

FORRESTER®

The Total Economic Impact™ Of Microsoft Dynamics 365 Sales

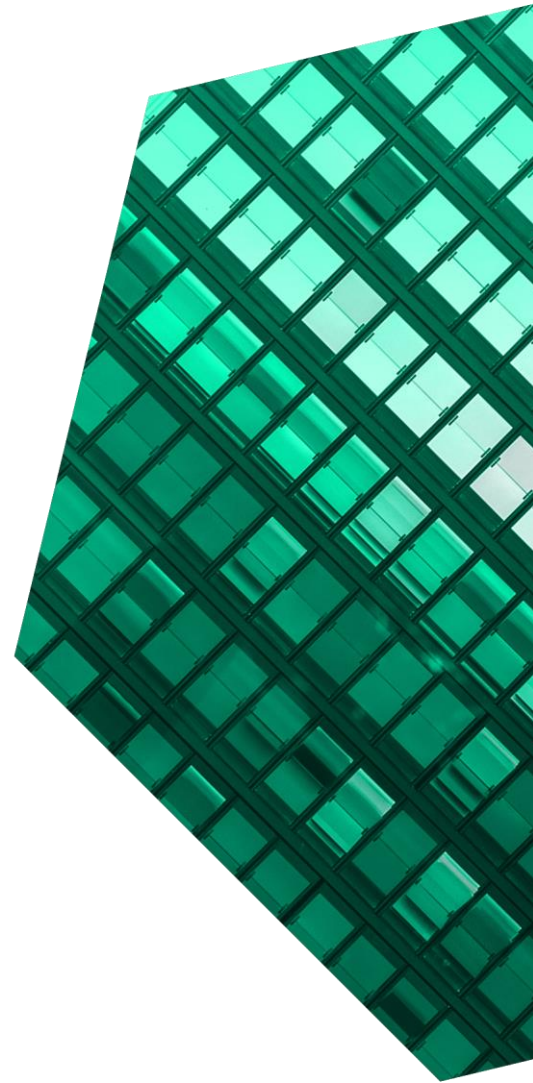
Cost Savings And Business Benefits
Enabled By Dynamics 365 Sales

MARCH 2022

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ABOUT FORRESTER CONSULTING

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Executive Summary

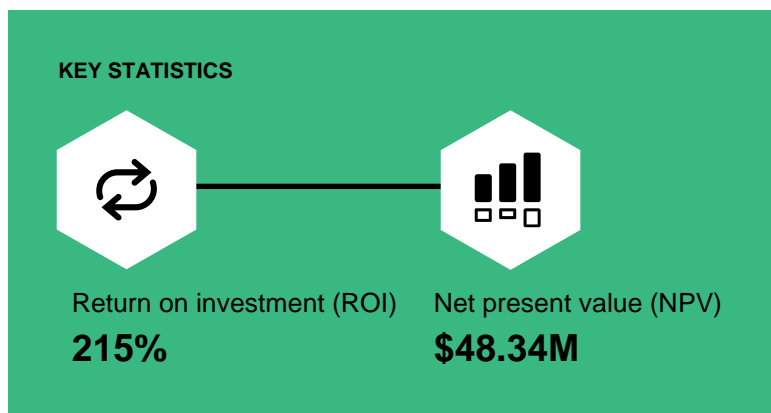
Microsoft Dynamics 365 Sales enables companies to increase their sales efficiency and improve their efforts' effectiveness. Streamlined workflows and automation of previously manual tasks give sellers more time to sell and sales managers more time to coach their teams. Better visibility to customer and pipeline data helps sellers prioritize their efforts and engage more productively with their prospects, resulting in higher close rates. With Dynamics 365 Sales, the entire sales function works with a single reliable data set.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [Dynamics 365 Sales](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Dynamics 365 Sales on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed nine decision-makers at a total of six organizations with experience using Dynamics 365 Sales. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

Prior to using Dynamics 365 Sales, these interviewees' companies relied on either highly manual and disjointed processes involving spreadsheets, emails, other office productivity tools, and information posted to internal websites, or homegrown CRM systems that didn't fully meet their current needs. That approach left their sales functions with excessive manual effort, no holistic and accurate view of customers and sales-related data, and a lack of transparency and accountability that impaired performance.

After investing in Dynamics 365 Sales, the interviewees' companies improved productivity across the sales function, addressed a larger number



of opportunities each year, and closed a higher percentage of those opportunities.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits applied to the composite organization and totaled over three years include:

- **Incremental operating profit from increased sales, valued at \$51.0 million for the composite organization.** With Dynamics 365 Sales, average revenue per seller increases. The sellers work more efficiently, freeing up time to address a larger number of opportunities each year. They sell more effectively, improving their close rate. Deeper visibility into customer needs and company offerings equips the sellers for more productive conversations with prospects. More granular pipeline data enables sellers to prioritize better.

- **Improved seller productivity, valued at \$13.3 million.** Dynamics 365 Sales shortens the time sellers need to prepare a sales proposal for each opportunity by consolidating necessary materials and streamlining proposal creation. It also reduces the time sellers spend collaborating with colleagues because of shared collaboration tools and a common data set.
- **Increased sales manager productivity, valued at \$4.7 million.** Dynamics 365 Sales replaces the time-consuming manipulation of spreadsheets and other manual efforts with automated processes and reporting and a single source for visual dashboards. This reduces the hours sales managers spend gathering, analyzing, and reporting on sales data.

“You’re talking about a quarter of sales managers’ time now being freed up to coach, develop, be commercially facing...and that might be low.”

*Vice president of sales operations,
business services company*

- **Increased sales operations productivity, valued at \$1.3 million.** Dynamics 365 Sales enables sales operations staff to collaborate with sellers on opportunities and manage sales processes and procedures more efficiently. It also eliminates their need to log into multiple sales applications.
- **Faster time-to-productivity and avoided costs of new hire onboarding, valued at \$619,000.**

Because of the extensive information and workflows in Dynamics 365 Sales, newly hired sellers reach productivity faster and their managers could spend less time with them without impairing the seller’s learning curve.

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

- **Support of corporate strategic initiatives.** Dynamics 365 Sales enabled interviewees’ companies to support strategic initiatives like digital transformation, modifications to go-to-market strategy, and cultural change.
- **Stronger business insights and enhanced decision-making.** Interviewees noted that all sales-related functions can now work with deeper insights that aid decision-making.
- **Performance improvement and greater accountability from increased transparency around sales results and trends.** Dynamics 365 Sales increased transparency and provided insights that improved sellers’ performance and increased the consistency of that performance.
- **Freeing up time for higher-value activities.** Because Dynamics 365 Sales reduced the volume of low-impact tasks, sellers and sales managers had more time for higher-value efforts like strategizing on their accounts or coaching their teams.
- **Identification of new sales opportunities within existing customer accounts.** Dynamics 365 Sales helped sellers identify new sales opportunities in existing accounts via renewal prompts, internal referrals, and a holistic view of each customer.
- **Ease of use, time savings, and other benefits for end users and IT staff because of the integration across Microsoft products.** Dynamics 365 Sales’ integration with other Microsoft products enabled interviewees’

companies to avoid additional effort around integration and better capitalize on the overall Dynamics platform.

- **Improved forecasting for other areas within the company from a definitive sales pipeline.** A closed deal triggers delivery of some product or service, and the more reliable pipeline enabled by Dynamics 365 Sales improves forecasting by areas within a company responsible for that delivery.

Costs. Risk-adjusted PV costs applied to the composite organization and totaled over three years include:

- **Microsoft fees of \$11.6 million.** Microsoft fees include subscription costs for Dynamics 365 Sales Enterprise end users. The subscription fee includes a standard level of support.
- **Third-party professional services cost of \$4.9 million.** Professional services firms accelerate implementation, ensure user needs are met, and augment the capacity and expertise of the companies' internal resources.
- **Internal effort of \$4.2 million for implementation, management, and support.** Initial internal effort includes a team of 26

individuals in IT and business roles who spend all or some of their time for nine months on implementation. Thirty sellers and 30 sales managers each spend 20 hours providing input. Ongoing costs include 17 individuals in IT and business roles (and an additional four in Year 1) who spend all or some of their time on technical support, enhancements, and optimizing Dynamics 365 Sales to maximize its business impact.

- **User training of \$1.8 million.** As part of implementation, sales managers receive 16 hours of training, and sellers, sales operations staff, and others who support sales receive 8 hours of training. New hires in subsequent years also receive training.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$70.86 million over three years versus costs of \$22.52 million, adding up to a net present value (NPV) of \$48.34 million and an ROI of 215%.

It's completely revolutionized the way we're thinking about automation and digitization for our workforce.

— Vice president of sales operations, business services company



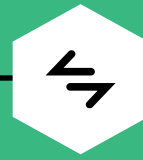
ROI
215%



BENEFITS PV
\$70.86M

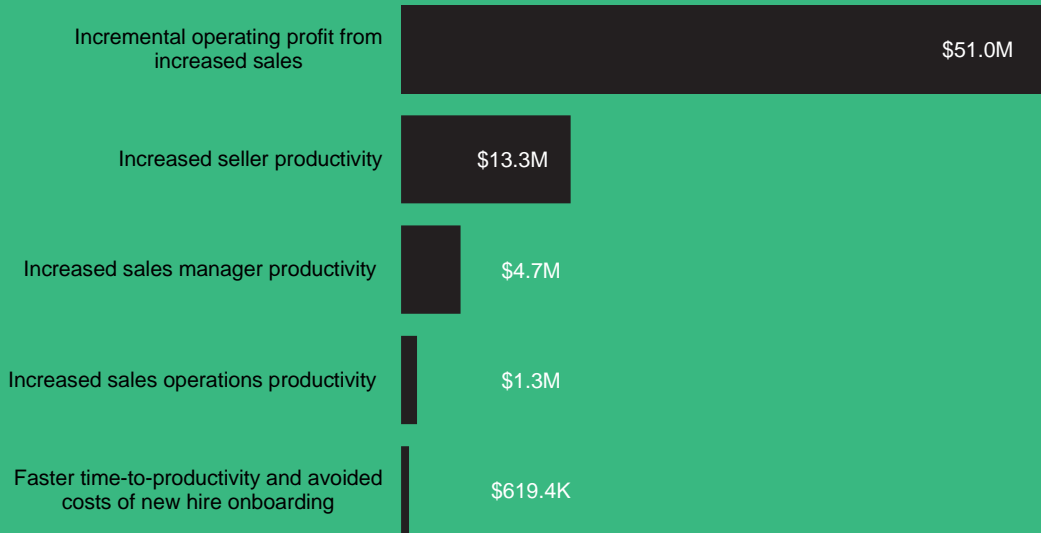


NPV
\$48.34M



PAYBACK
7 months

Benefits (Three-Year)



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 Dynamics 365 Sales.

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 Dynamics 365 Sales can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Microsoft 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 the Dynamics 365 Sales.

Microsoft 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.

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



DUE DILIGENCE

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Dynamics 365 Sales.



DECISION-MAKER INTERVIEWS

Interviewed nine decision-makers at a total of six organizations using Dynamics 365 Sales 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 decision-makers.



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 Microsoft Dynamics 365 Sales Customer Journey

■ Drivers leading to the Dynamics 365 Sales investment

Interviewed Decision-Makers			
Interviewee	Industry	Region	Dynamics 365 Sales total user count
Vice president, sales operations	Business services	Headquartered in North America, global operations	3,000
Director of IT	Information technology	Headquartered in North America, global operations	1,800
Director of IT, enterprise business applications	Information technology	Headquartered in North America, global operations	1,800
Manager of D365 services	Information technology	Headquartered in North America, global operations	1,800
Enterprise business applications manager	Information technology	Headquartered in North America, global operations	1,800
Senior director, sales IT	Information technology	Headquartered in North America, global operations	5,100
Executive director	Financial services	Headquartered in Asia, global operations	1,300
Senior vice president, data management	Financial services	Headquartered in North America, global operations	800
Banking platform owner	Financial services	Headquartered in Europe, global operations	1,900

KEY CHALLENGES

Before Dynamics 365 Sales was deployed, sales teams and those who supported them at the interviewees' companies relied on either highly manual and disjointed processes that involved various mixes of spreadsheets, emails, other office productivity tools, and information posted to internal websites, or homegrown CRM systems that weren't sufficiently addressing current needs.

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

- **Excessive manual work that hindered the efficiency of sales-related activities and took time away from higher-value efforts.** The interviewees' companies lacked standardized and efficient sales-related workflows, as well as automation of those workflows. As a result, sellers and those who support them were spending too much time on low-value tasks and insufficient time driving revenue.

The time that sellers spent capturing customer data in multiple places, gathering materials from various sources to craft proposals, and collaborating internally decreased the amount of time they had to interact with prospects and customers and move opportunities through the selling process. The time that sales managers spent gathering, analyzing, and reporting on their teams' sales data decreased the time they could spend coaching their teams and understanding and strategizing around the sales pipeline. Sales operations staff found their productivity constrained due to cumbersome processes and procedures and the need to log into multiple sales applications.

The director of IT at an information technology company said: "Our previous efforts to mine sales data were very manual. We would have to extract a lot of data from a bunch of core systems and then pull it all together in a spreadsheet and

make some assumptions.” The interviewed vice president of sales operations at a business services company said, “I think our managers were more analysts than they were sales managers.”

- **No holistic view of prospects, customers, and potential solutions to inform selling and better serve customers.** Sellers lacked a consolidated view of their customers and prospects’ needs and how they might be addressed, which hampered their efforts to identify, enlarge, or close sales opportunities. New sellers struggled to get familiar with the accounts they had been assigned.

A vice president of sales operations at a business services company said, “We felt as if we were constantly coming up with things that were already table stakes in a CRM system, but we were coming up with them ourselves and then trying to build all of those.” The executive director at a financial services company said, “We needed a much better understanding of our customers and stronger relationships with them.”

“Our processes were broken. We had no holistic view of our customers or our pipeline. Data sat in spreadsheets and databases. Reports took a lot of manual effort, and no one was comfortable they were accurate since numbers from two different sources often didn’t match.”

Senior vice president of data management, financial services company

- **Lack of both transparency and a single source of truth around the pipeline and sales performance.** With no comprehensive and accurate source of sales-related data and analytics that was broadly accessible within workflows, the interviewees’ companies found it difficult to drive accountability, ensure reproducible pipeline management and forecasting, and maximize sales performance. Because numbers for sales reports were manually generated from spreadsheets and databases, executives did not trust the quality of the sales data.
- **Difficulty collaborating and sharing information/knowledge across sales-related functions.** Moving an opportunity through a sales cycle to convert a prospect to a customer involves many people across various areas within a company. Interviewees’ organizations struggled to collaborate at all – much less, to do so efficiently – whether for account strategizing or simply coordinating across the sales cycle. The interviewed senior director of sales IT with an information technology firm said: “Collaboration was a big challenge. Sales leadership realized they needed a more flexible system that enabled their sellers to sell more and sell faster by driving collaborations within the sales teams.”

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- Improve efficiency by automating manual efforts and simplifying collaboration.
- Increase effectiveness by providing a single source of truth for customer and sales-related information.
- Enable their sales-related functions to improve customer relationships and deliver more revenue.

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 nine decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a \$6 billion global information technology company based in North America. It has more than 2,500 sellers who work directly with those customers (versus indirectly through channels). Each seller pursues an average of 120 opportunities annually. Average deal size is \$100,000. Prior to deploying Dynamics 365 Sales, the organization's sales processes were largely manual, addressed with a combination of spreadsheets, email, and other office productivity tools.

Deployment characteristics. The organization implements the cloud-based Enterprise version of Dynamics 365 Sales for 3,000 end users. Approximately 85% of those are sellers, 7.5% are sales managers, 5% are in sales operations, and the remaining 2.5% are in finance, IT, or other supporting roles.

In conjunction with Dynamics 365 Sales, the organization uses the Microsoft Power platform for customization and data visualization.

It deploys Dynamics 365 Sales and then onboards and trains end users with a combination of third-party professional services and internal resources from IT and sales-related business functions. Although Dynamics 365 Sales functionality is available upon implementation, the organization continues its change management efforts over the first year of usage. It continues to leverage third-party professional services for some additional customization and enhancements, although over the first several years of using Dynamics 365 Sales it

Key assumptions

- **Information technology company**
- **Global operations**
- **\$6 billion annual revenue**
- **3,000 end users**

transitions most ongoing IT efforts to internal resources. To fully capitalize on Dynamics 365 Sales' capabilities, the organization's IT and sales-related functional staff invests time on an ongoing basis to expand usage of those capabilities including new features as Microsoft introduces them.

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	Incremental operating profit from increased sales	\$16,360,800	\$21,719,880	\$24,234,180	\$62,314,860	\$51,031,267
Btr	Increased seller productivity	\$5,117,648	\$5,480,858	\$5,480,858	\$16,079,363	\$13,299,891
Ctr	Increased sales manager productivity	\$1,519,004	\$1,895,716	\$2,272,429	\$5,687,149	\$4,654,929
Dtr	Increased sales operations productivity	\$506,280	\$506,280	\$506,280	\$1,518,840	\$1,259,043
Etr	Faster time-to-productivity and avoided costs of new hire onboarding	\$164,751	\$251,628	\$348,239	\$764,618	\$619,368
Total benefits (risk-adjusted)		\$23,668,482	\$29,854,362	\$32,841,986	\$86,364,830	\$70,864,498

INCREMENTAL OPERATING PROFIT FROM INCREASED SALES

Evidence and data. Dynamics 365 Sales increased average revenue per seller by enabling more efficient and effective selling. With it, each seller addressed a larger number of sales opportunities and closed a higher percentage of those prospects.

By improving sellers' productivity (as described in the next benefit), Dynamics 365 Sales freed up time that those sellers then used to pursue a greater number of sales opportunities each year.

Dynamics 365 Sales improved the sellers' close rates on their sales opportunities in multiple ways. By providing deeper visibility into customer needs, it equipped sellers to have more tailored and meaningful (and consequently more successful) conversations around those opportunities.

Since each seller had more granular data about their own pipeline (via activities logs, activity management tools, and follow-up prompts) and more comprehensive data about each of their customers, they were better able to prioritize which customers

and opportunities needed their time. The sellers had more time to engage with customers because they spent less time on administrative tasks. Lastly, by freeing up time for sales managers and improving their visibility to customer records and their teams' pipeline data, it enabled those managers to coach and develop their teams more effectively.

“Our sellers are better able to close deals because of the information they have at their fingertips about their customers and our products. They can formulate better conversations.”

Executive director, financial services company

Dynamics 365 Sales provided sellers with a 360-degree view of their customers. The banking platform owner at a financial services company said: “Instead of having to use umpteen spreadsheets and emails and different platforms, our sellers can go to Dynamics 365 Sales and get a complete view of the client. The better we know our clients, the better we can serve them with solutions and thus drive up our sales volumes.”

Because the interviewees’ organizations made other revenue-enhancing changes (e.g., to sales processes, territories, or training; or replacement hires) around the same time they deployed Dynamics 365 Sales, the increase in opportunities addressed and close rates is not fully attributable to their use of Dynamics 365 Sales.

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

- Eighty-five percent of the total number of Dynamics 365 Sales users are sellers.
- Before Dynamics 365 Sales, a seller works 120 qualified opportunities each year with a 20% close rate.
- With Dynamics 365 Sales, the number of opportunities a seller can work increases by 2.58% over the baseline in Year 1 and 2.71% in each of Years 2 and 3.
- With Dynamics 365 Sales, the close rate increases by 4% over the baseline in Year 1, 5% in Year 2, and 7% in Year 3.
- Fifty percent of the improvement is attributable to Dynamics 365 Sales.
- Average revenue per sale is \$100,000.
- The operating profit margin is 10%.²

Risks. Incremental operating profit from increased sales will vary based on:

- Extent to which a company capitalizes on Dynamics 365 Sales’ capabilities.

- Prior state of sales processes and systems.
- Number of sellers.
- Prior state for number of opportunities addressed and close rates.
- Headwinds or tailwinds from prevailing economic conditions, the competitive landscape, the company’s current offerings, and the company’s customer experience.
- Average deal size.
- The organization’s operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of about \$51.0 million.

Incremental Operating Profit From Increased Sales					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of sellers	Composite: 85% of F1	2,550	2,550	2,550
A2	Before Dynamics 365 Sales: Number of qualified opportunities a seller works each year	Assumption	120	120	120
A3	Before Dynamics 365 Sales: Average close rate on those opportunities	Assumption	20%	20%	20%
A4	Before Dynamics 365 Sales: Resulting number of closed sales per seller each year	A2*A3	24	24	24
A5	With Dynamics 365 Sales: Percentage increase over baseline number of opportunities each seller can work	B9*B12	2.58%	2.71%	2.71%
A6	With Dynamics 365 Sales: Resulting number of opportunities a seller can work each year (average across the sales team)	A2*(1+A5)	123.10	123.25	123.25
A7	With Dynamics 365 Sales: Percentage increase in close rate	Interviews	4%	6%	7%
A8	With Dynamics 365 Sales: Resulting close rate on those opportunities	A3*(1+A7)	20.80%	21.20%	21.40%
A9	With Dynamics 365 Sales: Resulting number of closed sales per seller each year (average across the sales team)	A6*A8	25.60	26.13	26.38
A10	Incremental number of closed sales per seller per year (average across the sales team) (rounded)	A9-A4	1.60	2.13	2.38
A11	Average revenue per sale	Assumption	\$100,000	\$100,000	\$100,000
A12	Incremental revenue per seller each year (rounded)	A10*A11	\$160,400	\$212,940	\$237,590
A13	Total incremental revenue per year	A1*A12	\$409,020,000	\$542,997,000	\$605,854,500
A14	Operating profit margin	Stern at NYU, 2022	10%	10%	10%
A15	Increased annual profit per seller	A12*A14	\$16,040	\$21,294	\$23,759
A16	Incremental operating profit per year	A1*A15	\$40,902,000	\$54,299,700	\$60,585,450
A17	Percentage of improvement attributable to Dynamics 365 Sales	Interviews	50%	50%	50%
At	Incremental operating profit from increased sales	A1*A15*A17	\$20,451,000	\$27,149,850	\$30,292,725
	Risk adjustment	↓20%			
Atr	Incremental operating profit from increased sales (risk-adjusted)		\$16,360,800	\$21,719,880	\$24,234,180
Three-year total: \$62,314,860			Three-year present value: \$51,031,267		

INCREASED SELLER PRODUCTIVITY

Evidence and data. Dynamics 365 Sales increased seller productivity in several ways. It reduced the time a seller needed to prepare a sales proposal for each opportunity by consolidating relevant materials into a single source and streamlining the mechanics of

proposal creation. Because all sales-related functions used the same collaboration tools and shared a comprehensive data set, it also reduced the time a seller spent collaborating with colleagues.

The senior director of sales IT at an information technology company said: “From within Dynamics 365 Sales, sellers can search for the content they need for a proposal. And collaborating with others on virtual documents via [Microsoft] SharePoint in the context of accounts and opportunities is a lot easier than sending revisions back and forth via email and having to worry about the versioning.”

These productivity improvements enabled sellers to pursue more sales opportunities each year.

“We’re seeing better productivity around people coming together to work on opportunities. Because they all use the same data, our solution consultants and account executives work in harmony around deals.”

*Senior director of sales IT,
information technology company*

- With Dynamics 365 Sales, a seller spends 10% less time collaborating in Year 1, and 15% less time in Year 2 and Year 3.
- Fifty percent of the saved time is productively applied.

Risks. Increased seller productivity will vary based on:

- Extent to which a company capitalizes on Dynamics 365 Sales’ capabilities.
- Prior state of sales processes and systems.
- Number of sellers.
- Nature of the company’s typical sales proposal.
- The degree of collaboration prompted by company culture and nature of the company’s sales cycle.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$13.3 million.

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

- Eighty-five percent of the total number of users are sellers.
- A seller works approximately 123 opportunities each year and prepares a sales proposal for each opportunity.
- With Dynamics 365 Sales, a seller saves 45 minutes (.75 hour) preparing each sales proposal.
- Before Dynamics 365 Sales, a seller spends an average of 150 hours each year collaborating with colleagues.

Increased Seller Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of sellers	Composite: 85% of F1	2,550	2,550	2,550
B2	Number of opportunities a seller works each year (average across the sales team)	A6	123.10	123.25	123.25
B3	Time saved preparing each sales proposal for an opportunity (hours)	Interviews	0.75	0.75	0.75
B4	Hours saved preparing sales proposals, per seller per year (rounded)	B2*B3	92.32	92.44	92.44
B5	Before Dynamics 365 Sales: Hours a seller spends each year collaborating with colleagues	Interviews	150	150	150
B6	Percentage reduction in time spent collaborating	Interviews	10%	15%	15%
B7	Hours saved collaborating, per seller per year	B5*B6	15.00	22.50	22.50
B8	Total hours saved, per seller per year	B4+B7	107.32	114.94	114.94
B9	Percentage of a seller's time saved each year	B8/2080	5.16%	5.53%	5.53%
B10	Total hours saved for all sellers combined per year	B8*B1	273,671	293,094	293,094
B11	Seller fully burdened hourly compensation	TEI standard	\$44.00	\$44.00	\$44.00
B12	Percentage of saved time that is productively applied	TEI standard	50%	50%	50%
Bt	Increased seller productivity	B10*B11*B12	\$6,020,762	\$6,448,068	\$6,448,068
	Risk adjustment	↓15%			
Btr	Increased seller productivity (risk-adjusted)		\$5,117,648	\$5,480,858	\$5,480,858
Three-year total: \$16,079,363			Three-year present value: \$13,299,891		

INCREASED SALES MANAGER PRODUCTIVITY

Evidence and data. By reducing the hours sales managers spent each year gathering, analyzing, and reporting on sales data, Dynamics 365 Sales improved sales manager productivity.

Sales managers need to closely track their teams' performance to know how the sellers are doing and coach them to better results, forecast results, and conduct quarterly and annual planning. Dynamics 365 Sales replaced time-consuming manipulation of spreadsheets and other manual efforts with automated processes and reporting. It also provided

a single source for visual dashboards that improve comprehension.

“Sales managers used to get and work with data in spreadsheets. Today, gathering and analyzing data is very easy. Since it’s all done in the CRM system now, managers can spend their time understanding instead of compiling,” said an executive director at a financial services company.

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

- Sales managers make up 7.5% of the total user count.

- Before Dynamics 365 Sales, a sales manager spends 624 hours each year gathering, analyzing, and reporting on sales data.
- With Dynamics 365 Sales, a sales manager spends 40% less time on those tasks in Year 1, 50% less in Year 2, and 60% less in Year 3.
- Fifty percent of the saved time is productively applied.

Risks. Increased sales manager productivity will vary based on:

- Extent to which a company capitalizes on Dynamics 365 Sales’ capabilities.
- Prior state of sales processes and systems.
- Number of sales managers.
- Prior state of sales processes and systems.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of about \$4.7 million.

Increased Sales Manager Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Before Dynamics 365 Sales: Hours a sales manager spends each year gathering, analyzing, and reporting on sales data	Interviews	624	624	624
C2	After Dynamics 365 Sales: Reduction in time spent	Interviews	40%	50%	60%
C3	Hours saved for data tasks, per sales manager per year (rounded)	C1*C2	250	312	374
C4	Percentage of saved time that is productively applied	TEI standard	50%	50%	50%
C5	Number of sales managers	Composite: 7.5%*F1	225	225	225
C6	Sales manager fully burdened hourly compensation	TEI standard	\$63.54	\$63.54	\$63.54
Ct	Increased sales manager productivity	C3*C4*C5*C6	\$1,787,063	\$2,230,254	\$2,673,446
	Risk adjustment	↓15%			
Ctr	Increased sales manager productivity (risk-adjusted)		\$1,519,004	\$1,895,716	\$2,272,429
Three-year total: \$5,687,149			Three-year present value: \$4,654,929		

INCREASED SALES OPERATIONS PRODUCTIVITY

Evidence and data. For sales operations staff, Dynamics 365 Sales decreased time spent managing sales processes and procedures and collaborating with sellers on opportunities. It also eliminated the need to log into multiple sales applications. In particular, the ability to use Microsoft Teams to collaborate in the context of an opportunity saved time. The senior director of sales IT at an information

technology company said: “Instead of having to go through email from reps around ‘I need help with this deal,’ you’re pinged and it’s right there in front of you. You have the context. That’s a big time saver.”

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

- Five percent of the total number of users are sales operations staff.

- With Dynamics 365 Sales, a sales operations staff member saves 4 hours each week managing sales processes and procedures, collaborating with sellers on opportunities, and not logging into multiple sales applications.
- A sales operations staff member works 50 weeks each year.
- Fifty percent of the saved time is productively applied.

Risks. Increased sales operations productivity will vary based on:

- Extent to which a company capitalizes on Dynamics 365 Sales’ capabilities.
- Prior state of sales processes and systems.
- Number of sales operations staff members.
- The degree of collaboration in company culture and nature of the company’s sales cycle.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of almost \$1.3 million.

Increased Sales Operations Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Hours saved each week managing sales processes and procedures, collaborating with sellers on opportunities, and not logging into multiple sales applications	Interviews	4	4	4
D2	Number of weeks worked each year	Assumption	50	50	50
D3	Number of sales operations staff	Composite: 5%*F1	150	150	150
D4	Percentage of saved time that is productively applied	TEI standard	50%	50%	50%
D5	Sales operations analyst fully burdened hourly compensation	TEI standard	\$42.19	\$42.19	\$42.19
Dt	Increased sales operations productivity	D1*D2*D3*D5	\$632,850	\$632,850	\$632,850
	Risk adjustment	↓20%			
Dtr	Increased sales operations productivity (risk-adjusted)		\$506,280	\$506,280	\$506,280
Three-year total: \$1,518,840			Three-year present value: \$1,259,043		

FASTER TIME-TO-PRODUCTIVITY AND AVOIDED COSTS OF NEW HIRE ONBOARDING

Evidence and data. When new sellers were hired, Dynamics 365 Sales helped those sellers get productive faster and reduced the time their managers needed to spend with them. It provided a comprehensive knowledge center where a new seller could find extensive information about the company’s products and services and automated workflows. It also gave each new seller and their manager an end-

to-end detailed view of their pipeline and opportunities. As a result, sales managers were able to spend less time with each new seller without jeopardizing that seller’s initial learning curve.

The magnitude of this benefit increased over time because interviewees’ companies improved and expanded how they leveraged Dynamics 365 Sales to more effectively and more efficiently get a new seller up to speed.

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

- Eighty-five percent of the total number of users are sellers.
- Annual turnover among sellers is 15%.
- With Dynamics 365 Sales, a new seller hired in Year 1 spends 10 fewer hours on onboarding and getting productive. That increases to 20 fewer hours for sellers hired in Year 2 and 30 fewer hours for sellers hired in Year 3.
- With Dynamics 365 Sales, a manager spends 10 fewer hours with each new seller hired in Year 1 with each new seller, 12 fewer hours in Year 2, and 15 fewer hours in Year 3.
- Fifty percent of saved time is productively applied.

Risks. Faster time-to-productivity and avoided costs of new hire onboarding will vary based on:

- Extent to which a company capitalizes on Dynamics 365 Sales' capabilities.
- Prior state of sales processes and systems.
- Number of new sellers hired.
- Nature of the company's products/services and sales cycle.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV over \$619,000.

Faster Time-To-Productivity And Avoided Costs Of New Hire Onboarding					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of sellers	Composite: 85% of F1	2,550	2,550	2,550
E2	Percentage annual turnover	Assumption	15%	15%	15%
E3	Number of new sellers hired each year (rounded)	E1*E2	383	383	383
E4	Reduction in hours a new seller spends on onboarding and getting productive	Interviews	10	20	30
E5	Total hours of new seller time saved	E3*E4	3,830	7,660	11,490
E6	Reduction in hours a sales manager spends with each new seller	Interviews	10	12	15
E7	Total hours of sales manager time saved	E3*E6	3,830	4,596	5,745
E8	Percentage of saved time that is productively applied	TEI standard	50%	50%	50%
E9	Seller fully burdened hourly compensation	TEI standard	\$44.00	\$44.00	\$44.00
E10	Sales manager fully burdened hourly compensation	TEI standard	\$63.54	\$63.54	\$63.54
Et	Faster time-to-productivity and avoided costs of new hire onboarding	$((E5*E9)+(E7*E10))*E8$	\$205,939	\$314,535	\$435,299
	Risk adjustment	↓20%			
Etr	Faster time-to-productivity and avoided costs of new hire onboarding (risk-adjusted)		\$164,751	\$251,628	\$348,239
Three-year total: \$764,618			Three-year present value: \$619,368		

UNQUANTIFIED BENEFITS

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

- **Support of corporate strategic initiatives.**

Interviewees noted Dynamics 365 Sales' value in supporting strategic initiatives like digital transformation, modifications to go-to-market strategy, and cultural change.

The vice president of sales operations at a business services company said: "We moved to a territory model, which was a huge go-to-market shift. We would not have been able to do that without Dynamics 365 Sales and its dashboards for what is in each seller's territory."

The banking platform owner at a financial services company said: "Our big strategic change in the past year has been a move to a 'one bank' way of doing things, with more standardization of our business processes. That's a top-down initiative, and Dynamics 365 Sales is one of the ways it's being achieved." The executive director at a financial services company said, "Implementing Sales is a cultural shift in our company in terms of monitoring sales efforts and time management, as well as our approach to customer relationship management."

- **Stronger business insights and enhanced decision-making grounded in a single reliable data set.**

Interviewees noted that all sales-related functions now work with deeper insights that aid decision-making and improve sales forecasting and financial reporting. With sellers following standardized processes that have clearly defined stages, sales reporting is now more accurate. The banking platform owner at a financial services company said: "We have a single authoritative central repository with all of our clients' data and all of our opportunities. That's consistent across sellers and provides a holistic view for management."

The director of IT at an information technology company said: "Embedded dashboards are a huge step forward in our reporting capabilities. Our Power BI [Business Intelligence] data is much more accurate thanks to the single source of data we now use across reports. Both improvements are providing better analyses, which helps to make better decisions that drive our business." That same director also said, "Our executive sales team has a level of data at their fingertips — real-time, or almost real-time — that they never had before." The senior vice president of data management said, "It helps us make more money."

"There's one common spot for analytics, trends, and notes. That helps our managers give sellers a better sense of where they're accelerating and exceeding, or where they're gapping and falling down, and talk with them on an ongoing basis about how to hit their goals."

*Vice president of sales operations,
business services company*

- **Performance improvement and greater accountability from more transparency around sales results and trends.** The banking platform owner at a financial services company said, "Requiring salespeople to capture their pipelines into a common application rather than a spreadsheet on their hard drive helps transparency." The executive director at a financial services company said: "Previously, it

was very difficult for us to monitor what happened with sales opportunities. How many are there? How many get closed? Of the rest, how many get rejected and how many do we abandon? Today that's all in the dashboard and easy to track.”

The resulting transparency and insights helped organizations not only improve sellers' performance but also increase the consistency of that performance. The vice president of sales operations at a business services company said, “Now that we have better visibility into the business, we're holding people much more accountable than we did in the past.”

- **Time savings and better performance due to standardized business data and processes.** Interviewees described greater standardization of how pipeline information gets captured and reported upon, resulting in a more unified and accurate data set and more consistent business processes. By leveraging Dynamics 365 Sales to replace broken or disparate processes — or to establish processes where none had existed — the interviewees' organizations improved data quality, increased performance, and saved time.

The director of IT at an information technology company said: “Data quality has been a focus. We moved from Wild West data practices to enforcing structured data.” The executive director at a financial services company said: “Our sellers and sales managers now talk in the same language and use the same information. That's powerful.” The banking platform owner at a financial services company said, “The single authoritative central repository, with all of our opportunities and client data in it, provides consistency across sellers and gives management a holistic view.”

- **Other improvements in seller productivity.** Although interviewees could not quantify the impact, they mentioned a number of additional ways that Dynamics 365 Sales increased seller

productivity. Streamlined data captured enabled sellers to capture information once and have it readily available for various purposes, instead of entering the same information into multiple systems and having to then retrieve it from multiple systems.

“A seller can just get more done in any given workday because of the technology.”

Executive director, financial services company

Dashboards and automated reports eliminated the need to create or review spreadsheets for analyses. The executive director at a financial services company said: “Previously we used to give information to the sellers in a spreadsheet, and then they would have to do their own work in a spreadsheet. Now that effort has been removed because of the dashboards.”

Activity management tools helped sellers log activities, follow up, and generally understand the current status of their accounts. Greater transparency around each seller's activities and results motivated sellers to be more conscious of their own productivity. The vice president of sales operations at a business services company said, “The visibility and commercial management disciplines we've established enable us to create expectations and monitor those expectations.”

- **Time saved by working effectively while mobile.** Interviewees described how Dynamics 365 Sales' mobile application helped sellers and sales managers be more productive. The

executive director at a financial services company said: “We really empowered our sellers to work when they’re mobile. Their phones are integrated with Sales so with a click of a button they can contact a client.” The senior director of sales IT at an information technology company said, “Instead of having to fire up their laptop and then log into a desktop application, sellers and sales managers can check the status of an opportunity or update a pipeline or forecast wherever they are.”

- **Freeing up time for higher-level activities.** Across sales-related functions, productivity improvements reduced the volume of low-impact tasks and freed up time for higher-value efforts. Sellers spent more time strategizing on their accounts. Sales managers spent more time coaching their teams. Both sellers and sales managers had more time to learn about their company’s new products.
- **Incremental value from using Sales Insights.** The senior director of sales IT at an information technology company noted that Sales Insights provided sellers with additional guidance on where to focus based on customer-specific opportunity scores. It also provided information about the health of each customer relationship and helped sellers see where a relationship’s strength was decreasing, requiring prompt course correction. Finally, Sales Insights provided recommendations on the seller’s next steps.
- **Incremental value from using LinkedIn Sales Navigator.** The senior director of sales IT at an information technology company that used LinkedIn Sales Navigator with Dynamics 365 Sales said: “Researching a customer is simpler now. LinkedIn is one click away, instead of having to go into LinkedIn separately, search for the customer’s profile, and then start doing the research. It also allows you to sync some contact info over to Sales.”

- **Identification of new sales opportunities within existing customer accounts.** Dynamics 365 Sales helped sellers identify new sales opportunities in existing accounts via renewal prompts, internal referrals, and a holistic view of each customer. If account status indicated a need to prioritize follow-up (e.g., as a renewal date draws near), Dynamics 365 Sales alerted the relevant seller. On an ongoing basis, the 360-degree view of each customer helped sellers identify new sales opportunities.

The banking platform owner at a financial services company said, “The pipeline data allows us to identify which clients may be underbanked so we can increase the engagement and find clients that are engaging with us in certain areas but there are opportunities to widen the relationship.”

- **Ease of use, time savings, and other benefits for end users and IT staff because of the integration across Microsoft products.** Dynamics 365 Sales has the same user interface as the Microsoft Office productivity suite. That improves the end-user experience and simplifies integration across other Microsoft applications. The senior director of sales IT for an information technology company said: “Dynamics was chosen for multiple reasons but the top one was its integration with Office and Outlook. We love that.” The executive director at a financial services company said, “Not only did we get the functionality we needed, but compatibility and the possibility of native integration across other applications all improved when we selected Dynamics 365 Sales.” For instance, interviewees’ companies used the Power platform for customizations and visualizations.

The banking platform owner at a financial services company said: “The ability to not only use the Dynamics 365 Sales functionality but also build on top of it and leverage the overall

Dynamics platform becomes a network effect for us. The more we are able to leverage Sales and associated applications, the more benefits we get from that integration. Users save time because they have a single coherent platform that does everything they want to do. IT can deliver changes faster.”

Two interviewees’ companies deployed Dynamics 365 Sales in conjunction with Microsoft Service Cloud. This consolidated all aspects of a customer’s engagement with their companies onto a single platform that provides a 360-degree view of a customer’s full lifecycle.

- **Value of a definitive sales pipeline in forecasting done by other areas within the company.** Since a closed deal triggers delivery of some product or service, a comprehensive and more reliable pipeline improves forecasting by areas within a company responsible for that delivery. The banking platform owner at a financial services company described how better forecasting saved money and said: “Our forecast for how much funding we will require is very important because the cost of having funding in place that we don’t end up using is huge. In the past, our finance team had to go around the organization collecting spreadsheets, and every area had a different way of managing their pipeline and forecasting their upcoming funding needs. It was time-consuming and the forecast wasn’t accurate. Now the pipeline in Sales provides a single authoritative source about funding needs. We can better align our funding with the lending we expect to do.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Dynamics 365 Sales and later realize additional uses and business opportunities. Interviewees mentioned:

- **Continuing to expand, evolve, and optimize the company’s use of Dynamics 365 Sales.** Although Dynamics 365 Sales functionality is available upon deployment, some interviewees activated that functionality in stages, and all continued to evolve their use. The senior director of sales IT for an information technology company said: “We’re improving the experience we’d already created and adding capabilities that have become more important to us. We’re looking at our sales personas and providing a more tailored experience.”
- **Being able to capitalize on additional Dynamics 365 Sales capabilities as Microsoft introduces them.** Companies can leverage new Dynamics 365 Sales capabilities that Microsoft launches.
- **Integrating Dynamics 365 Sales with additional Microsoft and third-party applications and systems.** Although interviewees’ companies typically integrated critical applications with Dynamics 365 Sales during implementation, they also subsequently added more. Functionality and data from these additional sources enabled the companies to further enhance their use of Dynamics 365 Sales.

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

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Microsoft fees	\$2,693,250	\$3,591,000	\$3,591,000	\$3,591,000	\$13,466,250	\$11,623,535
Gtr	Third-party professional services	\$2,875,000	\$1,725,000	\$402,500	\$115,000	\$5,117,500	\$4,862,228
Htr	Internal effort for implementation, management, and support	\$1,656,267	\$1,116,046	\$998,751	\$998,751	\$4,769,815	\$4,246,645
Itr	User training	\$1,332,038	\$183,532	\$183,532	\$183,532	\$1,882,634	\$1,788,455
	Total costs (risk-adjusted)	\$8,556,555	\$6,615,578	\$5,175,783	\$4,888,283	\$25,236,198	\$22,520,863

MICROSOFT FEES

Evidence and data. Microsoft fees reflect subscription costs for Dynamics 365 Sales Enterprise end users. The subscription fee includes a standard level of support.

Since subscription costs are determined by customer-specific factors, consult with Microsoft for likely costs specific to your company when conducting your own analysis. Your company's subscription fees may differ from the composite organization's fees.

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

- There are 3,000 users of Dynamics 365 Sales.
- The monthly subscription fee for each user is \$95.
- The composite organization pays the subscription fee during a nine-month implementation period.
- The composite organization has access to the Power platform through its Microsoft enterprise license agreement and incurs no incremental

expense to use it in conjunction with Dynamics 365 Sales.

Risks. Microsoft fees will vary based on:

- The number of Dynamics 365 Sales users.
- Which version of Dynamics 365 Sales a company deploys.

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 over \$11.6 million.

Microsoft Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of Dynamics 365 Sales Enterprise users	Composite	3,000	3,000	3,000	3,000
F2	Monthly per user Dynamics 365 Sales Enterprise subscription fee	Microsoft list pricing	\$95	\$95	\$95	\$95
F3	Number of months	Interviews	9	12	12	12
Ft	Microsoft fees	F1*F2*F3	\$2,565,000	\$3,420,000	\$3,420,000	\$3,420,000
	Risk adjustment	↑5%				
Ftr	Microsoft fees (risk-adjusted)		\$2,693,250	\$3,591,000	\$3,591,000	\$3,591,000
Three-year total: \$13,466,250			Three-year present value: \$11,623,535			

THIRD-PARTY PROFESSIONAL SERVICES

Evidence and data. The interviewees' companies used third-party consultants to supplement the capacity and capabilities of their internal staff. This enabled them to accelerate implementation and ensure user needs were met.

After going live with Dynamics 365 Sales, the interviewees' companies continued to work closely with external consultants during the first year of use to refine and expand upon the initial deployment. During Year 2 and Year 3, they decreased their use of external consultants and relied primarily on their internal resources.

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

- The composite organization pays \$2.5 million for professional services during implementation, \$1.5 million in Year 1, \$350,000 in Year 2, and \$100,00 in Year 3.

Risks. Third-party professional services costs will vary based on:

- Prior state of a company's sales-related operations.
- Scope and complexity of the Dynamics 365 Sales implementation.
- Magnitude and nature of a company's internal resources.
- Availability and cost of external consultants.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of almost \$4.9 million.

Third-Party Professional Services						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Third-party professional services	Interviews	\$2,500,000	\$1,500,000	\$350,000	\$100,000
Gt	Third-party professional services	G1	\$2,500,000	\$1,500,000	\$350,000	\$100,000
	Risk adjustment	↑15%				
Gtr	Third-party professional services (risk-adjusted)		\$2,875,000	\$1,725,000	\$402,500	\$115,000
Three-year total: \$5,117,500			Three-year present value: \$4,862,228			

INTERNAL EFFORT FOR IMPLEMENTATION, MANAGEMENT, AND SUPPORT

Evidence and data. Interviewees’ companies typically implemented Dynamics 365 Sales in approximately nine months. They utilized a combination of third-party professional services and a broad set of internal resources from IT and sales-related business functions. Implementation involved requirements planning with input from sales staff and executive sponsors, ensuring security of the instances, configuring/building, data migration, integrations with third-party and in-house technologies, user provisioning, user acceptance testing (UAT), and training.

On an ongoing basis, the sales and IT functions continue to partner to improve end users’ experience, capitalize on Microsoft enhancements to Sales, and strategically leverage Dynamics 365 Sales. In addition, IT staff provide technical support and answer users’ questions.

Modeling and assumptions. For the composite organization, Forrester assumes that internal effort on Dynamics 365 Sales implementation, management, and support includes the following:

- An IT project manager spends 100% of their time during the initial period and 50% of their time in Year 1, Year 2, and Year 3.

- Two CRM project managers each spend 100% of their time during the initial period and 25% of their time in Year 1, Year 2, and Year 3.
- Two business analysts each spend 100% of their time during the initial period, Year 1, Year 2, and Year 3.
- Thirty sellers each spend 20 hours during the initial period.
- Thirty sales managers each spend 20 hours during the initial period.
- A change manager spends 100% of their time during the initial period and 50% of their time during Year 1.
- Two trainers each spend 100% of their time for three months during the initial period.
- Three executive sponsors each spend 10% of their time during the initial period, and 5% of their time during Year 1.
- A Power BI analyst spends 50% of their time during the initial period, Year 1, Year 2, and Year 3.
- Six developers each spend 100% time during the initial period. Three developers each spend 100% time during Year 1, Year 2, and Year 3.

- Eight other IT staff members in varied roles each spend 3 hours per week for 36 weeks during the initial period and 2 hours per week during Year 1, Year 2, and Year 3.

Risks. Internal effort for implementation, management, and support will vary based on:

- Prior state of a company's sales-related operations.
- Scope and complexity of the Dynamics 365 Sales implementation.
- Amount of data a company migrates into Dynamics 365 Sales.
- Experience and capabilities of the company's staff.
- The extent to which a company continues to expand and evolve its use of Dynamics 365 Sales' full capabilities.
- Prevailing local compensation rates.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$4.2 million.

Internal Effort For Implementation, Management, And Support

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	IT project manager hours	Interviews	1,560	1,040	1,040	1,040
H2	IT project manager fully burdened hourly compensation	TEI standard	\$57.63	\$57.63	\$57.63	\$57.63
H3	CRM project manager hours	Interviews	3,120	1,040	1,040	1,040
H4	CRM project manager fully burdened hourly compensation	TEI standard	\$55.53	\$55.53	\$55.53	\$55.53
H5	Business analyst hours	Interviews	3,120	4,160	4,160	4,160
H6	Business analyst fully burdened hourly compensation	TEI standard	\$47.60	\$47.60	\$47.60	\$47.60
H7	Seller hours	Interviews	600	0	0	0
H8	Seller fully burdened hourly compensation	TEI standard	\$44.00	\$0	\$0	\$0
H9	Sales manager hours	Interviews	600	0	0	0
H10	Sales manager fully burdened hourly compensation	TEI standard	\$63.54	\$0	\$0	\$0
H11	Change manager hours	Interviews	1,560	1,040	0	0
H12	Change manager fully burdened hourly compensation	TEI standard	\$58.41	\$58.41	\$0	\$0
H13	Trainer hours	Interviews	1,040	0	0	0
H14	Trainer fully burdened hourly compensation	TEI standard	\$42.19	\$0	\$0	\$0
H15	Executive sponsors hours	Interviews	468	312	0	0
H16	Executive sponsor fully burdened hourly compensation	TEI standard	\$132.21	\$132.21	\$0	\$0
H17	Power BI analyst hours	Interviews	780	1,040	1,040	1,040
H18	Power BI analyst fully burdened hourly compensation	TEI standard	\$49.33	\$49.33	\$49.33	\$49.33
H19	Developer hours	Interviews	9,360	6,240	6,240	6,240
H20	Developer fully burdened hourly compensation	TEI standard	\$71.39	\$71.39	\$71.39	\$71.39
H21	Varied other IT staff hours	Interviews	864	800	800	800
H22	Varied other IT staff fully burdened hourly compensation	TEI standard	\$70.00	\$70.00	\$70.00	\$70.00
Ht	Internal effort for implementation, management, and support	Hours*hourly compensation for each role	\$1,440,232	\$970,475	\$868,479	\$868,479
	Risk adjustment	↑15%				
Htr	Internal effort for implementation, management, and support (risk-adjusted)		\$1,656,267	\$1,116,046	\$998,751	\$998,751
Three-year total: \$4,769,815			Three-year present value: \$4,246,645			

USER TRAINING

Evidence and data. The interviewees' companies used a train-the-trainer approach in which a third-party professional services firm trained a small number of internal staff as trainers, who then led training sessions across the company.

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

- During the initial period, product training includes 2,550 sellers, 225 sales managers, and 225 individuals in sales operations, IT, or other roles that support the sales function.
- During Year 1, Year 2, and Year 3, training includes newly hired staff members. Annual turnover is 15% for sellers and 10% for other roles.

- Each sales manager receives 16 hours of product training.
- Other roles receive 8 hours of product training.

Risks. User training costs will vary based on:

- Number of end users trained.
- The amount of training deemed necessary given the various roles of the end users.
- End users' comfort with technology.
- Prevailing local compensation rates.

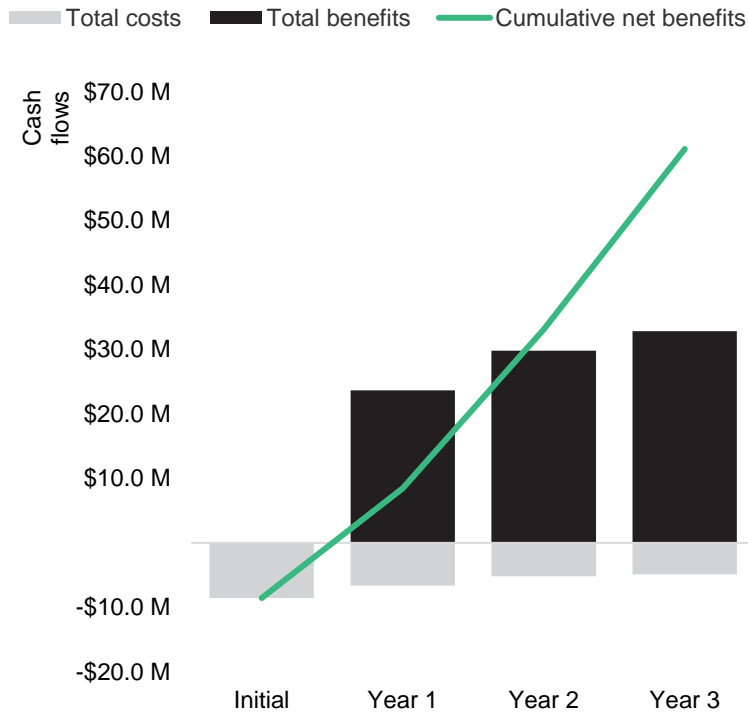
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of almost \$1.8 million.

User Training						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
I1	Number of sellers trained (rounded)	Initial: 85%*F1; Ongoing: 15% of initial	2,550	383	383	383
I2	Training hours per seller	Interviews	8	8	8	8
I3	Seller fully burdened hourly compensation	TEI standard	\$44.00	\$44.00	\$44.00	\$44.00
I4	Number of sales managers trained (rounded)	Initial: 7.5%*F1; Ongoing: 10% of initial	225	23	23	23
I5	Training hours per sales manager	Interviews	16	16	16	16
I6	Sales manager fully burdened hourly compensation	TEI standard	\$63.54	\$63.54	\$63.54	\$63.54
I7	Number of users trained from roles that support the sales function (rounded)	Initial: 7.5%*F1; Ongoing: 10% of initial	225	23	23	23
I8	Training hours per support user	Interviews	8	8	8	8
I9	Blended fully burdened hourly compensation for support users	TEI standard	\$47.00	\$47.00	\$47.00	\$47.00
I _t	User training	$(I1*I2*I3)+(I4*I5*I6)+(I7*I8*I9)$	\$1,210,944	\$166,847	\$166,847	\$166,847
	Risk adjustment	↑10%				
I _{tr}	User training (risk-adjusted)		\$1,332,038	\$183,532	\$183,532	\$183,532
Three-year total: \$1,882,634			Three-year present value: \$1,788,455			

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	(\$8,556,555)	(\$6,615,578)	(\$5,175,783)	(\$4,888,283)	(\$25,236,198)	(\$22,520,863)
Total benefits	\$0	\$23,668,482	\$29,854,362	\$32,841,986	\$86,364,830	\$70,864,498
Net benefits	(\$8,556,555)	\$17,052,905	\$24,678,579	\$27,953,704	\$61,128,632	\$48,343,635
ROI						215%
Payback period						7.0 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: Endnotes

¹ 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.

² Stern School of Business at New York University, "Margins By Sector (US)," January 2022.

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