

The Total Economic Impact™ Of Adobe Real-Time Customer Data Platform, Journey Optimizer, And Customer Journey Analytics

Business Benefits And Cost Savings Of Applications
Natively Powered By Adobe Experience Platform

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Executive Summary

According to Forrester's 2023 Future Fit survey, 67% of business and technology decision-makers are in the process of adopting data capabilities to build/improve a complete view of their customer across channels.¹ However, the top challenge among respondents is understanding the data (18%) and close behind is an inability to process big data and act on it at the speed needed by operations, business, and customers (17%).² Adobe helps companies in understanding, processing, and activating this data.

Adobe Real-Time Customer Data Platform (CDP), Journey Optimizer, and Customer Journey Analytics natively powered by Adobe Experience Platform

streamline collection, management, and action on customer data at scale. Adobe Real-Time CDP collects and ingests B2C and B2B customer data across all channels — online and offline — to create real-time profiles and audiences. Adobe Customer Journey Analytics connects data across all channels as well, enabling a holistic view of customers' journeys while providing flexibility and speed to transform data on the fly for analysis. Adobe Journey Optimizer orchestrates real-time, cross-channel customer journeys informed by customer actions, delivering personalized experiences with the support of collected intelligence and insights.

Adobe Experience Platform serves as the underlying architecture for Adobe's next generation platform application offerings. Adobe Experience Platform helps customers with their experience management delivery by providing shared services to the applications built on top of it. These shared services include streamlined data collection capabilities, data unification, profiles, audiences, and privacy governance frameworks. Working from this interconnected foundation, as opposed to operating in disparate tools, provides users a common framework that offers seamless and real-time availability of data across applications, as well as a standardized user experience and interface.

KEY STATISTICS



Return on investment (ROI)
431%



Net present value (NPV)
\$13.1M

Adobe commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Real-Time CDP, Journey Optimizer, and Customer Journey Analytics all natively connected through Adobe Experience Platform's foundational layer of shared services.³ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of these Adobe applications on their organizations.⁴

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives at four organizations with experience using Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a multinational, industry-agnostic organization with a

revenue of \$2.5 billion and business operations across multiple verticals.

Prior to using Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics, these interviewees noted how their organizations' data from various digital and offline channels resided in silos. Legacy tools couldn't fully unify and visualize data to illustrate the total context of the customer journey, which limited analysts and marketers' ability to engage customers more effectively. The speed with which marketers could analyze data was slow and not in real time, hindering marketers' ability to follow up with customers.

Since investing in Adobe applications, the interviewees noted their organizations united data across channels to create individual customer profiles that were automatically updated based on new customer engagement and information. This change helped marketers better personalize and adjust messaging to maximize relevancy for customers. The Adobe applications were reliable and operated seamlessly within the marketing stack and ran reliably once stood up.

audience segments quickly and with greater specificity. These audience segments can also be discovered in Customer Journey Analytics and easily published natively to Real-Time CDP for activation purposes. Insights on business results are deeper with Customer Journey Analytics breaking out performance across individual channels, including offline, in real time.

- **Improved marketer efficiency at orchestrating campaigns by 20%.** Real-Time CDP and Adobe Journey Optimizer enables marketers to leverage customer profiles to create more personalized customer experiences. The ability to visually map out journey touchpoints helps marketers create dynamic campaigns that best engage customers. The ease of use and flexibility of these capabilities with Adobe Journey Optimizer helps marketers at the composite organization recoup an incremental 8 hours per week and 8,320 hours per year, which is the equivalent of \$337,000 in present value. These hours are rededicated toward improving and refining marketing efforts.
- **Grew business by 11% from increasing the audience, conversions, and order value.** The three applications help the composite organization to understand its customers better and create more personalized, relevant content. As a result, over three years its audience grows by 2.5% to 12.5 million customers, conversions grows by 0.2% to 1.3 million, and average conversion value grows 5% to \$12, altogether driving \$262.8 million in additional annual revenue.
- **Recovered at least \$1 million per year from greater ad spending efficiency.** Marketers become more efficient with advertising spend based on having more information on when to reach, engage, or suppress engagement with customers. They are able to stretch a dollar further to reach more customers and optimize the

Three-year overall business revenue growth

11% → \$263M 

KEY FINDINGS

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

- **Increased analyst productivity by 30%.** Based on the composite's usage of Real-Time CDP and Customer Journey Analytics, analysts recognize nearly 12,500 hours in time savings. The applications streamline analysts' work by unifying customer data from across channels without error. Analysts have more flexibility to create

frequency with which they message customers. The composite organization frees nearly \$3.3 million in ad spend over three years to reallocate.

- **Recouped hundreds of thousands of dollars in legacy point solution costs annually.** By moving over to Adobe’s natively connected applications, the composite organization moves on from several of its legacy point solutions. Those solutions had costs tied to maintenance, employees with specialized knowledge of their capabilities, third-party services, and on-premises servers. Recouped costs are reallocated toward spend on Adobe.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Growth in offline business performance.** Through the three Adobe applications, interviewees’ organizations stitched together offline and online data to deepen customer insights and create richer customer experiences across all channels. Location data helped marketers to more accurately tailor notifications to regional or local audiences, driving in-store foot traffic. Meanwhile, the real-time speed with which data was collected helped the interviewees’ organizations retarget faster including follow-up phone calls with customer to close deals.
- **Seamless Adobe connectivity alongside a robust external ecosystem.** The common workflows of the Adobe applications eliminated technical gaps that could create headaches for employees. Data was correctly pulled through the applications and mitigated the occurrence of lengthy back and forth conversations between IT and marketing to address the issues. Meanwhile, moving data between Adobe applications without transferring outside of the ecosystem eased concerns around data security.

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

- **Adobe implementation costs.** A small, three-person team consisting of an enterprise architect, data engineer, and marketing team member work on implementation. The workers dedicate half of their time over the course of several months toward deployment of the Adobe applications, ensuring they work correctly and meet expectations.
- **Annual software and service costs.** Incurred costs are based upon several factors including the number of customer profiles created and the amount of customer data leveraged by the composite organization.
- **Training costs.** Employees using each Adobe application spend the equivalent of half of a work week learning how to effectively use them over the course of a year.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$16.2 million over three years versus costs of \$3.0 million, adding up to a net present value (NPV) of \$13.1 million and an ROI of 431%.



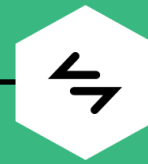
ROI
431%



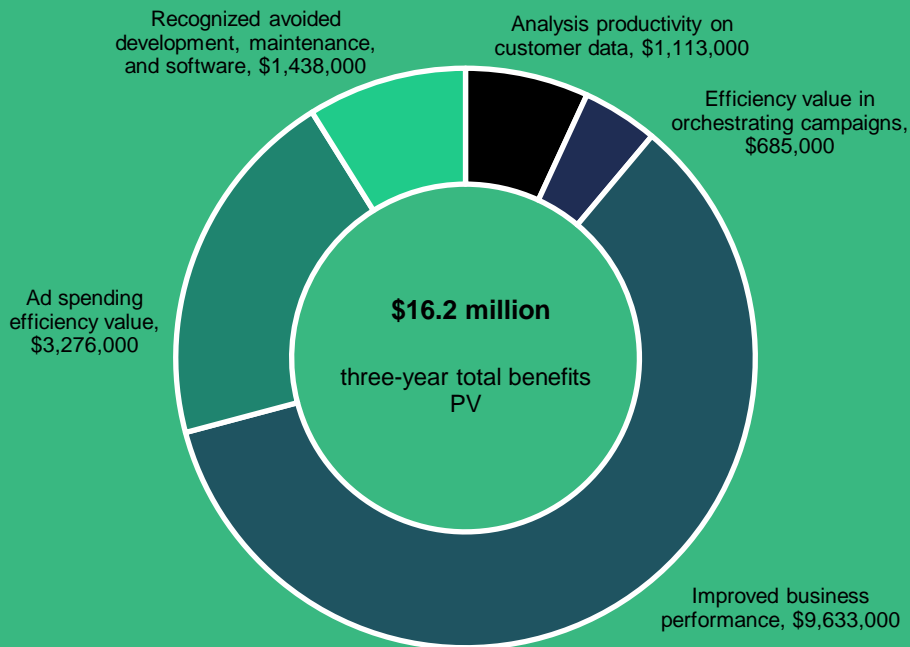
BENEFITS PV
\$16.2M



NPV
\$13.1M



PAYBACK
<6 months



“Real-Time CDP, Adobe Journey Optimizer, and Customer Journey Analytics are the trifecta. They more efficiently and effectively help us realize evergreen marketing use cases that incorporate all the customer data.”

— Senior director of customer data platforms, business services

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 Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics powered by Adobe Experience Platform.

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 Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics can have on an organization.

DISCLOSURES

Readers should be aware of the following:

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

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics.

Adobe reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

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



DUE DILIGENCE

Interviewed Adobe stakeholders and Forrester analysts to gather data relative to Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics.



INTERVIEWS

Interviewed five representatives at four organizations using Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics 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 Buyer's Journey

■ Drivers leading to the Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics investment

Interviews			
Role	Industry	Region	Number Of Employees
Senior director of customer data platforms	Business services	Headquartered in North America, global operations	1,800+
CRM specialist	Banking	Headquartered in Western Europe	8,000+
Director of digital marketing experience	Retail	Headquartered in North America, domestic operations	53,000+
<ul style="list-style-type: none">• Software engineering senior manager; VP• Head of marketing data and technology architecture	Financial services	Headquartered in North America	7,500+

KEY CHALLENGES

Prior to adopting Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics, interviewees noted their organizations faced several challenges around leveraging customer data, including the following:

- **The inability to fully unify customer data from across channels.** Interviewees' organizations collected large amounts of customer data (e.g., items viewed, purchased) across digital platforms alongside offline channels (e.g., in-store purchases). However, since the interviewees' organizations used different marketing tools across channels that either had their own unique integrations to their legacy customer data platform (CDP) or didn't offer support at all, it was difficult to connect all the pieces of data together. Some channels of customer data remained siloed and as a result, customer profiles remained incomplete, limiting the level of personalization in marketing messaging.
- **Inefficiency with how quickly customer data was made actionable.** Interviewees' analyst teams manually created audience segments and tags to categorize data, which they updated on a

“Doing any sort of personalized content on the website was really difficult. There wasn't a direct integration between how we publish content, measure content, and subsequently target emails or automate a follow-up.”

Director of digital marketing experience, retail

regular basis with new data. For example, the CRM specialist at the banking organization noted their data analysts spent between five to nine days to complete data analysis when they sought to update personalized customer experiences. Interviewees across organizations relayed that using customer data to inform personalized experiences was too laborious to carry out at scale and in real time.

- **A lack of data visualization tools around the customer journey.** Interviewees did not have a complete sequential view of their messaging's impact and how customers responded over the course of their journey. This led to marketers over-messaging customers to ensure they received marketing materials or regularly reaching out to customers across their low engagement channels. As a result, in worst cases, customers churned or felt more unfavorably about organizations.
- **A lack of security and accuracy of data.** Integrations between legacy customer data and marketing solutions required regular maintenance from IT to ensure data was pulled through correctly. Interviewees had seen data leakage or incomplete data sets moving between solutions depending on the tightness of integration. These issues raised concerns over the safety of data and necessitated third-party support to uphold security.

“Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics help marketers launch [use cases] more effectively and efficiently than their previous tech stack where it would have been cumbersome or not real time.”

Senior director of customer data platforms, business services

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Unify customer information across channels into a single customer data profile.
- Make data actionable for marketers to personalize messaging in real time.
- Visualize performance across the customer journey to better tailor messaging.
- Seamlessly integrate their CDP with data analysis and marketing tools to reduce maintenance and risk.

COMPOSITE ORGANIZATION

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

Description of composite. The composite organization is an industry-agnostic, multinational, business enterprise-sized company with \$2.5 billion in annual revenue and 5,000 employees. Among the employees are 20 analysts and 20 marketers who specifically leverage Adobe applications for marketing campaigns. Historically, the composite organization approached customer data collection, analysis, and action with best-of-breed technologies, which included some Adobe applications. The inability of the composite's teams to efficiently combine data to create customer profiles and efficiently personalize messaging led it to reconsider its approach.

Deployment characteristics. The organization takes a phased approach to moving on from legacy tools as it migrates data over to the Adobe applications and recreates dashboards and tags to continue tracking performance across specific segments with Adobe. IT teams work to stand up Real-Time CDP, Journey Optimizer, and Customer Journey Analytics at the same time, and employees undertake several hours of training to familiarize themselves with each one.

Key Assumptions

- **\$2.5 billion annual revenue**
- **5,000 employees**
- **Adobe application users:**
 - **20 analysts**
 - **20 marketers**

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	Analysis productivity on customer data	\$273,780	\$547,560	\$547,560	\$1,368,900	\$1,112,810
Btr	Efficiency value in orchestrating campaigns	\$168,480	\$336,960	\$336,960	\$842,400	\$684,806
Ctr	Improved business performance	\$2,198,756	\$3,898,238	\$5,913,000	\$12,009,994	\$9,663,078
Dtr	Ad spending efficiency value	\$1,000,000	\$1,500,000	\$1,500,000	\$4,000,000	\$3,275,733
Etr	Recognized avoided development, maintenance, and software	\$297,000	\$594,000	\$900,000	\$1,791,000	\$1,437,092
	Total benefits (risk-adjusted)	\$3,938,016	\$6,876,758	\$9,197,520	\$20,012,294	\$16,173,519

ANALYSIS PRODUCTIVITY ON CUSTOMER DATA

Evidence and data. Since adopting Experience Platform and its applications, analysts at interviewees’ organizations became capable of unifying data across marketing channels to have both a real-time and an end-to-end, historical view of their customers. Interviewees noted that some of their legacy point solutions required custom integrations with marketing tools to pull in data, which led to questions around data integrity and quality. The openness of Adobe applications to third-party integrations enabled support for a variety of marketing solutions and minimized these concerns.

As a result, data cleansing and preparation was streamlined and standardized for analysts. Real-Time CDP pulled both structured and unstructured data in real time and automated the grouping with user-created audience segments. Analysts had fewer back-and-forth interactions with IT to check on data quality and review its integrity as their trust of Adobe’s audience segmentation grew.

The director of digital marketing experience at a retail organization described the application as

“democratizing the data around digital performance.” Analysts at this interviewee’s organization became more flexible to create specific, actionable audience segments for different marketing teams to help them meet their marketing goals. Altogether, creating audience segments went from taking hours to minutes based on rules set up in Real-Time CDP to automatically group customer segments.

“Eyes truly light up the first time data is unified. Finally being able to report on data from X, Y, and Z sources and correlate that data, which helped us to be smarter and better understand your customers.”

Senior director of customer data platforms, business services

Customer Journey Analytics enabled analysts to conduct deep exploratory analysis at the customer level for even further audience segmentation. The common data foundation within Experience Platform also powered Customer Journey Analytics, meaning data was consistently updated without exportation to an extract, transform, and load (ETL) tool, so the analysts could easily derive insights and quickly disseminate findings to stakeholders. In addition, by incorporating offline data sets within Customer Journey Analytics, analysts were able to accurately attribute campaign success based on specific channels, events, and metrics.

One interviewee noted that their marketing team ran a study on the average basket size difference between an engaged email customer and a customer who doesn't engage over email at all, helping to place a value on the email channel. The ability to sequentially combine offline and online customer data in Customer Journey Analytics made it possible for this interviewee's organization to carry out a cross-channel analysis against total sales, and then inform marketers to make changes to their approach within each channel to match overall sales performance.

“We’ve gained the ability to dashboard digital, in-store events, and sales all in one tool. We can automatically create segments in Real-Time CDP and analyze customers in Customer Journey Analytics. It’s a much tighter integration between the two.”

Director of digital marketing experience, retail

The analysts recommended deploying a banner in their banking app to nudge customers toward automated payments. This notification drove significant growth. The CRM specialist said: “Thousands of customers signed up in the first 10 days after there were less than 10 sign-ups in the previous months. ... Our eyes were open to wanting data in the cloud, fast real-time data, AI/machine learning, and the analytics tools.”

Modeling and assumptions. For the composite organization, Forrester assumes:

- There are 20 analysts using Adobe Real-Time CDP and Customer Journey Analytics.
- Time spent among analysts is split between 70% of their time going to gathering and preparing data, including the segmentation that is done within Real-Time CDP, and 30% of their time going to analysis and visualization of data, including usage of Customer Journey Analytics.
- Breaking down data silos and eliminating fragmentation with Real-Time CDP while using flexible visualizations and journey-centric insights in Customer Journey Analytics helps analysts

Data analysis productivity increase **30%**



The CRM specialist of a banking organization noted that offline data analysis through Customer Journey Analytics was particularly helpful in better understanding customer behavior and, with Real-Time CDP, made for quick speed to action. In one case, they found that hundreds of thousands of customers were manually paying their monthly credit card bill. The bank allowed customers to automate payments at any amount they chose and were concerned their bank was serving a poor customer experience by not informing them about this ability.

become more productive. In Year 1, analysts increase productivity by 15%. Productivity increases to 30% in Years 2 and 3 as the composite organization migrates more customer data over to Adobe applications, more business lines analyze data through Adobe, and more tags and dashboards are created to organize analysis. In total, analysts are 30% more productive.

- The fully loaded hourly rate for analysts is \$65.
- Of the productivity gained, 75% is recaptured toward additional work while the remainder of time is spent with longer breaks or less late nights, improving the employee experience.

Risks. Differences in organizations that may impact the benefit results include:

- The number of analysts making use of Adobe Real-Time CDP and Customer Journey Analytics at an organization.

- The types of tools used prior to adopting these Adobe applications.
- Compensation for analysts and how they allocate their time.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.1 million.

Analysis Productivity On Customer Data					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of analysts using Adobe	Composite	20	20	20
A2	Percentage of time allocated toward gathering and preparing customer data	Composite	70%	70%	70%
A3	Percentage of time allocated toward data analysis and visualization	Composite	30%	30%	30%
A4	Productivity improvement in gathering, preparing, analyzing, and visualizing customer data	Interviews	15%	30%	30%
A5	Subtotal: Time savings on gathering and preparing data with Adobe Real-Time CDP	A1*A2*A4*2,080 hours	4,368	8,736	8,736
A6	Subtotal: Time recaptured toward data analysis and visualization with Adobe Customer Journey Analytics	A1*A3*A4*2,080 hours	1,872	3,744	3,744
A7	Fully loaded analyst hourly rate	TEI standard	\$65	\$65	\$65
A8	Productivity recapture rate	TEI standard	75%	75%	75%
At	Analysis productivity on customer data	(A5+A6)*A7*A8	\$304,200	\$608,400	\$608,400
	Risk adjustment	↓10%			
Atr	Analysis productivity on customer data (risk-adjusted)		\$273,780	\$547,560	\$547,560
Three-year total: \$1,368,900			Three-year present value: \$1,112,810		

EFFICIENCY VALUE IN ORCHESTRATING CAMPAIGNS

Evidence and data. Interviewees noted that Adobe Journey Optimizer enabled marketers to coordinate journeys and personalized messaging. The application helped marketers move on from batch messaging campaigns to a more contextually relevant approach.

Interviewees noted their marketers leaned on Adobe Journey Optimizer's ability to integrate AI-trained models to identify the best times to serve messaging and notifications. This approach helped fill in gaps where a customer could fall out of their customer experience. The CRM specialist at the banking organization noted they could orchestrate more multichannel journeys as a result of how Adobe Journey Optimizer and trained models took decision-making out of the hands of marketers.

For example, the CRM specialist noted that integrating customer-based AI into profile attributes in Real-Time CDP better informed Adobe Journey Optimizer for orchestration and engagement impact, helping their banking organization automate sending an email or SMS message if a mobile app notification failed to garner engagement. These notifications were sent out in less than 10 seconds after a trigger was activated, helping marketers to see the immediate impact of their outreach. The director of

Recaptured bandwidth among marketers

**8,320
hours**



**\$337,000
in present
value**

digital marketing experience noted that at their retail organization, they expected it would help to save 4 hours per email type created and 600 hours per year in creating emails for specific audience segments.

At the interviewees' organizations, the marketers' work was further streamlined by Adobe Journey Optimizer's visual canvas for journey orchestration. This visual canvas enabled them to drag and drop customer segments directly from those created in Real-Time CDP into laid out experiences with triggers to then personalize engagement.

The senior director of customer data platforms at a business services organization elaborated the efficiency of Adobe Journey Optimizer and Real-Time CDP's shared foundation, noting: "With Adobe Journey Optimizer, you get a visual canvas where you can do orchestration. Once you have all the data unified in the CDP, now you can stay within the Adobe ecosystem and design a journey in a visual canvas via drag-and-drop journeys. I can build rules where if someone browses a website and abandons a cart, we can send them an app notification. The next day we place this person into a display remarketing audience [to reach them]. If you don't have that journey orchestration canvas managing all those journeys via simple segment exclusion and inclusion rules, it becomes tedious for marketers."

Meanwhile, Customer Journey Analytics' common workflows with Adobe Journey Optimizer allowed marketers to natively analyze performance data within the application without exporting it through another solution. Marketers could scale testing of

“One of the gaps we had was we wanted to deploy push notifications, but we wanted to do high volume, high speed, and low latency. We needed Adobe Journey Optimizer because it could do that.”

CRM specialist, banking

campaigns without having to wait for data processing through a third-party platform, allowing them to refine campaigns more quickly and work toward improving performance.

Modeling and assumptions. For the composite organization, Forrester assumes:

- There are 20 marketers creating campaigns with Adobe Journey Optimizer. Through the solution, they can apply insights faster to map out and activate campaigns across channels, ensuring the right target audience with personalized messaging.
- Time savings for marketers around creating campaigns improves from 10% in Year 1 to 20% in Year 3 as the composite organization becomes more efficient at applying customer data insights and creating better defined customer segments.
- The fully loaded hourly rate for marketers is \$60.

- As with analysis time savings, a 75% recapture rate is applied to time saved around orchestrating campaigns.

Risks. Differences in organizations that may impact the benefit results include:

- The number of marketers making use of Adobe Journey Optimizer.
- The capabilities of campaign orchestration tools used prior to Adobe Journey Optimizer.
- The fully loaded hourly rate for marketers at the organization.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$685,000.

Efficiency Value In Orchestrating Campaigns					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of marketers using Adobe Journey Optimizer and Real-Time CDP	Composite	20	20	20
B2	Percentage of time saved orchestrating campaigns	Interviews	10%	20%	20%
B3	Subtotal: Recaptured hours with Adobe Journey Optimizer and Real-Time CDP	B1*B2*2,080 hours	4,160	8,320	8,320
B4	Fully loaded marketer hourly rate	TEI standard	\$60	\$60	\$60
B5	Productivity recapture rate	TEI standard	75%	75%	75%
Bt	Efficiency value in orchestrating campaigns	B3*B4*B5	\$187,200	\$374,400	\$374,400
	Risk adjustment	↓10%			
Btr	Efficiency value in orchestrating campaigns (risk-adjusted)		\$168,480	\$336,960	\$336,960
Three-year total: \$842,400			Three-year present value: \$684,806		

IMPROVED BUSINESS PERFORMANCE

Evidence and data. Adobe Real-Time Customer Data Platform, Journey Optimizer, and Customer Journey Analytics drove improved business results for interviewees' organizations. Small pilot programs at the interviewees' organizations showed strong promise even without each solution fully enabled.

The interviewees at the financial services organization noted that analysts stitched together online data from logged in, authenticated accounts and offline data from non-logged in, non-authenticated accounts for the first time in Customer Journey Analytics. With this solution, they could run queries and validate data to accurately target customers, this led to a 200% increase in reach with personalized messaging. This test was also run among site visitors. Because of it, the interviewees noted they planned to introduce audience segments to their advertising across third-party display channels to expand on this customer journey and further drive engagement.

In another early use case, the director of digital marketing experience at the retailer ran a campaign during the November and December holiday season in 2020 that drove \$1 million in incremental sales. Using Adobe Journey Optimizer and Real-Time CDP, they automated and personalized messages for customers while withholding 10% of customers from the experience. This enabled analysts to measure the lift in order value from the campaign on those exposed to the messaging against those who weren't exposed. Since then, the director of digital marketing experience said their organization has four ongoing automated marketing campaigns to drive customer engagement, personalized based on recent activity. These efforts increased the number of logged visits

“We couldn't have done this before because the speed of data wasn't quick enough, we couldn't quickly retarget someone, and we didn't have advanced AI and machine learning capabilities.

We focused on how to build good use cases and spent time working through them to have more impact. What we can do now is due to Adobe and its flexibility with our use cases.”

CRM specialist, banking

per week to their site by double-digit percentage points.

The CRM specialist noted that their banking organization used Adobe applications before adopting Real-Time CDP, Adobe Journey Optimizer and Customer Journey Analytics. After adopting these new solutions, they migrated existing experiences from those legacy platforms. However, they built upon those experiences with journeys that leveraged new online and offline data to create event-based experiences. Within the first year of using the Adobe applications, this interviewee noted that their banking organization saw mobile channel sales audience increase by nearly three times. Marketers focused on Adobe's personalization capabilities and increased their retargeting efforts without increasing audience sizes, continuing to drive millions of dollars in additional income while growing digital interactions.

According to the senior director of customer data platforms at a business services organization,

Net gain in additional revenue over three years **\$534M** 

improvement in business performance wasn't because marketing teams didn't have ideas; rather, it was that they lacked technology. Marketing teams had hypotheses of how to generate additional business results but struggled to operationalize those ideas. The senior director of customer data platforms said Adobe Real-Time CDP enabled that for the business services organization's clients. A mid-sized retailer client incorporated data and signals from Real-Time CDP into emails and, after running a pilot of three test emails consisting of dynamic product recommendations, the client's organization saw a 10% life in basket size.

Beyond digital business growth, the interviewees' organizations leveraged offline data to improve performance that front. Further background on offline business performance is detailed in our [unquantified benefits section](#).

Modeling and assumptions. For the composite organization, Forrester assumes:

- The number of visits to the organization's website totals 500 million per year, including individuals who repeat traffic to the site.
 - In Year 1, the number of visits since adopting the Adobe applications grows by 1.5% driven by increased relevancy. As the composite refines and improves targeting and personalization of messaging, more visitors come to the site or return more frequently. In Year 2, the total visits grew by 2% and by 2.5% in Year 3.
 - Conversions and customer spend grow steadily over the three-year period across the composite organization's entire audience, including those who were already reached before Adobe, based upon data and segmentation improved relevancy of materials and campaign orchestration.
 - The conversion rate increases by 5% in Year 1 with material appealing to buyers who were very close to converting and needed just slightly more convincing. The baseline conversion rate grows 7.5% in Year 2 and 10% in Year 3. The additionally converted audience in Year 3 represents a 13% gain over the 10 million individuals converted in the before state.
- The average value per order and customer conversion value for the organization without Adobe is \$100. As customers are more compelled to purchase higher-priced items or make purchases more frequently, the conversion value increases by 3% in Year 1, 4% in Year 2 and 5% in Year 3. Altogether the average conversion value grows by \$12 to \$112 by the end of the analysis period.
 - An attribution rate of 30% is applied to account for how people, process, and technology come together to drive conversions. This assumption takes into consideration that creative teams, production work, market factors, and consumer interest in the product itself play a deciding factor in purchases alongside Adobe technology.
 - An operating margin of 10% is applied to the revenue to account for any additional organizational costs associated with the product sold.

Risks. Differences in organizations that may impact the benefit results include:

- Business demographics consisting of customer base size, current sentiment, average value per customer, prior business performance, and technology used.
- Market factors influencing customer likelihood to engage with company or make a purchase.

Results. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year, risk-adjusted total PV of \$9.7 million.

Improved Business Performance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of visits to website	Composite	500,000,000	500,000,000	500,000,000
C2	Growth in visits	Composite	1.5%	2.0%	2.5%
C3	Subtotal: Additional visits with Adobe applications annually	C1*C2	7,500,000	10,000,000	12,500,000
C4	Baseline visit conversion rate	Composite	2.0%	2.0%	2.0%
C5	Increase in converted customers	Interviews	5.0%	7.5%	10.0%
C6	Conversion rate with Adobe applications (rounded)	Y1: (C4*C5)+C4 Y2 and Y3: C4*C5+C4	2.10%	2.15%	2.20%
C7	Subtotal: Total additional converted customers	(C6-C4)*C1+(C3*C6)	657,500	965,000	1,275,000
C8	Baseline customer conversion value	Composite	\$100	\$100	\$100
C9	Subtotal: Value of additional conversions	C7*C8	\$65,750,000	\$96,500,000	\$127,500,000
C10	Increase in value per order/customer conversion value	Interviews	3.0%	4.0%	5.0%
C11	Customer conversion value with Adobe applications	Y1: (C8*C10)+C8 Y2 and Y3: C10*C11 _{PY} +C11 _{PY}	\$103	\$107	\$112
C12	Subtotal: Additional revenue from converted customers	(C11-C8)*(C7+(C1*C4))	\$31,972,500	\$76,755,000	\$135,300,000
C13	Attribution rate	TEI standard	30.0%	30.0%	30.0%
C14	Operating margin	TEI standard	10.0%	10.0%	10.0%
Ct	Improved business performance	(C9+C12)*C13*C14	\$2,931,675	\$5,197,650	\$7,884,000
	Risk adjustment	↓25%			
Ctr	Improved business performance (risk-adjusted)		\$2,198,756	\$3,898,238	\$5,913,000
Three-year total: \$12,009,994			Three-year present value: \$9,663,078		

NOTE: Y1 MEANS YEAR 1; PY MEANS PREVIOUS YEAR

AD SPENDING EFFICIENCY VALUE

Evidence and data. Two of the interviewees identified that the Adobe applications helped their marketers become more efficient with advertising spend. Marketers leveraged data from Customer Journey Analytics to inform when and where messaging reached customers, which helped them to avoid spending on display media if customers were not engaging with the materials.

Through Real-Time CDP, marketers matched multiple audience keys like phone numbers and zip codes to identify prospective customer they had yet to reach. Previous in-depth analysis had been manual with matching keys tied to customers' email addresses.

The CRM specialist at a banking organization said, "We match our own customers through TV, radio, digital radio, or just search or social channels. When you're matching first-party data through those platforms, we're able to better target them and also have a bigger, better sample to create a lookalike audience." The regular refresh of data from customers helped the banking organization stay on top of ad targeting and maintain ad spending efficiency.

Modeling and assumptions. For the composite organization, Forrester assumes:

- The organization's advertising budget totals \$62.5 million, or one-quarter of its marketing budget. Advertising that can be optimized, which consists of paid media that doesn't reach or engage customers, represents 20% of total ad spend.
- As the organization collects insights into the performance of advertising over the course of the customer experience, it becomes more informed on where to allocate spend. As it increases reach of its advertising, it stretches its dollar further and becomes more efficient by 10% in Year 1. As it applies more insights, efficiency improves to 15% in Years 2 and 3. Advertising that continues to underperform with customers is reviewed and iterated upon to work toward becoming further efficient with ad spend.

Risks. Differences in organizations that may impact the benefit results include:

- The size of the organization's advertising budget.
- The effectiveness of advertising and amount of room to improve upon performance.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$3.3 million.

Ad Spending Efficiency Value					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Total advertising budget	Composite	\$62,500,000	\$62,500,000	\$62,500,000
D2	Percentage of ad spend that can be optimized	Composite	20%	20%	20%
D3	Annual ad spend that can be optimized	D1*D2	\$12,500,000	\$12,500,000	\$12,500,000
D4	Improved efficiency with ad spending	Interviews	10%	15%	15%
Dt	Ad spending efficiency value	D3*D4	\$1,250,000	\$1,875,000	\$1,875,000
	Risk adjustment	↓20%			
Dtr	Ad spending efficiency value (risk-adjusted)		\$1,000,000	\$1,500,000	\$1,500,000
Three-year total: \$4,000,000			Three-year present value: \$3,275,733		

RECOGNIZED AVOIDED DEVELOPMENT, MAINTENANCE, AND SOFTWARE

Evidence and data. Interviewees noted their organizations phased out legacy point solutions as they moved over to Adobe applications. Interviewees' organizations that had a best-of-breed approach to marketing were able to transition piece by piece as they recreated campaigns, audience segments, and dashboards within Adobe. Interviewees' organizations no longer required employees with specialized knowledge of the legacy point solutions or additional third-party services to support integration maintenance. Instead, they only needed their employees to have familiarity with Adobe to effectively leverage them; meanwhile, the reliability of integrations between Adobe's ecosystem of applications necessitated less maintenance once the migration was complete.

Streamlined oversight of the platforms extended to privacy as well with the interviewees noted that their organizations could control security policies across platforms from one location. The applications also offered Privacy Shield and Healthcare Shield add-ons to help ensure the interviewees' organizations were compliant with industry regulations, which reassured stakeholders that they did not have to run more than expected checks on the compliance of the applications. Meanwhile, support for cloud storage for Adobe meant some of the interviewees' organizations moved away from on-prem servers, which freed up physical storage costs and minimize potential security risk with data transfers to the cloud.

Modeling and assumptions. For the composite organization, Forrester assumes:

- The cost of maintaining and using legacy point solutions totals \$1 million, including licensing and support costs in the form of labor or third-party services.
- As the composite organization phases its operations over to the Adobe applications, it is

able to relieve usage of the legacy point solutions and recoup costs.

Risks. Differences in organizations that may impact the benefit results include:

- A couple interviewees noted how their organization adopted the Adobe solutions as part of an overhaul of its marketing approach thus making it difficult to attribute cost savings directly to Adobe.
- The costs of legacy point solutions, which will vary depending on the technology and organizational use cases.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$1.4 million.

“Right now, we have to manage and protect data in five different places, so it will be huge savings in employee effort and maintenance of data when these tools are centralized as the backbone of our marketing.”

Head of marketing data and technology architecture, financial services

Recognized Avoided Development, Maintenance, And Software					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Total potential avoided costs from offloaded legacy point solutions (e.g., license, support costs)	Interviews	\$1,000,000	\$1,000,000	\$1,000,000
E2	Phased decommissioning of legacy point solutions	Interviews	33%	66%	100%
Et	Recognized avoided development, maintenance, and software	E1*E2	\$330,000	\$660,000	\$1,000,000
	Risk adjustment	↓15%			
Etr	Recognized avoided development, maintenance, and software (risk-adjusted)		\$297,000	\$594,000	\$900,000
Three-year total: \$1,791,000			Three-year present value: \$1,437,092		

UNQUANTIFIED BENEFITS

Interviewees described the following additional benefit that their organizations experienced but were not able to quantify:

- **Growth in offline business performance.**

Interviewees provided in-depth feedback on the results they've seen with these applications, all natively powered by Adobe Experience Platform for digital channels as it aligned with their professional expertise. They could not speak as directly to offline business performance based on the broad reach of locations, but acknowledged the Adobe applications were impacting business performance on that front.

Adobe enabling organizations to stitch together offline and online data helped democratize data access and inform marketing strategy for interviewees. The senior director for customer data at a business services company shared that a casino with slot machine, event venue, and restaurant data used Adobe to create more holistic customer experiences by combining that data.

In one use case, the director of digital marketing experience at a retailer said: "It was incredibly critical during the COVID-19 pandemic to toggle

content at certain times based on different localities and rules at certain times. We needed to be able to manage content that was hyper targeted [based on offline data] if there was a line outside a store or how busy it was to push them toward alternative stores or purchase options." This use case helped prepare the interviewee's organization for more relevant customer messaging that drove in-store traffic. The interviewee noted that their organization also deepened analysis by weighing tangible performance of digital to offline with dashboards showing revenue from both digital and in-store events that carried the same events and promotions.

The CRM specialist at the banking organization cited that they have several hundred physical branches and creating an omnichannel experience was a driver for adopting the Adobe applications. The interviewee said: "I was keen on Customer Journey Analytics because it has feeds from our source systems that no longer makes it just a digital analysis platform.

"Customer Journey Analytics covers everything that teams need from an analytics perspective. We gain the ability to dashboard against not only digital events, but in-store events and sales all in one tool."

Director of digital marketing experience, retail

"We've seen big increases in the speed of retargeting. Previously, we weren't fast enough to speak to customers and ask them why they didn't complete a customer journey or if they want human interaction following any digital engagement. With real-time data, we know when people look closely at things online and when we call them up, we close nearly 50% of those transactions."

CRM specialist, banking

If somebody in a digital journey drops out and then does something at a physical channel, we still have that same single view of a customer that we wouldn't have gotten otherwise.”

Omnichannel data collection helped the interviewee's organization accelerate its speed of retargeting to better engage customers, where verbal follow-up on digital engagements led to 50% conversion on transactions.

- **Seamless Adobe connectivity alongside a robust external ecosystem.** A key factor for interviewees in choosing Adobe to be their foundational customer data platform, as well as adopting Customer Journey Analytics and Adobe Journey Optimizer as their analytics and campaign management solutions, was that it helped bring customer data and associated operations into a centralized place. This approach eliminated gaps in the technology that could create headaches for employees with data being pulled through to platforms incorrectly or lengthy wait times on engineers and IT to deliver customer data to shape and deliver marketing messaging. Employee experience around these solutions improved and rather than spend time on maintenance, IT and marketing users became better aligned to effectively use the applications.

For example, past campaign solutions could not scale data ingestion from Adobe Analytics to apply toward messaging as their solutions had an underlying structured query language (SQL) database. As a result, data engineers would have to consult with customer-facing teams on which areas of marketing they should collect data and assess the lifespan in which to retain data sets. Organizations with Adobe Real-Time CDP, Journey Optimizer and Customer Journey Analytics significantly scaled the size of data sets they could leverage as they moved away from a relational database. There were fewer discussions between IT and marketing users

around how to scale data ingestion as the applications were able to handle the load.

The tight integration of the tools increased confidence around data protection and reduced work around encryption. The CRM specialist at a banking organization said: “We're a small team and banks don't like transferring data outside because you don't want to lose any data. So you had to pseudonymize and encrypt it [with past solutions]. With Adobe, [data transfer] is streamlined and data automatically refreshes. That's priceless for us.”

“With Adobe, [data transfer] is streamlined and data automatically refreshes. That's priceless for us.”

CRM specialist, banking

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Adobe Real-Time CDP, Journey Optimizer, and Customer Journey Analytics and later realize additional uses and business opportunities, including **greater access and speed to using data**. The Adobe applications' ability to incorporate a large amount of data from across channels, including offline, helped marketers understand their customers and orchestrate multichannel campaigns better.

The director of digital marketing experience at the retail organization noted that they applied AI models through Customer Journey Analytics to customer data and in Real-Time CDP created a propensity score for the likelihood a customer would purchase products they wouldn't have marketed to otherwise. At the banking organization, the CRM specialist noted the speed with which they could apply large sets of customer data has enabled them to run over 500 messaging use cases through Adobe Journey Optimizer and monitor in real time through Customer Journey Analytics. Altogether, scalable usage of data has enabled the interviewees' organizations to build and continue to improve upon customer experiences.

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

“To me, the big selling point is the API-first principle of the Adobe tech stack. It was built from the ground up vs. retrofitting a bunch of solutions and trying to make something new out of something old.”

Senior director of customer data platforms, business services

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
Ftr	Adobe implementation costs	\$131,040	\$0	\$0	\$0	\$131,040	\$131,040
Gtr	Annual software and service cost	\$0	\$1,176,000	\$1,176,000	\$1,008,000	\$3,360,000	\$2,798,317
Htr	Training costs	\$0	\$105,000	\$13,125	\$13,125	\$131,250	\$116,163
	Total costs (risk adjusted)	\$131,040	\$1,281,000	\$1,189,125	\$1,021,125	\$3,622,290	\$3,045,520

ADOBE IMPLEMENTATION COSTS

Evidence and data. Interviewees' organizations spent some time integrating the Adobe applications with their tech stack architecture, folding in each application in phases. Tech teams took time to migrate data over to the Adobe cloud and make sure data was flowing correctly between solutions by running tests and the solutions were performing to expectations with multiweek pilot programs.

Interviewees noted their organizations either had a small team working with resources at Adobe to assist with implementation or employed an external agency to provide support. The types of employees that worked on deployment and dedicated a few hours each week throughout the process included an enterprise architect, data architect, data engineer, and marketing strategist.

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- There are three employees dedicated to the implementation of the Adobe applications, including an enterprise architect, data engineer and marketing team member.

- Over the course of six months, each team member dedicates about 50% of their time toward the implementation process.
- The blended fully loaded hourly rate for each employee involved in the project averages out to \$80.

Risks. Differences in organizations that may impact the costs include:

- The scale of data migrating over to Adobe applications and size of team helping the initiative.
- The infrastructure in place to support integration with Adobe applications.
- The fully loaded hourly rate of employees.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a risk-adjusted total PV of \$131,000.

Adobe Implementation Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of employees involved in implementation	Composite	3			
F2	Length of implementation (months)	Interviews	6			
F3	Percentage of time allocated toward implementation	Interviews	50%			
F4	Blended, fully loaded hourly rate for employees involved in implementation	TEI standard	\$80			
Ft	Adobe implementation costs	$F1 * ((F2/12) * F3 * 2,080) * F4$	\$124,800	\$0	\$0	\$0
	Risk adjustment	↑5%				
Ftr	Adobe implementation costs (risk-adjusted)		\$131,040	\$0	\$0	\$0
Three-year total: \$131,040			Three-year present value: \$131,040			

ANNUAL SOFTWARE AND SERVICE COSTS

Evidence and data. Interviewees noted their organizations paid for the Adobe applications based on various factors, including the number of customer profiles created and the amount of customer data they leveraged with the solutions on an annual basis.

Organizations relied on Adobe early on to help with implementation of the solutions and eased on demand for support as they gained maturity and developed best practices with each application.

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The number of active customers in the database.

- The size of the business in terms of revenue and users.

Risks. Differences in organizations that may impact the costs are based on their scale of operations and use cases with the Adobe applications.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.8 million.

Annual Software And Service Cost						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Annual software cost	Interviews		\$785,000	\$785,000	\$785,000
G2	Annual services cost	Interviews		\$335,000	\$335,000	\$175,000
Gt	Annual software and service cost	G1+G2	\$0	\$1,120,000	\$1,120,000	\$960,000
	Risk adjustment	↑5%				
Gtr	Annual software and service cost (risk-adjusted)		\$0	\$1,176,000	\$1,176,000	\$1,008,000
Three-year total: \$3,360,000			Three-year present value: \$2,798,317			

TRAINING COSTS

Evidence and data. Interviewees noted the employees at their organizations spent some time learning how to effectively leverage each Adobe application each week over the first few months. Time spent familiarizing employees with the solutions varied depending on teams' legacy point solutions, which included prior Adobe solutions for some interviewees, and how much their operations would change with these Adobe applications.

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- Forty analysts and marketers spend 40 hours across Year 1 with the Adobe applications learning how to use them.

- In Year 2 and Year 3, five employees who are new hires or replacements spend 40 hours learning the solutions.
- The blended fully loaded hourly rate for analysts and marketers participating in training averages out to \$62.50.

Risks. Differences in organizations that may impact the costs are based on the number of employees receiving training, time spent on training, and their compensation.

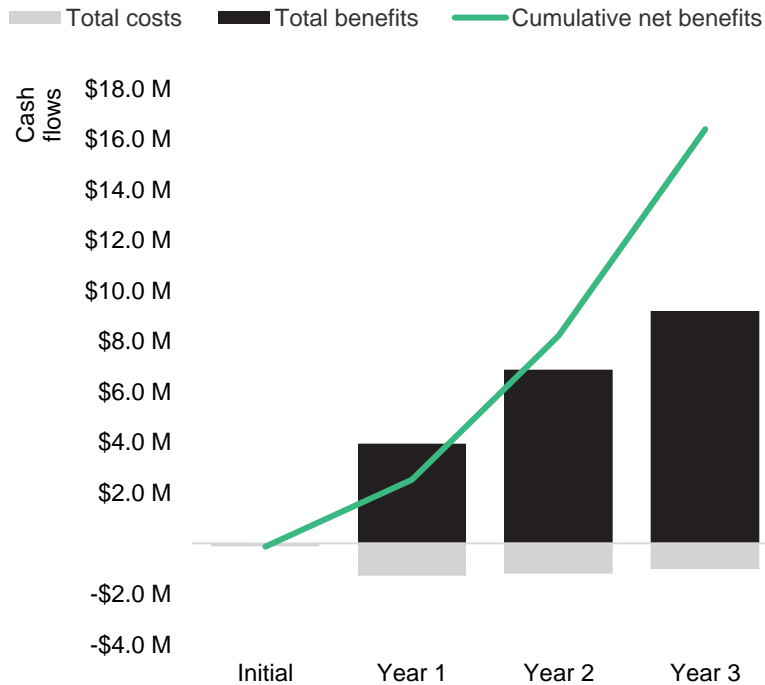
Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$116,000.

Training Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Number of employees learning Adobe solutions	Composite		40	5	5
H2	Time spent training on Adobe solutions (hours)	Interviews		40	40	40
H3	Blended fully loaded hourly rate for employees	TEI standard		\$62.50	\$62.50	\$62.50
Ht	Training costs	H1*H2*H3	\$0	\$100,000	\$12,500	\$12,500
	Risk adjustment	↑5%				
Htr	Training costs (risk-adjusted)		\$0	\$105,000	\$13,125	\$13,125
Three-year total: \$131,250			Three-year present value: \$116,163			

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	(\$131,040)	(\$1,281,000)	(\$1,189,125)	(\$1,021,125)	(\$3,622,290)	(\$3,045,520)
Total benefits	\$0	\$3,938,016	\$6,876,758	\$9,197,520	\$20,012,294	\$16,173,519
Net benefits	(\$131,040)	\$2,657,016	\$5,687,633	\$8,176,395	\$16,390,004	\$13,127,999
ROI						431%
Payback						<6 months

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

[“How To Determine Whether You Need To Build Or Buy Your CDP,”](#) Forrester Research, Inc., May 26, 2023.

[“Customer Data Platform \(CDP\) Implementation Checklist,”](#) Forrester Research, Inc., April 20, 2023.

[“How To Collect Zero- And First-Party Data You’ll Actually Use,”](#) Forrester Research, Inc., June 22, 2023.

Appendix C: Endnotes

¹ Source: Forrester’s Future Fit Survey, July 2023.

² Ibid.

³ 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.

⁴ Forrester calculates return on investment (ROI) by combining quantified present value benefits that represent “money in pocket” and dividing by present value costs. Based on this approach, for benefits that are associated with revenue growth, Forrester recognizes incremental profit as the end result. Revenue includes costs of goods sold and other associated costs including manufacturing, production, and delivery for goods. Forrester applies an operating margin to the quantified revenue to calculate the incremental profit. Present value benefits consisting of cost savings and productivity improvements don’t include a margin since they are not revenue benefits.

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