The Total Economic Impact™ Of Sprinklr Social

Cost Savings And Business Benefits Enabled By Sprinklr Social
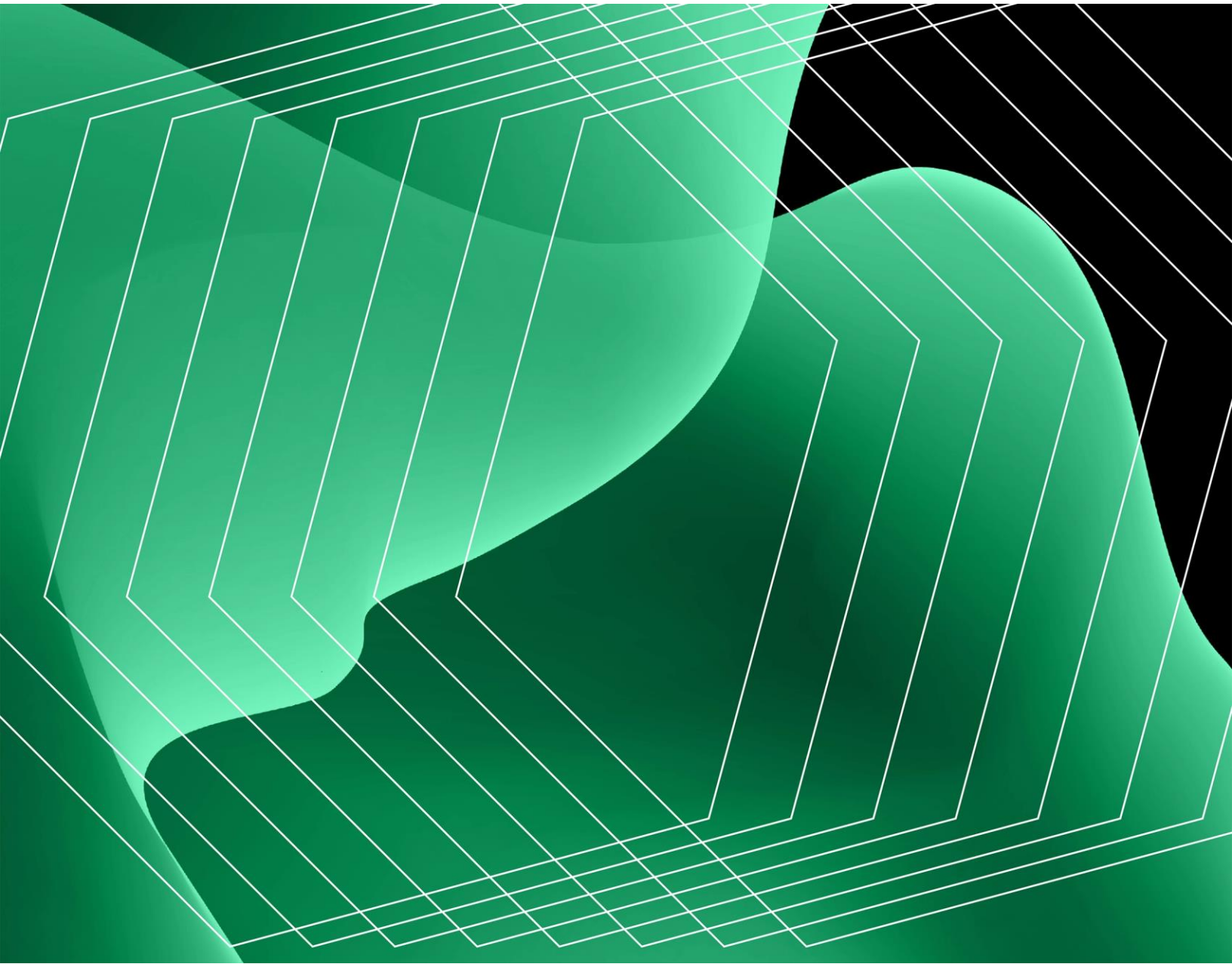
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Executive Summary

Social media helps brands strengthen relationships at every stage of the customer lifecycle. It has fast become a cornerstone of marketing strategies as firms continue to invest heavily in social media to engage with new and existing customers. However, the social media landscape has become increasingly fragmented, driven by technological advancements in new platforms and shifts in consumer preferences. Hence, organizations need advanced solutions that can orchestrate a diversified social media strategy to address distinct audience needs across different social media platforms from one place.

Sprinklr Social is a unified solution for effective social media management throughout the customer lifecycle. It enhances the productivity of social media teams by simplifying publishing and engagement activities across multiple social media platforms. Other features such as social listening, sentiment analysis, and AI-powered message categorization also enable organizations to become agile, data-driven, and personalized in their customer interactions. Powered by AI, this unified platform eliminates silos within workflows, teams, and technology, ultimately delivering memorable customer experiences, optimizing costs, mitigating risks, and uncovering new revenue opportunities.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed representatives from four organizations with experience using Sprinklr Social. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a global conglomerate with both B2B and B2C sales operations and an annual revenue of US$40 billion.

Three-year, risk-adjusted
return on investment (ROI)

327%

Three-year, risk-adjusted
net present value

$6.98M

Interviewees mentioned that before adopting Sprinklr Social, their organizations primarily relied on native management tools provided by major social media platforms alongside various point solutions for content planning, publishing, customer engagement, and performance and analysis. However, this method often proved inadequate in managing the increasing complexity of their social media footprint. Maintaining numerous social media profiles across different business lines, regions, and products became labor-intensive and led to limited oversight over ecosystem partners (e.g., media agencies) which increased reputational risks. Additionally, interviewees observed the emergence of social media silos within their organizations due to the absence of centralized control and reporting.

After investing in Sprinklr Social, interviewees stated that they were able to establish a unified approach to social media management. They streamlined tasks such as publishing, engagement, and analytics across multiple (i.e., over 40) social media networks within a single platform. This consolidation allowed organizations to exercise greater oversight over external agencies and conduct enterprise-wide social media performance analysis. Ultimately, this laid the foundation for a more data-centric social media practice, which in turn allowed organizations to leverage AI to screen, filter, and respond to customer messages on social media, and improve productivity at scale. This has allowed firms to focus on the most valuable interactions, thus reducing churn among dissatisfied customers and spurring new purchases through social commerce. In addition, Sprinklr Social has enabled interviewees to mitigate security and compliance risks by providing secure access, transparent approval workflows, and enterprise-grade governance protocols.

KEY FINDINGS

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

- **Time savings from social content creation of $5.2 million.** Unifying the digital asset lifecycle increases the productivity of social media teams during social content creation; especially as workflows are simplified during asset discovery, tagging, and content approval.

- **Paid media savings enabled by employee advocacy program of $1.38 million.** With a centralized asset repository and personalized shareable content for employees, Sprinklr Social's employee advocacy solutions have encouraged greater employee participation, thus generating paid media savings.

- **Reporting and analytics productivity gains in preparing monthly reports by over 50%, saving $1.28 million.** Sprinklr Social's unified dashboards allow social media teams to generate and share reports with just a few clicks, freeing up time for more value-added work.

- **Reduced customer churn among disaffected customers enabled by social media monitoring, saving $728,000.** Sprinklr Social reduces the response time taken to identify and engage customers with potential to churn due to negative experiences by close to 80%.

- **Drove incremental profit of $516,000 through social commerce.** Sprinklr Social enables the delivery of a social commerce experience that improved purchase abandonment rates by 10% and increased average order values by 15%.

Three-year, risk-adjusted PV of productivity gain from social content creation:

$5,193,143

"Back when my team was doing things natively, we were manually scrolling down and looking at all the messages coming in. We literally had one person in charge of monitoring and responding for each social media channel. Now with Sprinklr Social, it consolidates all these conversations for us into one platform."

SOCIAL MEDIA CUSTOMER EXPERIENCE (CX) MANAGER, AUTOMOTIVE MANUFACTURING

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

- **Cost optimization through the replacement of legacy applications with a unified suite.** Sprinklr Social enables the consolidation of the organization's social media technology stack by adopting an all-in-one social media management solution, helping them optimize costs and eliminate the need to maintain multiple solutions.

- **Seamless integration with their organization's existing tech stack.** Sprinklr Social's flexible architecture facilitates seamless integration with the organization's tech stack, enabling cross-functional teams to streamline workflows and gain a holistic view of customer interactions across various touchpoints beyond social media.

- **Improved collaboration between different teams in the organization.** Improving CX on social media necessitates collaboration. Sprinklr Social provides a collaborative platform for teams across different departments within an organization, thus fostering a comprehensive coalition across the customer support, marketing, PR, legal, and sales teams.

- **Reduced PR risks with robust governance protocols.** Sprinklr Social enhances brand safety by facilitating adherence to messaging standards and brand guidelines, while also providing robust user access and permissions

management. This minimizes the risk of inappropriate or unauthorized content sharing, especially by external partners.

- **Enhanced crisis management capabilities.** Sprinklr Social empowers organizations to monitor social media platforms in real time. This enables them to swiftly identify emerging crisis situations by tracking brand or industry-related mentions, comments, and hashtags while also enabling PR teams to establish crisis response protocols within the platform — facilitating quick and effective responses to mitigate the risk of reputational damage.

- **Provision of on-demand access to competitive intelligence.** Sprinklr Social's competitive benchmarking tools enable organizations to assess their social media performance relative to competitors and peers by continuously analyzing metrics such as follower growth, engagement rates, content reach, and sentiment. This aids in identifying strengths and areas for improvement in their social media strategy.

- **Improved content and response quality.** Sprinklr Social provides capabilities like content optimization and guided workflows, assisting teams in producing and delivering high-quality content that effectively engages their audience.

"From a crisis standpoint, if you need to pause something, we don't need to coordinate with 50 different people, we just have to activate approval workflows in Sprinklr, and everything stops."

CONSULTANT, GLOBAL CORPORATE AFFAIRS/PR, TECHNOLOGY

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

- **Sprinklr social license and professional service costs.** The composite pays an annual recurring licensing and professional services fee. The total annual fee depends on the organizations' use cases, features, and capabilities. Over three years they add up to a risk-adjusted present value of $2 million. For an accurate quote on the license and professional services fee, please contact Sprinklr.

- **Total internal costs for deployment, data migration, and training.** The composite requires internal resources across solution deployment, data migration, and training during implementation. The three-year, risk-adjusted value of these costs is $130,000.

The representative interviews and financial analysis found that a composite organization experiences benefits of $9.11 million over three years versus costs of $2.13 million, adding up to a net present value (NPV) of $6.98 million and an ROI of 327%.

ROI

327%

BENEFITS PV

$9.11M

NPV

$6.98M

PAYBACK

**Less than
6 months**

Benefits (Three-Year)

Time savings from social content creation	**$5.2M**
Paid media savings enabled by employee advocacy program	**$1.4M**
Reporting and analytics productivity gains	**$1.3M**
Reduced customer churn enabled by social media monitoring	**$728.0K**
Incremental profit attributed to social commerce	**$517.2K**

TEI FRAMEWORK AND METHODOLOGY

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

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 Sprinklr Social can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Sprinklr 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 Sprinklr Social.

Sprinklr 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.

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

1. **Due Dilligence**
Interviewed Sprinklr stakeholders and Forrester analysts to gather data relative to Sprinklr Social.

2. **Interviews**
Interviewed four representatives at organizations using Sprinklr Social 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 Sprinklr Social Customer Journey

Drivers leading to the Sprinklr Social investment

Interviews			
Role	**Industry**	**Region**	**Revenue (USD)**
Social media CX manager	Automotive manufacturing	United States	$6.5 billion
Consultant, global corporate affairs/PR	Technology, computer hardware and software	Global	$102 billion
Global brand and marketing technology manager	Professional services	Global	$65 billion
Global consumer experience director	Retail cosmetics	Global	$40 billion

KEY CHALLENGES

Prior to the implementation of Sprinklr Social, the interviewees' organizations were either publishing natively onto their corporate social media channels or utilizing various point solutions for content planning, publishing, customer engagement, employee advocacy, and analysis. Interviewees noted how their organizations struggled with common challenges, including:

- **Differing content creation, publishing, and approval processes across multiple point solutions.** Interviewees noted that content creation, publishing, and approval processes were not consolidated within a single platform, leading to considerable time being spent on back-and-forth communication between different stakeholders regarding content design and approvals.

- **Lack of visibility in customer sentiment in real time.** Interviewees stated that they heavily relied on agencies or other partners to provide periodic assessments of customer sentiments regarding the brand or organization. These insights were often provided on a weekly or monthly basis and could not support real-time campaign performance management.

- **Lack of unified analytics due to decentralized reporting.** Before Sprinklr, interviewees noted their organizations had too many teams performing analytics in silos. This resulted in global data on brands and customer sentiment being fragmented and cumbersome to consolidate.

- **Lack of centralized control and compliance processes.** Global marketing teams found it challenging to establish a governance structure that ensured partnering agencies and content creators consistently adhered to global brand compliance, security, and privacy controls, especially as the number of social media channels increased.

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- **Streamline publishing.** Interviewees stated that they were able to create, store, and retrieve social media content more effectively with Sprinklr Social. The unified platform allowed them to navigate approval workflows quickly, collaborate seamlessly with various stakeholders, and publish posts across multiple channels simultaneously.

- **Enable social listening and engagement at scale.** Interviewees could enhance their social listening and triaging capabilities through various automation features, such as its AI-powered message categorization capability. This enabled them to simplify the monitoring of an ever-growing landscape of user-generated content (UGC) and brand mentions across multiple channels, facilitating quick resource allocation to interventions that mattered most.

- **Amplify social presence through employee advocacy.** Sprinklr Social assisted customers in streamlining their employee advocacy programs, thus increasing employee engagement levels. This allowed customers to utilize employees' professional and personal networks for social amplification, which is particularly beneficial in the B2B context.

- **Build social commerce capabilities.** Sprinklr Social aided clients in converting a higher percentage of customers who reached out on social channels with purchase-related queries. Additionally, Sprinklr Social assisted social media

agents in suggesting relevant add-ons and complementary items, resulting in a higher average order value (AOV).

- **Empower teams with simplified reporting and analytics functionalities.** Sprinklr Social helped customers capture brand mentions and customer feedback in real time while democratizing data analytics. This assisted ground teams in discovering trends, themes, and root causes more quickly; fostering a more data-driven CX practice.

Time spent on data collection and analysis to prepare monthly reports was reduced by over

50%

"With Sprinklr-enabled sources, we are able to integrate our ad accounts and the performance reports are instantaneous. We can make buying decisions in an hour rather than waiting for the agency to tell us if it's working or not."

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INTERVIEW SPOTLIGHT

Uncovering CX Issues With Social Insights

A social media CX manager in the automotive manufacturing industry discussed how insights generated by Sprinklr's listening capabilities have helped their team identify CX issues. One standout example involved identifying a manufacturing defect in their passenger vans. By actively listening to their social media, forums, and blogs, they heard customers' concerns about having inadequate temperature control in the rear seats of their vehicle. Through Sprinklr, they were able to identify a defect obstructing proper air conditioning and promptly alerted the manufacturing facility within a day.

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 organization is a global conglomerate with over 80,000 employees, operating in both B2B and B2C verticals across more than 140 countries. It maintains a strong brand presence across multiple social media platforms, managing a portfolio of over 450 global and local profiles. In the B2C division, social media is primarily utilized to bolster marketing, sales, and customer support for consumer products. The B2B division provides professional services to clients, employing social media to enhance marketing and outreach efforts for high-touch sales motions.

Deployment characteristics. The composite organization deploys Sprinklr Social with 260 individuals across four regional marketing teams and a global marketing team — social media executives are assumed to report into marketing departments — using it to

streamline processes, expand reach and monitor performance across 420 global and local profiles on six major social media platforms. On average, the organization publishes 420 social media posts daily across all channels and receives a million mentions on social media annually.

KEY ASSUMPTIONS

Global conglomerate with both B2B and B2C sales operations

US$40 billion revenue

420 social media profiles

260 Sprinklr users

1 million mentions and messages on social media every year

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	Time savings from social content creation	$1,993,774	$2,092,287	$2,198,092	$6,284,153	$5,193,143
Btr	Paid media savings enabled by employee advocacy program	$368,640	$564,019	$767,117	$1,699,776	$1,377,605
Ctr	Productivity gains on data collection and analysis	$389,844	$582,080	$609,178	$1,581,102	$1,293,146
Dtr	Reduced customer churn enabled by social media monitoring	$127,507	$234,090	$557,188	$918,785	$728,001
Etr	Incremental profit attributed to social commerce	$138,400	$211,752	$287,982	$638,134	$517,185
	Total benefits (risk-adjusted)	$3,018,164	$3,684,228	$4,419,557	$11,121,950	$9,109,080

TIME SAVINGS FROM SOCIAL CONTENT CREATION

Evidence and data. Overall, the convenience of managing social content creation activities in one unified platform enabled significant time savings during the publishing and approval of social media posts. The social media CX manager from the automotive manufacturing organization mentioned that before adopting Sprinklr Social, they were involved in content creation, publishing, and approval across multiple platforms. Their social team spent a lot of time engaging in back-and-forth communication across different teams regarding content drafting and approval. The unification of the digital asset lifecycle has increased efficiency during social content creation through:

- **The ease of management and discovery of digital assets in a unified space.** The consultant of global corporate affairs/PR at the technology organization noted that with all content assets accessible and organized in one unified platform, asset discovery has become significantly more efficient for content creation across their global teams. This prevented the duplication of assets across regions as teams could reuse or repurpose existing digital assets rather

than recreating them from scratch. Additionally, users could easily locate assets on the Sprinklr Social platform using keywords or tags, collectively reducing the time required for asset discovery.

- **Simplified the content approval workflow process.** The same interviewee at the technology firm also highlighted the convenience of content approval, particularly for their global teams, who must approve content submitted by regional and country teams. Before Sprinklr Social, global team managers handled approvals via separate email threads with regional and country leads. With Sprinklr Social, global managers now had full visibility of all assets to approve in one centralized platform, saving time with consolidated workflows.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Social media specialists publish 420 social media posts daily in Year 1. This number increases 2% year over year, to 437 social media posts published daily in Year 3.

- Each social media specialist saves 30 minutes a day on asset discovery and 3 minutes a day on asset tagging with Sprinklr Social when creating each social media post.

- Each social media manager saves 15 minutes a day approving each social media post with Sprinklr Social.

- The average fully-burdened hourly rate of a social media specialist is $32 in Year 1, growing 2% year over year to $34 in Year 3.

- The average fully-burdened hourly rate of a social media manager is $37 in Year 1, growing 2% year over year to $38 in Year 3.

- Eighty percent of the total time saved by social media specialists and social media managers is captured and reallocated into productive work.

Risks. The benefits tied to time savings from social content creation may differ from those presented in the financial model due to the variances in the:

- Number of social media posts published daily.

- Productivity of social media specialists and managers.

- Salary of social media specialists and manager.

- Social media publishing processes.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $5.19 million.

Time saved by each social media specialist during asset discovery in creating a social media post:

30 minutes

 "The number one benefit of Sprinklr Social is that we can tag and categorize everything. We can report on the reasons why people are coming into our accounts, pages, and handles."

SOCIAL MEDIA CX MANAGER, AUTOMOTIVE MANUFACTURING

Time Savings From Social Content Creation

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Social media posts to be created a day	Composite	420	428	437
A2	Minutes saved by each social media specialist a day on finding assets to create each social media post	Composite	30	30	30
A3	Minutes saved by each social media specialist a day on tagging each social media post	Composite	3	3	3
A4	**Subtotal: Hours saved by social media specialists a year when creating and publishing social media posts**	**[(A2+A3)/60]*A1 *260**	**60,060**	**61,204**	**62,491**
A5	Minutes saved by each social media manager on approving each social media post	Composite	15	15	15
A6	**Subtotal: Hours saved by social media managers a year on approving social media posts**	**A5/60*A1*260**	**27,300**	**27,820**	**28,405**
A7	Average fully-burdened hourly salary of a social media specialist	TEI standard	$32	$33	$34
A8	Average fully-burdened hourly salary of a social media manager	TEI standard	$37	$38	$39
A9	Productivity recapture rate	TEI standard	80%	80%	80%
At	Time savings from social content creation	A9*[(A4*A7)+(A6 *A8)]	$2,345,616	$2,461,514	$2,585,991
	Risk adjustment	↓15%			
Atr	Time savings from social content creation (risk-adjusted)		$1,993,774	$2,092,287	$2,198,092
	Three-year total: $6,284,153		**Three-year present value: $5,193,143**		

PAID MEDIA SAVINGS ENABLED BY EMPLOYEE ADVOCACY PROGRAM

Evidence and data. According to Forrester's research, enhancing influence and expanding brand reach is a priority for organizations.[2] Employee advocacy can be viewed as an enabling approach that enhances campaign performance by improving awareness, perception, and preference.

- Prior to adopting Sprinklr Social, an interviewee's organization relied on distributing generic content to employees via email. With Sprinklr Social, employee advocacy participation improved significantly due to Sprinklr's centralized asset repository and its capability to curate highly-personalized and relevant content for employees to discover and distribute through their social networks. Employees were empowered to access and share content directly from

a dedicated directory, leveraging UGC and asset suggestions. Additionally, the platform enabled targeted dissemination and provided more personalized content based on individual interests, thus encouraging greater employee participation.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite assumes 80,000 employees in the organization in Year 1, growing 2% year over year to 83,232 employees in Year 3.

- The percentage of key influencers actively promoting organizational content on social media with Sprinklr Social's employee advocacy solution increases from 8% to 12% in Year 1. This percentage will increase to 14% in Year 2 and 16% in Year 3.

- Key influencers are required to post an average of 48 social media posts per year across all channels.

- The average annual reach for each post made by a key influencer is 250 views.

- The average paid spend per view is $0.012.

Risks. The benefit of paid media savings from Sprinklr social employee advocacy platform can vary across organizations due to the differences in the:

- Number of employees in the organization.

- Percentage of key influencing employees actively promoting content on their social networks.

- Average annual reach for posts made by a key influencer.

- Average amount of money an organization spends to achieve the same organic reach.

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 $1.38 million.

Increase in number of key influencers actively promoting organization's content on social media with Sprinklr Social's employee advocacy solution by Year 3:

6,659

Paid Media Savings Enabled By Employee Advocacy Program

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Employees in the organization	Composite	80,000	81,600	83,232
B2	Percentage of key influencers actively promoting organization's content on social media before Sprinklr Social's advocacy program	Composite	8%	8%	8%
B3	Percentage of key influencers actively promoting organization's content on social media after Sprinklr Social's advocacy program	Composite	12%	14%	16%
B4	Increase in number of key influencers actively promoting organization's content on social media after Sprinklr Social's advocacy program	(B3-B2)*B1	3,200	4,896	6,659
B5	Average number of social media posts for key influencers to post across all channels per year	Composite	48	48	48
B6	Average views for each post through the program per year	Composite	250	250	250
B7	Total average annual views per key influencer	B5*B6	12,000	12,000	12,000
B8	Increase in annual views achieved by employee advocacy program through Sprinklr Social	B4*B7	38,400,000	58,752,000	79,908,000
B9	Average paid spend to achieve the same organic reach without employee advocacy program	B8*$0.012	$460,800	$705,024	$958,896
Bt	Paid media savings enabled by employee advocacy program	B9	$460,800	$705,024	$958,896
	Risk adjustment	↓20%			
Btr	Paid media savings enabled by employee advocacy program (risk-adjusted)		$368,640	$564,019	$767,117
	Three-year total: $1,699,776		Three-year present value: $1,377,605		

REPORTING AND ANALYTICS PRODUCTIVITY GAINS

Evidence and data. Before using Sprinklr Social, interviewees noted that collating data and generating reports on social media performance and customers' social media preferences was a highly time-consuming process. Data analysts often had to individually retrieve data from each social media profile they managed and consolidate the data across different social media platforms. The sheer volume of data preparation involved often made it difficult for social data analysts who were already strapped for time to extract meaningful insights promptly. Interviewees also found it challenging to reconcile differing performance metrics and measurement methodologies used by the different analytics tools provided by social media networks. This lack of standardization led to inconsistencies and difficulties in benchmarking and analyzing content performance.

Sprinklr Social equipped interviewees' organizations with a unified dashboard capable of assessing and analyzing the impact of both organic and paid content across various social platforms. This provided them with the visibility needed to refine their social media mix and content strategy. Additionally, Sprinklr Social integrated social media metrics with other pertinent data sources such as customer sentiment and competitor benchmarks, which produced more comprehensive analytical outputs. Sprinklr Social also simplified the process of generating and sharing reports, enabling users to effortlessly distribute data-rich reports to team members across the organization with just a few clicks.

- The global corporate affairs/PR consultant in the technology organization remarked that Sprinklr Social enabled their team to streamline the task of assigning and managing tags for various types of content. This enhancement allowed for more detailed and insightful analysis of content based on tags aligned with products, content themes, and more.

- The global brand and marketing technology manager in the professional services organization observed that Sprinklr Social provided global PR and marketing teams with improved visibility into their regional teams' social media performance. Additionally, Sprinklr Social offered highly contextual insights into the performance of their content and social media mix, facilitating a more informed understanding of the types of content and campaigns that were more

effective in different regions and facilitating greater alignment between global and regional teams.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The marketing team creates one global social media report and four regional reports per month to guide the marketing plan and to report results to senior leadership.

- It previously took 65 minutes to download, compile, chart and analyze data for each social media profile in the prior environment.

- The composite organization saves 35 minutes on creating reports for each social media channel with Sprinklr Social, accounting for more than a 50% reduction in time spent.

- The average fully-burdened hourly salary of a social data analyst is $38.

- The productivity recapture rate, or the percentage of the total time saved that is actually used by employees to drive value, is 80%.

Risks. The ability of organizations to see savings through reporting and analytics productivity gains can vary across organizations due to differences inc the:

- Reporting cadence as well as the requirement for ad-hoc reporting.

- Time a social data analyst needed to generate a report.

- Composition of the team in charge of the report (i.e., if there are dedicated social data analysts or if it is solely the responsibility of the social media manager).

- The average fully-burdened hourly salary of a social media data analyst.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.29 million.

Three-year, risk-adjusted PV of the productivity gains in reporting and analytics:

$1,293,146

"Global teams now have a greater visibility of what regional teams are doing. They don't have to chase 50 country leads for metrics across various social media platforms anymore."

CONSULTANT, GLOBAL CORPORATE AFFAIRS/PR, TECHNOLOGY

Reporting And Analytics Productivity Gains					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Reports created annually	Composite	60	60	60
C2	Minutes spent compiling, downloading, charting, and analyzing data per social media account on each report before Sprinklr Social	Composite	65	65	65
C3	Minutes spent compiling, downloading, charting, and analyzing data per social media account on each report after Sprinklr Social	Composite	30	15	15
C4	Minutes saved compiling, downloading, charting and analyzing data per social media account per report after Sprinklr Social	C2-C3	35	50	50
C5	Hours saved compiling, downloading, charting, and analyzing data across all social media accounts for all reports after Sprinklr Social	C4/60*C1*A1	14,700	21,400	21,850
C6	Average fully-burdened hourly salary of a social data analyst	TEI standard	$39	$40	$41
C7	Productivity recapture rate	TEI standard	80%	80%	80%

Ct	Reporting and analytics productivity gains	C5*C6*C7	$458,640	$684,800	$716,680
	Risk adjustment	↓15%			
Ctr	Reporting and analytics productivity gains (risk-adjusted)		$389,844	$582,080	$609,178
	Three-year total: $1,581,102		**Three-year present value: $1,293,146**		

REDUCED CUSTOMER CHURN ENABLED BY SOCIAL MEDIA MONITORING

Evidence and data. Prior to Sprinklr Social, interviewees noted that they monitored social media conversations and mentions related to their organization in a primarily manual fashion. This involved assigning dedicated team members to monitor social media accounts and manually review and respond to interactions. Teams struggled to sift through the ever-expanding number of interactions to extract meaningful signals with these methods. Interviewees also found it challenging to gauge customer sentiment holistically based on the limited interactions that their teams managed to respond to.

Sprinklr Social enabled these organizations to efficiently scan through social media interactions and engage with audiences across multiple social and messaging channels. Sprinklr Social's AI-driven automated inbound triaging also helps teams categorize and prioritize interactions based on intent and sentiment. This allowed teams to cut through the noise and spend less time on irrelevant interactions, focusing on truly critical conversations. Additionally, Sprinklr Social's automation capabilities enabled users to respond promptly to customers with predefined responses and automated routing workflows, allowing social media teams to respond to and redirect customers swiftly.

- The social media CX manager from the automotive manufacturing organization stated that prior to Sprinklr Social, his team had to scroll through messages individually on their social media channel and make judgment calls on which messages were most critical to respond to first. As a result, the average response time for key customer conversations was around 2 hours. Using features such as Sprinklr Social's AI-powered message categorization capability, the team is now able to identify and respond quickly to critical interactions in around 14 minutes.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- It receives one million mentions and direct messages from unique customers on social media in Year 1. The number of mentions will grow by 2% every year to reach 1,040,4000 by Year 3.

- Forty percent of such mentions and messages express a negative sentiment, with customers reaching out to the organization to register their dissatisfaction.

- The social media team was only able to address 1% of negative social media mentions or messages annually in the previous environment.

- It took the social media team 2 hours to respond to and satisfactorily resolve a negative message/mention received on social media in the previous environment.

- In Year 1, the composite organization saves 75 minutes on addressing negative social media mentions and messages on average. This number grows to 105 minutes by Year 3.

- When the social media team reaches out to a customer who has sent across a negative social media mention or message, the likelihood of that customer churning reduces by 15%.

- The average customer spends $150 on products and services from the composite organization per order, and makes an average of 10 orders in each year.

- The operating margin is 10%.

Risks. The ability of organizations to achieve revenue uplift through churn reduction via social media monitoring can vary across organizations due to differences in the:

- Number of mentions and direct messages received.

- Percentage of mentions and messages that reflect negative sentiment.

- Amount of time required to address a negative customer mention or message.

- Quality of the interaction between the social media executive and the customer.

- Average yearly customer spending.

- Latent propensity of dissatisfied customers to churn.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $728,000.

Increase in number of annual inbound negative customer social media addressed with Sprinklr Social by Year 3:

29,134

"Sprinklr Social's AI-powered categorization of messages determines which interactions are engageable and which aren't. Now we don't even have to sort through most of the volume and we can focus on the customers that really need a response or additional support."

SOCIAL MEDIA CX MANAGER, AUTOMOTIVE MANUFACTURING

	Reduced Customer Churn Enabled By Social Media Monitoring				
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Unique inbound customer social messages received annually	Composite	1,000,000	1,020,000	1,040,400
D2	Percentage of inbound customer social messages received with a negative sentiment	Composite	40%	40%	40%
D3	Inbound customer social messages received with a negative sentiment annually	D1*D2	400,000	408,000	416,160
D4	Percentage of inbound negative customer social media being addressed before Sprinklr Social annually	Interviews	1%	1%	1%
D5	Inbound negative customer social media messages being addressed before Sprinklr annually	D3*D4	4,000	4,080	4,162
D6	Average response time taken (hours) to address messages for resolution before Sprinklr Social	Composite	2	2	2
D7	Average response time taken (hours) to address messages for resolution after Sprinklr Social	Composite	0.75	0.50	0.25
D8	Inbound negative customer social media addressed with Sprinklr Social annually	D5*D6/D7	10,667	16,320	33,296
D9	Increase in number of inbound negative customer social media addressed engaged with Sprinklr Social per year	D8-D5	6,667	12,240	29,134
D10	Reduced likelihood of disaffected customer to churn	Composite	15%	15%	15%
D11	Average yearly order value	Composite	$150	$150	$150
D12	Average annual purchase frequency	Composite	10	10	10
D13	Operating margin	Composite	10%	10%	10%
Dt	Incremental profit enabled by social media monitoring	D9*D10*D11*D12* D13	$150,008	$275,400	$655,515
	Risk adjustment	↓15%			
Dtr	Incremental profit enabled by social media monitoring (risk-adjusted)		$127,507	$234,090	$557,188
	Three-year total: $918,785		Three-year present value: $728,001		

INCREMENTAL PROFIT ATTRIBUTED TO SOCIAL COMMERCE

Evidence and data. Forrester's 2023 Retail Topic Insights Survey found that over one-third (39%) of US respondents under 25 years old directly purchased items via social media at least once a week.[3] This type of purchase behavior, also known as social commerce, is made possible through the increased integration of shopping and

purchase processes (e.g., digital product catalogs, payments, and order confirmation) into social media platforms. However, social commerce experiences are often fraught with problems, including out-of-sync inventory feeds, poorly maintained social storefronts, and limited customer support.

Interviewees noted that Sprinklr Social allowed organizations to address these challenges in several ways. Firstly, through integrations with other data sources like CRM systems and inventory as well as order management systems — Sprinklr Social enabled social media teams to provide customers with up-to-date product catalogs. Interviewees also noted that prebuilt AI models allowed social media teams to accurately flag purchase intent, guiding interactions with personalized responses.

- The consumer experience director in the retail organization observed a fall in purchase abandonment rates following the adoption of Sprinklr Social. This was achieved by effectively identifying and responding to inbound messages representing potential purchase opportunities. Furthermore, social media teams were better equipped to offer tailored recommendations to customers' needs with Sprinklr Social, leading to an increase in average order values.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The organization receives one million mentions and direct messages from unique customers on social media in Year 1. The number of mentions will grow by 2% every year to reach 1,040,400 by Year 3.

- Twenty percent of such mentions and messages are related to customers reaching out for assistance with a potential purchase.

- In the previous environment, the social media team had no ability to enable an e-commerce transaction on social media channels.

- By facilitating a seamless ecommerce transaction on the customer's preferred channel, the composite organization reduces purchase abandonment rate by 5% in Year 1. This figure will rise to 10% by the end of Year 3.

- The average order value for transactions facilitated by Sprinklr social commerce is 15% higher than average.

- The operating margin is 10%.

Risks. The ability of organizations to achieve revenue uplift through churn reduction via social media monitoring can vary across organizations due to differences in the:

- Number of mentions and direct messages received.

- Percentage of mentions and messages that reflect purchase intent.

- Amount of time that it takes to address a negative customer mention or message.

- Composition and experience of the team executing social media sales motions.

- Average order value for an ecommerce transaction.

- Ability to upsell customers on social media channels.

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 $517,000.

Increase in e-commerce transactions enabled by Sprinklr social commerce by the end of Year 3:

20,808

"Sprinklr Social's AI-powered recommendations and responses allow our social media agents to become better at selling."

GLOBAL CONSUMER EXPERIENCE DIRECTOR, RETAIL COSMETICS

Incremental Profit Attributed To Social Commerce

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Inbound customer social messages received annually	Composite	1,000,000	1,020,000	1,040,400
E2	Percentage of message requests related to a possible e-commerce selling opportunity	Interviews	20%	20%	20%
E3	Messages related to a possible e-commerce selling opportunity	E1*E2	200,000	204,000	208,080
E4	Improvement in purchase abandonment rate after Sprinklr Social	Composite	5%	7.5%	10%
E5	Increase in e-commerce transactions enabled by Sprinklr Social	E3*E4	10,000	15,300	20,808
E6	Average order value before Sprinklr Social	Composite	$150	$150	$150
E7	Increase in average order value after Sprinklr Social	Composite	15%	15%	15%
E8	Average order value after Sprinklr Social	E6*(1+E7)	$173	$173	$173
E9	Incremental revenue attributed to social commerce	E5*E8	$1,730,000	$2,646,900	$3,599,784
E10	Operating margin	Composite	10%	10%	10%
Et	Incremental profit attributed to social commerce	E9*E10	$173,000	$264,690	$359,978
	Risk adjustment	↓20%			
Etr	Incremental profit attributed to social commerce (risk-adjusted)		$138,400	$211,752	$287,982
	Three-year total: $638,134		**Three-year present value: $517,185**		

UNQUANTIFIED BENEFITS

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

- **Cost optimization through the replacement of legacy applications with a unified suite.** Interviewees noted that prior to adopting Sprinklr Social, they deployed a patchwork of solutions addressing various use cases from social listening to employee advocacy tools. Sprinklr Social enabled interviewees to streamline their social media technology stack with an all-in-one social media management solution, thus optimizing costs and eliminating the need to maintain multiple solutions that often lacked effective integration.

- **Seamless integration with their organization's existing tech stack.** Sprinklr Social's flexible architecture allowed for seamless integration across their organization's tech stack, including CRMs, business intelligence tools, customer feedback management tools, contact center tools, and campaign management software. This enabled teams across different functions to streamline workflows and build a holistic view of customer interactions across a variety of touchpoints, not limited to social media. Interviewees mentioned that they were able to easily integrate Sprinklr Social with various management platform solutions, eliminating the need to switch between multiple tools.

- **Improved collaboration between different teams in the organization.** Enhancing CX via social media requires teamwork. Sprinklr Social offered a collaborative platform for various teams within their organization, fostering a wide-ranging coalition spanning customer support, marketing, PR, legal, and sales teams. Interviewees emphasized that by sharing data and insights, regional and global teams could collaborate more efficiently, thereby aligning their efforts and ensuring consistent messaging across multiple channels and touchpoints.

- **Reduced PR risks with robust governance protocols.** Sprinklr Social ensured adherence to messaging standards and brand guidelines by streamlining workflow approvals and implementing fail-safe moderation processes. This reduced the risk of inappropriate or damaging content being shared, particularly by external partners. Additionally, Sprinklr Social offered user access and permissions management, allowing PR teams to control who has access to the platform and the actions they can perform. This ensures that only authorized individuals can manage and publish content, reducing the risk of unauthorized or inappropriate posts.

  For example, an interviewee noted that before Sprinklr Social, teams faced significant PR risks as login credentials for social media profiles were shared internally within partner agencies who were responsible for publishing content. In some cases, even when the organization switched agencies, employees from the previous partner agency retained access to the organization's social media profile. With Sprinklr Social, their organization was able to implement user authentication systems and single sign-on capabilities to enhance security. Sprinklr Social also provided mechanisms for deactivating user accounts when

needed to ensure that former users no longer have access to social media profiles or associated data.

- **Enhanced crisis management capabilities.** Sprinklr Social enables organizations to monitor social media platforms in real time, allowing them to swiftly identify emerging crisis situations. Organizations could stay informed and respond promptly by tracking mentions, comments, and hashtags related to their brand or industry. Additionally, Sprinklr Social empowered PR teams to establish crisis response protocols within the platform; such as predefined workflows, messaging templates, and escalation processes. Having these protocols in place enabled PR teams to respond quickly and effectively during a crisis, mitigating the risk of reputational damage.

  The global corporate affairs consultant from the technology organization mentioned that before adopting Sprinklr Social, whenever a social media crisis occurred (e.g., a surge of negative sentiment spreading across social media), teams would spend a significant amount of time identifying the root cause. The interviewee stated, "In one instance, it took our global PR team almost half a day to determine that a particular crisis stemmed from a problematic post published by a partnering agency. By then, significant damage had already been inflicted on our brand."

- **Provision of on-demand access to competitive intelligence.** Sprinklr Social's competitive benchmarking tools empowered organizations to evaluate their social media performance in comparison to that of their competitors and peers. It allowed organizations to continuously analyze metrics such as follower growth, engagement rates, content reach, and sentiment to gauge their competitiveness. This benchmarking process aids in identifying strengths and areas for improvement in their social media strategy.

  The social media CX manager from the automotive manufacturing organization noted that before adopting Sprinklr Social, their organization depended on periodic third-party competitive intelligence, which was occasionally outdated. With Sprinklr Social, they could obtain competitive intelligence at any time, providing them with real-time insights into key metrics. Additionally, their PR and legal teams were able to glean insights from how their competitors have handled

social media crises, allowing them to craft more effective public statements and crisis management protocols.

- **Improved content and response quality.** Sprinklr Social offers features such as content optimization and guided workflows, aiding teams in creating and delivering high-quality content that resonated with their audience. The social media CX manager from the automotive manufacturing organization noted a significant increase in their organization's internal quality score for social media responses after implementing Sprinklr Social, attributing this improvement to the various quality enhancement features provided by Sprinklr Social. Specifically, they highlighted how guided workflows offered predefined response templates for common customer inquiries or issues, enabling users to craft consistent and effective responses without starting from scratch. These workflows prompted users to select the appropriate template based on message categorization and customize it as needed, hence ensuring efficient and accurate responses.

"Previously, every team had their own logins which they shared with agencies, so there's a lot of security risks. Now that everything is going through Sprinklr Social, everything is enabled by single sign-on and two-factor authentication. There's no password sharing with agencies and that is a big plus from a PR and risk endpoint."

CONSULTANT, GLOBAL CORPORATE AFFAIRS/PR, TECHNOLOGY

FLEXIBILITY

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

- **Incorporating new platforms into the organisation's social media mix.** Sprinklr Social's unified social media management platform allowed organizations to seamlessly onboard and integrate new social media platforms to their existing social media footprint. This provided organizations with the flexibility to adjust their social media portfolio in tandem with their target audience's shifting future preferences.

- **Keeping up with emerging technologies.** Social media platforms are in an arms race to introduce new immersive and personalized digital experiences by harnessing AI and augmented reality. Success with these new capabilities hinges on the availability of well-structured data on customer's social media behavior and preferences. Sprinklr Social helps organizations build this data-centric foundation for more advanced capabilities through its multitude of reporting, analytics and benchmarking tools.

- **Providing greater flexibility in restructuring social media teams according to business objectives.** The social media landscape has transitioned into a more dynamic state in which the dominance of any single platform is no longer guaranteed. As such, structuring teams around specific social media platforms is becoming less practical. Sprinklr Social allowed organizations to adopt more flexibility in how they structured their social media teams by reducing the need for deep platform-specific expertise, making it possible to organize teams around existing business functions (e.g., sales, customer support) or stages in the customer journey (e.g., discovery, purchase, renewals)

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

"Whenever we have a cross functional campaign, it is just easier for us to collaborate directly in Sprinklr Social. Rather than having 10 different calls and emails, there is great benefit to collaborate [over a single platform] where everyone can publish, review, and approve."

CONSULTANT, GLOBAL CORPORATE AFFAIRS/PR, TECHNOLOGY

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	Sprinklr Social license and professional service costs	$0	$805,000	$805,000	$805,000	$2,415,000	$2,001,916
Gtr	Total internal costs for deployment, data migration, and training	$105,695	$9,152	$9,438	$9,724	$134,009	$129,120
	Total costs (risk-adjusted)	$105,695	$814,152	$814,438	$814,724	$2,549,009	$2,131,036

SPRINKLR SOCIAL LICENSE AND PROFESSIONAL SERVICE COSTS

Evidence and data. Each of the interviewee's organizations incurred annual recurring licensing and professional services fees for Sprinklr Social. Professional services are typically incurred for the deployment of the solution. The total annual fees depended on the organization's use cases, features, and capabilities. For an accurate quote on the license and professional services fees, please contact Sprinklr.

Modeling and assumptions. Forrester assumes the composite organization undertake the following:

- It requires 260 licenses.

- The annual license fee per seat is $2,500.

- Professional services cost per year is $50,000.

Risks. The license and professional services fees will vary among organizations based on the:

- Type of license purchased.

- Number of licenses purchased.

- Amount of professional services fee incurred.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2 million.

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
Sprinklr Social License And Professional Service Costs						
F1	Licenses	Composite	0	260	260	260
F2	Annual license fee per seat	Composite	$0	$2,500	$2,500	$2,500
F3	Annual licensing cost	F1*F2	$0	$650,000	$650,000	$650,000
F4	Professional service cost	Composite	$0	$50,000	$50,000	$50,000
Ft	Sprinklr Social license and professional costs	F3+F4	$0	$700,000	$700,000	$700,000
	Risk adjustment	↑15%				
Ftr	Sprinklr Social license and professional costs (risk-adjusted)		$0	$805,000	$805,000	$805,000
	Three-year total: $2,415,000			Three-year present value: $2,001,916		

TOTAL INTERNAL COSTS FOR DEPLOYMENT, DATA MIGRATION, AND TRAINING

Evidence and data. A typical implementation process incurs costs and effort across solution deployment, data migration, and training, which are based on the complexity and size of the user team, implementation approach, data source, data destination, technical specifications, and training method.

Modeling and assumptions. Forrester assumes the composite organization undertake the following:

- Tyhe deployment phase involves one program manager and two social media managers who are usually the product's point of contact and oversee end users. Deployment takes place over a period of a month and requires 20% of their time.

- The average fully-burdened hourly salary of a program manager is $49 in Year 1, growing 2% year over year to $51 in Year 3.

- The average fully-burdened hourly salary of a social media manager is $37 in Year 1, growing 2% year over year to $38 in Year 3.

- Data migration takes place over a period of four months and requires 20% of a data engineer's time.

- The average fully-burdened hourly salary of a data engineer is $62 in Year 1, growing 2% year over year to $64 in Year 3.

- During the training phase, all 260 license seat holders are trained typically for an hour each day over a period of 10 days.

- The average fully-burdened hourly salary of a social media specialist is $32 in Year 1, growing 2% year over year to $34 in Year 3.

Risks. The total internal cost for deployment, data migration and training will differ based on the:

- Number of program managers and social media managers required to deploy the solution.

- Number of data engineers required to deploy the solution.

- Number of employees required to undergo training.

- Amount of time dedicated to solution deployment, data migration, and training.

- The average fully-burdened hourly salary of a program manager, social media manager, and data engineer.

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 $129,000.

Total Internal Costs For Deployment, Data Migration, And Training

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Program managers required for solution deployment	Composite	1	0	0	0
G2	Social media managers required for solution deployment	Composite	2	0	0	0
G3	Percentage of time spent on solution deployment	Composite	20%	0%	0%	0%
G4	Months spent on solution deployment	Composite	1	0	0	0
G5	Total hours program managers spent on solution deployment	G1*G3*(G4/12)*2080	35	0	0	0
G6	Total hours social media managers spent on solution deployment	G2*G3*(G4/12)*2080	69	0	0	0
G7	Average fully-burdened hourly salary of a program manager	TEI standard	$49	$49	$50	$51
G8	Average fully-burdened hourly salary of a social media manager	TEI standard	$37	$37	$38	$39
G9	**Subtotal: Solution deployment costs**	**(G5*G7)+(G6*G8)**	**$4,268**	**$0**	**$0**	**$0**
G10	Social media data analysts required for data migration	Composite	1	0	0	0
G11	Percentage of time spent on data migration	Composite	20%	0%	0%	0%
G12	Months spent on data migration	Composite	4	0	0	0
G13	Total person hours spent on data migration	G10*G11*(G12/12)*2080	139	0	0	0
G14	Average fully-burdened hourly salary of a data engineer	TEI standard	$62	$62	$63	$64
G15	**Subtotal: Data migration costs**	**G13*G14**	**$8,618**	**$0**	**$0**	**$0**
G16	Employees trained on Sprinklr Social	Composite	260	26	26	26
G17	Hours spent on training each day	Composite	1	1	1	1
G18	Days spent training employees	Composite	10	10	10	10
G19	Total person hours spent on solution deployment	G16*G17*G18	2,600	260	260	260
G20	Average fully-burdened hourly salary of a social media specialist	TEI Standard YoY: 2%	$32	$32	$33	$34
G21	**Subtotal: Training costs**	**G19*G20**	**$83,200**	**$8,320**	**$8,580**	**$8,840**
Gt	Total internal costs for deployment, data migration, and training	G9+G15+G21	$96,086	$8,320	$8,580	$8,840
	Risk adjustment	↑10%				
Gtr	Total internal costs for deployment, data migration, and training (risk-adjusted)		$105,695	$9,152	$9,438	$9,724
	Three-year total: $134,009			**Three-year present value: $129,120**		

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics

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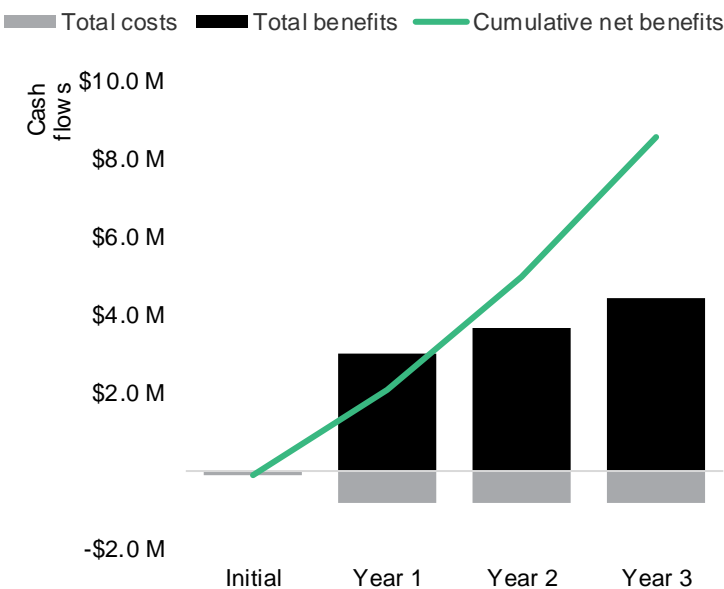
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($105,695)	($814,152)	($814,438)	($814,724)	($2,549,009)	($2,131,036)
Total benefits	$0	$3,018,164	$3,684,228	$4,419,557	$11,121,950	$9,109,080
Net benefits	($105,695)	$2,204,012	$2,869,790	$3,604,833	$8,572,941	$6,978,044
ROI						327%
Payback period (months)						Less than 6

APPENDIX A: TOTAL ECONOMIC IMPACT

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

Total Economic Impact Approach

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

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

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

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

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

"The Social Suite Landscape, Q4 2023," Forrester Research, Inc., October 23, 2023.

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 Source: "Building Effective Reputation Programs," Forrester Research, Inc., November 16, 2022.

3 Source: "Retail Topic Insights Survey," Forrester Research, Inc., October 2023.

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