

A Forrester Total Economic Impact™
Study Commissioned By Salesforce
May 2018

The Total Economic Impact™ Of The Salesforce Lightning Platform For Employee Engagement

Cost Savings And Business Benefits
Enabled By Salesforce For Employee
Engagement

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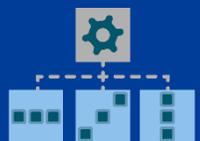
Executive Summary

Benefits And Costs



Employee productivity savings of one hour per week from standardized, simplified, and centralized tools and applications:

\$18 million



A 50% increase in application development speed helps avoid developer hiring costs to meet increased scale:

\$2 million



A 33% reduction in help desk calls through self-served information and resources:

\$3.6 million

Salesforce provides a system of engagement across the entire employee life cycle that enables organizations to connect multiple back-end systems of record with one system of engagement. The Salesforce Lightning Platform allows business leaders to standardize and centralize internal applications and content, simplifying how employees tackle common tasks such as expense and time reporting, employee on-boarding, and password resets. By using Salesforce to boost employee engagement, organizations can gain an HR or IT help desk for employee service and support, an engaging collaboration workspace, and a platform to automate and adapt key employee experience processes.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with one to three years of experience using Salesforce for employee engagement. Customers provided data related to several business process improvement steps, business opportunities, and cost savings since implementing Salesforce companywide. Customer interview information and data were aggregated in this study as a composite organization.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **A faster app development process that produces more for less money.** By deploying Salesforce for employee engagement, application developers can complete new applications in half the time with the Lightning Platform's standard tools, interfaces, and libraries. This allows development teams to produce more higher quality applications. The composite organization saw a 50% faster application development process and savings of nearly \$2 million over three years.
- › **Faster access to information in the form of reports and unstructured data.** Improved, easy to find, integrated reporting and dashboards help employees access contextual data and make decisions faster. Information from Knowledge Bases and collaboration tools also contributed to faster decision making.
- › **A 33% reduction in help desk calls saving \$3.6 million.** Help desk requests for application assistance (such as password resets) are reduced by one-third. According to a retail CIO, his organization saw a "reduction in support calls since we went live, even with a growing employee pace."



ROI
\$296%



Benefits PV
\$39 million



NPV
\$29 million

- › **IT hardware and software cost avoidance and savings.** For many organizations interviewed, migrating to Salesforce as a system of employee engagement allows them to retire server-based applications that: support key functions like finance and HR; reduce and restrict network account access to contractors or partners; and reduce or eliminate other replaced service fees. The IT hardware and software cost avoidance and savings for the organization is quantified at more than \$13 million over the three-year analysis.
- › **Improved workforce collaboration and streamlined administrative and departmental tasks resulting in saved employee time and improved employee productivity.** Improved, easy to find, and integrated apps help all employees complete common tasks, such as expense reporting, time reporting, and annual reviews, more quickly and with fewer duplicate entries. This also helps improve the flow of tasks between departments. For the composite organization, this saves workers one hour per week, and these productivity benefits are quantified at more than \$18 million over three years.
- › **Business value from faster time-to-market to develop applications.** By moving to Salesforce for employee engagement, organizations were able to quickly develop and implement applications such as employee onboarding and finance tools, as well as marketing and management tools that help drive business value related to improved decision making, added sales, reduced costs, and/or new business opportunities. The composite organization rationalized applications under the Lightning Platform and started a citizen development program that used Salesforce as the platform for low-code application development. One of the financial applications developed on the Lightning Platform shortened the financing process by 33%, resulting in a 40% increase in deals financed over a six-month period. With a Salesforce license for every employee, the organization was able to quickly develop this application and benefit from faster time-to-value. The business value benefit of this is \$1.9 million for the three-year analysis.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › Improved ability to deliver engaging employee experiences.
- › Increased employee satisfaction with faster and better speed of service to employees.
- › Ability to deploy applications globally.
- › Faster speed of implementation and employee app delivery.

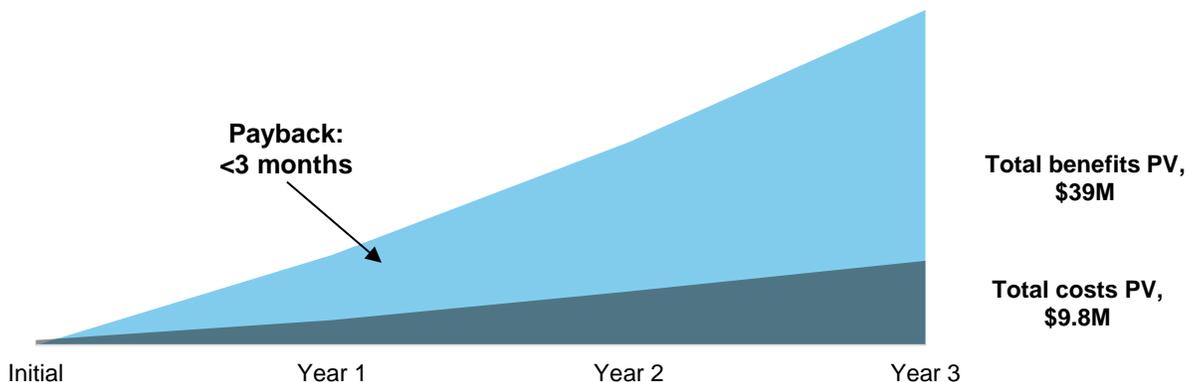
Costs. The composite organization experienced the following risk-adjusted PV costs:

- › **Salesforce for employee engagement license costs.** Additional Salesforce licenses for employee engagement are required for users not licensed on Sales Cloud and Service Cloud. For the composite organization, the Lightning Platform license cost is estimated to be more than \$4.78 million over three years.

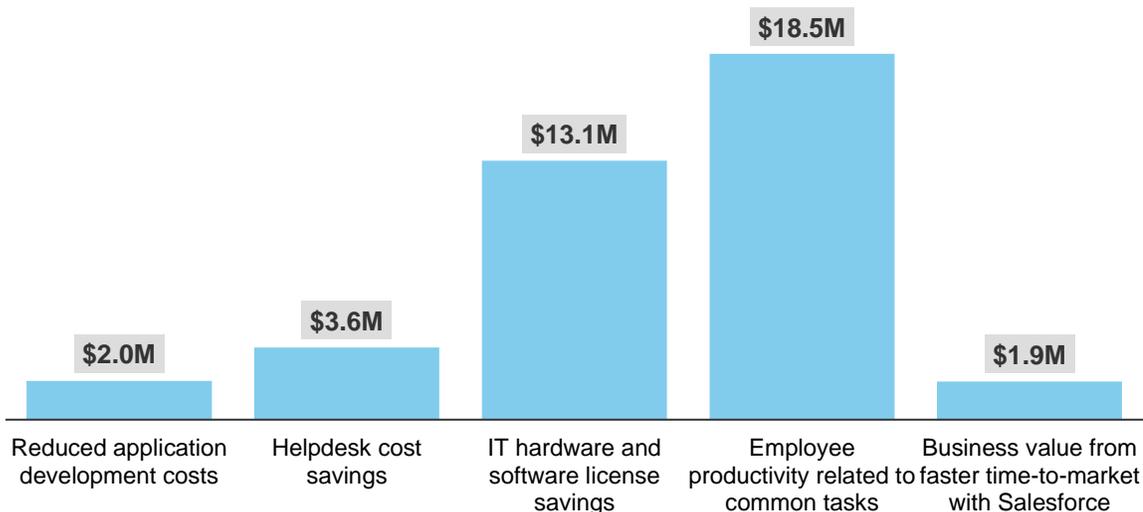
- › **Ongoing application development and IT costs.** While development time for one application is reduced, the composite organization does not plan to reduce its team of developers. It will use the time saved to develop more applications. Some new tasks related to the administration and monitoring of the Lightning Platform are required, but these tasks require little time. Together these add up to nearly \$4.47 million over three years.
- › **Implementation costs.** Some time and effort related to planning, data migration, content cleanup, and other pre-implementation tasks are required. Forrester estimates these to be less than \$600,000 for the composite organization.

Forrester’s interviews with four existing customers and subsequent financial analysis found that a composite organization based on these interviewed organizations experienced benefits of \$39.01 million over three years versus costs of \$9.84 million, adding up to a net present value (NPV) of \$29.17 million and an ROI of 296%.

Financial Summary



Benefits (Three-Year)



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TEI Framework And Methodology

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

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Salesforce for employee engagement can have on an organization:



DUE DILIGENCE

Interviewed Salesforce stakeholders and Forrester analysts to gather data relative to Salesforce for employee engagement.



CUSTOMER INTERVIEWS

Interviewed four organizations using Salesforce for employee engagement to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

DISCLOSURES

Readers should be aware of the following:

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

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

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

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

Salesforce For Employee Engagement Customer Journey

BEFORE AND AFTER SALESFORCE FOR EMPLOYEE ENGAGEMENT INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Salesforce for employee engagement customers. Interviewed customers include the following:

INDUSTRY	REGION HEADQUARTERS	INTERVIEWEE	KEY DETAILS
Consumer goods	Midwest US and internationally	Global director, IT	Started deployment in late 2015 and have 30,000 employees on the platform with many more to be added
Retail	Southwest US	CIO	15,000 deployed to the platform today as part of a corporate goal to migrate all 40,000 employees and transition out of the data center
Technology services	Southwest US and internationally	IT director	<ul style="list-style-type: none"> • Have had several thousand users on Sales Cloud and Service Cloud for ~10 years • Adding thousands more users with the platform including many contractors and partners
Financial services	Western US and internationally	Global corporate systems and services director	<ul style="list-style-type: none"> • A Sales Cloud customer for 5+ years • Have added Salesforce for employee engagement for more than 10,000 employees

Key Challenges

Interviewed organizations identified some of the key reasons they decided to invest in Salesforce for employee engagement:

- › **Need for business agility.** One organization noted that as traditional business models were being disrupted in the digital age, there was an increasing need for business agility. This, in turn, meant that their IT organization faced a developer shortage. Organizations found that the demand for employee applications and projects outpaced the resources available to deliver these applications.
- › **Intranet transformation.** Prior to deploying Salesforce for employee engagement, one organization’s intranet and extranet were the same which resulted in incidents of customers gaining access to internal sites because of incorrect sharing rules. Another organization noted that their IT department received a lot of complaints as their intranet was on a legacy collaboration tool with an older UI. Their employees did not have a clear way to search for information. Employees opened help desk tickets on different systems. This organization’s main goal for their intranet transformation was to better surface content to their employees.

“We have been in business for many years. We have many homegrown, custom applications developed on many platforms. We’re looking at about 300-plus applications. This drove the application rationalization initiative. Our mission statement was maximizing time-to-value.”

IT director, technology services firm



- › **Replace legacy systems with more modern apps and tools.** One CIO said, “We made the decision in 2015 that we were going to a platform-as-a-service strategy and transitioned the entire organization to a Salesforce dev shop.” The organization wanted to improve employee and user experience. For example, its legacy collaboration tool for sharing documents required part-time employees take an extra step and log on with another email account. The CIO also stated that the organization’s legacy collaboration tool “didn’t afford us a Knowledge Base.” The organization also wanted a solution with social functionality that was integrated into the overall employee experience, with one executive noting, “We wanted social collaboration to have context versus purely being a rant board.”
- › **Internal application and resource sprawl.** These employee applications often spring from need and spread out over platforms that were picked for convenience and left unattended in post-deployment. The IT director at a technology services firm reported: “We have been in business for many years. We have many homegrown, custom applications developed on many platforms. We’re looking at about 300-plus applications.” Another organization’s CIO noted, “We had sprawling [internal] sites with no governance.” One interviewed global organization noted that they had rapidly grown through acquisition, resulting in multiple HR systems and no standardization across 50 different countries. As a result, controls were at a minimum and complexity was high. One executive explained, “Just to get salary information, an employee had to go to three different websites.”
- › **Rising IT costs.** An on-premises solution and/or a variety of cloud solutions can add up to significant costs from licenses or subscriptions.

Key Results

The interviews revealed that key results from Salesforce for employee engagement investment include:

- › **IT hardware and software cost avoidance and savings.** For many of the organizations that Forrester interviewed, migrating to Salesforce for employee engagement meant they could retire server-based applications and reduce/restrict network account access to contractors or partners, and/or reduce or eliminate other replaced service fees. The CIO of a retail firm explained: “We have committed to a platform-as-a-service (PaaS) strategy. We transformed our entire development organization to the Lightning Platform.”
- › **IT labor and support cost savings.** The IT organizations also saw lower costs in terms of application development and support savings as well as help desk support savings. Better access to self-help information and self-service tools such as password resets enable a “reduction in support calls since we went live, even with a growing employee pace,” according to the CIO of a retail firm. Consequently, the firms that Forrester spoke with saw a 33% decrease in help desk calls. Also, application developers can complete a new application in half the time with the Lightning Platform standard tools, interfaces, and libraries, meaning new resources delivered more quickly to employees can also help avoid help desk calls.

“Our intranet and extranet were one and the same. Our customers were logging into the same place employees were logging in. There were problems. We also had challenges communicating with our part-time employees. And we didn’t have a help desk Knowledge Base, outside of IT, for what our field would call in for, such as issues about store banners or just HR questions.”

CIO, retail organization



“We have committed to a platform-as-a-service (PaaS) strategy. We transformed our entire development organization to the Salesforce platform.”

CIO, retail firm



“By moving to Salesforce for employee engagement, we saw a 50% reduction in license and maintenance cost for enterprise software. We also saved \$45K a month in help desk support costs.”

CIO, retail firm



- › **Improved collaboration and streamlined administrative and departmental tasks that save employees time.** Improved, easy to find, and integrated apps help employees get common tasks, such as expense reporting, time reporting, and annual reviews, done more quickly and with fewer duplicate entries. One global director of a financial services firm reported, “Employees are able to find information more quickly and create tickets faster than they used to be without having to search all over.”
- › **Streamlined applications that simplify customer interactions and drive business value.** A well-developed and managed application can create a significant impact. Organizations were able to quickly develop and implement applications such as employee onboarding tools, financing tools, and marketing and management tools that help drive business value related to improved decision making, added sales, reduced costs, and/or new business opportunities. One quantified example is an application designed to streamline the financing process to help reduce friction, improve close rates, and even drive a few more deals. One technology services firm rolled out a new application that cut its customer financing process from three weeks to one week or less.

Quantifiable benefits are discussed in more detail starting in the Composite Organization section below. The interviews also revealed several significant but unquantified results, which are detailed in the Unquantified Benefits section further in the report.

Composite Organization

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

Description of composite. The company is a US-based conglomerate with a global reach, \$12 billion in annual revenue, and 50,000 employees. The core businesses are consumer goods manufacturing and service/warranty support for its consumer products in high volume to retailers and wholesalers. It also provides financial services to help partners with financing.

Deployment characteristics. Prior to its Salesforce for employee engagement deployment, the organization had Sales Cloud and Service Cloud licenses for a combined 9,000 users. An additional 11,000 employees (for a total of 20,000) were given access to Salesforce for employee engagement in the first year of implementation. The remaining 30,000 will be added in the next two years. Implementation has not yet completely replaced any other systems — some systems’ usage has been reduced, while other systems were integrated into Salesforce. Internal application development efforts are now almost exclusively on the Lightning Platform. The organization engages their employees with Salesforce through the use of intranet, knowledge management, employee help desk, Employee Community, and the development of applications such as people management, onboarding, and financing, among others.

“Employees are able to find information more quickly and create tickets faster than they used to be without having to search all over.”

Global director, financial services organization



“When our customers request financing, we have an application to enter the data, get approval through the bank, and everything else. It used to take around three weeks. Now it takes one week or less.”

IT director, technology services firm



Key assumptions:

- 50,000 employees
- 20,000 users in Year 1
- 50,000 users by Year 3

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	Reduced application development costs	\$790,400	\$790,400	\$790,400	\$2,371,200	\$1,965,608
Btr	Reduced help desk costs	\$564,300	\$1,128,600	\$2,821,500	\$4,514,400	\$3,565,562
Ctr	Avoided IT hardware and software costs	\$4,000,000	\$5,600,000	\$6,400,000	\$16,000,000	\$13,072,878
Dtr	Improved workforce collaboration and employee productivity benefits	\$4,160,000	\$8,320,000	\$10,400,000	\$22,880,000	\$18,471,525
Etr	Business value from faster time-to-market with Salesforce	\$2,125,000	\$0	\$0	\$2,125,000	\$1,931,818
	Total benefits (risk-adjusted)	\$11,639,700	\$15,839,000	\$20,411,900	\$47,890,600	\$39,007,391

Reduced Application Development Costs

Organizations were able to develop and deploy internal applications more efficiently with Salesforce for employee engagement. Interviewees reported that the Salesforce Lightning Platform enabled low-code app development and increased employee application delivery. One IT director of an organization, that leveraged Salesforce to build employee applications (and also launched a citizen development program where developers outside of the core Salesforce dev team could develop apps on Salesforce) noted: “Salesforce has made it easy for me to deploy applications in a short timeframe, and also helped to expand my development team, as it is easy to learn. We can now meet the demand [for applications].” Salesforce AppExchange was also cited as a benefit for driving lower costs of app development. For one interviewee, their developers would first look in AppExchange to check if an existing application was available for project requests, noting “some of those applications are low-cost or free.” One multinational organization also noted that their move to Salesforce for employee engagement made it easier to deploy applications globally, “When we deploy an application now to the Lightning Platform, it is available everywhere in the world and accessible by mobile, laptop, tablet, everywhere.”

Interviewed organizations reported key applications that have already been migrated with many more planned:

- › Expenses.
- › Time reporting.
- › Vacation and other leave requests.
- › Travel requests.
- › Many HR functions, including new employee forms and processes.
- › Many team- or department-specific applications (such as the financing application described below).

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$39 million.

“One of the most valuable features of Salesforce for employee engagement for us has been the ease of use of the platform for application development. Also ease of learning. I think the single most important reason that people are using the Salesforce platform is Trailhead. With Trailhead, our citizen developers are finding it easy to self-learn, to learn at their own pace.”

IT director, technology services firm



- › And a large set of IT-focused self-help documents and videos (such as resetting a password, finding the expense report application, etc.).

The overall efficiency for the composite organization is estimated to be twice as fast as before, meaning the team can now focus on improving and updating current applications, as well as migrating current applications or creating new ones to be deployed to the platform. This means that to keep up with current schedules and goals today, the composite organization would have had to double their application development team if they had stayed with their old technologies and processes, which included: tracking user acceptance testing tasks in spreadsheets; spending eight weeks on one application on average; and spending significant time and expenses on third-party training. Now that it is on the Lightning Platform, testing tasks are centralized, one application on average is developed in four weeks.

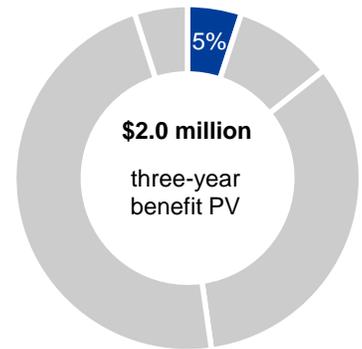
For the composite organization, Forrester assumes that:

- › Twenty full-time equivalent (FTE) Salesforce developers.
- › A 50% reduction in development time to meet current (pre-Lightning Platform) application development plans. The IT director of a technology services firm said, “An application that takes four weeks to develop in Salesforce would have taken a minimum of eight weeks [on another platform].”
- › A \$40 average fully-burdened hourly salary for application developers.
- › Application development salaries can vary and more complex (or simpler) applications can affect averages and expected schedules. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of nearly \$2 million.



Application development:

- 8 weeks before
- 4 weeks today (avg.)



Application development savings: **5%**

Reduced Application Development Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Application developers focused on internal employee apps		20	20	20
A2	Application development time saved with Salesforce platform		50%	50%	50%
A3	Application developer average hourly salary (fully burdened)		\$40	\$40	\$40
At	Reduced application development costs	$A1 * A2 * A3 * 2,080$ hours	\$832,000	\$832,000	\$832,000
	Risk adjustment	↓5%			
Atr	Reduced application development costs (risk-adjusted)		\$790,400	\$790,400	\$790,400

Reduced Help Desk Costs

Salesforce for employee engagement centralizes information, resources, and applications in one place, making it easy for employees to find what they need. A key benefit highlighted in the interviews is that employees can find what they need to save time and make fewer calls to the help desk. The global director of a financial services firm explained: “If an employee wanted to create a ticket, they didn’t know where to go. For IT, you would open a ticket in one system, for HR it’s another system and so

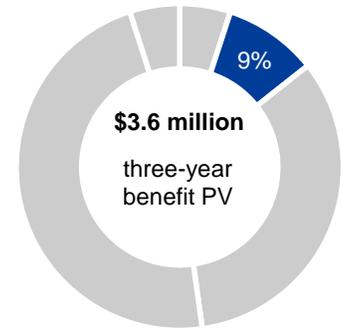
on. Now we've centralized this into our Employee Engagement community. When a user opens a knowledge article, if they still need to open a ticket the correct system is automatically opened for them."

One retail organization reported: "We launched People Hub on Salesforce, and now we truly have one place where we can go get all the information we need for employees, one place to really house and connect everything. Thirty days after go-live we reduced support calls on the IT service desk by 3,000 since people are getting answers through People Hub. That's \$45K a month in help desk savings."

For the composite organization, Forrester assumes that:

- › By deploying Salesforce for employee engagement, the organization saw a 33% reduction in help desk calls related to internal applications and processes.
- › About one call per year per two employees is made to the IT help desk related to basic tasks such as password resets, finding an application, etc.
- › This benefit grows as more employees are migrated to the Lightning Platform.
- › Each help desk call costs \$15.
- › The organization invested some implementation and planning time to ensure that self-help materials for these common tasks would be available when the platform was launched (which was largely made up of finding and collecting already-existing information across several locations and publishing them in one standard and searchable location).

The number of help desk calls or the cost per call may vary depending on the company; to account for this Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$3.6 million.



Help desk cost savings: **9%**

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

Reduced Help Desk Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Help desk calls per month (pre-Salesforce for employee engagement)		10,000	20,000	50,000
B2	Percentage reduction in help desk calls after launch of employee intranet on Salesforce		33%	33%	33%
B3	Number of help desk calls reduced per month	B1*B2	3,300	6,600	16,500
B4	Average cost per help desk call		\$15	\$15	\$15
Bt	Reduced help desk costs	B3*B4*12 months	\$594,000	\$1,188,000	\$2,970,000
	Risk adjustment	↓5%			
Btr	Reduced help desk costs (risk-adjusted)		\$564,300	\$1,128,600	\$2,821,500

Avoided IT Hardware And Software Costs

With the centralized and cloud-based Lightning Platform, many organizations were able to retire data center resources, reduce duplicative software or hardware license costs, and reduce other third-party software costs (such as special security tools that were required to provide contractor or partner access to internal server collaboration sites). One CIO noted, "We saw a 50% reduction in license and

maintenance costs for on-premises enterprise software.” He added, “We saved 10 people in operations support when we made the move to the Lightning Platform, and that’s easily \$1M a year in personnel savings.” This organization uses Employee Community as the primary tool for employee engagement with employee applications built directly into that platform. The organization also shifted from email to Chatter as the communication vehicle for their 40K plus-employee company. One global IT director at another organization stated that by using Salesforce for employee engagement, they saved \$100 per user in annual software maintenance costs, noting, “the long-term annual cost per employee for Salesforce is at least 60% the cost of a comparable software package implementation.”

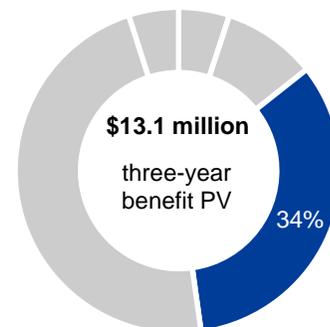
The business leaders interviewed by Forrester reported a number of different cost savings opportunities:

- › Lower per-user annual costs for software licenses.
- › Avoided operations costs related to retiring servers and even reducing some data center space.
- › Avoided hardware and software costs related to upgrades, replacements, and/or licensing of software and hardware located in data centers, and operations support costs.
- › Other various costs, such as the tools and management required to provide contractor and partner access.

For the composite organization, the following estimates are calculated:

- › In costs related to user software licenses \$2 million to \$5 million was saved per year (growing in later years as more users migrated to the Lightning Platform).
- › In IT infrastructure, support, and other related costs \$3 million was saved per year.

Software and hardware costs are tied to previous deployments, licensing agreements, and how fast a duplicative solution may truly be switched off. In fact, several organizations mentioned the expectation that some solutions will be not be retired immediately but done so over time. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$13.07 million.



Avoided hardware and software costs: **34%**

Avoided IT Hardware And Software Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Reduced or avoided collaboration software license costs		\$2,000,000	\$4,000,000	\$5,000,000
C2	Reduced or avoided IT infrastructure and support costs		\$3,000,000	\$3,000,000	\$3,000,000
Ct	Avoided IT hardware and software costs	C1+C2	\$5,000,000	\$7,000,000	\$8,000,000
	Risk adjustment	↓20%			
Ctr	Avoided IT hardware and software costs (risk-adjusted)		\$4,000,000	\$5,600,000	\$6,400,000

Improved Workforce Collaboration And Employee Productivity Benefits

Another benefit of using Salesforce for employee engagement was increased workforce collaboration. Interviewees found that employees were using Chatter to create groups for specific projects and clients or using Chatter for team-level communications. The ability for in-context collaboration through Chatter was also cited by several interviewees as contributing to improved collaboration among their employees. Several of the interviewed organizations also noted that employees who migrated to Salesforce for employee engagement have been able to take advantage of new time-saving opportunities enabled by the well-organized and easily searchable, centralized platform. The global director of a financial services firm reported: “Our first Employee Community is just one search bar. We simplified it so you just go and look for what you need.”

From the interviews, Forrester found:

- › Organizations identified a 5% to 8% productivity improvement on average per employee as a result of improved workforce collaboration and time savings.
- › Another organization noted that their previous intranet, employee help desk, and employee applications were difficult to use. This was compounded by the fact that only a third of all employees had access to these tools. The organization estimated that moving to Salesforce for employee engagement saved each employee the time equal to nearly one day per week.
- › Applications helped save employees time by allowing them to focus more on key tasks and be more productive at their core job. These applications include:
 - **Expense reporting.** For one organization, expenses required VPN access and weren’t integrated to determine budgets versus actual expenses and travel. They had a new application up and running in three weeks and it went live one week later to all employees.
 - **Time-off requests.** The IT director of a technology services firm explained: “If I had built this in a custom application it would take time to integrate everything. With Salesforce I already have that confirmation, employee hierarchy and employee data.”
 - **Travel requests.** The IT director continued: “Our travel application is a simple way for an employee to request for travel. We can maintain travel budgets for each business unit, and they can run reports, view actuals, and submit approvals all in Salesforce via mobile or desktop.”
 - **Employee recognition.** The global director of a financial services firm reported: “We have a global initiative to recognize and congratulate colleagues; now with one click they can start the process. We previously had 19 different recognition screens. Now, we put it all into one single global program.”
 - **New employee ramp-up.** The global director continued, “As soon as an employee joins, they are automatically provisioned in Salesforce and can access all the new employee training



Example employee processes impacted by improved apps:

- Expenses
- Time reporting
- Travel requests
- Annual reviews
- Employee on-boarding
- Help desk
- Others

“The key thing about employee app delivery on Salesforce, is that it keeps employees within the same environment and user experience. We incrementally add capabilities to that one site. People get app fatigue, with so many different apps from different vendors. With Salesforce for employee engagement, we continue to move more and more of what our employees need to do to a single location to avoid app fatigue.”

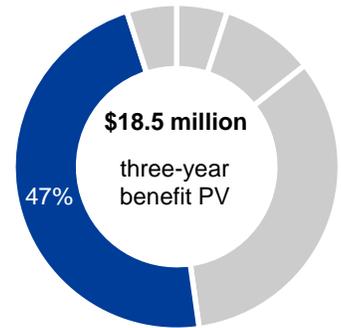
CIO, retail firm



materials they need, as well as all the tools and information to do their job.”

For the composite organization, Forrester estimates:

- › In the first year, 20,000 employees were migrated to Salesforce for employee engagement (including sales and service employees already using Sales Cloud and Service Cloud but now these employees could take advantage of the common task efficiencies). This number of employees would double in Year 2 and then finally in Year 3 the migration of all 50,000 employees would be complete.
- › Due to the variety of ways in which employees engage with Salesforce, i.e., power users that have their workarounds, employees who rarely take advantage of resources, and workers who see no increase in the speed or efficiency of their interactions with the new system, only half of all these employees will be able to take advantage of these productivity benefits.
- › The composite organization productivity gain is one hour per employee per week on average.
- › A broad, organizationwide fully-burdened employee compensation is \$20 per hour.
- › To be conservative, this analysis assumes that only about half of any recovered time is utilized to complete additional tasks. The remaining time is expected for breaks, socializing with co-workers, or perhaps going home a little earlier — all valuable in areas such as employee communication and quality of life, but not included in the financial productivity benefit.



Employee productivity: 47%

Productivity benefits are heavily based on the similar adoption and use of the solution by all employees. While interviewed organizations have highlighted improvements, benefits may be overestimated as more employees that might find less value from the platform are migrated to it. To account for these and other risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$18.47 million.

Improved Workforce Collaboration And Employee Productivity Benefits: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Salesforce for employee engagement users		20,000	40,000	50,000
D2	Percentage of users that have an opportunity to save time on common tasks		50%	50%	50%
D3	Hours saved with faster common tasks (average per employee per week)		1.0	1.0	1.0
D4	Average employee salary per hour (fully burdened)		\$20	\$20	\$20
D5	Productivity captured		50%	50%	50%
Dt	Improved workforce collaboration and employee productivity savings	$D1 * D2 * D3 * D4 * D5 * 52 \text{ weeks}$	\$5,200,000	\$10,400,000	\$13,000,000
	Risk adjustment	↓20%			
Dtr	Improved workforce collaboration and employee productivity savings (risk-adjusted)		\$4,160,000	\$8,320,000	\$10,400,000

Business Value From Faster Time-To-Market With Salesforce

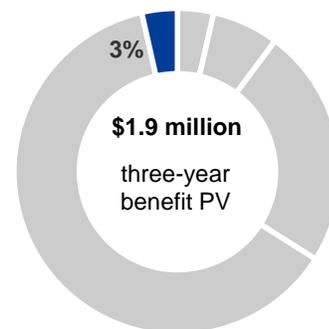
Many job-specific apps have been migrated or developed on the Lightning Platform that help employees produce more and/or improve quality. The interviewed organizations noted that they were able increase their ability to provide fully branded, personalized applications on Salesforce's low-code platform. Using the Lightning Platform for application development also meant that no integration costs were required for applications that used core customer account data that was available on Sales Cloud and Service Cloud. Organizations were able to quickly develop and implement applications such as employee onboarding tools, financing tools, mergers and acquisitions tools, and marketing and management tools that help drive business value related to improved decision making, added sales, reduced costs, and/or new business opportunities.

One retail firm noted that onboarding applications built on Salesforce streamlined onboarding process for employees, contractors, and vendors and reduced ramp-up time from 30 days to 14 days. This organization hired approximately 20,000 employees and contractors a year and longer ramp times increased the risk that new hires would drop out of the program. At a hiring and training cost of \$250 per new hire, this faster onboarding process through Salesforce employee engagement saved recruitment training costs for the company. This organization also extended an IT Service Management application from the Salesforce AppExchange to track and manage cellular devices and usage for its field organization.

One technology services organization that had issues with its financing process with partners developed an updated, easy-to-find, and integrated (with Sales Cloud and other data sources) application that streamlined its financing approval process and helped customers navigate the complicated financing of large deals more quickly and with less friction. The IT director of this technology services firm reported: "When our customers request financing, we have an application to enter the data, get approval through the bank, and everything else. It used to take around three weeks. Now it takes one week or less."

For the composite organization, Forrester estimates:

- › The financing application was developed and launched in the first year of deploying Salesforce for employee engagement. Prior to the financing application launch, the organization averaged 50 financed deals a year.
- › The benefits enabled by the improved finance application streamlined the financing process and resulted in 40% more deals financed.
- › The average deal size is \$7.5 million dollars.
- › The profit margin on these deals is 10%.
- › Without Salesforce for employee engagement, developing this project would have entailed at least a 15-week development project. By developing this application on the Lightning Platform, the organization has saved nine weeks, or the equivalent of two months. This translates to two months of additional revenue from these deals.



Business value from faster time-to-market for applications on Salesforce: **3%**

"We leverage Salesforce functionality to speed up execution times and deliver business value in a faster way. We deploy applications faster and processes are getting better. For example, when our customers request financing, we have an application to enter the data, get approval through the bank, and everything else. It used to take around three weeks. Now it takes one week or less. Over six months since this app was launched, we increased financed deals by 40%."

IT director, technology services firm



- › Business value from faster time-to-market for employee application delivery is measured in this analysis by incremental profit on additional revenue. Business value may also be measured in terms cost savings, operational efficiency, or reduced risk. Readers of this study are encouraged to evaluate the values specific to their organizations when quantifying the benefit of faster time-to-market.

Benefits from faster time-to-market can vary by:

- › An organization's pre-Salesforce for employee engagement environment.
- › The applications developed on Salesforce for employee engagement and corresponding business value gained from the implementation.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$1.9 million.

Business Value From Faster Time-To-Market With Salesforce: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
E1	Number of organization-financed enterprise product and service deals per year		50		
E2	Increase in total financed deals and/or deal size enabled by improved financing app		40%		
E3	Number of <u>new</u> organization-financed enterprise product and service deals per year	$E1 * E2$	20		
E4	Average enterprise product and service deal size		\$7,500,000		
E5	Total revenue from additional financed deals (per year)	$E3 * E4$	\$150,000,000		
E6	Monthly revenue from additional financed deals	$E5 / 12$	\$12,500,000		
E7	Number of months gained with faster launch of applications with Salesforce for employee engagement		2		
E8	Additional revenue from faster time-to-market	$E6 * E7$	\$25,000,000		
E9	Profit margin		10%		
Et	Business value from faster time-to-market with Salesforce	$E8 * E9$	\$2,500,000		
	Risk adjustment	↓15%			
Etr	Business value from faster time-to-value with Salesforce (risk-adjusted)		\$2,125,000		

Unquantified Benefits

In addition to the quantified benefits outlined above, interviewed organizations identified several benefits that were thought to be very positive, but had not yet been measured. These include:

- › **Improved ability to deliver engaging employee experiences.** With Salesforce for employee engagement, organizations had a single platform with a shared data store to surface and recommend relevant content for employees. When discussing their pre-Salesforce employee engagement environment the global director at a financial services organization explained, "We just didn't have a clear way to search for information, so people were dissatisfied." Organizations used Salesforce for their intranet, Employee Community, and employee applications (such as performance tracking, relocation requests, help desk ticket creation, employee recognition, learning management, among others that were streamlined) and it provided a marked improvement in user experience for their employees.

One organization noted that Salesforce for employee engagement gave them the ability to develop more of these (often relatively simple) applications quickly, which in turn made processes more efficient and easier for employees. The IT director of a technology services firm reported, "We set up hackathons for anybody in the community to come up with written ideas and team them with developers to see which applications will be most valuable to the organization, and we can then deploy immediately."

- › **Increased employee satisfaction, including faster and better speed of service to employees.** One organization that merged multiple systems into one case list in Employee Community and created one central employee help desk with one ticket (versus their legacy intranet where employees could go to five different places to log a ticket) noted their employees gained faster and better service, because of Salesforce for employee engagement. This organization also saw a growth in Chatter groups, not just for projects or clients but for extracurricular clubs. As one IT director observed, "They are quickly adopting it [Salesforce] and wanting to use it."

Another organization targeted employee recognition as a key focus. "We've seen a lot of adoption around our recognition program," said the global director at a financial services organization, specifically mentioning increased integration and simplification as key enablers. With the Lightning Platform, the organization was able to implement simple processes where someone could recognize one of their own employees or a colleague from another team for a "shout out" or nominate them for a special bonus award (with all the appropriate notifications and approvals automated). Once complete, employees see a new badge in their Chatter profile recognizing their hard work, and any additional reward (like a gift card or monetary reward) is routed to HR and payroll.

One organization that undertook an application rationalization of 300+ applications, which included 40+ internally developed custom applications and moved these applications to the Lightning Platform as well as started a citizen development program, noted that after their Salesforce for employee engagement deployment, a survey to



Employee satisfaction survey results improved by 40%.

Applications are easily deployed globally, reducing scale costs.

Applications deployed more quickly means users can take advantage of benefits sooner.

"Salesforce for employee engagement has helped drive cultural change. We are a global company and Salesforce gives us access to 21,000 people across the world. Salesforce is the one place where people can collaborate across all regions."

Global director, financial services organization



measure employee satisfaction with IT services saw a 40% improvement.

- › **Applications are easily deployed globally.** Leveraging the Lightning Platform, you can put an application in the hands of every employee in a global enterprise with the click of a button — no additional infrastructure or data center resources required. One executive noted, “When we deploy an application now to the Lightning Platform, it is available everywhere in the world and accessible by mobile, laptop, tablet, everywhere.”
- › **The speed of implementation and employee app delivery.** The companies Forrester interviewed shared how easy the Lightning Platform was to implement. They were able to quickly migrate employee apps onto the platform and get the workforce trained on how to use the tools. Trailhead was called out as integral to adoption. IT teams and business developers could quickly develop employee apps on the Lightning Platform. The ease of integration with Sales Cloud and Service Cloud also contributed the quicker app delivery at lower costs. One executive noted, “With our application rationalization initiative, we decided to move to the Lightning Platform — it was easy for all employees, we have all our enterprise data integrated with Salesforce — employee data, customer data, so we don’t have to reinvest money on building new integrations.”

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Salesforce for employee engagement and later realize additional uses and business opportunities, by making further technology investments that can unlock new benefits, including:

- › **New revenue-generating, business-process focused applications.** More tools and applications (deployed to Salesforce for employee engagement of customer-facing and revenue-generating roles) can help unlock new revenue opportunities, including new and larger sales, as well as new service offerings.
- › **Additional use cases for Salesforce for employee engagement.** Organizations that initially deployed Salesforce for employee engagement for Employee Community and employee help desk may see additional benefits as they expand their use cases to areas such as recruiting, onboarding, learning and growth, performance management, alumni relations, and other areas. These benefits should be evaluated with the cost of developing these additional employee applications or purchasing these tools from the AppExchange.
- › **Integrations with other systems.** Investing in additional points of integration with other back-end systems and tools will help drive greater efficiencies that can not only save costs, but also improve employee and customer satisfaction.
- › **Salesforce innovation.**

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

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

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
Gtr	Salesforce for employee engagement license costs	\$0	\$792,000	\$2,232,000	\$2,952,000	\$5,976,000	\$4,782,509
Htr	Ongoing application development and IT costs	\$0	\$1,773,450	\$1,799,700	\$1,825,950	\$5,399,100	\$4,471,446
ltr	Implementation costs	\$586,500	\$0	\$0	\$0	\$586,500	\$586,500
	Total costs (risk-adjusted)	\$586,500	\$2,565,450	\$4,031,700	\$4,777,950	\$11,961,600	\$9,840,455

Salesforce For Employee Engagement License Costs

Salesforce for employee engagement is a platform-as-a-service solution licensed as a monthly or annual subscription based on employee usage or as a volume agreement. Current Lightning Platform licensing comes in different editions — Lightning Platform Starter, Lightning Platform Plus, Heroku Enterprise Starter, and Platform Unlimited with varying prices. Individual licensing needs and details will differ for each organization, but for the composite organization it is estimated:

- › As the organization had licenses for Sales Cloud and Service Cloud prior to the Salesforce for employee engagement deployment, the cost of Sales Cloud and Service Cloud licenses are not included in this analysis.
- › The organization purchased Lightning Platform licenses for 11,000 employees in Year 1. In years 2 and 3, Lightning Platform users rose to 31,000 and 41,000 respectively, outside of users with Sales Cloud and Service Cloud licenses.

End user license costs and volume licensing agreements may be underestimated. To account for these risks, Forrester adjusted this cost upward by 20%. The three-year risk-adjusted total PV of \$4.78 million.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than \$9.8 million.

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

Salesforce For Employee Engagement License Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Salesforce for employee engagement license costs (per month)			\$55,000	\$155,000	\$205,000
G2	Number of months			12	12	12
Gt	Salesforce for employee engagement license costs	$G1 \times G2$	\$0	\$660,000	\$1,860,000	\$2,460,000
	Risk adjustment	↑20%				
Gtr	Salesforce for employee engagement license costs (risk-adjusted)		\$0	\$792,000	\$2,232,000	\$2,952,000

Ongoing Application Development And IT Costs

Included in the investment costs for Salesforce is the ongoing focus on application development, as well as some new IT tasks specific to the platform.

- › The team of 20 application developers remains in place, though (as discussed above) is much more productive and able to keep up with increased platform use.
- › The average, fully-burdened rate for developers is the same as above, \$40 per hour.
- › While IT costs are reduced overall, there are some new tasks specific to the Lightning Platform. However, this is relatively minimal and estimated to be \$25,000 per year.

IT costs and application development needs may be underestimated (for example, more developers may need to be hired in the future).

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$4.7 million.

Ongoing Application Development And IT Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
H1	Application developers			20	20	20
H2	Application developer average hourly salary (fully burdened)			\$40	\$40	\$40
H3	Additional ongoing administration and management costs			\$25,000	\$50,000	\$75,000
Ht	Ongoing application development and IT costs	$H1 \times H2 \times 2080 + H3$	\$0	\$1,689,000	\$1,714,000	\$1,739,000
	Risk adjustment	↑10%				
Htr	Ongoing application development and IT costs (risk-adjusted)		\$0	\$1,857,900	\$1,885,400	\$1,912,900

Implementation Costs

Implementation of the Lightning Platform is simplified because, as service, no new hardware and little or no additional software is required to turn on the solution. But preparation time is still required to

consolidate, clean, and migrate data and information, and to manage employee expectations and communication through the change process. Change management is also an integral part of this process. As one interviewee noted: “We really did a good job for change management on the front-end. We did it early in the year with drip marketing campaigns. We ran employee contests, we gave away televisions, iPads, about a \$25K investment. Change management isn’t something that should be thought about at the end of the process.”

For the composite organization, Forrester estimated that:

- › Planning and migration took about 20 weeks and involved about five FTEs with an average fully-burdened salary of \$40 per hour.
- › Change management received a \$100,000 investment that included time for communication, writing how-to articles, and preparing self-service training videos.
- › Instead of adding more people to the process, third-party resources were brought in at a cost of \$250,000.
- › No additional costs for training (such as developer training on the platform) was added, as training was included in the Lightning Platform license.

Implementation time and change management needs may be underestimated. To account for this, Forrester adjusted this cost upward by 10%, yielding a one-time initial cost of \$561,000.



- Five FTEs
20 weeks on implementation
- Outside assistance also added

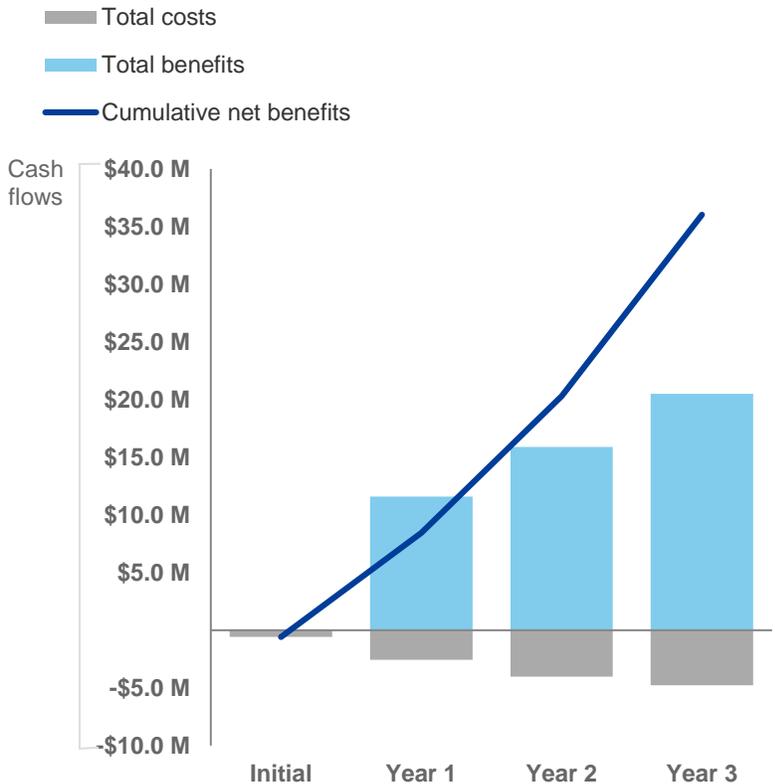
Implementation Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
I1	Implementation weeks		20			
I2	Implementation resources		5			
I3	Implementation resource hourly salary (average)		\$40			
I4	Change management costs		\$100,000			
I5	Third party services costs		\$250,000			
It	Implementation costs	$(I1*I2*I3*40 \text{ hours})+I4+I5$	\$510,000	\$0	\$0	\$0
	Risk adjustment	↑10%				
Itr	Implementation costs (risk-adjusted)		\$561,000	\$0	\$0	\$0

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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



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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$586,500)	(\$2,565,450)	(\$4,031,700)	(\$4,777,950)	(\$11,961,600)	(\$9,840,455)
Total benefits	\$0	\$11,639,700	\$15,839,000	\$20,411,900	\$47,890,600	\$39,007,391
Net benefits	(\$586,500)	\$9,074,250	\$11,807,300	\$15,633,950	\$35,929,000	\$29,166,936
ROI						296%

Salesforce For Employee Engagement: Overview

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

About The Salesforce Employee Community

Delivering engaging employee experiences and applications is a core focus for Salesforce. Its Employee Community cloud is critical to enabling productivity and collaboration, which are key to successfully delivering engaging employee experiences. To help raise awareness, Salesforce seeks to showcase how customers are using its platform to deliver engaging employee experiences.

You Can Engage Every Employee With Salesforce

					
Intranet Community	Mobile mySalesforce	Collaboration Chatter	IT Helpdesk Concierge	Develop Content Quip	Build Your Own Lightning
Foster collaboration with Employee Communities	Deliver a branded mobile experience with mySalesforce	Collaborate, learn, and take action in Chatter	Deliver best in class employee service with Concierge	Develop and share content with Quip	Build Employee Apps with Lightning



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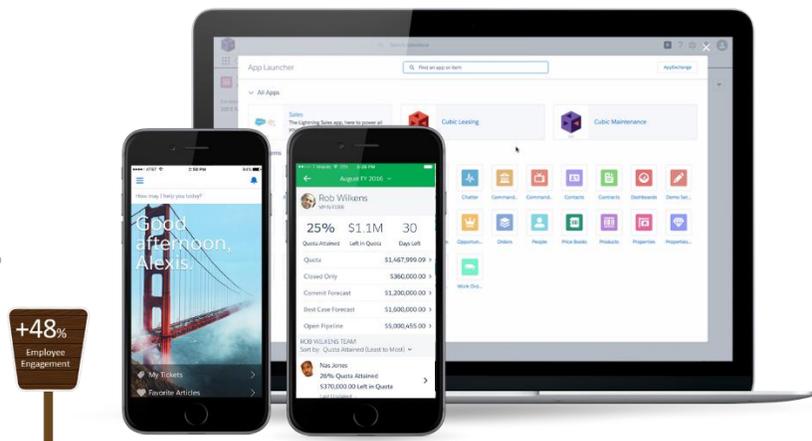
Connect Every Employee With Salesforce

Engage employees on the world's #1 enterprise platform

Connected Apps
Deploy apps for every team

Connected Experience
Create an engaging user experience

Connected Platform
Extend Salesforce and empower developers to build apps, faster



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.