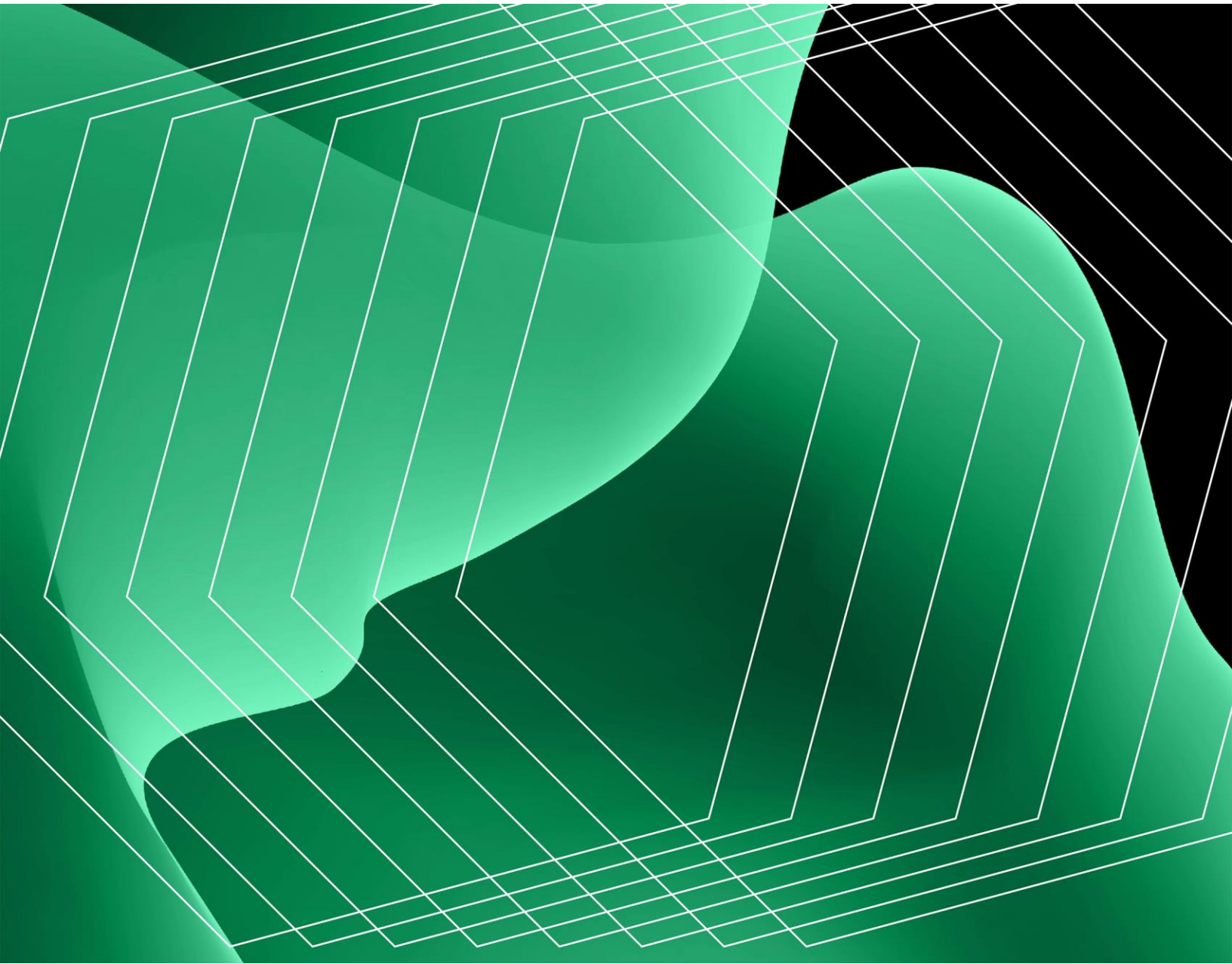


# The Total Economic Impact™ Of Atlassian Confluence

Cost Savings And Business Benefits Enabled By Confluence

A FORRESTER TOTAL ECONOMIC IMPACT STUDY  
COMMISSIONED BY ATLASSIAN, JULY 2024



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## Executive Summary

**Fast-growing enterprises with teams of knowledge workers want to enhance collaboration and unleash creativity. But traditional document creation and sharing tools lack the ability to help users discover relevant information, connect knowledge, and collaborate across tools and departments. The result is constant context switching and interruptions from teammates, which drain productivity. Atlassian's [Confluence](#) is a connected workspace for content collaboration where teams can create, organize, and share knowledge across an entire organization, resulting in highly productive and efficient teams and helping deliver improved business results.**

As organizations scale, they become more complex and fragmented — and so does the body of institutional knowledge that powers their daily operations. Work done within different departments remains siloed, making necessary information difficult to find, especially when a number of different tools are used. This disrupts the flow of business and stifles strategic innovation.

Ensuring that current information is broadly accessible and easily searchable is critical for organizations that rely on collaboration across teams. However, for most knowledge workers, a lack of self-serve tools and information impacts their productivity and creates constant interruptions, such as hunting down the right person to answer a question and context switching between tools. Despite an increase in applications deployed by enterprises to boost employee productivity, a study by UC Berkeley found that 49% to 63% of knowledge workers' tasks are interrupted, resulting in 8 to 25 minutes of lost productivity per interruption.<sup>1</sup>

Confluence is equipped with AI and automations that turns disparate, siloed information across departments into a reliable and searchable knowledge base. Employees can easily find information, including critical information that is proactively surfaced to them when they don't know how to look for it. Knowledge worker teams become more productive and help deliver improved business outcomes with higher efficiencies and better alignment.

“What makes Confluence Cloud really stand out is the AI component — the ability to summarize anything, adjust your message to fit your audience, and make automations easier for everyone to create. These features save at least 15% to 25% of time for basic content creation.”

PRODUCT MANAGEMENT LEAD, PROFESSIONAL SERVICES

Collaborative teams can derive significant productivity benefits due to the melding of many minds across levels of experience and diversity of thought on one platform. When project management tools (like Jira, from Atlassian) are tightly coupled with a knowledge management system like Confluence, projects and complex initiatives are delivered with faster timelines, improved innovation, and lessons learned that are easily documented to benefit future endeavors.

Atlassian commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Confluence across their organization.<sup>2</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Confluence on their organizations.



Return on investment (ROI)

**428%**



Net present value (NPV)

**\$17.1M**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives of companies across various industries with experience using Confluence. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a global B2B enterprise generating \$5 billion in revenue annually. It has 20,000 full-time workers, including 14,000 knowledge workers who actively collaborate on projects.<sup>3</sup>

Interviewees told Forrester that prior to using Confluence, their organizations relied on file-sharing tools that were part of a broader suite of enterprise-level productivity platforms. With these traditional tools, they often collaborated on documents, whiteboards, and other content in one tool, then uploaded them to another tool for organizing and sharing in the future. The process was cumbersome, and content remained disconnected, all while files were often only discoverable for a single team and not across departments across the organization. Limits to search, discoverability, and rich content resulted in the absence of a central source of organizational truth; the inability to access necessary, useful, and up-to-date information; and inefficient collaboration for project teams.

After the investment in Confluence, the interviewees' organizations benefited from a dynamic, readily searchable knowledge repository. Confluence allowed knowledge workers to create shared spaces for enhanced collaboration and alignment at the team and project level. Rich content created in the process of their work is stored in a central place and is widely accessible to everyone, enhancing both individual and team productivity.

**“Of course it’s worth the investment! It’s not just me telling people they need to use something. People are coming to us to say that they need the collaboration power that Confluence provides.”**

**PRODUCT MANAGEMENT LEAD, PROFESSIONAL SERVICES**

## KEY FINDINGS

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

- **Improved effectiveness of revenue-generating teams using Confluence, enabling increased revenue of 4% in Year 1 to 6% by Year 3.**<sup>4</sup> Confluence provides teams with a single source of truth and a shared space to brainstorm, align plans, and share context around their project work. Information is now broadly accessible and easily searchable, collaboration within and between revenue-generating teams is more efficient, and these team members are more productive. Moreover, the platform streamlines project lifecycles and leads to faster business outcomes. Team-based revenue improvement yields incremental profit of 1.6% in Year 1, 3.0% in Year 2, and 4.8% in Year 3. Over three years, this adds up to more than \$11.6 million in risk-adjusted net profit for the composite organization.

# \$11.6 million

Net profit over three years added by improved effectiveness of revenue-generating teams

- **Enhanced knowledge worker productivity of 8% in Year 1 to 12% by Year 3 for teams collaborating in Confluence.** As Confluence connects teams across all departments, the composite organization's knowledge workers become more productive. Workers can easily search for critical information, reducing interruptions and eliminating constant context switching. As a result, collaboration between departments is streamlined, which shortens the length of projects even while enabling teams to handle more complex initiatives. The composite gains overall efficiency, with a reduction in time spent looking for information; speedier alignment during live meetings; fewer interruptions; and faster, more informed decision-making. For teams that aren't revenue generating (like HR, operations,

or legal), measurable productivity improvement benefits for the composite organization also include:

- With more effective one-on-ones and better preparation for meetings, managers and executives improve their productivity by 5.2% in Year 1, 6.5% in Year 2, and 7.8% by Year 3.
- With easier access to relevant training and team resources, the time to onboard newly hired knowledge workers is reduced by 12% in Year 1, 15% in Year 2, and 18% by Year 3.

Over three years, the composite organization saves \$9.2 million from these improvements.

#### Team productivity improvement with Confluence

Year 1	Year 2	Year 3
<b>8%</b>	<b>10%</b>	<b>12%</b>

- **Reduced administrative expenses by 20%.** Confluence's platform requires less administrative support compared to legacy collaboration and knowledge management solutions. The composite organization is also able to reduce or retire preexisting solutions like whiteboards due to the functionality included with Confluence. Over three years, the composite organization saves a combined \$338,000 from these redundant tools and administrative overhead.

“We are using Confluence for brainstorming, project planning, meeting notes, project roadmaps, whiteboarding, prioritization, and content collaboration. We are not just using it with technical teams but also business teams. It’s being used everywhere.”

HEAD OF COLLABORATION, LUXURY FASHION HOUSE

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

- **Higher-quality project outcomes.** Confluence streamlines collaboration and makes information easy to create, organize, and share. This results in faster decision-making, shorter project completion times, and the ability for teams to take on more complex projects without materially adding headcount — all of which contribute to higher-quality business outcomes.
- **Enterprisewide scalability and compounding value at scale.** Ease of adoption and use of Confluence enables faster and broader enterprisewide usage — made possible by the scalability of the platform. Interviewees also noted Confluence’s cumulative impact organizationwide collaboration, resulting in higher productivity for the organization compared to the improvements estimated at the team and individual levels.



“We started [Confluence] in sales and then expanded that use case further to product teams. Then, we wanted to expand it across the whole company. The ability to scale was amazingly powerful for us. It is an enterprise-grade product.”

CHIEF OF STAFF FOR THE CTO, EDUCATION TECHNOLOGY

- **Improved employee experience (EX).** Interviewees explained how their organizations' use of Confluence started organically, building excitement among employees even before official deployments. Enhanced team collaboration results in higher engagement among and empowerment for knowledge workers, leading to greater job satisfaction.
- **Improved innovation and competitiveness.** All interviewees stated that the power of Confluence was enhanced collaboration and knowledge management, enabling their teams to be more productive. What was perhaps unexpected and still in the stages of being fully realized was the multiplier effect on innovation — and therefore competitiveness — of deploying Confluence wall-to-wall across the organization.
- **Eliminated redundant collaboration tools.** The quantified benefits for the composite organization measure the financial impact of replacing niche point solutions like whiteboard tools. The benefit of replacing redundant collaboration platforms could be much more significant when considering factors such as the reduced security risk of having less data to manage and faster innovation through a more simplified tech stack.

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

- **Confluence platform subscription costs totaling \$2.1 million over three years.** Confluence subscription costs for the composite organization are about

\$95 per enterprise user annually. The composite has 5,600 users in Year 1, growing to 11,000 users by Year 3. Some additional costs are included for third-party plugins (which are optional).

- **Deployment, data transfer, and ongoing support expenses of just above \$1.9 million over three years.** This includes initial deployment costs over four months for configuration, comprehensive training for administrators, shorter training costs for all end users, data governance and transition costs, and ongoing administrative expenses that require three FTEs at 20% of their time.

Over a period of three years, the representative interviews and financial analysis found that a composite organization experiences benefits of \$21.1 million versus costs of \$4.0 million, adding up to a net present value (NPV) of \$17.1 million and an ROI of 428%.



ROI

**428%**



BENEFITS PV

**\$21.1M**



NPV

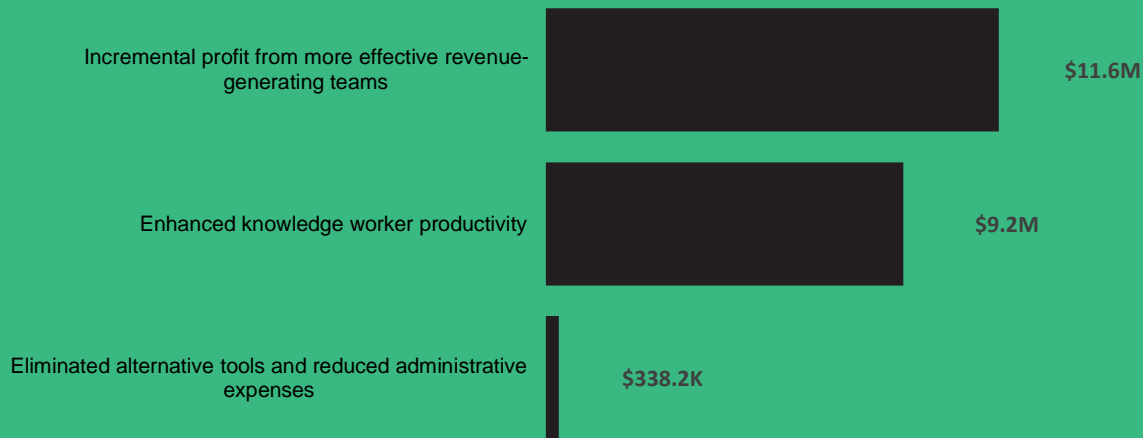
**\$17.1M**



PAYBACK

**<6 months**

### Benefits (Three-Year)



“Our agile transformation office gathers information on employee skills and organizational needs. The Atlassian product suite plays a critical role in leveraging that knowledge. Confluence certainly serves as a source of truth for our way of working and collaborating.”

**DIRECTOR OF AGILE TRANSFORMATION, COMMUNICATIONS SERVICES**

## TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment Confluence.

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 Confluence can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Atlassian 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 Confluence.

Atlassian 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.

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

### 1. Due Diligence

Interviewed Atlassian stakeholders and Forrester analysts to gather data relative to Confluence.

### 2. Interviews

Interviewed four representatives at organizations using Confluence to obtain data about costs, benefits, and risks.

### 3. Composite Organization

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

### 4. Financial Model Framework

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

### 5. 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 Atlassian Confluence Customer Journey

## Drivers leading to the Confluence investment

Interviews					
Role	Industry	Region	Revenue	Employees	Confluence Deployment
Head of collaboration	Luxury fashion	Headquartered in EMEA, global operations	More than \$40 billion	More than 150,000	20,000 users (estimated 45% of all knowledge workers)
Director of agile transformation	Communications services	Headquartered in North America, global operations	More than \$14 billion	More than 30,000	6,500 users (estimated 45% of all knowledge workers)
Product management lead	Professional services	Headquartered in EMEA, global operations	More than \$40 billion	More than 250,000	50,000 users (estimated 7.5% of all knowledge workers)
Chief of staff for the CTO	Education technology	Headquartered in North America, global operations	More than \$1 billion	1,000 to 2,000	100% knowledge workers

## KEY CHALLENGES

Forrester interviewed four decision-makers at organizations that have been using Confluence for collaboration and knowledge management for at least three years. Prior to the deployment of Confluence, interviewees relied on legacy file-sharing tools that were part of a bundled suite of enterprise-level productivity platforms. Interviewees reported inefficient and ineffective forms of collaboration and ad hoc knowledge management at their organizations because they administered a complex array of sites and stored information in spreadsheets or siloed databases.

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

- **Inability to readily find and access useful information.** Legacy tools for collaboration and information storage created siloed workspaces that made it difficult for workers to find pertinent data, especially outside of their own team. When they did find the information they sought, they found it hard to determine if it was accurate or up to date. Consequently, knowledge workers — especially those working collaboratively on teams — were frustrated with the tediousness of

reaching out to various colleagues to get answers or to site administrators for access issues.

Organizations with a global, distributed, and hybrid workforce found this an exponentially challenging issue. For workers in different time zones with limited communication via digital, often asynchronous, channels, it was challenging to receive help to find and access relevant information, and communicate in a timely and effective manner.

“Prior to Confluence, it was a mess. You couldn’t find anything. People didn’t have notes, they didn’t have patterns, they didn’t have processes. They just quickly typed whatever they remembered and put it out there. That [makes information] obviously hard to find; it’s hard to search, and it’s hard to really treat that as any kind of source of truth.”

CHIEF OF STAFF FOR THE CTO, EDUCATION TECHNOLOGY

- **Inefficiencies for knowledge workers without a single source of truth.** Several interviewees cited that a key frustration for knowledge workers was the lack of a central source of truth. Interruptions and constant context switching due to the lack of a knowledge management system negatively impacted work. Interviewees stated that this resulted in reduced efficiency, lower employee satisfaction, and even occasional employee burnout.
- **Inefficient project teams and longer project cycles.** All interviewees cited the importance of knowledge worker collaboration both within and among teams. Interviewees described struggling to jump-start new projects as they lacked a reliable, accessible repository of organizational information that would help them reference previous decisions and leverage insights from related, completed

projects. As such, each new project was launched with a blank slate and subjected to struggles already encountered in the past, resulting in longer project completion times.

“We had 15% to 30% of our workforce using Atlassian products on their own. They want these products. We needed to invest some time and energy in centralizing that offering.”

PRODUCT MANAGEMENT LEAD, PROFESSIONAL SERVICES

- **Redundant collaboration tooling and higher costs.** The practice of isolating information and limited communication across the organization resulted in the use of multiple collaboration and knowledge management tools, as well as related utility tools like whiteboarding, across different teams within the organization. This led to unnecessarily high tech-stack costs, tool-support costs, and maintenance inefficiencies.

“Confluence is our source of truth for documents. That is where we can have real-time thinking and have the product engineering folks using one tool for collaboration.”

DIRECTOR OF AGILE TRANSFORMATION, COMMUNICATIONS SERVICES

## SOLUTION REQUIREMENTS

The interviewees' organizations searched for a knowledge management and content collaboration solution that could:

- Power the lifecycle of content for the organization — from creation to collaboration to distribution and discussion.
- Provide access to information that is easily discovered, readily searchable, and constantly validated for relevance.
- Allow the creation of shared spaces for teams to ideate, plan, and align on ideas, projects, and initiatives.
- Enable cross-organizational collaboration on documents, whiteboards, databases, and other types of content.
- Serve as the central source of truth across tools and departments, so everyone can leverage institutional knowledge to jump-start new projects and quickly onboard new team members.
- Leverage AI and automation to enhance individual and team productivity by reducing the friction of siloed information, inefficient search, and tedious manual tasks like auditing for content hygiene.
- Store rich content that is widely accessible for all knowledge workers.

“The primary goal is to collaborate. Before, we didn’t work well with other teams. Today, we use Confluence to collaborate and track all our work. I can go to Confluence and search and find the information I need. It is all readily available.”

HEAD OF COLLABORATION, LUXURY FASHION



## 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 four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

**Description of composite.** The composite organization is a B2B enterprise based in North America with an annual revenue of \$5 billion. It employs 20,000 full-time workers, 14,000 of whom are knowledge workers who mostly work for teams that must collaborate within their own team and across departments.

**Prior state.** Before the deployment and implementation of Confluence, the composite organization depended on file-sharing tools that were part of a broader suite of enterprise-level document creation platforms. Collaboration and knowledge management were achieved by maintaining a complex array of administered sharing sites, and discovery of information was relatively manual and tedious.

**Deployment characteristics.** The composite organization begins using Confluence in Year 1, following a four-month period of deployment, governance setup, and data migration. The first-year rollout covers 40% of knowledge workers, increasing to 60% in Year 2, growing to 80% in Year 3, and scaling to 100% soon after. Confluence is rolled out to both revenue-generating and nonrevenue-generating teams; teams were prioritized for adoption based on their impact on business.

**Key modeling assumptions.** To quantify the economic and efficiency benefits that the composite organization derives from the deployment of Confluence, Forrester uses the following set of assumptions in the financial model:

- Revenue and headcount nominally increase by 2% and 1% annually, respectively.
- Seventy percent of the employees are knowledge workers.
- Fifty percent of these knowledge workers are assigned to revenue-generating teams, while the remaining 50% (which includes executives and managers) are on teams that are not directly tied to revenue generation.

- Those knowledge workers assigned to revenue-generating teams generate 25% of the composite's total annual revenue. Forrester assumes that a B2B enterprise with a software-as-a-service (SaaS) business model or subscription-based product or service generates 75% of its revenues on a recurring basis.
- It is assumed that there are 15 unique knowledge workers per team, whether revenue-generating or not. Most of these workers will likely work on multiple teams, which means that team size will vary.
- Overall, based on the deployment schedule, the composite organization has 5,600 Confluence users in Year 1, rising to 8,484 users in Year 2, and reaching 11,424 by Year 3 (see row R11 in the Detailed Composite Characteristics And Metrics table).

### Key Assumptions

\$5 billion revenue in Year 1.

20,000 employees in Year 1.

14,000 knowledge workers in Year 1.

15 unique knowledge workers per team.

Detailed Composite Characteristics And Metrics						
Ref.	Metric	Source	Year 1	Year 2	Year 3	Year 4
<b>Baseline Attributes (Before Confluence Deployment)</b>						
R1	Employees	Composite	20,000	20,200	20,400	20,600
R2	Percentage of employees who are knowledge workers	Composite	70%	70%	70%	70%
R3	Knowledge workers	R1*R2	14,000	14,140	14,280	14,420
R4	Knowledge workers on revenue-generating teams	R3*50%	7,000	7,070	7,140	
R5	Average number of employees per team	Composite	15	15	15	
R6	Revenue-generating teams before Confluence	R4/R5	467	471	476	
R7	Revenue (including growth)	Composite	\$5,000,000,000	\$5,100,000,000	\$5,202,000,000	\$5,306,040,000
R8	Revenue generated by collaborating teams	R7*25%	\$1,250,000,000	\$1,275,000,000	\$1,300,500,000	
R9	Revenue per team before using Confluence	R8/R6	\$2,676,660	\$2,707,006	\$2,732,143	
<b>Revenue-Generating Team Dynamics With Confluence Deployment</b>						
R10	Percentage of knowledge workers collaborating with Confluence	Composite	40%	60%	80%	100%
R11	Total Confluence users	R3*R10	5,600	8,484	11,424	14,420
R12	Revenue-generating teams transitioning to Confluence	R6*R10	187	283	381	
R13	Productivity improvement with Confluence	Interviews	8%	10%	12%	
R14	Improved revenue generation for teams with Confluence	Interviews	4%	5%	6%	
R15	Revenue per team after using Confluence	R9*(100%+ R14)	\$2,783,726	\$2,842,356	\$2,896,072	

# 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 profit from more effective revenue-generating teams	\$2,402,561	\$4,596,486	\$7,494,834	\$14,493,881	\$11,613,875
Btr	Enhanced knowledge worker productivity	\$1,933,714	\$3,671,741	\$5,816,720	\$11,422,174	\$9,162,606
Ctr	Eliminated alternative tools and reduced administrative expenses	\$99,119	\$138,259	\$178,159	\$415,538	\$338,226
	Total benefits (risk-adjusted)	\$4,435,394	\$8,406,486	\$13,489,713	\$26,331,593	\$21,114,707

## INCREMENTAL PROFIT FROM MORE EFFECTIVE REVENUE-GENERATING TEAMS

**Evidence and data.** The interviewees’ legacy project collaboration and knowledge management tools were not easily searchable, readily discoverable, nor optimized for team collaboration. Prior to the deployment of Confluence, interviewees’ organizations did not have the capability to efficiently and effectively leverage knowledge and learnings from prior projects, and new projects usually started from a blank slate.

With the deployment of Confluence, interviewees noted that their teams could work together in shared workspaces from planning to execution. Confluence streamlined collaboration, shortened project lifecycles, and delivered faster business outcomes, even as the number of users increased. Interviewees explained that the efficiencies and enhanced project-level collaboration enabled more revenue-generating projects to be completed on time. They also noted how their organizations became even more productive with a holistic deployment of Confluence across the entire organization. Interviewees shared examples including:

- The head of collaboration for a luxury fashion house saw compounded improvement in their product design process when using Confluence with Jira

(an Atlassian team project management solution) across business and technical teams. They noted: “In four years, we have gone from 4,000 users to 20,000 users. In the past, we used to have a deployment of 50 projects with 200 to 250 associated features. After the deployment of both Atlassian tools, with agility services, we are tracking approximately 100 projects deployed by year and 1,000 associated features. We significantly increased our capabilities with both Confluence and Jira.”

“Today with Confluence, we spend 20% of our [business unit’s] time collaborating more efficiently with others. Previously, we were losing a lot of time to service delivery because we needed to share more data, validate data with lots of people not on the same version [or] people not using the same template.”

HEAD OF COLLABORATION, LUXURY FASHION

- The director of agile transformation for the communications services provider described how improved team collaboration led to better business results: “We tracked the progress of a particular team. [With Confluence], they were generating 25% more capabilities and then were able to close those capabilities efficiently, getting up to an 80% completion rate.”
- The chief of staff for the CTO at the education technology company stated: “There is an unquestionable productivity gain. We can launch projects faster because we have a central place where we store information and software requirements. It’s a one-stop shop.”
- The product management lead for the professional services provider discussed the reduction of wasted time during cross-team collaboration: “[With Confluence],

teams can create an internal web page about what they do and make it easily findable across the organization. I would say there's at least a 10% to 20% reduction in wasted time trying to find the right person or open a ticket."

"In terms of team productivity, we have seen a 5% to 10% improvement based on where we were. Some programs could be seeing improvements in speed by 15% to 20%."

CHIEF OF STAFF FOR THE CTO, EDUCATION TECHNOLOGY

**Modeling and assumptions.** This benefit focuses on how revenue-generating teams for the composite organization improve their individual and team effectiveness by deploying Confluence for enhanced collaboration and knowledge management, driving incremental profit. For the composite organization, Forrester assumes the following:

- Knowledge workers make up 70% of the workforce, and 50% of them collaborate on revenue-generating teams. In Year 1, 7,000 knowledge workers work on revenue-generating teams.
- Twenty-five percent of annual revenue is driven by these revenue-generating teams. The other 75% is recurring revenue.
- The revenue-generating capacity of teams improves by 4% in Year 1, 5% in Year 2, and 6% in Year 3 based on the improved overall productivity for individuals collaborating on revenue-generating teams.
- Revenue-generating teams are assumed to adopt Confluence at the same rate as other knowledge workers: 40% in Year 1, 60% in Year 2, and 80% by Year 3. This means that of the 7,000 total knowledge workers on revenue-generating teams, 2,800 unlock benefits by adopting Confluence starting in Year 1.

- To determine the net business impact for the composite, the revenue benefit is converted into operating profit. Forrester assumes that the operating margin for the composite is 15%, partly based on the range of operating margins for the interviewees' organizations.
- For this benefit, the composite organization generates an additional 1.6% of team-generated incremental profit in Year 1, 3.0% in Year 2, and 4.8% in Year 3.

“With Confluence, we have built a repository of documents. Instead of having to message back and forth, we’ve created a knowledge management site where we can prioritize, ‘Hey, this needs to be available on demand.’ We save time when we don’t need to answer every individual question.”

DIRECTOR OF AGILE TRANSFORMATION, COMMUNICATIONS SERVICES

**Risks.** Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary among organizations depending on the following factors:

- Improved revenue-generation efficiency of teams collaborating with Confluence will depend on the deployment ramp and relative sophistication of an organization’s knowledge workers.
- The percentages of knowledge workers on revenue-generating teams and the annual recurring revenue generated by collaborating teams will vary by industry, products, and organization.
- Operating margins will depend on the company and product offering.

**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 more than \$11.6 million.

### Incremental profit for revenue-generating teams using Confluence

Year 1

**1.6%**

Year 2

**3.0%**

Year 3

**4.8%**

### Incremental Profit From More Effective Revenue-Generating Teams

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Revenue-generating teams before Confluence	Composite (R6)	467	471	476
A2	Revenue generated by collaborating teams	Composite (R8)	\$1,250,000,000	\$1,275,000,000	\$1,300,500,000
A3	Revenue per team before using Confluence	A2/A1	\$2,676,660	\$2,707,006	\$2,732,143
A4	Percentage of knowledge workers collaborating with Confluence	Composite (R10)	40%	60%	80%
A5	Revenue-generating teams transitioning to Confluence	A1*A4	187	283	381
A6	Improved revenue generation for teams with Confluence	Composite (R14)	4%	5%	6%
A7	Revenue per team after using Confluence	A3*(100%+A6)	\$2,783,726	\$2,842,356	\$2,896,072
<b>A8</b>	<b>Subtotal: Incremental revenue generated by teams transitioning to Confluence</b>	<b>A5*(A7-A3)</b>	<b>\$20,021,342</b>	<b>\$38,304,050</b>	<b>\$62,456,949</b>
A9	Operating margin	Composite	15%	15%	15%
At	Incremental profit from more effective revenue-generating teams	A8*A9	\$3,003,201	\$5,745,608	\$9,368,542
	Risk adjustment	↓20%			
Atr	Incremental profit from more effective revenue-generating teams (risk-adjusted)		\$2,402,561	\$4,596,486	\$7,494,834
<b>Three-year total: \$14,493,881</b>			<b>Three-year present value: \$11,613,875</b>		



## ENHANCED KNOWLEDGE WORKER PRODUCTIVITY

**Evidence and data.** Interviewees stated that before Confluence, knowledge workers' productivity was negatively impacted by frequent interruptions from colleagues, context switching between platforms, and time spent hunting down necessary information and documentation across platforms. Traditional collaboration and knowledge management tools were not optimized for efficient collaboration and discovery of critical information. Interviewees also noted that onboarding new knowledge workers and bringing on new teammates for projects required longer lead times, or even dedicated training or coaching, due to a dearth of centralized institutional knowledge.

With the deployment of Confluence, knowledge workers at interviewees' organizations leveraged templates, AI, and automation to start projects faster and streamline their workflows. AI-powered search and page suggestions surfaced relevant information to the right person at the right time, reducing delays and interruptions. Workers no longer had to constantly context-switch, and they could easily and quickly find relevant information. As a result, enhanced collaboration within and among teams enabled knowledge workers to be more productive and led to shortened project durations and improved business outcomes. Interviewees again noted their teams would become even more productive with a holistic, organizationwide deployment of Confluence. Examples include:

- The product management lead for the professional services provider explained how teams using Confluence can onboard new teammates faster: "Let's say, you have a team of 5,000 people tracking their work in Jira. That team is now doing all their onboarding in Confluence. At this point, at least 10% to 15% of time is saved through onboarding. I wouldn't be surprised if that hits closer to 50% as Atlassian Intelligence rolls out more broadly."
- The director of agile transformation for the communications services provider gave an example of team productivity improvement: "Last year, we started hosting calls with 100 participants twice a week just to talk about a change in process and framework. We've scaled that back to once every other week, and the reason is because we've created this asynchronous collaboration capability with Confluence." They also explained how Confluence's content collaboration features improved individual productivity: "I needed a template to manage my relationship with my vice president: Here are our goals, here are our one-on-

ones. The ability to have Smart Links within Confluence to display dashboards and track KPIs kept everything in one place. I used to meet with him for an hour each week. Now, I'm easily saving 20 to 25 minutes each meeting."

- The head of collaboration of the luxury fashion house stated: "We are more efficient administering our knowledge base and creating deliverables for our management and customers. Before [Confluence], we were spending a lot of time on the administrative part. Today, for the same project, we have 20 or 30 people on a team, but we spend more time on the project and less time on administrative and searching tasks." They explained how using repeatable and consistent templates resulted in more productive collaboration: "We don't create [decks] for presentation. We just share the Confluence page to show the status of the project."

**Modeling and assumptions.** This benefit values the cost savings derived by the composite organization for the nonrevenue-generating knowledge workforce through higher productivity driven by Confluence. It is important to note that this benefit complements, or is the inverse of, Benefit A: Benefit A shows how employees on revenue-generating teams have turned time savings into greater revenue opportunities; this benefit shows the productivity improvement for employees on nonrevenue-generating teams based on the value of their time. There are three components to this benefit: 1) productivity of workers on teams, 2) productivity of managers/executives, and 3) faster ramp to full productivity for new hires. For the composite organization, Forrester assumes the following:

- Total Confluence users are 5,600 in Year 1 and 11,424 by Year 3 (R11).
- Fifteen percent of these knowledge workers are managers and executives, who see a lower productivity benefit because they do not spend as much time working directly on collaborative team efforts. Managers and executives from revenue-generating teams are assumed to be included in this count.
- Prior to using Confluence, the average knowledge worker spends 20% of their time on underproductive activities.
- Forrester projects that the productivity of individuals collaborating on nonrevenue-generating teams for the composite organization will improve by 8% in Year 1, 10% in Year 2, and 12% by Year 3.

“[Work among] directors, managers, and their reports is the sweet spot for Confluence — likely saving more than an hour a day per individual.”

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- Nonrevenue-generating knowledge workers (excluding managers and executives) are assumed to have a fully-burdened hourly salary \$52 per hour.
- Forrester assumes that without Confluence, managers and executives spend 10% of their time on underproductive search and data-gathering activities.
- The productivity improvement for managers and executives collaborating with Confluence is 5.2% in Year 1, 6.5% in Year 2, and 7.8% in Year 3.
- Managers and executives are assumed to have a fully-burdened hourly salary \$117 per hour.
- The composite organization grows its workforce by 2% each year, equivalent to 200 new hires. Seventy percent of these new hires, or 140 of them, are knowledge workers. It is further assumed that these knowledge workers will be added to teams transitioning to Confluence.
- The newly hired knowledge workers joining teams using Confluence will more quickly ramp to anticipated productivity by 12% in Year 1, 15% in Year 2, and 18% in Year 3.
- Prior to Confluence, a new hire typically needed six weeks to ramp onto a team.
- For benefits with productivity gains, Forrester applies a 50% productivity adjustment factor for the composite that represents the percentage of productivity savings realized (i.e., 1 hour of time savings does not necessarily translate into 1 hour of productive work). For the three productivity-based cost savings outlined in this benefit, the composite's knowledge workers are assumed to productively utilize 50% of their time savings.

“We give new hires a launch plan. It’s got a list of actions per week, how to get going, what your projects are, [and] who you’re working with. It sets them up for success. With Confluence, I think it’s been more than a 10% to 15% improvement in terms of ramping to productivity.”

CHIEF OF STAFF FOR THE CTO, EDUCATION TECHNOLOGY

**Risks.** Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary among organizations depending on the following factors:

- Deployment ramp and relative sophistication of the knowledge workers will affect the scale of productivity improvement.
- The percentage of knowledge workers on nonrevenue-generating collaborative teams will vary by industry, products, and organization.
- Knowledge workers’ functional role and industry affect the percentage of time spent by knowledge workers on underproductive activities prior to the use of Confluence for team and individual collaboration.

Team productivity improvement with Confluence

Year 1

**8%**

Year 2

**10%**

Year 3

**12%**

**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 nearly \$9.2 million.

## ANALYSIS OF BENEFITS

Enhanced Knowledge Worker Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total Confluence users	Composite (R11)	5,600	8,484	11,424
B2	Confluence users on nonrevenue-generating teams	B1*(100%-50%)	2,800	4,242	5,712
B3	Managers/executives using Confluence	B2*15%	420	636	857
B4	Confluence users on nonrevenue-generating teams (excluding managers/executives)	B2-B3	2,380	3,606	4,855
B5	Percentage of time users spend on tasks enabled/improved with Confluence	Composite	20%	20%	20%
B6	Productivity improvement for collaborating knowledge workers with Confluence	Composite (R13)	8%	10%	12%
B7	Annual hours saved per knowledge worker	2,080*B5*B6	33	42	50
B8	Fully-burdened hourly salary of a knowledge worker	TEI standard	\$52	\$52	\$52
<b>B9</b>	<b>Subtotal: Cost savings for knowledge workers</b>	<b>B4*B7*B8</b>	<b>\$4,084,080</b>	<b>\$7,875,504</b>	<b>\$12,623,000</b>
B10	Percentage of time managers/executives spend on tasks enabled/improved with Confluence	Composite	10%	10%	10%
B11	Productivity improvement for managers/executives with Confluence	Interviews	5.2%	6.5%	7.8%
B12	Annual hours saved per manager/executive	2,080*B10*B11	11	14	16
B13	Average fully-burdened hourly salary of managers/executives	TEI standard	\$117	\$117	\$117
<b>B14</b>	<b>Subtotal: Cost savings for managers/executives</b>	<b>B3*B12*B13</b>	<b>\$540,540</b>	<b>\$1,041,768</b>	<b>\$1,604,304</b>
B15	New knowledge worker hires	(R1-R1[PY])*R2	140	140	140
B16	Typical learning ramp for new hires (hours)	Composite	240	240	240
B17	Faster time to ramp with Confluence	Interviews	12%	15%	18%
B18	Fully-burdened hourly salary of a new hire knowledge worker	B8	\$52	\$52	\$52
<b>B19</b>	<b>Subtotal: Cost savings for new hire ramp</b>	<b>B15*B16*B17*B18</b>	<b>\$209,664</b>	<b>\$262,080</b>	<b>\$314,496</b>
B20	Productivity adjustment factor	TEI standard	50%	50%	50%
Bt	Enhanced knowledge worker productivity	(B9+B14+B19)*B20	\$2,417,142	\$4,589,676	\$7,270,900
	Risk adjustment	↓20%			
Btr	Enhanced knowledge worker productivity (risk-adjusted)		\$1,933,714	\$3,671,741	\$5,816,720
<b>Three-year total: \$11,422,174</b>			<b>Three-year present value: \$9,162,606</b>		

## ELIMINATED ALTERNATIVE TOOLS AND REDUCED ADMINISTRATIVE EXPENSES

**Evidence and data.** Each of the four interviewees' organizations was in a different stage of Confluence adoption as their collaboration platform. These interviewees had no other similarly scalable collaboration solution deployed when deciding to adopt Confluence. In general, most interviewees felt that the time and effort required to administer their piecemeal legacy collaboration solutions were cumbersome.

Two of the four interviewees noted that Confluence's whiteboards enabled them to reduce or eliminate similar legacy solutions. Two interviewees also cited that the administrative effort required to support the Confluence platform was meaningfully lower than that accompanying their legacy collaboration and knowledge management solutions.

- The product management lead for the professional services provider detailed why Confluence was more efficient to administer and maintain: "The cloud version of Confluence has security features built in, so you do not need the additional overhead of operations teams to manage the security aspects. Of course, you still need administration. I would estimate at least 10% to 20% fewer administrators are needed just due to the fact that security is managed for you." They went on to state that this freed up staff to focus on more value-added work.
- The director of agile transformation for the communications services organization explained how they were able to eliminate a legacy whiteboarding tool: "We have a tool proliferation problem and that goes back to our many mergers. We made a conscious decision to not renew our [legacy whiteboard tool] licenses, saving \$90,000 in annual subscription costs."

Reduction in administrative effort for the Confluence platform

**20%**

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

## ANALYSIS OF BENEFITS

- Based on interviews and available market data, a competitive whiteboarding utility is estimated to cost \$13.85 per user on an annual subscription basis.
- For an organization of the composite's scale, three IT FTEs at 20% of their time are needed to administer the Confluence platform.
- The number of FTE hours required to administer legacy collaboration and knowledge management platforms is estimated to be 20% higher.
- The average fully-burdened hourly salary for IT ops professionals responsible for administering the collaboration platform is assumed to be \$78 per hour (rounded).

**Risks.** Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary among organizations depending on the following factors:

- Cost savings could potentially be higher for organizations that actually replace a competitive collaboration and knowledge management platform.
- The 20% productivity savings for administering Confluence is assumed to scale depending on the size of the organization.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of just under \$330,000.

“Confluence whiteboards were a huge win and extension of what that tool can do. Now you can document processes and tag people directly. Those are very important things for collaboration and teamwork. Confluence whiteboards are definitely a huge value.”

PRODUCT MANAGEMENT LEAD, PROFESSIONAL SERVICES

Eliminated Alternative Tools And Reduced Administrative Expenses					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Eliminated alternative collaboration tools	Composite	\$80,000	\$121,200	\$163,200
C2	Administrative FTE hours for ongoing maintenance with Confluence	2,080*E8*E9	1,248	1,248	1,248
C3	Administrative FTE hours for ongoing maintenance without Confluence	C2/(100%-20%)	1,560	1,560	1,560
C4	Fully-burdened hourly salary of an IT ops professional	TEI standard	\$78	\$78	\$78
C5	Reduced administrative expenses for collaboration platform	(C3-C2)*C4	\$24,336	\$24,336	\$24,336
Ct	Eliminated alternative tools and reduced administrative expenses	C1+C5	\$104,336	\$145,536	\$187,536
	Risk adjustment	↓5%			
Ctr	Eliminated alternative tools and reduced administrative expenses (risk-adjusted)		\$99,119	\$138,259	178,159
Three-year total: \$415,538			Three-year present value: \$338,226		

## UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- Higher-quality project outcomes.** Teams collaborating with Confluence were able to get better business outcomes and improve completion rates, which have largely been quantified in Benefits A and B. However, enhanced collaboration with Confluence can also lead to higher-quality results. For example, shorter project completion times could lead to faster time to market and even more impact on revenue and profit. And the ability for both internal and consumer product teams to take on more complex projects without materially adding headcount can lead to improved quality, employee experience, and customer satisfaction.
- Enterprisewide scalability and compounding value at scale.** Ease of use and adoption of the Confluence platform enables faster and broader enterprisewide usage that can lead to faster and greater enablement of productivity, revenue, and cost savings benefits. The product management lead for the professional services provider spoke about usability and adoption: “One of the biggest use



cases is a wiki, so basically an internal website for a whole team to stay in touch. That is a powerful result of what Confluence can do. It's also very user friendly. You don't need to have a strong coding background to be able to use it as a document repository, and it's one place that's searchable. There's a lot of strength in that, and I'd say that's one big reason people started using it."

Interviewees also noted the cumulative impact on organizationwide collaboration where wall-to-wall usage of using Confluence results in higher productivity for the organization compared to the improvements estimated at the team and individual levels.

- **Improved employee experience.** Standardizing workflows and processes allows all teams to communicate and share best practices, which can lead to additional product quality and feature improvements. The chief of staff for the CTO of the education technology company stated: "We have a regular employee satisfaction survey. One of the questions is, 'Do our tools work for us, reduce burden, and do we get what we want out of them?' Not everything scores well, but I will tell you what people do not complain about is the wiki. They love Confluence."

## FLEXIBILITY

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

- **Improved innovation and competitiveness.** All interviewees clearly stated that the power of Confluence was in enhanced collaboration and knowledge management, enabling greater productivity from their project and product teams. What was perhaps unexpected and still in the stages of being fully realized was the multiplier effect on innovation — and therefore competitiveness — of deploying Confluence wall-to-wall across the organization.
- **Enhanced value of full adoption.** Interviewees noted the cumulative impact on organizationwide collaboration when everyone uses Confluence. Having a collaboration platform that can scale from small teams to larger organizational breadth is a key benefit but is challenging to measure. The chief of staff for the

CTO of the education technology company said: “We started [Confluence] in sales and then expanded that use case further to product teams. Then, we wanted to expand it across the whole company. The ability to scale was amazingly powerful for us. It is an enterprise-grade product.”

- **Eliminated additional legacy collaboration tools.** Interviewees were able to quantify the savings from the reduction or retirement of niche solutions like whiteboarding. Some enterprises may be using additional niche or platform collaboration solutions that could be replaced when implementing Confluence. In those cases, the financial benefit of replacing the collaboration platform with Confluence could be much more significant, including reduced security risk from managing a more consolidated tech stack. If other products or solutions were included in their legacy platform, the composite organization might be able to save additional hundreds of thousands of dollars or more per year.

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
Dtr	External: Confluence solution cost	\$0	\$557,970	\$854,679	\$1,151,094	\$2,563,743	\$2,078,426
Etr	Internal: deployment, data transfer, and ongoing support expenses	\$818,840	\$436,850	\$443,256	\$449,662	\$2,148,608	\$1,920,141
	Total costs (risk-adjusted)	\$818,840	\$994,820	\$1,297,935	\$1,600,756	\$4,712,351	\$3,998,567

## EXTERNAL: CONFLUENCE SOLUTION COST

**Evidence and data.** Interviewees stated that the external costs of licensing Confluence were relatively straightforward.

- Interviewees’ licensing costs were directly related to the number of knowledge workers using Confluence.
- Some interviewees noted they needed to purchase third-party plugins at an additional cost.
- Pricing may vary. Contact Atlassian for additional details.

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

- Confluence subscription costs equate to approximately \$95 per enterprise user annually for the composite’s 5,600 users in Year 1, ramping up to 11,000 users by Year 3.
- Marketplace add-on costs represent the third-party plugins that would likely be needed, based on extrapolating a lower relative spend compared to these expenses for a Jira Service Management configuration.

## ANALYSIS OF COSTS

**Risks.** Forrester recognizes that these results may not be representative of all experiences and that the costs will vary among organizations depending on the following factors:

- The total subscription cost will vary by the number of knowledge workers transitioning to Confluence.
- The cost per year will depend on the relative aggressiveness of the Confluence adoption ramp.

**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 just under \$2.1 million.

External: Confluence Solution Cost						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Confluence subscription cost	Composite		\$526,400	\$805,980	\$1,085,280
D2	Marketplace add-ons	Interviews		\$5,000	\$8,000	\$11,000
Dt	External: Confluence solution cost	D1+D2	\$0	\$531,400	\$813,980	\$1,096,280
	Risk adjustment	↑5%				
Dtr	External: Confluence solution cost (risk-adjusted)		\$0	\$557,970	\$854,679	\$1,151,094
Three-year total: \$2,563,743			Three-year present value: \$2,078,426			

## INTERNAL: DEPLOYMENT, DATA TRANSFER, AND ONGOING SUPPORT EXPENSES

**Evidence and data.** Interviewees stated that the user experience in adopting Confluence was relatively straightforward. In general, new users needed minimal upfront training. The size of the organization and the scale of the configuration played key roles in determining the amount of internal effort required in terms of initial deployment and ongoing administration and support of the Confluence platform.

- The project management lead for a professional services provider, who happened to have the largest user base of Confluence across the four interviewees' organizations, noted: "For users, I would say it takes an hour to start using the product. It takes more effort to master what the products can do,

but you just need an hour or so to get started. For admins, I would say that it takes at least a full week of detailed trainings, another few weeks to obtain an admin certification, and then real-world experience to deep-dive into admin capabilities.”

- Interviewees provided a range of deployment ramp times corresponding to the size of their organization, which varied from three to six months. This deployment time included initial configuration, governance setup, and data transition.

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

- Training time for training knowledge workers on Confluence (including business users who manage spaces on Confluence) is 2 hours. The number of FTEs requiring training on the platform is based on the number of knowledge workers using Confluence in the upcoming year.
- For the initial deployment, the composite organization utilizes three full-time IT ops professionals working full time over four months to configure the Confluence platform, set up governance, and transfer relevant data and information from the legacy knowledge management repositories.
- For ongoing day-to-day usage, the composite utilizes three FTEs who dedicate 20% of their time for administration of the Confluence platform (the equivalent of one FTE working 24 hours a week on administration).
- The annual fully-burdened salary for IT ops professionals, who typically are responsible for administering the collaboration platform, is assumed to be \$162,000.

**Risks.** Forrester recognizes that these results may not be representative of all experiences and that the benefit will vary among organizations depending on the size of the organization, as well as the configuration and ramp of the Confluence platform.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of just over \$1.9 million.

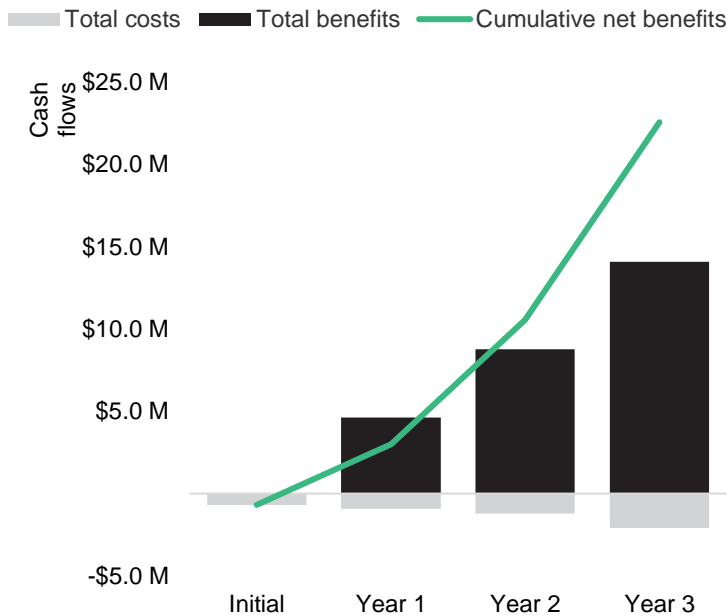
## ANALYSIS OF COSTS

Internal: Deployment, Data Transfer, And Ongoing Support Expenses						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Hours needed for training users and space owners	Interviews	2	2	2	2
E2	FTEs requiring training	Composite	5,600	2,884	2,940	2,996
E3	Fully-burdened hourly salary of a knowledge worker	B8	\$52	\$52	\$52	\$52
E4	Administrative FTEs for initial deployment	Interviews	3			
E5	Percentage of time for initial deployment per administrative FTE	Interviews	100%			
E6	Months needed for initial deployment, governance, and data setup	Interviews	4			
E7	Fully-burdened annual salary of an IT ops professional	C4*2,080	\$162,000	\$162,000	\$162,000	\$162,000
E8	Administrative FTEs for ongoing maintenance	Composite		3	3	3
E9	Percentage of time for ongoing maintenance per administrative FTE	Composite		20%	20%	20%
Et	Internal: Deployment, data transfer, and ongoing support expenses	$(E1 * E2 * E3) + (E4 * E5 * (E6 / 12) * E7) + (E8 * E9 * E7)$	\$744,400	\$397,136	\$402,960	\$408,784
	Risk adjustment	↑10%				
Etr	Internal: Deployment, data transfer, and ongoing support expenses (risk-adjusted)		\$818,840	\$436,850	\$443,256	\$449,662
<b>Three-year total: \$2,148,608</b>			<b>Three-year present value: \$1,920,141</b>			

# 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	(\$818,840)	(\$994,820)	(\$1,297,935)	(\$1,600,756)	(\$4,712,351)	(\$3,998,567)
Total benefits	\$0	\$4,435,394	\$8,406,486	\$13,489,713	\$26,331,593	\$21,114,707
Net benefits	(\$818,840)	\$3,440,574	\$7,108,551	\$11,888,956	\$21,619,242	\$17,116,140
ROI						428%
Payback						<6 months

## **APPENDIX A: TOTAL ECONOMIC IMPACT**

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

### **Total Economic Impact Approach**

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

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

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

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

### **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.

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.

## **APPENDIX B: SUPPLEMENTAL MATERIAL**

Related Forrester Research (Forrester access may be required)

[Key Trends In Customer Journey Mapping Platforms](#), Forrester Research, Inc., June 14, 2023

[The Employee Collaboration Metaverse Solutions Landscape, Q1 2023](#), Forrester Research, Inc., February 17, 2023

[Now Tech: Knowledge Management Solutions For Customer Service, Q3 2020](#), Forrester Research, Inc., July 23, 2020

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## APPENDIX C: ENDNOTES

<sup>1</sup> Source: The University Of California, Berkeley, [The Impact of Interruptions](#), Wisdom Café Wednesday.

<sup>2</sup> 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.

<sup>3</sup> Total employees are all full-time workers. Knowledge workers are professionals whose role involves leveraging and using information technology as part of their day-to-day functions. Examples include human resources, finance, operations, IT admin, marketing, sales, engineering, etc.

<sup>4</sup> Revenue-generating knowledge workers are professionals whose functions directly result in revenue for the enterprise. Examples include product design teams, product delivery teams, consultants, sales, and marketing, etc. Examples of non-revenue-generating knowledge workers would be professionals working in finance, human resources, managers, executives, information technology, and back-office operations, etc.

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