

The Total Economic Impact™ Of Influitive's Customer Advocacy Solution

Cost Savings And Business Benefits
Enabled By Influitive's Customer Advocacy Solution

AUGUST 2022

Table Of Contents

Consulting Team: Emma Conroy
Uddhav Bagrodia

- Executive Summary 1**
- The Influitive Customer Journey 6**
 - Key Challenges 6
 - Investment Objectives 8
 - Composite Organization 9
- Analysis Of Benefits 10**
 - Improved Customer Retention 10
 - Profit From New Buyers 12
 - Improved Customer Marketing Spend Efficiency 15
 - Marketing, Sales, And Product Time Savings 17
 - Unquantified Benefits 21
 - Flexibility 22
- Analysis Of Costs 23**
 - Software Costs 23
 - In-Platform Customer Rewards 24
 - Implementation, Management, And Training Labor 25
- Financial Summary 27**
- Appendix A: Total Economic Impact 28**
- Appendix B: Supplemental Material 29**
- Appendix C: Endnotes 29**



ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

© 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, 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.

Executive Summary

Effective B2B marketing and customer success programs depend on engaged, satisfied customers. Influitive's customer advocacy solution helps organizations build and manage advocate communities and customer engagement programs that drive customer loyalty at scale. Influitive guides organizations to enhance customer relationships and magnify customer outreach to improve customer growth and retention while making customer communication and customer success more efficient.

Today's B2B buyers are more empowered, and their decision-making has changed to reflect a demand for personalized experiences.¹ Buyers distrust brand messaging and want to hear from peers and current customers instead. In Forrester's 2021 Customer Advocacy In B2B Survey, 84% of respondents said that learning from current customers is valuable or critically important to their buying decisions, making customer stories and reviews powerful B2B marketing tools.² To identify customers willing to share their knowledge and experiences, B2B firms must deliver a positive post-sale experience that nurtures relationships and delivers ongoing value.³

Organizations whose customer marketing efforts focus only on extracting material value from their customers will miss out on the full value that comes from engaged customers. Successful engagement strategies deliver value to customers and encourage them to reciprocate by sharing their knowledge, experience, and advice with brands through activities that widen and deepen the customer advocate pool while connecting with prospects and peers.

Customer engagement is more than collecting testimonials and case studies. It is essential for customer retention and expanding existing accounts. Mature B2B firms generate most of their revenue from current customers, so they must continue to demonstrate value to retain customer business. Keeping relationships fresh and growing a vibrant community helps create the type of customer loyalty that delivers both new and ongoing revenue.⁴

KEY STATISTICS



Return on investment (ROI)

355%



Net present value (NPV)

\$2.45M

Influitive delivers a platform for customer advocacy programs and communities. It helps organizations build and maintain deep customer relationships and carry out successful engagement strategies.

Influitive commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study examining the potential return on investment (ROI) enterprises may realize by deploying Influitive's customer advocacy solution.⁵ This study provides readers with a framework to evaluate the potential financial impact of Influitive's solution on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed seven representatives at five organizations using Influitive's customer advocacy solution. Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

Prior to working with Influitive, the interviewees noted how their organizations' customer marketing and outreach efforts were fragmented and inefficient, making it difficult to identify potential advocates. Teams struggled to scale customer-led marketing content production, causing customers to be dissatisfied and detached from the brand.

With the investment in Influitive, the interviewees developed customer advocacy communities that deepened customer engagement and loyalty. Key results from the investment included increased revenue, streamlined internal processes, and the ability to scale the acts of advocacy and product feedback received from customers.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Customer retention improved by up to 5%.** Customers participating in Influitive's community have deeper relationships with the brand and more positive customer experiences. They also renew at higher rates. Over three years, increased customer retention is worth \$2.6 million to the composite organization.
- **New customers drive more than \$2 million in revenue.** Influitive improves market brand awareness and customer preference by providing prospects with useful customer references. Relevant references lead to additional sales qualified leads (SQLs) and increase win conversion rates. Over three years and with a profit margin of 12%, this revenue is worth more than \$340,000 for the composite organization.
- **Optimizing marketing spend saves up to 15%.** The composite organization improves marketing spend by decreasing costs of customer-generated content and associated customer marketing programs. In addition, the organization generates earned media value from social sharing and defers customers success management costs from increased customer experience and satisfaction. Over three years, this efficiency gain is worth \$140,000 to the composite organization.
- **Customer-facing teams save 1,680 hours per year.** Influitive saves time for marketing, sales, and product teams by consolidating and streamlining content creation, efficiently managing references, and improving product feedback processes. Over three years, the composite organization saves \$68,000 in labor.

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

- **Improved brand humanization.** Influitive built and strengthened relationships between Influitive's customers and their community members, helping to build brand trust and distinguish a brand from its competitors.
- **Product optimization.** Customers used product feedback collected through the platform to inform product decisions that better serve customers' wants and buyer needs.
- **Internal support savings from self-service.** Discussion forums and Q&A capabilities gave community members an additional resource they could use to ask questions and receive support.
- **More engaging customer onboarding and education.** Gamification made onboarding and education more fun for new and current customers. New customers were more likely to complete the full onboarding process and remained engaged longer, boosting retention.
- **More easily identified cross-sell and upsell opportunities.** Customers who fully utilize products and become more engaged with a brand as a result are more likely to increase their spend with that provider over time and expand that spend across its portfolio.

- **Increased networking opportunities.** Interviewees described how their customers valued the platform's facilitation of peer-to-peer networking for sharing insights readily and best practices more extensively.
- **Fostered candidates for job opportunities.** Organizations were able to hire new employees from among the pool of engaged members of the customer community.
- **Improved employee experience.** Employees who interacted with customers through the Influitive community felt productive and empowered to directly impact customer relationships. Sales, marketing, and product employees saved time on rote administrative tasks, allowing them to focus on value-add work or achieve a better work-life balance.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Software costs.** Influitive's monthly subscription includes the platform, prebuilt templates and campaigns, supporting resources, and analytics/ROI reporting. Influitive's customer advocacy and digital community solution subscription adds discussions, moderation, and ideation to the customer advocacy solution. Over

three years, software costs for the composite organization total \$167,000.

- **In-platform customer rewards.** Organizations spend a budgeted amount each quarter (or annually) on customer rewards and incentives. The solution distributes these rewards when customers accrue points after completing activities or challenges within the platform. Over three years, the composite organization spends \$77,000 on rewards in the platform.
- **Implementation, management, and training labor.** The composite organization implements the solution in four months. Influitive's services team helps plan community use cases, design content, and integrate Influitive with the organization's marketing platform. Two program managers support the community with Influitive, nurturing relationships with advocates, managing customer-generated resources and reference opportunities, creating content for platform users, and planning campaigns. Over three years, labor costs for the organization total to \$445,000.

Synopsis. The representative interviews and financial analysis found that a composite organization experiences benefits of \$3.14 million over three years versus costs of \$689,000, delivering a net present value (NPV) of \$2.45 million and an ROI of 355%.

If [Influitive] went away, it would be a huge loss and a struggle to have the efficiency and scale that we do today in our reference programs and advocacy efforts or user groups. All those programs are dependent on the community.

— VP of customer marketing, software



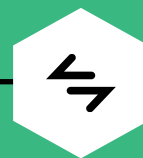
ROI
355%



BENEFITS PV
\$3.14M

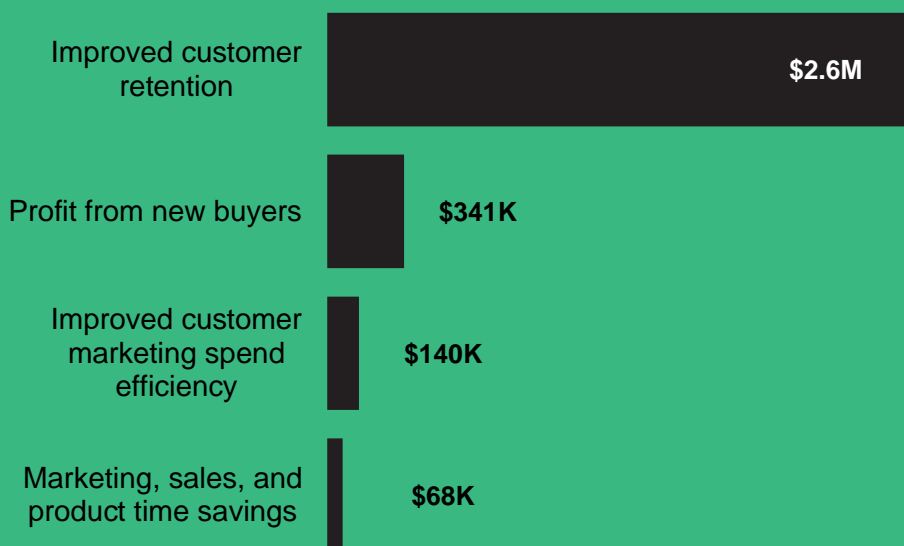


NPV
\$2.45M



PAYBACK
<6 months

Benefits (Three-Year)



“The only way to have an authentic voice in the market is by using your existing customers.”

— Head of customer marketing, software

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 Influitive's customer advocacy solution.

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 Influitive's solution can have on an organization.

DISCLOSURES

Readers should be aware of the following:

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

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

Influitive 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.

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



DUE DILIGENCE

Interviewed Influitive stakeholders and Forrester analysts to gather data relative to Influitive.



INTERVIEWS

Interviewed seven representatives at five organizations using Influitive to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' 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 interviewees.



CASE STUDY

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

The Influitive Customer Journey

■ Drivers leading to the Influitive investment

| Interviews | | | | |
|---|----------|-----------|--|--|
| Role | Industry | Employees | Influitive Community Members | Number Of Influitive Community Members |
| CMO | Software | 200 | Customers, partners, prospects, and industry professionals | 5,300 |
| Senior marketing manager | Software | 200 | Customers, partners, prospects, and industry professionals | 5,300 |
| Social and content lead | Software | 200 | Customers, partners, prospects, and industry professionals | 5,300 |
| VP of customer marketing | Software | 1,000 | Customers | 4,000 |
| Senior manager of community engagement and advocacy | Software | 2,500 | Customers and partners | 1,700 |
| Head of customer marketing | Software | 2,800 | Customers | 4,000 |
| Head of advocacy and operations | Hardware | 80,000 | Customers | 28,000 |

KEY CHALLENGES

Before investing in Influitive, the interviewees' organizations lacked a formal customer advocacy program or tools for customer engagement management, though some maintained a modest customer community. What little customer marketing and customer outreach efforts were undertaken were disjointed across the organization and often manually organized. Individuals handled ad hoc requests for customer participation in marketing, sales, or product efforts on a one-off basis.

The interviewees noted how their organizations struggled with common challenges, including:

- **Disorganized and unengaging customer communities.** Organizations' existing customer communities were not engaging enough to keep customers involved and were too small to provide significant value to their organizations. Often, these communities lacked formal management and support, and were therefore outdated, with limited content and few capabilities.

“We didn’t have one place where we could meet customers, get to know them, understand their stories, and then be like, ‘Here’s a great story for a case study.’ We didn’t have a way to thank our customers for all of the interactions that they were doing for us.”

Senior manager of community engagement and advocacy, software

- **Poor customer experiences from inefficient customer engagement requests.** When employees had no central way of communicating and organizing requests for customer participation, they often had overlapping workstreams. The VP of customer marketing at a

software organization described frustration from customers who received multiple requests for content engagement in a single week because three employees didn't realize their coworkers also reached out to the same customer. Interviewees also struggled to ensure customers were thanked for their engagement. As a result of low engagement and customer pain points, some of the interviewees' organizations faced low renewal rates among some customer segments.

- **Difficulty identifying engaged customers and scaling customer outreach.** Interviewees had to learn from anecdotal and individual experiences which customers were capable and willing advocates. Without a good way to identify engaged customers, they missed out on valuable customer feedback. The need to individually request acts of advocacy made scaling customer outreach difficult and costly. The senior manager of community engagement and advocacy at a software organization said: "Sourcing blogs from customers is a challenge. It's so time consuming that our marketing team doesn't do it often."
- **Difficulty innovating marketing efforts.** Often, existing marketing efforts weren't keeping up with new ways of buying. Marketers needed to create content that was centered around their

customers' stories but had trouble obtaining the quantity and quality of content collateral they needed from customers.

"Influitive quickly rose to the top because they had all the different elements I thought I needed for a well-rounded customer advocacy program. I still believe that today. I think they're the best solution."

Senior manager of community engagement and advocacy, software

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that:

- Was considered a leader in the industry.
- Was a holistic solution that could be used for many use cases.
- Would be engaging and fun for customers.
- Could be implemented quickly.

While most customers evaluated multiple vendors in their search for a customer engagement tool, some had a prior positive experience working with Influitive and decided to invest in the solution without assessing alternatives. Goals the interviewees had for their community included:

- To scale and centralize their customer advocacy efforts without overly burdening customers.
- To enlarge their brand presence and humanize their brand.
- To connect with customers or partners and deepen customer relationships.

"The way people buy today is not by going to your website first. They're going to a review site or starting with Google or talking to a colleague ... crowdsourced buying has changed everything."

Head of customer marketing, software

- To educate customers or partners on how to maximize the value of their solutions or increase engagement with other parts of the business.
- To improve their customer experience and retention rates and drive customer value.
- To save on marketing or support team costs.

Customers whose original goals for Influitive's customer advocacy solution were focused on marketing KPIs tended to shift their goals over time, opting to drive more value to the customer base. They focused on giving members experiences that would foster human connection with other members of the community and opportunities to have fun through virtual games or activities and humor.

With a focus on driving customer value and a great customer experience, the senior manager of community engagement and advocacy at a software organization described creating a positive feedback loop that continuously created value for customers and for the organization.

“We chose the Influitive platform to help build our brand and really be a force multiplier for us, given that when we rolled out the platform we were only about 100 employees. How do you look bigger than you really are in the marketplace? You harness the power of a community to help share all the goodness that you're bringing out.”

CMO, software

Customers give our organization more value when we focus on their experience because they're grateful for the value we provide. When we lead with relationships first, the benefits come back to us in spades.

— Senior manager of community engagement and advocacy, software

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite organization, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five decision-makers' organizations 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 B2B software organization has \$500 million in annual revenue and 3,000 employees. It has 20,000 customers and an average customer retention rate of 80%. On average, the organization generates \$25,000 of revenue per customer annually and has a profit margin of 12%.

Deployment characteristics. The composite organization had a small customer marketing function but no formal advocacy or customer community program before Influitive. Prompted by the decision to focus on customer engagement marketing, decision-makers selected an existing marketing employee to manage the program and hired an assistant program manager to help build a global customer engagement and advocacy community.

Key Assumptions

- **\$500,000 annual revenue**
- **3,000 employees**
- **20,000 customers**
- **12% profit margin**

The composite organization uses Influitive's community to support customer advocacy efforts, which include sourcing reviews, references, referrals, and product feedback. Additionally, Influitive supports customer onboarding and education through trainings and discussion forums. In the community, customers complete acts of advocacy and engagement that generate financial and experiential rewards. The organization uses Influitive's analytics and performance tracking functions to keep track of KPI progress and to identify their most engaged customers. By the end of Year 1, there are 2,500 customers in the Influitive community. By the end of Year 2, the community has 4,000 customers, and the community reaches 5,000 members in Year 3.

Any part of our organization can come to us and ask for customer feedback or insights from Influitive that in turn help their department goals. While it sometimes takes a bit of creativity, our program can help every department within our organization.

— Senior manager of community engagement and advocacy, software

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 | Improved customer retention | \$408,000 | \$818,122 | \$2,053,658 | \$3,279,779 | \$2,589,986 |
| Btr | Profit from new buyers | \$79,560 | \$125,307 | \$219,287 | \$424,154 | \$340,641 |
| Ctr | Improved customer marketing spend efficiency | \$56,250 | \$56,250 | \$56,250 | \$168,750 | \$139,885 |
| Dtr | Marketing, sales, and product time savings | \$27,324 | \$27,324 | \$27,324 | \$81,972 | \$67,951 |
| Total benefits (risk-adjusted) | | \$571,134 | \$1,027,003 | \$2,356,519 | \$3,954,656 | \$3,138,463 |

IMPROVED CUSTOMER RETENTION

Evidence and data. To drive customer engagement and sustain relationships without the staff required by individual customer engagement, B2B marketers can encourage customers to participate in tasks that are educational, entertaining, or personally rewarding. Influitive uses gamification elements and in-platform rewards to make advocacy more interesting, fun, and valuable, turning customers into brand influencers in a way that is neither forced nor burdensome.

Customers who were part of Influitive’s community had deeper relationships with the brand, a more positive customer experience, and renewed at higher rates. Interviewees used Influitive to connect with customers throughout their experience with the brand, from making onboarding more fun and effective to helping long-term customers gain additional value from their products. Across the entire customer relationship, Influitive’s community facilitated better relationships between brands and customers and added stickiness to the brand experience.

Interviewees shared the following experiences:

- SMB customer renewal rates for one software company jumped from the low 80s to high 80s

within the first quarter of their participation in the Influitive community. Renewal rates for engaged advocates — members who log in every month — were at 99% compared to customers who were not part of the community, whose renewal rates were at least 10 points lower on average.

- The head of customer marketing at a software organization told Forrester that their customer NPS score was markedly higher for their engaged advocates, and their churn rate was at just 3%.
- The senior manager of community engagement and advocacy at a software organization noted that their customers who were members of the Influitive community were not only happier and renewed at higher renewal rates than other customers but also renewed faster, with some renewing a full quarter early.
- The senior manager of community engagement and advocacy at a software organization shared a message she received from a member of her organization’s customer community with Influitive, saying: “A customer last week reached out and said, ‘I just want to let you know I’m still around. I haven’t been able to come to anything or

participate recently because my girlfriend was in the hospital for a month, my car died.' He said, 'I just really miss you all, and you all are like family.' That is the ultimate goal, making people feel [so] connected that they never want to leave."

Modeling and assumptions. Forrester modeled this benefit based on the following information:

- Before using Influitive’s solution, the composite organization has 20,000 customers and 80% of those customers renew.
- After investing in Influitive, total customer retention increases by 1% in Year 1, 2% in Year 2, and 5% in Year 3.
- Each customer generates \$25,000 of annual revenue for the composite organization, and the organization has a 12% profit margin on generated revenue.

Risks. The expected financial impact is subject to risks and variation, including the:

- Use case made before using Influitive and whether retention is a focus of the solution usage.
- Percentage of existing customers in the Influitive community and level of customer engagement in the community.
- Number of existing customers and customer retention rate before investment in Influitive
- Average annual revenue per customer.
- Revenue structure and operating profit margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.6 million.

| Improved Customer Retention | | | | | |
|--------------------------------------|---|-----------------|--|-------------|--------------|
| Ref. | Metric | Source | Year 1 | Year 2 | Year 3 |
| A1 | Number of existing customers | Composite | 20,000 | 20,052 | 20,134 |
| A2 | Renewal rate before Influitive | Composite | 80.0% | 80.0% | 80.0% |
| A3 | Percentage increase in renewal rate with Influitive | Interviews | 1.0% | 2.0% | 5.0% |
| A4 | Customer renewal rate with Influitive | $A2*(1+A3)$ | 80.8% | 81.6% | 84.0% |
| A5 | Average annual revenue per customer | Composite | \$25,000 | \$25,000 | \$25,000 |
| A6 | Additional revenue from improved renewal rate | $A1*A5*(A4-A2)$ | \$4,000,000 | \$8,020,800 | \$20,133,900 |
| A7 | Profit margin | Composite | 12% | 12% | 12% |
| At | Improved customer retention | $A6*A7$ | \$480,000 | \$962,496 | \$2,416,068 |
| | Risk adjustment | ↓15% | | | |
| Atr | Improved customer retention (risk-adjusted): | | \$408,000 | \$818,122 | \$2,053,658 |
| Three-year total: \$3,279,779 | | | Three-year present value: \$2,589,986 | | |

PROFIT FROM NEW BUYERS

Evidence and data. Influitive's solution improved the interviewee organizations' market brand awareness and customer preference by providing prospects with useful customer references. Relevant references lead to additional sales qualified leads (SQLs) and increased conversion rates to wins. With Influitive, organizations scaled their customer outreach programs, getting more customers involved in content creation and facilitating more reference conversations with prospective buyers.

- Advocates in the Influitive communities shared their community experiences and activities directly to their social media networks. The CMO at a software organization said that when her group shared new educational materials with the community, she could count on her community's members to help spread the word.
- Influitive's advocate identification and gamification let organizations easily source customer testimonials or participation for speaking events, quotes, reviews, blog posts, and case studies. This increase in customer-led marketing materials improved brand awareness and contributed to positive brand sentiment online, increasing the number of leads the organizations received. Some also offered in-platform incentives for customers who directly referred new prospects.
- Influitive simplified creating regional-specific content and segment activities, requests, and challenges for specific customer segments,

“100% of our product reviews [or] peer reviews out in the market are [driven] from Influitive — you can't buy that.”

Head of customer marketing, software

letting interviewees pinpoint the exact type of customer references they wanted.

- Influitive connected existing customers to prospects who wanted to talk to someone with a certain environment. Customers could describe themselves and their sharing preferences, making it easy to identify both tried-and-true advocates who were regularly called on as references and customers from a certain industry or job level that best matched a specific prospect. One interviewee estimated that advocates participated in more than 100 sales conversations each quarter.
- Influitive offers pre-built templates for advertising campaigns and activities across a range of use cases. Interviewees used Influitive's resources to curate campaigns and source not just single pieces of testimony, but all content for an entire campaign. The head of customer marketing at a software organization described using the Influitive community to create authentic voice-of-the-customer campaigns, saying, “We're sourcing not just stories about how [customers] use the product but sentiment about what our technology has done to empower them as people.”
- The head of global advocacy noted that his hardware organization creates 200% to 300% more customer-driven content with Influitive. The result was a solid pipeline of customers that could be used for speaking, digital, or content

Increase in number of annual new SQLs:

5%



opportunities, and received hundreds of thousands of testimonials and quotes.

Modeling and assumptions. Forrester modeled this benefit based on the following information:

- The composite organization has 26,000 annual new business SQLs before using Influitive's solution and experiences a 5% increase in SQLs in Years 2 and 3 with Influitive through an increase in customer-influenced reviews, direct referrals, and marketing materials and efforts.
- The organization has an SQL-to-win conversion rate of 15% before investing in Influitive's solution. After implementing the solution, this conversion rate increases by 1% in Year 1, 2% in Year 2, and 3% in Year 3.
- Forrester directly attributes 60% of the SQL and conversion rate increases to Influitive's solution, accounting for the volume and quality of customer references, reviews, referrals, and marketing efforts.
- Each customer generates \$25,000 of annual revenue for the composite organization, and the

organization has a 12% profit margin on generated revenue.

Risks. The expected financial impact is subject to risks and variation based on factors including the organization's:

- Use of Influitive's solution to increase generation of marketing materials and spread brand awareness, generate direct customer references, connect prospects to existing customers during the sales process, or generate customer or product reviews online.
- Percentage of existing customers in the community and level of customer engagement in the community.
- Number of leads per year and customer conversion rates throughout the funnel.
- Average annual revenue per customer.
- Revenue structure and operating profit margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$341,000.

You could [calculate Influitive's ROI] just based on product reviews alone, and it would be worth the money we spend every year.

— Head of customer marketing, software

| Profit From New Buyers | | | | | |
|------------------------------------|---|--------------|--|-------------|-------------|
| Ref. | Metric | Source | Year 1 | Year 2 | Year 3 |
| B1 | Number of annual new business SQLs | Composite | 26,000 | 27,300 | 28,665 |
| B2 | SQL-to-win conversion rate before Influitive | Composite | 15.0% | 15.0% | 15.0% |
| B3 | Percentage increase in SQL-to-win conversion rate with Influitive | Interviews | 1.0% | 2.0% | 3.0% |
| B4 | SQL-to-win conversion rate with Influitive | $B2*(1+B3)$ | 15.2% | 15.3% | 15.5% |
| B5 | Additional sales with Influitive | $B1*(B4-B2)$ | 52 | 82 | 143 |
| B6 | Influitive attribution | Interviews | 60% | 60% | 60% |
| B7 | Average revenue per buyer | A5 | \$25,000 | \$25,000 | \$25,000 |
| B8 | Additional revenue with Influitive | $B5*B6*B7$ | \$780,000 | \$1,228,500 | \$2,149,875 |
| B9 | Profit margin | A7 | 12% | 12% | 12% |
| Bt | Profit from new buyers | $B8*B9$ | \$93,600 | \$147,420 | \$257,985 |
| | Risk adjustment | ↓15% | | | |
| Btr | Profit from new buyers (risk-adjusted): | | \$79,560 | \$125,307 | \$219,287 |
| Three-year total: \$424,154 | | | Three-year present value: \$340,641 | | |

IMPROVED CUSTOMER MARKETING SPEND EFFICIENCY

Evidence and data. Influitive's customers experienced efficiencies in their customer marketing and incentive spending in multiple ways, including direct cost savings from decreased content or customer marketing spend, earned media value from social sharing, and customer success savings from improved customer experience and satisfaction.

- The B2B hardware organization cut between 30% and 40% of its customer marketing costs between internal time savings and spending less on agency services for content development. The head of global advocacy said, "We don't need to spend \$20,000 on a written piece of content, but we can actually scale and leverage the Influitive platform to cut down on marketing costs." The organization instead leaned more into content sourced directly from the community.

"[Influitive is] saving customer success time because of those questions [in the discussion forums] and because [customers are] just generally happier, because they feel like they're getting more insight from us. They get more previews than other customers do. They get to share whatever questions they have with each other and with me, and then I can find them internal resources."

Senior manager of community engagement and advocacy, software

- The senior manager of community engagement and advocacy at a software organization would previously send customers a monetary voucher for every online review they left on behalf of the product or brand. This program was eliminated when they were able to create a challenge or an activity to write an online review in Influitive's community.
- When customers completed educational courses or other activities in the platform, they often shared content from the community to their social media platforms. These posts spread positive and organic brand awareness. Organizations whose customers shared content online experienced earned media value benefits, or value of the brand exposure gained through social media.
- Customer success and account teams benefitted from the increased customer engagement the community provided. The head of customer marketing at a software organization told Forrester: "We have a Salesforce integration where the customer service managers and account teams want to see what customers are doing in the community. Rather than logging into the community, they can go to this field in the Salesforce app and see the activities that were completed, who did it, and when they did it, and they use that to inform their next call with the customer."

Modeling and assumptions. Forrester modeled this benefit over a three-year period based on the following information:

- The composite organization spends half a million dollars annually on customer marketing and incentives for acts of advocacy.
- After investing in Influitive, the composite organization realizes efficiencies of 15% on previous customer marketing spend.

Risks. The expected financial impact of customer marketing spend efficiency is subject to risks and variation based on several factors, including an organization's:

- Amount and type of customer marketing spend before using Influitive's customer advocacy solution.
- Percentage of existing customers in Influitive community and the level of customer engagement in the community.

- Willingness and ability to adjust customer marketing spend and redistribute spend to additional value areas.
- Calculation of earned media value.
- Level of customer success and customer service provided before the investment and ability to adjust with flexible needs.

Results. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year, risk-adjusted total PV of \$140,000

| Improved Customer Marketing Spend Efficiency | | | | | |
|--|--|------------|--|-----------|-----------|
| Ref. | Metric | Source | Year 1 | Year 2 | Year 3 |
| C1 | Customer marketing spend before Influitive | Composite | \$500,000 | \$500,000 | \$500,000 |
| C2 | Percentage efficiencies realized with Influitive | Interviews | 15% | 15% | 15% |
| Ct | Improved customer marketing efficiency | C1*C2 | \$75,000 | \$75,000 | \$75,000 |
| | Risk adjustment | ↓25% | | | |
| Ctr | Improved customer marketing efficiency (risk-adjusted) | | \$56,250 | \$56,250 | \$56,250 |
| Three-year total: \$168,750 | | | Three-year present value: \$139,885 | | |

MARKETING, SALES, AND PRODUCT TIME SAVINGS

Evidence and data. Influitive consolidated and streamlined processes for creating content and sourcing references. As well as saving time, employees across the marketing, sales, and product teams were able to increase productivity and scale outputs.

- Marketing teams reduced time previously spent manually finding customers with compelling stories, reaching out to them individually, and following up to thank them. The senior manager of community engagement and advocacy at a software organization told Forrester that before the launch of Influitive’s community, “[Creating] case studies was about half my job, and just finding them took up a significant portion of time.” This sourcing process became simplified across every activity or piece of content that involved a customer participant, from quotes to reviews to webinars to case studies to presentations. Interviews described Influitive’s solution as a platform that takes away the friction of making individual asks by giving them a community that was primed to participate and wants to help.
- The same senior manager noted that her organization now had a general request in their community for customers to write a blog at any point. During the interview, she told Forrester: “I had a customer [in the community] today send in a blog unsolicited, so I didn’t have to chase somebody down. I didn’t have to find who had a

“[Influitive] becomes a force multiplier where we can look for those hand-raisers that have already now opted in to be part of this community and we know that there’s a better likelihood that they will participate with us.”

CMO, software

story. I handed it off to marketing and they’re going to put on their polish and have a blog.”

- The head of customer marketing at a software organization said their organization used to run campaigns into multiple review sites separately. Now employees can run one campaign that gets pushed out to all the same sites. She estimated time savings of more than 50 hours, saying: “I don’t want them spending 60 hours putting together a mechanical campaign out to a peer review site. Influitive allows them to source in a way that feels and looks like [our organization] and do it quickly. You can do it in 10 minutes ... that alone is huge.”
- Sales teams saved time coordinating reference calls between prospects and existing customers. Without a customer advocacy community, sales reps coordinated with marketing or customer success employees individually to locate customer references. The senior manager of community engagement and advocacy at a software organization described: “[Before] we kept track of everything in a spreadsheet. Now, it’s connected all from Influitive into Salesforce, so a sales rep will go into Salesforce and say, ‘I need a reference for this customer’. We will get a notification in Influitive and put out a challenge in

Time saved per blog for a software marketing director:

5 to 10 hours



Influitive to our customer base and say, ‘Who wants to do this reference call?’ and everybody raises their hand.”

- Product teams also moved from an individual and manual process to an efficient and scalable process for gathering customers for feedback. The VP of customer marketing for a software company said that his engineering teams used to send out surveys and ad hoc requests for specific feedback. He estimated that the engineers save at least 50% of the time they were spending before implementing Influitive’s solution.
- The senior manager of community engagement and advocacy at a software organization also described large efficiencies in acquiring customer feedback, saying: “It was incredibly easy for me to get really thoughtful detailed feedback from customers that otherwise is pretty difficult for anybody at the company. I have them all at my fingertips and they want to provide feedback.”

Modeling and assumptions. Forrester modeled this benefit based on the following information:

- Previously, three marketing team members sourced customer references, reviews, and participation in content creation as part of their normal duties before Influitive. Each of those marketing team members save twelve hours per month on average with Influitive’s solution.
- Previously, 50 sales reps spent time coordinating customer references for prospects before. Each sales rep saves two hours per month on average with Influitive’s solution.
- Members of the composite organization’s product team save four hours per month in total with Influitive’s solution on a more efficient process for sourcing product feedback from customers.
- The hourly fully burdened salary is \$38 for a marketing team member, \$35 for a sales rep, and \$48 for a product team member.

“Influitive makes it very easy for us to invite [customers] to participate in early design concept products all the way through to, ‘Let’s work on this UI together and tell us what you like and don’t like.’ That’s been a really important ingredient to our priority acts of advocacy.”

Head of customer marketing, software

- Fifty percent of all employees’ saved time can be recaptured for added productivity.

Risks. The expected financial impact is subject to risks and variation based on factors including:

- The scale, structure, and efficiency of an organization’s customer communication and reference and feedback collection before Influitive’s solution.
- The scope of engagement with Influitive’s solution and volume of customer references and feedback gathered through the community.
- The number and roles of employees involved in collecting customer references and feedback before investment in Influitive’s solution and who experience efficiencies and time savings with the solution.
- Compensation amounts for employees and recapture rates of productivity on saved time.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$68,000.

| Marketing, Sales, And Product Time Savings | | | | | |
|--|--|--|---|----------|----------|
| Ref. | Metric | Source | Year 1 | Year 2 | Year 3 |
| D1 | Hours saved on marketing per month | Interviews | 12.0 | 12.0 | 12.0 |
| D2 | Number of marketing team members | Composite | 3.0 | 3.0 | 3.0 |
| D3 | Marketing team member fully burdened hourly salary | TEI standard | \$38 | \$38 | \$38 |
| D4 | Time savings recapture rate | TEI standard | 50% | 50% | 50% |
| D5 | Subtotal: Marketing time savings | $D1 \cdot D2 \cdot D3 \cdot D4 \cdot 12$ | \$8,208 | \$8,208 | \$8,208 |
| D6 | Hours saved per sales rep per month | Composite | 2.0 | 2.0 | 2.0 |
| D7 | Number of sales reps | Interviews | 50.0 | 50.0 | 50.0 |
| D8 | Sales rep fully burdened hourly salary | TEI standard | \$35 | \$35 | \$35 |
| D9 | Subtotal: Sales time savings | $D6 \cdot D7 \cdot D8 \cdot D4 \cdot 12$ | \$21,000 | \$21,000 | \$21,000 |
| D10 | Total hours saved on product feedback sourcing per month | Composite | 4.0 | 4.0 | 4.0 |
| D11 | Product team member fully burdened hourly salary | TEI standard | \$48 | \$48 | \$48 |
| D12 | Subtotal: Product time savings | $D10 \cdot D11 \cdot D4 \cdot 12$ | \$1,152 | \$1,152 | \$1,152 |
| Dt | Marketing, sales, and product time savings | $D5 + D9 + D12$ | \$30,360 | \$30,360 | \$30,360 |
| | Risk adjustment | ↓10% | | | |
| Dtr | Marketing, sales, and product time savings (risk-adjusted) | | \$27,324 | \$27,324 | \$27,324 |
| Three-year total: \$81,972 | | | Three-year present value: \$67,951 | | |

Unquantified Benefit Highlight: Product Optimization

Organizations that used Influitive's solution to gather customer feedback received more customer insights of higher quality than they received previously. They improved their decision-making and optimized their offerings with the insights they collected.

"Influitive makes it really easy for us to find customers who sub-select. You say 'This is the opportunity; this is how much time it's going to take. If you're interested and you fit this profile, raise your hand.' And that makes the organization of it **really easy and simple**.

"It has completely **changed the cadence in which we ask for feedback** because it's so easy to have customers weigh in.

"It has been **game-changing** for our highly technical big brains of analytics and data integration to meet with willing customers on projects that are in early development or in beta. And we materially use their feedback to change our direction or continue on as we're going.

"We can actually say that we make **real technology decisions** that affect the look, feel, and behavior of a product **based on what customers say**."

— Head of customer marketing, software

Our CEO asked for customer video testimonials about a new product release to share with the company within 24 hours. I was able to come up with over 40 videos for him in the 24 hours. There is nowhere else we could have gone to get those.

— Senior manager of community engagement and advocacy, software

UNQUANTIFIED BENEFITS

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

- **Improved brand humanization.** Influitive's community built and strengthened relationships between customers and community members, helping to build brand trust and distinguish a brand from its competitors.
- **Product optimization.** Influitive's customers used product feedback collected through the Influitive community to directly inform product decisions to better serve customers wants and needs.
- **Internal support savings from self-service.** Influitive's discussion forums and Q&A capabilities give customers an additional resource to ask questions and receive support from other customers on product functionality and to learn about new use cases. The senior manager of community engagement and advocacy said that this resource decreased the number of support tickets that customers filed, saving their support team time.

- **More engaging customer onboarding and education.** Gamification features make onboarding and education more fun for new and current customers. With participation in Influitive's community, interviewees found new customers were more likely to complete the full onboarding process. They also remained engaged with the product longer, which contributed indirectly to higher retention rates.
- **Customer cross-sell and upsell.** In addition to faster renewals, customers who are more informed about how to fully utilize a product and are more emotionally engaged with a brand are more likely to increase their spend over time and expand purchases across a portfolio.
- **Increased networking opportunities.** Interviewees described their customers as valuing the platform's facilitation of peer-to-peer networking for sharing insights readily and best practices more extensively.
- **New hires.** Multiple interviewees hired new employees who started as members of their organization's customer community. The senior manager of community engagement and advocacy at a software organization said: "My top [advocacy community members] become [my employees] and it's happened at least 10 times so far ... We're getting incredible team members who know the product and know the company really well coming in because they were so connected through the community."
- **Improved employee experience.** The head of customer marketing at a software organization said Influitive makes their employees feel productive and empowered. They said: "[Influitive is] a great way to build pride in your team because you can immediately see impact. For me, culturally, trying to grow my team, have it be fun and an [organization] people want to join and making recruiting easier — Influitive is a big part of that because it's fun and it makes sense."

“The ability to harness this community that is helping you build your brand, and the trustworthiness of your brand has been so important because face-to-face opportunities were just gone.”

CMO, software

Additionally, the time savings realized by sales, marketing, and product employees reduced time spent on simple administrative tasks. This freed up employees to focus on higher value-add work or achieve a better work-life balance.

“We’ve been able to identify the most active participants [in the community] and invite [them] to be part of this exclusive champions program that empowers them with more access to the company and gives them a platform to differentiate themselves in their industry. [It] gives them this distinction that they’re able to put on their LinkedIn profile. They become our super users, our super advocates.”

CMO, software

FLEXIBILITY

Flexibility represents additional capacity or capability that could be turned into business benefit in the future, providing an organization with the right or the ability to engage in future initiatives but not the obligation to do so. The value of flexibility is unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might implement Influitive’s customer advocacy solution and later realize additional uses and business opportunities, including:

- **Increased business agility.** With more on-demand access to customers or other community members, organizations can use their communities to quickly communicate updates to and receive immediate feedback from customers or partners.
- **Additional use cases leading to future efficiencies and growth.** Most organizations used their community for multiple use cases, but all of the interviewees’ organizations were planning additional phases or programs for their communities to increase the value they realized from Influitive’s solution.
- **Ongoing strategy support and innovation.** Influitive helps organizations realize value from their customer engagement marketing efforts and plans to continue evolving its offering. The head of customer marketing interviewee told Forrester that Influitive was a strategic part of their advocacy and their business.

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

“When we ask our advocates to help us in some way, it actually strengthens their bond with the brand, which is sort of nonintuitive. But people love to feel helpful.”

VP of customer marketing, software

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 | Software costs | \$0 | \$63,000 | \$68,250 | \$71,400 | \$202,650 | \$167,322 |
| Ftr | In-platform customer rewards | \$0 | \$28,800 | \$31,200 | \$33,600 | \$93,600 | \$77,211 |
| Gtr | Implementation, management, and training labor | \$82,938 | \$138,437 | \$138,437 | \$161,437 | \$521,249 | \$444,491 |
| | Total costs (risk-adjusted) | \$82,938 | \$230,237 | \$237,887 | \$266,437 | \$817,499 | \$689,024 |

SOFTWARE COSTS

Evidence and data. Influitive’s customer advocacy solution is available as a monthly subscription, which includes resources for activation, personalization, rewards, prebuilt templates and campaigns, and analytics and ROI reporting. Its additional customer advocacy and digital community solution subscription includes everything in the customer advocacy solution as well as discussions, moderation, knowledge base, ideation, and Q&A.

Influitive also offers a managed services package for organizations that want help managing the solution but can provide the strategy and some brand engagement or recognition content. Customers that

purchased Influitive’s managed services outsourced the creation of in-platform content to Influitive.

Modeling and assumptions. The composite organization spends \$60,000 with Influitive in Year 1, \$65,000 in Year 2, and \$68,000 in Year 3. The composite organization’s internal staff deploy Influitive rather using the managed services solution.

Risks. Actual software costs depend on implementation complexity, the level of customization, support, and integration desired, and the number of community members and hubs.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$167,000.

| Software Costs | | | | | | |
|------------------------------------|---------------------------------|------------|--|----------|----------|----------|
| Ref. | Metric | Source | Initial | Year 1 | Year 2 | Year 3 |
| E1 | Software costs | Influitive | | \$60,000 | \$65,000 | \$68,000 |
| Et | Software costs | E1 | \$0 | \$60,000 | \$65,000 | \$68,000 |
| | Risk adjustment | ↑5% | | | | |
| Etr | Software costs (risk-adjusted): | | \$0 | \$63,000 | \$68,250 | \$71,400 |
| Three-year total: \$202,650 | | | Three-year present value: \$167,322 | | | |

IN-PLATFORM CUSTOMER REWARDS

Evidence and data. The interviewees' organizations spent a budgeted amount each quarter or annually on customer rewards and incentives that were distributed within the Inluitive community when customers accrued points from completing activities or challenges. The budgeted amount varied among the interviewees and often increased as the number of community members grew. At the same time, organizations with high spend on in-platform rewards looked for ways to make customer rewards more experiential and less financial to decrease spending over time in relation to the number of community members. One interviewee mentioned hiring a new employee who was tasked with figuring out how to create experiences and rewards that were not monetary.

Modeling and assumptions. This cost is modeled on the composite organization spending \$24,000 in Year 1 on financial incentives for customers within the community. Spend increases to \$26,000 in Year 2 and \$28,000 in Year 3 as the community grows.

Risks. Actual expenditure on in-platform financial incentives and rewards vary per organization depending on the following:

- The organization's use cases with their Inluitive investment.
- The type and volume of rewards and incentives offered in the platform for different activities.
- The number of members and level of customer engagement in the community.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of \$77,000.

| In-Platform Customer Rewards | | | | | | |
|-----------------------------------|---|------------|---|----------|----------|----------|
| Ref. | Metric | Source | Initial | Year 1 | Year 2 | Year 3 |
| F1 | In-platform financial incentives | Interviews | | \$24,000 | \$26,000 | \$28,000 |
| Ft | In-platform customer rewards | F1 | \$0 | \$24,000 | \$26,000 | \$28,000 |
| | Risk adjustment | ↑20% | | | | |
| Ftr | In-platform customer rewards (risk-adjusted): | | \$0 | \$28,800 | \$31,200 | \$33,600 |
| Three-year total: \$93,600 | | | Three-year present value: \$77,211 | | | |

IMPLEMENTATION, MANAGEMENT, AND TRAINING LABOR

Evidence and data. The interviewees' organizations incurred internal costs in the following categories related to their investment in Influitive's solution:

- **Internal implementation labor.** Implementation required two to six months for interviewees' organizations. Employees worked with Influitive's service team to plan their advocacy and community use cases, design content, and integrate Influitive's solution with the organization's marketing platform. The senior marketing manager at a software company said that Influitive helped define their community audience and goals and helped design and build the platform based on those criteria. The Influitive team also recommended a specific number of challenges and channels for distributing them based on the organization's goals, and reviewed challenges with the organization before they went live.
- **Internal training.** Most program managers participated in platform training. Often, additional employees were educated about the platform to encourage use across the organization. One software organization held a community launch for all customer-facing teams, which totaled 300 to 400 people. The VP of customer marketing said that they conducted refresher trainings frequently, with occasional deep dives for specific teams.
- **Ongoing management, maintenance, and optimization.** Most of the interviewees' organizations had two to four people involved in supporting the community on an ongoing basis. Their work included nurturing relationships with advocates, managing customer-generated resources and reference opportunities, creating content for platform users, and planning campaigns. One interviewee said that they typically put at least three new customer

“[Influitive’s services team] helped us benchmark to see the parts of the hub that were useful and the parts that needed to be rethought based on our business today. Influitive was incredible about being organized and keeping us on track.”

Head of customer marketing, software

challenges per week into the platform. Some organizations had regional customer bases with their own customized workstreams and content.

Modeling and assumptions. This cost is modeled based on the following information:

- It takes four months for 2.25 full-time equivalents (FTEs) to implement Influitive's solution for the composite organization. Most of the work is done by a lead and an assistant program manager, with additional support from technical and planning resources.
- The lead and assistant program managers each spend a total of eight hours receiving training on the platform and conducting one hour of program education to 300 additional employees. In Years 2 and 3, 10 additional employees spend one hour on program education to account for employee growth and turnover.
- In Years 1 and 2, managing the community takes 1.5 FTEs.
- The annual fully burdened salary of the average implementation resource is \$80,000. The hourly fully burdened salary of an employee who receives program education is \$38 and the hourly fully burdened program manager salary is \$45.

Risks. Actual costs may be impacted by:

- The scope of deployment and implementation complexity.
- The extent of facilitated training and program education and the number of people who receive training and use the platform regularly.
- The level of customization and volume of content created and managed in the platform.
- The burdened cost for each employee who participates in implementation, training and education, or ongoing management work.

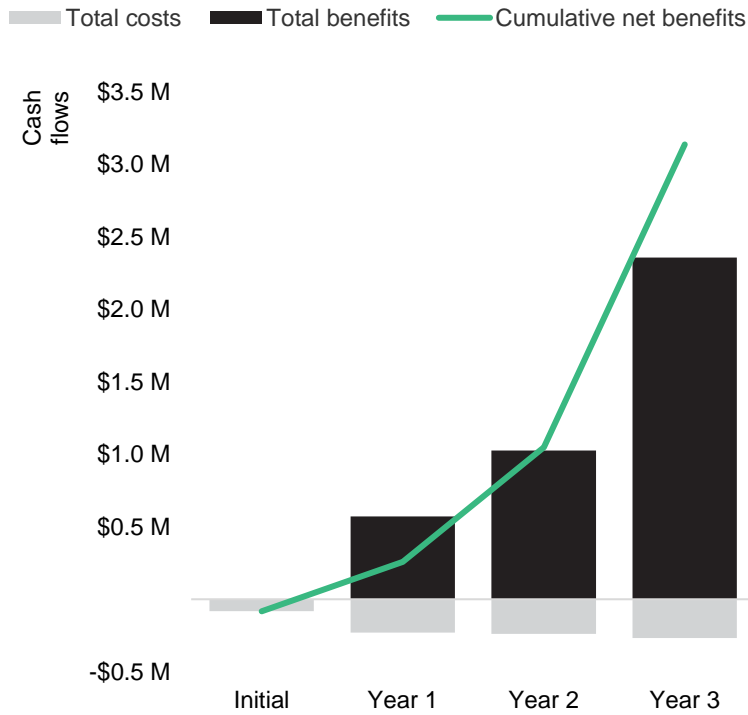
Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$444,000.

| Implementation, Management, And Training Labor | | | | | | |
|--|---|--|--|-----------|-----------|-----------|
| Ref. | Metric | Source | Initial | Year 1 | Year 2 | Year 3 |
| G1 | Months of labor | Composite | 4 | 12 | 12 | 12 |
| G2 | FTE employees involved in planning, implementation, and customization | Composite | 2.25 | | | |
| G3 | Average fully burdened annual salary | TEI standard | \$80,000 | \$80,000 | \$80,000 | \$80,000 |
| G4 | Subtotal: Implementation labor | $G1 \cdot G2 \cdot (G3/12)$ | \$60,000 | | | |
| G5 | Number of program managers | Interviews | 2 | | | |
| G6 | Training hours for program managers | Interviews | 8 | | | |
| G7 | Program manager fully burdened hourly salary | TEI standard | \$45 | \$45 | \$45 | \$45 |
| G8 | Program education for additional employees | Interviews | 1 | 1 | 1 | 1 |
| G9 | Number of additional employees educated | Composite | 300 | 10 | 10 | 10 |
| G10 | Average fully burdened hourly salary | Composite | \$38 | \$38 | \$38 | \$38 |
| G11 | Subtotal: Training and education labor | $(G5 \cdot G6 \cdot G7) + (G8 \cdot G9 \cdot G10)$ | \$12,120 | \$380 | \$380 | \$380 |
| G12 | FTEs involved in ongoing management | Composite | | 1.50 | 1.50 | 1.75 |
| G13 | Subtotal: Management labor | $G3 \cdot G12$ | | \$120,000 | \$120,000 | \$140,000 |
| Gt | Implementation, management, and training labor | $G4 + G11 + G13$ | \$72,120 | \$120,380 | \$120,380 | \$140,380 |
| | Risk adjustment | ↑15% | | | | |
| Gtr | Implementation, management, and training labor (risk-adjusted): | | \$82,938 | \$138,437 | \$138,437 | \$161,437 |
| Three-year total: \$521,249 | | | Three-year present value: \$444,491 | | | |

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

| | Initial | Year 1 | Year 2 | Year 3 | Total | Present Value |
|-------------------------|------------|-------------|-------------|-------------|-------------|---------------|
| Total costs | (\$82,938) | (\$230,237) | (\$237,887) | (\$266,437) | (\$817,499) | (\$689,024) |
| Total benefits | \$0 | \$571,134 | \$1,027,003 | \$2,356,519 | \$3,954,656 | \$3,138,463 |
| Net benefits | (\$82,938) | \$340,897 | \$789,116 | \$2,090,082 | \$3,137,157 | \$2,449,439 |
| ROI | | | | | | 355% |
| Payback period (months) | | | | | | <6 |

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Supplemental Material

Related Forrester Research

“Customer Marketing Connects The Dots For Customer-Obsessed Companies,” Forrester Research, Inc., April 17, 2022

“Help Happy Customers Share Their Delight By Prioritizing Post-Sale Marketing,” Forrester Research, Inc., October 25, 2018

“B2B Customer Engagement: Planning Assumptions 2022,” Forrester Research, Inc., September 9, 2021

“Convert B2B Customer Passion Into Value Through Advocacy,” Forrester Research, Inc., September 28, 2018

“Turn B2B Customer Goodwill Into Gold,” Forrester Research, Inc., October 2, 2018

“Aligning Customer Marketing And Customer Success,” Forrester Research, Inc., January 1, 2018

“Now Tech: B2B Customer Engagement Marketing, Q1 2019,” Forrester Research, Inc., February 22, 2019

Appendix C: Endnotes

¹ Source: “The Future Of B2B Marketing,” Forrester Research, Inc., May 23, 2021.

² Source: “B2B Customer Engagement: Planning Assumptions 2022,” Forrester Research, Inc., September 9, 2021

³ Source: “Help Happy Customers Share Their Delight By Prioritizing Post-Sale Marketing,” Forrester Research, Inc., October 25, 2018

⁴ Source: “Convert B2B Customer Passion Into Value Through Advocacy,” Forrester Research, Inc., September 28, 2018

⁵ 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.

FORRESTER®