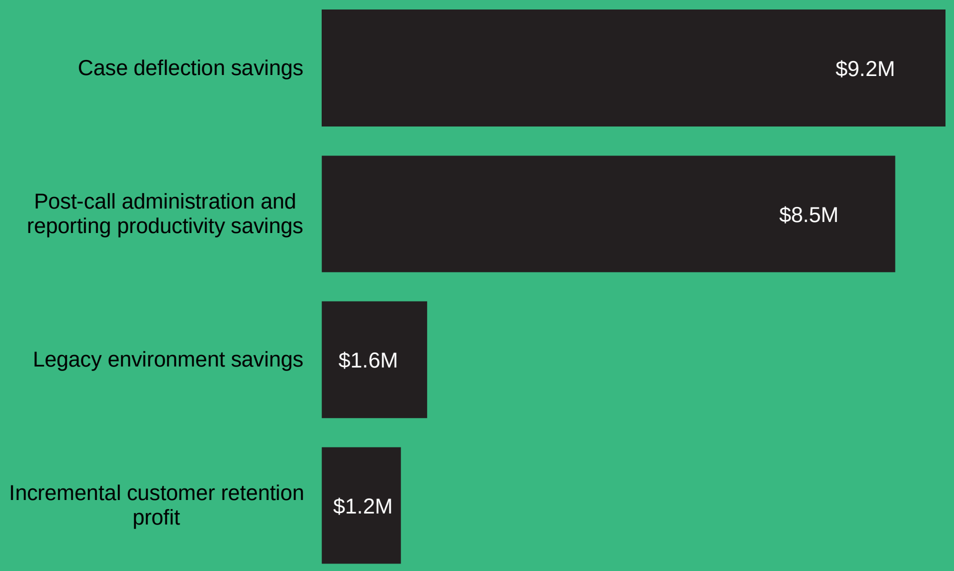
ROI
248%

BENEFITS PV
$20.4 million

NPV
$14.6 million

PAYBACK
<1 year

Benefits (Three-Year)



"Service Cloud has been a life-changing investment. The time-to-market is incredible. The user interface is beautiful. It has unleashed a new culture of innovation."

— Manager of customer and communications, local government

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Service 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 Service Cloud can have on an organization.

DUE DILIGENCE

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

CUSTOMER INTERVIEWS

Interviewed five decision-makers at organizations using Service 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 the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Salesforce Service Cloud Customer Journey

Drivers leading to the Service Cloud investment

Interviewed Organizations

Industry	Region	Interviewee	Size	Salesforce relationship
Information technology and services	USA HQ, global operations	IT director	$2 billion revenue 6,000 employees	Previously used Sales and Experience Clouds
Local government	Australia HQ and operations	Manager of customer and communications	$200 million revenue 1,000 employees	Net new to Salesforce
Utilities	France HQ, global operations	Head of IT architecture	$2.6 billion revenue 15,000 employees	Net new to Salesforce.
Direct marketing	USA HQ and operations	CMO	$200 million revenue 700 employees	Previously used Sales Cloud
Financial technology (fintech)	USA HQ and operations	Director of business enablement	$1.1 billion revenue 1,020 employees	Previously used Sales Cloud

PRIOR ENVIRONMENT

Before investing in Service Cloud, the interviewees' organizations provided customer service through traditional email and telephony channels.

For a single customer service interaction, agents swiveled between several siloed systems and applications. The service and IT teams would repurpose existing bolted-on technology, tools, and, and solutions for agent use, examples included: CRM systems, enterprise resource planning (ERP) systems, ticketing systems, case manager applications, content manager solutions, and project manager tools. The legacy environments lacked integrations, and they were both fragmented and not designed to deliver seamless customer service interactions.

KEY CHALLENGES

In their prior environments, respondents from interviewed organizations struggled with common challenges, including:

- **Customers were frustrated that there were no self-service options or transparency into their cases.** Customers are increasingly looking for self-service options to avoid speaking with customer service agents. When these options were not offered, and service requests disappeared into a black box, customers became frustrated.

> **"Our challenge was that we did not have a self-service portal where our customers could log in and view their case easily or locate a knowledge article related to the case that they were trying to open."**
>
> *IT director, information technology and services*

- **Legacy tools were neither built to provide seamless service nor designed with a customer-first approach.** Interviewees described a complex combination of legacy tools that were initially stitched together for service agents, but these tools were actually meant to be used by other business units. The manager of customer and communications of a local government shared: "We were using a product that had been designed for holding financial information, that had been reconfigured for use as our CRM. But it was awful because it wasn't designed to be a relationship management system. It was impossible for my team to use; it was really slow, and it didn't integrate with anything."

- **Technology silos left agents no choice but to deliver a fragmented service experience to customers.** The tools that agents used did not communicate with each other, often creating rifts in the service lifecycle to the detriment of the customer experience. The manager of customer and communications of a local government shared how siloes impacted the customer experience: "It was really awful for customers who would call, and an agent would launch the job on the [legacy repurposed tool], get a job number, then provide the number to the customer. But the job was fulfilled in another platform, so that number meant nothing. When the customer rang back to see what was going on with their job, they'd provide their assigned number and it literally meant nothing, and we could provide no information about their request."
- **Agents swiveled between applications, driving up hold times and service delays.** Interviewees described legacy environments that were cobbled together to meet the fluctuating needs of the contact center. Agents used six to seven backend systems and separate front-end systems. High hold times were a result of agents looking for information, toggling between systems, and manually reentering information between tools. The director of business enablement of a financial technology organization said: "Our legacy environment was very heavily siloed. We had our service reps on three different screens operating three different platforms at once."
- **The legacy environment provided no single view of the customer.** Unsurprisingly, the siloed legacy environment was not conducive to providing a single view of the customer, especially across service channels. The CMO of a direct marketing firm shared: "We were having trouble creating a unified view of our customers to provide support for that customer. Email was killing us, because we were using it prolifically, and people would start multiple threads."
- **Legacy technology was inflexible, and it created tech debt and manual bottlenecks.** The prior environment, which was cobbled together for cost efficiency, resulted in tech debt as interviewees had to maintain homegrown tools and invest significant efforts for upgrades. Slow delivery impacted the productivity of service agents.

> **"I would say that the biggest pain point was our siloed data because we were entering operating information in one place, executing the service in another, and then re-replicating that same process in yet another system to update what was done in the first system."**
>
> *Director of business enablement, fintech*

WHY SALESFORCE?

The interviewees searched for a solution that would: play a role in their digital transformations; enable a more customer-first mindset; and create greater customer experiences. After evaluating several options, interviewees cited the following reasons for ultimately selecting Salesforce Service Cloud:

- **Time-to-value of Salesforce surpassed alternative options.** Interviewees noted that they would need to implement the new solution as quickly as possible — and make changes without disruption — to provide a better experience for customers and agents.

> **"While evaluating vendors, the primary criteria we had was the speed of change. As we undergo this transformation, we wanted to make sure we give a better experience for our customers as well as the agents. And a big part of that is getting changes in front of customers and the agents every two weeks."**
>
> *IT director, Information technology and services*

- **Innovation capabilities set Salesforce apart.** Furthermore, interviewees wanted a solution that could be a delivery vehicle for change and innovation, providing opportunities beyond the call center status quo.

> **"We also evaluated vendors on innovation possibilities. We don't want to just keep the lights on. We want to keep innovating to give a better experience for our customers and agents."**
>
> *IT director, Information technology and services*

- **Service Cloud was the natural choice to amplify the existing Sales Cloud investment.** For those customers that had an existing Sales Cloud investment, the option to seamlessly join the sales and service organizations onto one system was a powerful draw. The integration would be helpful to overturn the traditional mindset that service organizations are a cost center. With a seamless integration with sales, service agents could be enabled to identify revenue opportunities, drive cross-selling and upselling, and continue conversations that were started in Service Cloud and continued effortlessly by sales teams.

> **"Salesforce ticked all boxes for us. It was easily configurable. It came with built-in features that just needed to be quickly changed for our circumstances. It looks great. It's so intuitive. You can find everything that you want straight away at a click of a button. It integrates with everything. We love the chat function which we use all the time to collaborate. There was really no point in looking at any other competitor."**
>
> *Manager of customer and communications, local government*

INVESTMENT OBJECTIVES

Interviewees set out to achieve several goals in mind for their Service Cloud investments. The three key objectives were:

- **Create an effortless end-to-end customer experience.** The primary objective shared by the interviewees was to improve the customer experience through a customer-centric, digital-first approach.

> **"We're in the IT industry, so as part of our own digital transformation journey we wanted to use the latest and greatest technology to improve our customer's experience and satisfaction."**
>
> *IT director, information technology and services*

- **Drive contact center efficiencies by adding new contact channels and self-service options.** Interviewees wanted to move beyond traditional email and telephony channels and add agent chat, social messaging, bots, and self-service articles. The intention was that these new channels would have a waterfall effect across the service organization, helping to improve service knowledge KPIs such as call deflection, hold times, first-call resolution rates, abandonment rates, and agent productivity.

> **"We wanted Salesforce to help us have better case deflection. We wanted to see how many people started creating a case but then got the answers they needed, which will allow us to have less service tickets."**
>
> *IT director, information technology and services*

- **Drive both cultural and digital transformations.** The interviewees intended to realize as much value from their Salesforce investment as possible. To truly use Salesforce well, they realized that a cultural change must accompany their digital change, with an intentional reprioritization of the business with the customer at the forefront of every decision.

THE OBJECTIVE OF SALES + SERVICE CLOUDS

In addition to the objectives previously highlighted, a fourth objective was noted by the interviewees that invested in both Salesforce Service Cloud and Sales Cloud: Empower service agents to seamlessly integrate into and support sales efforts. The director of business enablement for a fintech organization understood the importance of using Salesforce as the mechanism to evolve the traditional mindset that identifies service agents as cost centers. With Salesforce bridging the gap between sales and service departments, not only would the customer experience become more seamless due to the single view of the customer, but it would also empower service agents to identify opportunities, make timely contextual suggestions, and seamlessly transition an opportunity to a sales agent.

"We looked at how we could use Salesforce to enable customers to self-service and thereby free our agents for revenue-generating calls."

– Director of business enablement, fintech

COMPOSITE ORGANIZATION

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

Description of composite. The global, billion-dollar organization provides sales and customer support for its consumer products and services in high volume. It has a strong brand, 2,500 employees, a customer base of about 25,000 customers, an average annual revenue per customer of $15,000, and a 20% profit margin.

Deployment characteristics. Prior to the investment in Service Cloud, the composite organization had purchased and successfully deployed Salesforce Sales Cloud. Its 625 customer service agents work in-house and are located onshore.

The service organization fields approximately 6.5 million interactions annually. And these interactions are initially split between telephony (90%) and email/web form (10%).

The composite organization classifies three types of interactions:

- Tier 1 – general inquiries; approximately 30% of all interactions.
- Tier 2 – technical assistance inquiries; approximately 30% of all interactions.
- Tier 3 – more complex issues; approximately 40% of all interactions.

The average cost of a Tier 2 telephony interaction is $3.44, and a Tier 3 interaction costs $16.80. The interaction cost is calculated using only direct costs (total burdened agent cost times the average call duration). This excludes any allocation of overhead, training, administrative costs, or other indirect costs.

After the investment in Service Cloud, the composite organization adds new channels including chat, social messaging, and self-service.

Key assumptions

- **625 service agents**
- **$54,000 annual cost of agent**
- **6.5 million interactions annually**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Case deflection savings	$1,282,905	$4,160,008	$6,156,812	$11,599,725	$9,230,005
Btr	Post-call administration and reporting productivity savings	$4,074,566	$3,219,296	$2,823,106	$10,116,968	$8,485,768
Ctr	Legacy environment savings	$601,875	$628,875	$655,875	$1,886,625	$1,559,659
Dtr	Incremental customer retention profit	$243,000	$486,000	$729,000	$1,458,000	$1,170,270
	Total benefits (risk-adjusted)	$6,202,346	$8,494,180	$10,364,793	$25,061,319	$20,445,702

CASE DEFLECTION SAVINGS

The most significant business outcome of the Service Cloud investment was case deflection savings. There were several factors that contributed to this benefit:

- **Added new chat and self-service channels for customers.** Interviewees evolved their service programs from traditional telephony and email to include chat options and self-service. This combination of communication channels onto one platform resulted in a more efficient process for agents, who now only needed to use a single system; it also provided a single view of the customer. As a result, telephony volumes decreased as customers selected more efficient channels.

> **"After the Service Cloud implementation, we now have self-service capabilities and live chat, so the phone volumes came down by 30% to 40% in the first couple of years."**
>
> *IT director, information technology and services*

- **Knowledge articles became first line of defense to answer customer questions.** Interviewees used Salesforce to surface knowledge articles to customers, reducing the likelihood that they would trigger a service request.

> **"We've seen a drop in the number of cases that agents create because we set customers up with self-service knowledge articles and they get what they need. So basically, that's a reflection that the self-service capabilities are working."**
>
> *IT director, information technology and services*

- **Agents handled three to four times more volume of chat requests.** The new chat channels were cost-efficient because agents could easily manage three to four service interactions at once.

- **Call hold times and abandonment rates improved.** Changes to the service organization also impacted call center metrics beyond case deflection. Interviewees experienced improvements to their call abandonment rates and hold times.

> **"Call abandonment and call waiting times have also gone down as well. The average wait time is about 8 or 9 seconds before we pick up, and the abandonment rate went from mid to high teens down to 2% or 3%."**
>
> *Head of IT infrastructure, utilities*

Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following for the composite organization:

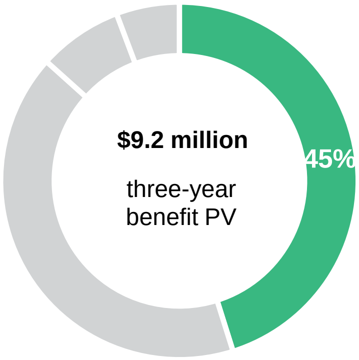
- In Year 1, 6.5 million interactions are fielded; in subsequent years there is 5% organic growth.
- With the Service Cloud deployment, the composite organization adds chat and self-service options, enabling the deflection of 10%, 30%, and 40% of interactions in Years 1, 2, and 3, respectively.
- Of the deflected cases, 40%, 50%, and 70% are deflected to the self-service channel in Years 1, 2 and 3, respectively. The self-service channel receives greater adoption each year as the composite organization improves its knowledge article offerings.
- The remaining deflected cases — 60%, 50%, and 30% in Years 1, 2, and 3, respectively — are deflected to the chat channel.
- Interactions that are deflected to self-service channels save the composite organization an average of $3.44 per interaction. Interactions deflected to chat channels save the composite organization an average of $2.58 per interaction.
- Forrester understands that the case deflection impact is not entirely attributed to the Salesforce investment, as consumer trends, seasonality, and other factors outside of the composite organization's control impacted deflection rates. Therefore, only 75% of the financial impact has been included in this economic analysis and ROI calculation.

> **"Everywhere we turn, every process we look at, Salesforce saves us time, and it saves us from manual effort."**
>
> *Head of IT infrastructure, utilities*

Risks. Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on: the volume of interactions; the average cost per interaction; consumer behaviors; and how well customers utilize the platform's offerings. The sophistication of reporting and quality of data will also play a role in an organization's ability to measure the impact of Service Cloud.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $9.2 million.

Case Deflection Savings



Case Deflection Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Number of cases (all channels)	Composite, 5% YOY growth	6,500,000	6,825,000	7,166,250
A2	Percent of telephony cases deflected to self-service or chat	Interviews	10%	30%	40%
A3	Number of cases deflected	A1*A2	650,000	2,047,500	2,866,500
A4	Percent of cases deflected to self-service	Composite	40%	50%	70%
A5	Avoided cost for self-service	Interviews	$3.44	$3.44	$3.44
A6	Subtotal: Self-service savings	A3*A4*A5	$894,400	$3,521,700	$6,902,532
A7	Percent of cases deflected to chat	1-A4	60%	50%	30%
A8	Avoided cost for chat service	Interviews	$2.58	$2.58	$2.58
A9	Subtotal: Chat savings	A3*A7*A8	$1,006,200	$2,641,275	$2,218,671
A10	Attribution to Salesforce	Forrester assumption	75%	75%	75%
At	Case deflection savings	(A6+A9)*A10	$1,425,450	$4,622,231	$6,840,902
	Risk adjustment	↓10%			
Atr	Case deflection savings (risk-adjusted)		$1,282,905	$4,160,008	$6,156,812
	Three-year total: $11,599,725		**Three-year present value: $9,230,005**		

POST-CALL ADMINISTRATION AND REPORTING PRODUCTIVITY SAVINGS

Interviewees shared several examples of productivity improvements experienced after the Service Cloud investment, with post-call administration and reporting processes at the top of the list. Areas of productivity gain included:

- **Post-call administration efforts were eliminated or significantly reduced.** In the prior environment, agents swiveled between several siloed tools, which required manual reentry of data into each of the systems after an interaction completed. Not only was this task highly prone to error, but it also added time to each interaction and diverted agents away from helping customers. Salesforce workflows enabled agents to gather necessary information and enter it only once as part of the interaction workflow.

> **"Now all the data is captured in real time throughout the conversation in our Lightning flow. Agents are avoiding the post-call work, which used to take up to 2 minutes."**
>
> *Director of business enablement, fintech*

- **Monthly consolidation efforts for reporting were automated.** In the siloed prior environment, data was not centralized, and month-end reporting required manual data aggregation, cleaning, and consolidation.

> **"Reporting took the support team two to three days at the end of every month to generate the reports. Now, it's zero because the reports are automatically generated."**
>
> *Director of business enablement, fintech*

- **Salesforce reports provided more in-depth insights than those available in the legacy environment.** Not only did the reporting capabilities of Salesforce allow interviewees to automate reporting and avoid manual efforts, but the insights and information provided through the Salesforce reports also provided greater depth and actionable insights.

> **"We went from only reporting one, three, or four different KPI data points to over 26 columns of data."**
>
> *Director of business enablement, fintech*

Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following about the composite organization:

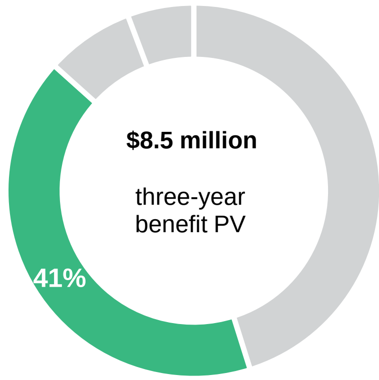
- The number of telephony cases is calculated to exclude those cases that were deflected in Benefit A.
- In the legacy environment, each telephony interaction required 2 minutes of post-call administration.
- The per minute cost of an agent is $0.43.
- Reporting in the legacy environment required 1,152 hours of manual data consolidation. With the investment in Salesforce, these manual efforts are avoided.
- The hourly burdened cost of an analyst who performs the reporting consolidation is $48.

Risks. Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on: the amount of time spent by agents in the legacy environment on post-call administration; interaction volume; the value allocated to an agent's time; and the level of efficiency gained when using Service Cloud for data collection and reporting.

There were many examples provided by interviewees on how business process automation improved productivity and impacted the organizations. See the Unquantified Benefits section for additional anecdotes.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $8.5 million.

Post-Call Administration And Reporting Productivity Savings



Post-Call Administration And Reporting Productivity Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Number of telephony cases	(A1*90%)-A3	5,200,000	4,095,000	3,583,125
B2	Number of minutes of post call administration avoided with Service Cloud	Interviews	2.0	2.0	2.0
B3	Agent cost per minute (rounded)	$54,000/2,080 hours/60 minutes	$0.43	$0.43	$0.43
B4	Subtotal: Post-call administration savings (rounded)	B1*B2*B3	$4,472,000	$3,521,700	$3,081,488
B5	Avoided hours generating, merging, and reporting in legacy environment	Interviews	1,152	1,152	1,152
B6	Hourly burdened cost of analyst (rounded)	$100,000/2,080 hours	$48	$48	$48
B7	Subtotal: Reporting savings	B5*B6	$55,296	$55,296	$55,296
Bt	Post-call administration and reporting productivity savings	B4+B7	$4,527,296	$3,576,996	$3,136,784
	Risk adjustment	↓10%			
Btr	Post-call administration and reporting productivity savings (risk-adjusted)		$4,074,566	$3,219,296	$2,823,106
	Three-year total: $10,116,968		**Three-year present value: $8,485,768**		

LEGACY ENVIRONMENT SAVINGS

The interviewees described legacy environments riddled with stitched together solutions and ineffective homegrown tools that complicated the agent experience and created friction for customers. With the investment in Service Cloud, the respondents from the interviewed organizations were able to consolidate and decommission legacy tools. This drove the following savings:

> **"The four or five systems we acquired through M&A [merger and acquisition] activity and all of our own homegrown tools were consolidated into one Service Cloud."**
>
> *IT director, information technology and services*

- **Consolidated legacy tool licensing.** The interviewees' organizations incurred licensing and subscription costs for legacy solutions. After the investment in Service Cloud, these licenses were consolidated and retired.
- **Avoided redundant training efforts.** Agents in the prior environment had to learn the ins and outs of several tools and processes in order to successfully do their jobs. But with the investment in Service Cloud, these redundant training efforts were avoided because agents need only to learn one system.
- **Reallocated legacy solution support.** Prior environment tools required the management of IT resources. With the investment in Salesforce, interviewees were able to reallocate these efforts to other areas of the business.

"With Salesforce, we had a single point of education for our new agents. Call centers have high turnover, so you can spend a lot of time training. In just the first year, we cut our training cost by $145,000."

Director of business enablement, fintech

"Because we had four or five different systems, each system had to be managed by at least three to four people. It is now consolidated in the Salesforce platform. I would say we had about 14 to 15 developers and support resources reassigned."

IT director, information technology and services

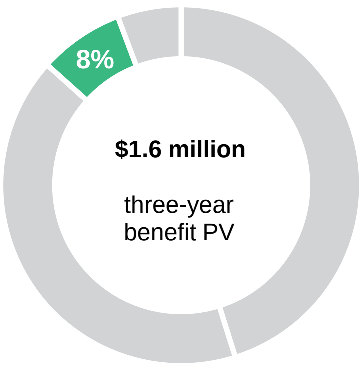
Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following for the composite organization:

- Considering contract cycles and temporary needs for parallel systems, legacy licenses are consolidated over three years. The average annual cost per legacy tool is $30,000.
- Three resources are able to be reallocated from maintaining legacy tools. Each resource has an annual burdened cost of $130,000.
- By simplifying the technology environment, the composite organization saves $350 training dollars per agent, for 625 agents.

Risks. Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on: the organizations' prior environment tech debt; the speed of and ability to consolidate the legacy stack; the number and cost of reallocated IT resources; and the average spending per agent avoided.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1.6 million.

Legacy Environment Savings



Legacy Environment Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Number of tools consolidated	Interviews	2	3	4
C2	Average annual licensing cost for each tool	Interviews	$30,000	$30,000	$30,000
C3	Subtotal: Licensing savings	C1*C2	$60,000	$90,000	$120,000
C4	Number of resources maintaining each tool	Interviews	3	3	3
C5	Average burdened cost of technical resource	Composite	$130,000	$130,000	$130,000
C6	Subtotal: Resource savings	C4*C5	$390,000	$390,000	$390,000
C7	Number of agents	Composite	625	625	625
C8	Training savings per agent	Interviews	$350	$350	$350
C9	Subtotal: Training savings	C7*C8	$218,750	$218,750	$218,750
Ct	Legacy environment savings	C3+C6+C9	$668,750	$698,750	$728,750
	Risk adjustment	↓10%			
Ctr	Legacy environment savings (risk-adjusted)		$601,875	$628,875	$655,875
Three-year total: $1,886,625			**Three-year present value: $1,559,659**		

INCREMENTAL CUSTOMER RETENTION PROFIT

Respondents from organizations that utilized both Service and Sales Clouds shared stories of how the intersection of the two products drove extra value. Benefits of using both products include:

> **"If a customer wanted a copy of their contract, it used to be, 'Okay, give me 45 minutes I'm going to find it.' And now all the contracts are recorded to an account within Salesforce, and it can be emailed directly from services in seconds to the customer."**
>
> *Head of IT infrastructure, utilities*

- **Platform approach removed information silos between service and sales systems, empowering agents to deliver a more seamless customer experience.** Previously siloed sales and service systems meant that service agents could not answer sales questions without bringing in a sales resource. This created friction in the experience and delayed solutions.
- **A platform approach has enabled service agents to cross-sell, upsell and seamlessly hand off customers to sales representatives.** The interviewee of the fintech organization emphasized that his leadership views their service organization as a revenue-generating center. Service agents are perfectly positioned to offer timely suggestions to customers in need without giving them the sales pitch. Additionally,

through Salesforce, they are able to seamlessly transfer a customer, and the customer's experience, to a sales representative in a manner that preserves a friendly and warm environment.

> **"With Salesforce, we're able to track revenue-impacted KPIs like revenue generated from upsell and cross-sell. With Salesforce, we can now create a warm lead for another division and pass that call off. Before, it was a manual process and a terrible experience."**
>
> *Director of business enablement, fintech*

- **With visibility across the customer lifecycle, sales representatives proactively engaged customers if service records suggested a need which improved customer retention.** With the ability to view service interactions and notes, sales representatives were armed with timely information to step in and address issues, with the intention of improving the customer experience and metrics like retention and revenue.

> **"Now we have better visibility of our customers, and if a customer is having issues, the sales rep knows immediately, and they take care of it. So, the risk of losing a deal because a customer is unsatisfied has gone down since we implemented Service Cloud. We've seen an increase in happy customers and many buy more products and improve revenue performance."**
>
> *Information technology and services, IT director*

- **Salesforce surveys revealed increasing Net Promoter Score℠.**[1] Respondents from the interviewed organizations used Salesforce to send automatic customer surveys that measured service satisfaction and quantified NPS. Data revealed that the Salesforce service gave rise to more satisfied customers.

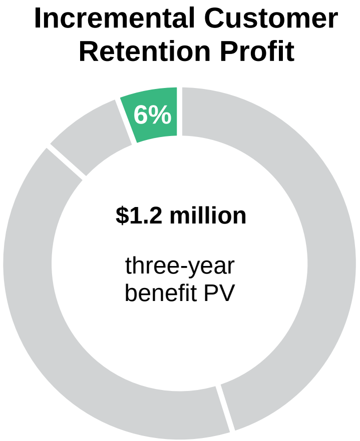
> **"More people respond to surveys, and the NPS are at the top of the board. It used to be somewhere around 7% to 8%, now it has gone up to 10% to 12%."**
>
> *IT director, IT and services*

Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following about the composite organization:

- It has approximately 25,000 customers.
- Before Salesforce, the customer attrition rate was 12%.
- After the Salesforce deployment for both Sales and Service Clouds, the improvement to customer experience was measured through improved retention rates of 10%, 20%, and 30% in Years 1, 2, and 3, respectively. After the investment, attrition rate dropped to 10.8%, 9.6%, and 8.4% in Years 1, 2, and 3, respectively.
- Its annual revenue per customer is $15,000.
- Forrester understands that the improvement in customer retention cannot be attributed entirely to the Salesforce investment, as consumer trends, seasonality, and other factors outside of the composite's control have significant impact on retention. Therefore, only 30% of the financial impact has been included in this economic analysis and ROI calculation.
- It has a 20% profit margin.

Risks. Forrester recognizes that these results may not be representative of all experiences and the benefit will vary between organizations depending on: the type of customers; their value to the business; legacy retention rates; and how well an organization utilizes the Salesforce platform to improve customer experience.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1.2 million.



Incremental Customer Retention Profit

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of customers	Composite	25,000	25,000	25,000
D2	Customer attrition rate before Salesforce	Interviews	12%	12%	12%
D3	Improvement to retention	Interviews	10%	20%	30%
D4	Customer attrition rate with Salesforce	D2* (1-D3)	10.8%	9.6%	8.4%
D5	Incremental customers retained with Salesforce	(D1*D2)-(D1*D4)	300	600	900
D6	Average annual revenue per customer	Composite	$15,000	$15,000	$15,000
D7	Attribution to Salesforce	Assumption	30%	30%	30%
D8	Profit margin	Composite	20%	20%	20%
Dt	Incremental customer retention profit	D5*D6*D7*D8	$270,000	$540,000	$810,000
	Risk adjustment	↓10%			
Dtr	Incremental customer retention profit (risk-adjusted)		$243,000	$486,000	$729,000
	Three-year total: $1,458,000		**Three-year present value: $1,170,270**		

UNQUANTIFIED BENEFITS

In addition to the benefits quantified above, the interviewees' organizations realized benefits that were not quantified for this study. These benefits include:

- **Speed-to-value enabled rapid response to the pandemic shutdown.** In early 2020, markets around the world shut down in response to the COVID-19 pandemic. For the interviewees, the investment in Salesforce enabled them to rapidly shift their service agents to remote work and continue offering customer support. In the legacy environment, this kind of monumental shift would have required months of effort.

> **"We made our workforce entirely remote in three days because we went from not having a lockdown to having a lockdown in 48 hours."**
>
> *Manager of customer and communications, local government*

- **Supportive technology improved agent retention.** Technology plays a huge role in employee job satisfaction, and interviewees noted that after using the latest technology, agents indicated higher levels of satisfaction and upward trends in agent retention.

> **"We do internal surveys of our agents to see what their job satisfaction level is, and we have seen a 10% increase in the NPS survey data from all agents. I think they are more satisfied because they have less systems to deal with. We've seen fewer people leaving the company."**
>
> *IT director, information technology and services*

- **First-call resolution rate improved.** Some metrics — such as first-call resolution rate and average handling time — can be misleading to judge a service organization by because their increase is not necessarily a measure of inefficiency. Despite the murky nature of this specific KPI, it is still a common metric to track, and at least some of the respondents from the interviewed organizations noted that their first-call resolution rates had improved after the Salesforce investment.

> **"We have definitely seen improvement in the first-call resolution rates. In the beginning, it used to be 25% that we used to close on first-call resolution, but now it is to 65%. So, [for] 65% of our calls, they end up closing the first calls."**
>
> *IT director, information technology and services*

- **Compliance was streamlined with digital documents.** Salesforce allowed the utilities organization to replace paper-compliance processes with digital versions that automatically integrated with Service Cloud. This not only saved employees' time when reentering information, but it also created a better experience for the agent and customer.

- **Personalized case routing customized the service experience.** The interviewees struggled to automate routing in their legacy environments. With Service Cloud, the information technology and services organization uses customer information to route customer service concerns directly to the best agent. This personalized routing reduced hold times and ultimately improved the customer experience.

> **"We've digitized some of our legal compliance documentation using Salesforce. We used to have to print sheets of paper, get customers to fill out the documentation, then filling out a form and sending it back to the customer. Now it is in the [employee's] hands on [their] tablets. It has streamlined operations time, time and time again."**
>
> *Head of IT infrastructure, utilities*

- **Automated case escalation reduced response time.** The information technology and services organization also uses Salesforce workflows to escalate cases during the weekend or when agents are not available.
- **Business process automation drove productivity savings.** Interviewees shared anecdotes of processes that have been automated with Salesforce, and how they've saved both time and costs for their companies. One example that was shared by the utilities interviewee was how they used Salesforce to automate their new customer welcome package. The head of IT infrastructure shared: "Service Cloud now generates those documents automatically. We batch them all up into [a] PDF, and send it to the customer. That's saved two-and-a-half FTEs per year worth of effort."

> **"In my opinion, each agent gained at least an hour a day from automation within Salesforce."**
>
> *CMO, direct marketing*

- **Local government automated legal brief preparation.** The manager of customer and communications of a local government shared how her organization automated a process that used to be highly manual: "Our officers have to put prosecution briefs together, and that used to take a couple of days in the office of digging through the notes, printing off the old system, putting memos together, getting that peer reviewed, and signed off. Now, and I'm not joking, we do that with one click on the iPad, and that pulls the prosecution brief together literally in a second. Our lawyers have remarked on our efficiency and professionalism in presenting evidence for court because it's so good and so thorough."

> **"We also use Salesforce for escalation during weekend and off-hours. When somebody calls on a weekend or when agents are not available, the system will continue to dial the next level person available. It used to take 2 to 3 hours to get the right person on critical cases on a weekend. Now with Salesforce, we reduce that [time] to less than 15 minutes."**
>
> *IT director, information technology and services*

FLEXIBILITY

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

- **Utilize additional business process automation.** One of the ways that customers get value from their Salesforce investment is by simplifying the deployment, getting quick wins, and continuously adding new use cases and business processes. Additional use cases and automation will increase productivity savings and even impact top-line growth.

> **"We identified 76 processes that could be addressed by Salesforce. Even now we're finding there's more demand for Salesforce than we anticipated. We're prioritizing demand based on value — customer experience is our number one value driver, followed by internal efficiency, and the third is reducing complexity."**
>
> *Manager of customer and communications, local government*

- **Tap into business intelligence and visualization tools.** Salesforce's AppExchange offers organizations the powerful opportunity to select applications and plug-ins to amplify their investments. Interviewees utilized or had future plans to roll out data visualization tools, with such examples being the Einstein chatbot and Einstein Next Best Action features.

- **Develop and hone a data-driven management approach.** The interviewees' legacy environments lacked powerful reporting capabilities, and the investment in Salesforce suddenly made data and insights easily accessible. The ways in which an organization uses these new insights can be a strategic advantage.

> **"We use Einstein's Next Best Action to recommend to the agent what route to take to solve a problem. And we are in the process of implementing the more advanced capabilities like Einstein chatbot."**
>
> *IT director, information technology and services*

- **Enable a more sophisticated measurement of customer value.** Another strategic value that Salesforce provided to interviews was the ability to use the 360-degree view of the customer to move beyond average order values to measuring a customer's lifetime value. This metric can indicate that the decisions made and improvements to customer experience are working.

> **"The information from Salesforce has made leadership think about what matters. It has pushed our maturity because not every management team knows how to be data-driven. Salesforce has been a catalyst for us to say, 'Now we have data, what are we going to do about it?' The system has shaped these arguments, sharpened discussions, and pushed the maturity and quality of management discussions."**
>
> *CMO, direct marketing*

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

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Salesforce subscription and add-on fees	$16,885	$1,403,930	$1,403,930	$1,403,930	$4,228,675	$3,508,251
Ftr	Salesforce subscription, fees, and consulting costs	$275,000	$550,000	$550,000	$550,000	$1,925,000	$1,642,769
Gtr	Internal project and training costs	$143,675	$288,525	$8,580	$8,580	$449,360	$419,508
Htr	Ongoing management of Service Cloud	$0	$161,000	$103,500	$103,500	$368,000	$309,662
	Total costs (risk-adjusted)	$435,560	$2,403,455	$2,066,010	$2,066,010	$6,971,035	$5,845,906

SALESFORCE SUBSCRIPTION AND ADD-ON FEES

The interviewees' organizations incurred external costs as part of the Service Cloud investment. These costs included:

- **Service Cloud subscription.** Salesforce offers four tiers of Service Cloud subscription: Essentials, Professional, Enterprise, and Unlimited. Each tier offers varying levels of features and is priced on a per-user, per-month basis.
- **Add-on costs.** Interviewees purchased auxiliary licenses related to applications that are purchased through either the Salesforce AppExchange or supplementary Salesforce products. The interviewees' organizations each used several add-ons, including a mix of Einstein Analytics, Social Studio, Datorama, Conga, and MuleSoft.

Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following for the composite organization:

- To begin its journey with a subset of agents, the Essentials Package is purchased, which initially licenses 50 Service Cloud seats. It increases those seats to 625 to encompass the entire service organization. The per-user cost is $150 per month.
- To begin its journey, the composite organization initially licenses one administrator seat. It later includes three administrator seats. The per administrator cost is $175 per month.
- Several add-on products are purchased, which cost $145,000 each year.

Risks. Forrester recognizes that these results may not be representative of all experiences and the costs will vary between organizations depending on: the size of the service organization and the number of add-on products purchased to complement Service Cloud.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.5 million.

Salesforce Subscription And Add-On Fees						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Service Cloud agent seats	Composite	50	625	625	625
E2	Service Cloud admin seats	Composite	1	3	3	3
E3	Cost per agent seat	$150 per seat per month	$300	$1,800	$1,800	$1,800
E4	Cost per admin seat	$175 per seat per month	$350	$2,100	$2,100	$2,100
E5	Subtotal: Salesforce subscription costs	(E1*E3)+ (E2*E4)	$15,350	$1,131,300	$1,131,300	$1,131,300
E6	Add-on costs	Interviews	$0	$145,000	$145,000	$145,000
Et	Salesforce subscription and add-on fees	E5+E6	$15,350	$1,276,300	$1,276,300	$1,276,300
	Risk adjustment	↑10%				
Etr	Salesforce subscription and add-on fees (risk-adjusted)		$16,885	$1,403,930	$1,403,930	$1,403,930
	Three-year total: $4,228,675			**Three-year present value: $3,508,251**		

SALESFORCE SUBSCRIPTION, FEES, AND CONSULTING COSTS

Enterprise customers typically engaged a system integrator (SI) and an advisory consultant to assist with developing Service Cloud. Consulting engagement scope included business process development, best practices, and heavy lifting for quarterly releases.

Professional services costs varied between interviewees, depending most significantly on the implementation complexity, internal skillsets, and the size of the service organizations. For example, one of the interviewees implemented with only internal resources and incurred no professional services costs, while another entered a 3.5-year engagement for $5 million.

While it is not mandatory to use an SI for the implementation of Service Cloud, it is recommended to ensure an effective deployment and faster time-to-value.

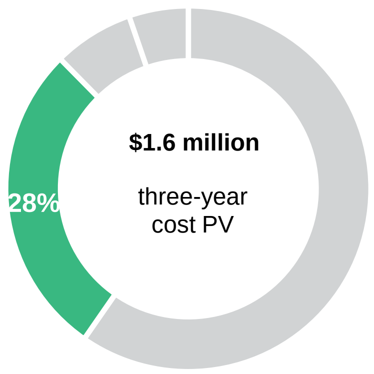
Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following for the composite organization:

- An SI and advisor are involved during the complex implementation of Service Cloud; this requires an initial cost of $250,000. Further professional services engagements are entered into for the first three years of the Service Cloud investment, costing $500,000 annually. The professional services organization assists with the ongoing digital transformation and multicloud Salesforce environment.

Risks. Forrester recognizes that these results may not be representative of all experiences, and the costs will vary between organizations depending on the size of the service organization and the engagement scope for the professional services provider or SI.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.6 million.

Salesforce Subscription, Fees, And Consulting Costs



Salesforce Subscription, Fees, And Consulting Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Professional services	Interviews	$250,000	$500,000	$500,000	$500,000
Ft	Salesforce subscription, fees, and consulting costs	F1	$250,000	$500,000	$500,000	$500,000
	Risk adjustment	↑10%				
Ftr	Salesforce subscription, fees, and consulting costs (risk-adjusted)		$275,000	$550,000	$550,000	$550,000
	Three-year total: $1,925,000		**Three-year present value: $1,642,769**			

INTERNAL PROJECT AND TRAINING COSTS

Respondents from interviewed organizations have incurred internal costs related to their Service Cloud investments in the following categories:

- **Internal implementation labor.** Business and technical resources both participated in the implementation of Service Cloud. Roles included in these efforts were a mix of: project managers, developers, change managers, product owners, solutions architects, administrators, and executive sponsors. Respondents from the interviewed organizations were able to implement Service Cloud in between five and nine months, with minimally viable products (MVPs) taking as little as three weeks. For the organizations that had a previous investment in Salesforce, such as Sales Cloud, their understanding of Salesforce's architecture helped to significantly speed up the implementation process.

> **"Salesforce has absolutely transformed our culture because people started going to Trailhead to invest in themselves with the free education. Salesforce enabled me to create and drive a value-based meritocracy where at no point in time are we asking people to do something where they're set up for failure. We set them up for success."**
>
> *CMO, direct marketing*

- **Training costs for technical and business users.** For technical users like developers and architects, their technical training was a byproduct of implementing alongside the SI and/or professional services provider. Agents received specific training on the platform that was tailored to the workflows and feature deployments of their own organization. The training for agents was conducted over one- or two-day trainings, with on-demand options taking place through Salesforce's training element, Trailhead. The minimal training requirements, especially when compared with the training efforts of the prior environment, left more time for agents to be customer-facing.

Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following about the composite organization:

- Heavy reliance is put on its professional services and SI partners to implement Service Cloud, resulting in minimal internal labor dedicated to implementation efforts.
- Internal efforts for implementation occur over six months. In the Initial period, it takes two months to develop an MVP, and then an additional four months are needed in Year 1 for further implementation.
- Both technical and business resources are dedicated to support partners; with 4.5 FTEs of effort in the Initial period and 3.5 FTEs of effort in Year 1. The average burdened monthly cost of these resources is $12,083.
- A project manager is fully dedicated to managing the implementation for six months. The burdened monthly cost of the project manager is $8,333.
- Training is provided to all 625 service agents during the Initial implementation and Year 1. In subsequent years, 75 additional agents receive training to account for turnover and growth.
- Agents receive approximately 4 hours of training each and have an hourly burdened cost of $26.

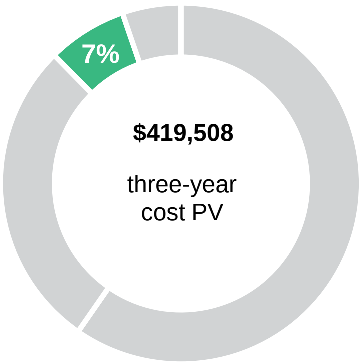
Risks. Forrester recognizes that these results may not be representative of all experiences and the cost will vary depending on several factors, including:

- Small and midsize businesses with simpler deployments can take significant advantage of Salesforce's out-of-the-box presets, simplifying implementation requirements and shortening implementation timelines.

- Implementation timelines may be impacted by the degree of customization, the use of templates, the number and complexity of integrations, and APIs. Organizational culture and any necessary change management will also impact implementation timelines.
- Depending on the turnover rates of the service organization, greater or fewer agents will require training after Year 1; and this impacts cost. Longer trainings will also result in greater downtime for agents.
- Organizations may also incur additional training costs for certification programs for administrators and developers.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $420,000.

Internal Project And Training Costs



Internal Project And Training Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of months	Interviews	2	4		
G2	Technical and business resources FTEs	Interviews	4.5	3.5		
G3	Project manager FTE	Interviews	1.0	1.0		
G4	Average monthly burdened cost of technical resources (rounded)	$145,000/12 months	$12,083	$12,083		
G5	Burdened cost of project manager (rounded)	$100,000/12 months	$8,333	$8,333		
G6	Subtotal: Internal project efforts	(G1*G2*G4)+ (G1*G3*G5)	$125,414	$202,495	$0	$0
G7	Number of resources trained	Composite	50	575	75	75
G8	Number of hours of training per agent	Interviews	4	4	4	4
G9	Burdened hourly cost of agents (rounded)	$54,000/2,080 hours	$26	$26	$26	$26
G10	Subtotal: Training costs	G7*G8*G9	$5,200	$59,800	$7,800	$7,800
Gt	Internal project and training costs	G6+G10	$130,614	$262,295	$7,800	$7,800
	Risk adjustment	↑10%				
Gtr	Internal project and training costs (risk-adjusted)		$143,675	$288,525	$8,580	$8,580
	Three-year total: $449,360		**Three-year present value: $419,508**			

ONGOING MANAGEMENT OF SERVICE CLOUD

Enacting large-scale transformation across a business is like replacing the engine of an airplane while it's still flying. Businesses must operate as usual while simultaneously and seamlessly undergoing a momentous shift. More specifically, contact centers are often limited by budget constrictions, so when the funding is secured, it is critical that the investment is rolled out successfully.

To ensure that the Salesforce investment would be successful, interviewees continued to dedicate internal resources to managing their Service Cloud environments, driving ongoing optimization, and aiding with change management.

- **Platform administrators.** For several of the organizations, Service Cloud was an extension to their Salesforce ecosystem, allowing them to leverage their existing and experienced Salesforce administrators to manage the new Service Cloud element. Dedicated resources ranged from 30% of a single resource to three FTEs tasked with platform administration.

- **Change management.** Salesforce is a powerful tool for digital transformation, but reaping the benefits is determined by the level of user adoption and how well users utilize the tool. The manager of customer and communications of a local government shared that change management is not about employees learning the new system. It is more so a targeted cultural shift to develop a customer-first mindset.

Modeling and assumptions. To reflect the interviewees' experiences, Forrester assumes the following about the composite organization:

- Thirty percent of the shared time of three existing Salesforce administrators, from a previous investment in Sales Cloud, and allocated to the management of Service Cloud.

- In Year 1, a resource spends 50% of their time on change management efforts including adoption campaigns and platform championing.

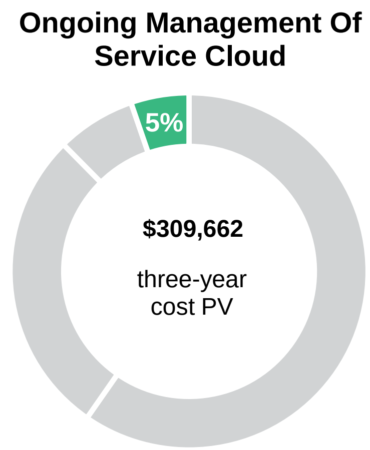
- The annual burdened cost of these resources is $100,000.

Risks. Forrester recognizes that these results may not be representative of all experiences, and the cost will vary depending on several factors, including:

- Additional internal resources may be allocated to the Service Cloud, such as architects, developers, and program managers; this depends on an organization's reliance on a third-party SI or professional services organization.

- Organizations may have a longer or more demanding change management cycle, which would increase the respective cost.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $310,000.

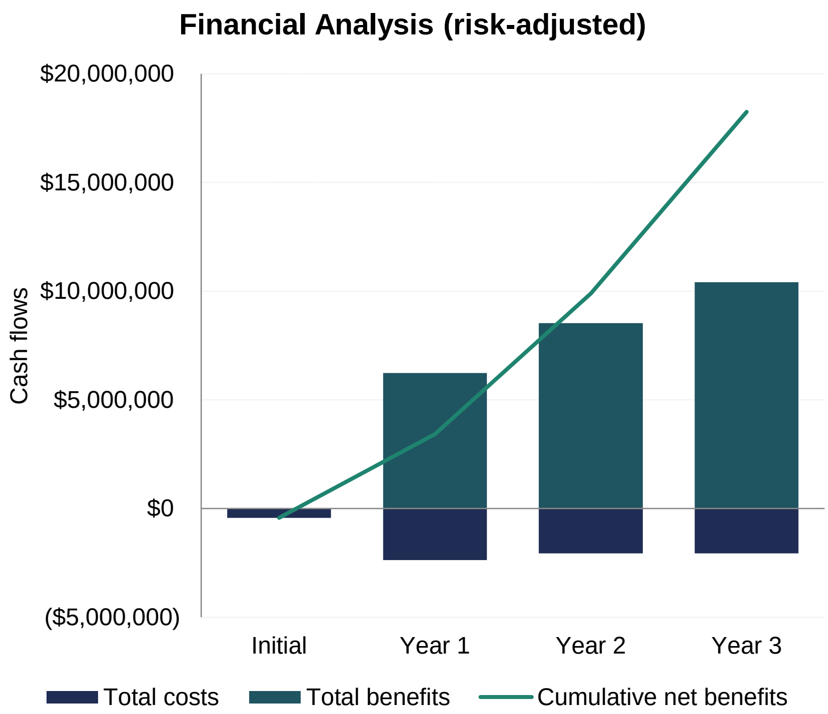


Ongoing Management Of Service Cloud

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Number of Salesforce administrators	Interviews		3	3	3
H2	Percent of time dedicated to Service Cloud	Interviews		30%	30%	30%
H3	Change manager FTE	Interviews		0.5		
H4	Burdened cost of Salesforce Administrator	Composite		$100,000	$100,000	$100,000
Ht	Ongoing management of Service Cloud	(H1*H2+H3)*H4	$0	$140,000	$90,000	$90,000
	Risk adjustment	↑15%				
Htr	Ongoing management of Service Cloud (risk-adjusted)		$0	$161,000	$103,500	$103,500
	Three-year total: $368,000			**Three-year present value: $309,662**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($435,560)	($2,403,455)	($2,066,010)	($2,066,010)	($6,971,035)	($5,880,190)
Total benefits	$0	$6,202,346	$8,494,180	$10,364,793	$25,061,319	$20,445,702
Net benefits	($435,560)	$3,798,892	$6,428,170	$8,298,783	$18,090,284	$14,565,512
ROI						248%
Payback						<1 year

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

Appendix B: Endnotes

[1] Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.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