

FORRESTER®

The Total Economic Impact™ Of Front

Cost Savings And Business Benefits
Enabled By Front's Customer Communications Solution

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Executive Summary

Customer expectations around the availability, quality, and speed of service via electronic message are increasing by the day. Customers want companies to send them pricing, answer questions, and solve problems via email, text, and chat, and they want near-instant — and highly personalized — service, all without having to talk to another person. Meeting those expectations is an ever-increasing challenge for any large or growing organization, and many legacy tools and processes aren't measuring up.

Front's customer communication platform empowers teams to meet the challenges of customer expectations and drive a higher quality of engagement.

The platform combines the features of an email client, a customer relationship management system (CRM), a ticketing system, and an internal chat application in one system that otherwise tend to happen on separate screens. It offers teams the ability to receive incoming messages from text, SMS, and chat applications, as well as from email, and routes incoming messages based on predefined rules. As employees craft replies, they can reference customer data and tag colleagues for input from within the Front interface. When the customer receives the response, it looks like a regular email, the messages lacking the long case numbers or technical jargon that often characterize messages sent from a ticketing system.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Front. For the purposes of this study, Forrester aggregated the

KEY STATISTICS



Return on investment (ROI)

442%



Net present value (NPV)

\$3.22M

interviewees' experiences and combined the results into a single [composite organization](#), which is a financial services organization with 50,000 customers and revenue of \$500 million per year. It uses Front for its customer service team, which receives approximately 800 incoming messages per day.

Prior to using Front, interviewees noted how their organizations struggled to keep up with the flow of incoming customer messages. Response times were slow, customers were frustrated, and employees had low morale. They each considered hiring more employees for their customer service and sales teams but realized that still wouldn't solve many of their core process problems, such as cumbersome collaboration and a lack of analytics.

After the investment in Front, the interviewees finally had visibility into their teams' shared inboxes. The tool's ability to organize and route customer messages automatically and facilitate cross-team collaboration on responses cut both response time

and workload dramatically. Organizations didn't need to hire as many people as they anticipated, and some were also able to re-focus their human resources on higher-value projects. Interviewees reported happier customers and happier employees, and the efficiency and productivity gains that Front delivered also allowed several organizations to finally implement process improvements that had been put on hold for several years.

KEY FINDINGS

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

- **Avoided headcount growth.** The efficiency and productivity gains made possible with Front allow the composite organization's 25-person customer service team to avoid hiring the 11 additional people it would have needed to keep up with workload and meet its response time goals. In fact, it could consider temporarily reassigning five of its existing team members to other projects, until growth causes the workload to increase.
- **Increased customer retention.** By providing customers with higher-quality responses in a shorter timeframe, the composite organization improves its customer satisfaction. This results in an estimated \$1.6 million in incremental profit gains over three years for the composite organization.
- **Realized savings from discontinuing the prior solution.** Ending its user license fees with their prior vendor results in over \$531,800 in savings for the composite organization over three years.

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

- **Increased employee morale.** Employee experience is improved as team members have more clarity on their job assignments, enjoy a more predictable workload, and gain confidence

by meeting performance goals. Organizations that track employee satisfaction through surveys could expect to see evidence of greater overall satisfaction. Over the longer term, organizations could also see increased employee longevity and reduced turnover in customer-service positions.

- **Increased collaboration and teamwork.** Front's in-thread commenting and tagging system allows employees to consult with colleagues much more quickly and easily than by forwarding customer emails or opening separate chat windows. This saves time and allows them to focus on communicating with customers.

“When you have data available to you to see how many messages you’ve sent, what your reply time is, etc., it’s really helpful in terms of creating awareness. Then you have something to measure your performance against and make improvements.”

CRO, B2B tech company

Flexibility benefits. Additional potential benefits that were verified through interviews but not included in the composite organization's experience include:

- **Improving sales performance.** This TEI focuses on the benefits Front brings to a customer service team; however, there is potential for the solution to optimize a sales operation as well. The same features and workflows that help customer service teams collaborate on faster, higher-quality responses to existing customers can also help sales teams return proposals and price quotes faster and more efficiently. This can, in

turn, allow a sales team to pursue and win more business opportunities.

- **Facilitating smart growth.** Front's analytics can help an organization spot hiring needs early as well as identify opportunities for new markets, service expansions, and product improvements.
- **Standardizing responses.** Front's template library can help an organization ensure that its customer responses are consistent and in line with company policy across large teams of individuals. This may be of particular value to companies in highly regulated industries.

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

- **Software fees.** For the composite organization's broad deployment of Front across 200 users, the software fees are estimated to be a total of \$620,000.
- **Initial implementation.** A combination of internal employee time and vendor-provided and third-party professional services support the initial deployment of Front across the composite organization. These costs add up to just under \$32,000 over three years.
- **Ongoing maintenance.** The composite organization taps internal and external resources as needed for ongoing maintenance projects, including rollout of new releases, supporting Front's integrations with the CRM and other software solutions, and occasional user troubleshooting. These costs total just over \$36,000 over three years.
- **Training costs.** The investment in onboarding new users and keeping employees up to speed with advanced features and new releases is also fairly minimal, totaling \$41,000 over three years.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$3.95M over three years versus costs of

\$730K, adding up to a net present value (NPV) of \$3.22M and an ROI of 442%.



ROI
442%



BENEFITS PV
\$3.95M



NPV
\$3.22M

Benefits (Three-Year)



“Our goal has always been to respond to urgent inquiries within 2 hours and non-urgent inquiries within a day. We weren’t anywhere close before. Now, we’re doing it.”

— Director of customer care, professional services

TEI FRAMEWORK AND METHODOLOGY

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

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 Front can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Front 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 Front.

Front 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.

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



DUE DILIGENCE

Interviewed Front stakeholders and Forrester analysts to gather data relative to Front.



INTERVIEWS

Interviewed four representatives at organizations using Front to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

The Front Customer Journey

■ Drivers leading to the investment in a new customer communications solution

Interviews			
Role	Industry	Employees	Front Use Case
Chief revenue officer (CRO)	B2B tech	160	Account management
Operations director	Logistics	320	Operations
Director of customer care	B2C professional services	1,500	Customer support
Head of sales operations	B2B professional services	800	Sales

KEY CHALLENGES

The interviewees' organizations' prior customer service solutions were either an email client or a ticketing system, both of which operated out of a shared inbox. Those solutions offered little visibility or clarity that could help teams route and respond to messages efficiently.

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

- **Shared inboxes were messy and confusing.** Email clients did not offer automatic routing or tagging features or really any visibility into who was working on what. That meant customer messages got lost easily. The operations director of one logistics company explained: "Everyone worked in the same inbox. So, if an email was missed, we didn't know who did it. If an email got lost, we didn't know what happened."
- **Work had to be assigned manually.** Managers and employees had to spend significant time sorting out and updating work assignments. To compensate for this issue, the operations director's logistics organization kept a shared spreadsheet where employees manually marked which cases they were working on and the status of each case. This helped track progress but added time and complexity to the process.

- **Teams could not keep up with the volume of incoming customer messages.** Response time suffered because employees had to spend so much time organizing incoming messages. When customers did not receive a timely response to their initial inquiry, they would often send follow-up messages, adding to the organizations' backlog.

Furthermore, messages had to be opened to see whether they were new, already handled, or a follow-up to an earlier message — which added to the teams' workload and further extended the response time.

- **Team members had to switch to separate systems when they needed more information.** When organizations' employees needed more information to respond to a customer inquiry, they would have to look up customer history in a separate CRM system, and/or ping colleagues through a separate email thread or in an entirely different application. This added to response time while the employee summarized the context of the inquiry and the information needed. Having to change between these different applications added time to the task.
- **Prior solutions did not offer helpful analytics.** Interviewees noted that the reporting functions in

their prior solutions were either nonexistent or misleading. They cited an inability to access metrics that would help track their team's progress toward meeting their service level agreements (SLAs). As previously discussed, however, there was a general awareness that expectations were not being met. With no visibility into employee productivity, it was impossible to set individual performance goals or to route work assignments based on workload. Further, some ticketing system solutions would fail to register a message as a new issue if a customer began a new inquiry by replying to a previous messaging thread — a common way for clients to contact customer service.

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Help their customer service teams improve their average response time and, in some cases, bring that response time into line with industry standards.
- Reduce the friction involved when employees needed to consult colleagues for help in crafting a response.
- Provide analytics that could facilitate continual performance improvement.

The interviewees' organizations chose Front and began deployment.

- Three out of four interviewees implemented Front for a customer service use case. One organization implemented Front for a sales function.
- Two out of four interviewees chose to take a phased approach to deployment, but they eventually expanded use either to the entire organization or to all customer-facing teams.

- Interviewees reported a total implementation time of three to four weeks from initial installation to full deployment.

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. This \$500 million organization operates in the B2B financial services sector. It has a customer base of about 50,000 customers, and the average annual revenue per customer is \$10,000. The volume of customer service messages, which averages 800 per day, regularly overwhelms the customer service team of 25 employees.

Deployment characteristics. The organization moved its customer service communications function to Front from a ticketing system. It opted for a full deployment rather than a phased approach, and it purchased 200 user licenses for the majority of its employees to give management full visibility into customer service operations and facilitate cross-team collaboration.

Key Assumptions

- **\$500M annual revenue**
- **50,000 customers**
- **25-member customer service team**
- **800 incoming messages per day**

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	Avoided headcount growth	\$720,000	\$720,000	\$720,000	\$2,160,000	\$1,790,533
Btr	Incremental customer retention profit	\$637,500	\$656,625	\$676,324	\$1,970,449	\$1,630,343
Ctr	Discontinuing prior solution	\$213,840	\$213,840	\$213,840	\$641,520	\$531,788
	Total benefits (risk-adjusted)	\$1,571,340	\$1,590,465	\$1,610,164	\$4,771,969	\$3,952,664

AVOIDED HEADCOUNT GROWTH

Evidence and data. All four interviewees reported that Front brought their organizations measurable efficiency and productivity gains. This was due to less application swivel, greater visibility into context of messages, easier collaboration tools, automatic message tagging and routing capabilities, and improved SLA management. Interviewees shared the following specific results from their organizations:

- Front eliminated the administrative burden of distributing work assignments. The logistics company’s operations director explained: “Since [Front’s] rules help you distribute the work, your employees only have to worry about the messages in front of them. That saved our team about 5 hours a day, because it [includes] not only the email answering, it’s also the distribution of the work and the status updates. Now they don’t do any of that.”
- The switch to Front empowered employees with the tools needed to be more efficient and effective in their work. The chief revenue officer (CRO) of the B2B tech company explained: “They were able to loop in other team members if they needed to. Before, they would have had to start a separate chat message, wait for someone to respond, and then get all of the relevant

content from the customer inquiry over to their colleague. Front helped reduce the friction [when we] collaborate and get answers or resolutions, and [it lets us] just get work done.”

- Incoming messages could be tagged and routed automatically. That ensured that the employee who was assigned each message was the best one to respond. The B2B tech company’s CRO said: “That enables us to route our priority accounts to the same individuals. We know that they’re getting assigned to the rep we consciously chose to work with that customer.”
- Individual messages could also be elevated automatically as soon as the response time hit a defined level, preventing SLA breach.
- The logistics organization’s operations director reported that its average response time went from 100 minutes before Front to 40 minutes with the solution.
- The B2C professional services organization saw the most impressive improvement in its average response time, which went from a dismal five to seven days before the solution to one day after Front.
- That same B2C professional services organization’s director of customer care reported

that it used to start each day with more than 500 new customer messages; with Front, that number was usually around 100. The director of customer care continued: “Before, we were getting six emails for every one request because everyone replies all. But with Front, we were able to eliminate those duplicates. The system was able to see that certain messages came in with six different email addresses. That was a nightmare, and that’s all gone in Front.”

- The B2B tech organization’s average first response time improved by 25%.
- When customers receive a faster first response to their inquiry, they are less likely to send follow-up or repeat messages asking about the status of their case. The director of customer care for the professional services company said: “When your average response time is five days, you get a bunch of duplicates because people say: ‘Hey, where are you? What’s going on?’ We were never going to catch up, and it was demoralizing.”

Modeling and assumptions. The composite organization, like several of the interviewees’ organizations, is assumed to be starting with a team that is overwhelmed in terms of daily incoming customer message volume and is underperforming in terms of customer response time. As discussed above, the two go hand in hand. When both pain points start to resolve upon the switch to Front, the organization determines it does not need to grow its team as much as it had anticipated.

- For the previous solution, the number of messages and messages answered per hour are estimated.
- While the composite organization has a customer service team of 25 employees, calculations show that they would need a team of 36 in Year 1. This number rises in subsequent years as the

company grows so the team can to keep up with workload and meet its goals.

- With Front, the number of messages is lower due to the elimination of copies, forwards, and duplicates; with the faster response time, there are also fewer follow-up inquiries. Additionally, the number of messages answered per hour is higher with Front because its organizational and collaboration features reduce average message handle time.

“We used to handle 2,000 emails a day. Moving to Front saved us 5 hours, and we used that time to update our TMS daily. That reduced our emails by 50% because the customer sees the information in the TMS and doesn’t have to email. It’s a chain reaction.”

Operations director, logistics

- After moving to Front, employee efficiency gains and incoming message volume reduction mean that the current customer service team of 25 people is more than adequate to meet customer service goals. In fact, the organization could consider reassigning some team members to other work.

Flexibility. While personnel cost savings are typically used to measure efficiency gains, readers may also want to think about the value of the other work employees could be assigned to if they were not in customer service. For example, one interviewee’s organization reassigned several customer service representatives to a new team that audited vendor billing statements to verify that charges were accurate. In the first six months, that team identified \$3,000 worth of overbilling errors.

Avoided Headcount Growth					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Emails received per day, prior solution	Composite	800	824	849
A2	Number of answered emails per employee per hour, prior solution	Interviews	3	3	3
A3	Hours needed to respond to workload the same day, prior solution	A1/A2	267	275	283
A4	Employees needed to respond to workload the same day, prior solution	A3/7.5	36	37	38
A5	Emails received per day, Front	Composite	600	630	662
A6	Number of answered emails per employee per hour, Front	Interviews	4	4	4
A7	Hours needed to respond to workload the same day, Front	A5/A6	150	158	165
A8	Employees needed to respond to workload the same day, Front	A7/7.5	20	21	22
A9	Employees reallocated to higher-value work	A4-A8	16	16	16
A10	Annual salary, fully burdened	TEI Standard	\$50,000	\$50,000	\$50,000
At	Avoided headcount growth	A9*A10	\$800,000	\$800,000	\$800,000
	Risk adjustment	↓10%			
Atr	Avoided headcount growth (risk-adjusted)		\$720,000	\$720,000	\$720,000
Three-year total: \$2,160,000			Three-year present value: \$1,790,533		

Risks. Avoided headcount savings can vary for the composite organization, based on several factors. Readers should take these into account for their own business case analysis. These include:

- Variability in how far behind the organization is in managing their current message volume, and/or how much growth is anticipated in the customer service function.

- Variability in incoming message volumes.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly \$1.8 million.

INCREMENTAL CUSTOMER RETENTION PROFIT

Evidence and data. All three of the interviewees' organizations that were using Front for a customer service function reported that being able to respond more quickly and with higher-quality responses resulted in increased customer satisfaction.

- Two interviewees reported that their organizations' prior response times were simply unacceptable in their respective industries. After moving to Front, they were able to bring their response times well in line with industry averages and customer expectations.
- Several interviewees mentioned Front's ability to highlight SLA breaches, making them more obvious and more likely to be addressed. The CRO for the B2B tech company said: "We have tags for SLA breaches. It's a shared inbox, so there's a lot of people with access to it, and it's very obvious if something is in breach of SLA. It's interesting how shining a spotlight on things instead of keeping them in a silo causes people to change their behavior."
- Quality of responses improved along with response time. The director of customer care for the professional services company said, "[Our employees] feel like they have more time to do the work and really provide a good solution because they're not constantly under the gun of 1,000 emails." Interviewees also cited Front's ability to show a comprehensive customer history, which incorporates prior communications from all channels in a single view, as helping team members respond in a more contextualized and personalized way.
- The B2B tech CRO shared a dramatic improvement in their organization's customer satisfaction (CSAT) score, reporting a 14-point increase in a six-month timeframe.

- For the logistics company, Front's efficiency gains supported two key process changes that improved customer experience.

Firstly, the weekly time savings allowed its team to keep their customer-facing transportation management system up to date, so customers could see the current status of their loads on demand.

Second, when the logistics company adopted Front, it also moved to a policy that focused on single points of contact, so customers didn't experience multiple handoffs from one stage to another. This boosted customer confidence. The operations director said: "That is something that we have been wanting to implement for two years. Front was the tool that we needed to make it happen. That was a huge win for our company."

"We had a CSAT of 77.3% during our first month with Front. It went up to 91.7% in a six-month timeframe. So our CSAT is really high, and it's also gone up."

CRO, B2B tech

Modeling and assumptions. When the composite organization improves its response time to customer inquiries and, through additional process improvements, is able to deliver a better overall experience, it's reasonable to assume that its customer retention rate will increase.

- This analysis starts with a Forrester assumption that the composite organization's customer attrition rate is close to the average for the financial services industry.
- Upon moving to Front, the composite organization's faster customer response time and

overall higher-quality customer service bring that rate down 3 percentage points, which results in the retention of 1,500 customers that they would have lost under the prior solution. This figure moves upward as the customer base grows year over year.

- The company has 50,000 regular customers, an annual customer value of \$10,000, and an operating margin of 10%.
- Many other factors also contribute to customer retention, including pricing, promotions, new product offerings and the value of continuing existing relationships. Forrester assumes that 50% of the benefit to the improved customer communications is attributed to Front.

Risks. The value of increased customer retention can vary for the composite organization, based on several factors. Readers should take these into account for their own business case analysis. These include:

- Variability in the number of customers the organization transacts within a year.
- Variability in average annual customer value.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$1.6 million.

Incremental Customer Retention Profit					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of customers	Composite	50,000	51,500	53,045
B2	Customer attrition rate, prior solution	Composite	15%	15%	15%
B3	Customer attrition rate, Front	Composite	12%	12%	12%
B4	Incremental customers retained with Front	$(B1*B2)-(B1*B3)$	1,500	1,545	1,591
B5	Average annual revenue per customer	Composite	\$10,000	\$10,000	\$10,000
B6	Attribution to Front	Assumption	50%	50%	50%
B7	Operating margin	Composite	10%	10%	10%
Bt	Incremental customer retention profit	$B4*B5*B6*B7$	\$750,000	\$772,500	\$795,675
	Risk adjustment	↓15%			
Btr	Incremental customer retention profit (risk-adjusted)		\$637,500	\$656,625	\$676,324
Three-year total: \$1,970,449			Three-year present value: \$1,630,343		

DISCONTINUING PRIOR SOLUTION

Evidence and data. All four interviewees' organizations implemented Front as a replacement for the customer communications function of a prior software solution.

- One organization implemented Front in place of a customer service ticketing system.
- Two organizations implemented Front in place of the communications component of software packages with core CRM functions. While they both kept their respective CRMs, they offset the cost of the communications modules and saw better functionality by moving to Front.
- The fourth organization, which used Front in a sales function, moved from a shared email inbox.

Modeling and assumptions. This analysis assumes that the composite organization moves from a prior vendor that charges license fees per month based on the number of users. Under the prior solution, as they later did under Front, the composite organization had purchased 200 user licenses, giving wide access to the system across many departments in order to facilitate visibility and collaboration.

Risks and results. The cost-savings inherent in discontinuing a prior solution can vary based on several factors. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of just over \$531,800.

Discontinuing Prior Solution					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Monthly cost per user	Composite	\$99	\$99	\$99
C2	Number of users	Composite	200	200	200
Ct	Discontinuing prior solution	$C1 \times C2 \times 12$	\$237,600	\$237,600	\$237,600
	Risk adjustment	↓10%			
Ctr	Discontinuing prior solution (risk-adjusted)		\$213,840	\$213,840	\$213,840
Three-year total: \$641,520			Three-year present value: \$531,788		

UNQUANTIFIED BENEFITS

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

- **Increased employee morale.** Interviewees said the efficiency and productivity benefits that accompanied their move to Front also gave their employees greater clarity on their workload, defined performance goals, and a renewed confidence in their ability to contribute to the organization and tackle larger projects. The director of customer care for the professional services organization said, “It has definitely opened up the horizons for us, because now we don’t have this constant problem that never goes away and never gets better.”

- **Increased collaboration and teamwork.** All four interviewees spoke to the ways that Front made it easier for their organizations’ employees to collaborate.

The B2B tech company emphasized Front’s ability to bring colleagues onto a case for assistance. Its CRO said, “What we do is complex, so sometimes we have to pull in people from different teams to make sure we get the correct answer for our customers. Front’s ability for someone to be tagged into a conversation and be able to read the email, get all of the context in one place, and then provide assistance gave us a ton of value.”

- The logistics company noticed that after moving to Front, employees were more likely to offer to help others — a result both of time savings and from the system’s ability to show workloads across the team. That organization’s operations director said: “Before, people only worried about their own work because there was so much to do. But now, one of the biggest changes I’ve noticed is that when people finish with their assignments, they start looking at how they can help their coworkers.”

“It’s been a great morale boost for the email group. Everybody likes to win. They were not able to win before, and now they can.”

Director of customer care, B2C professional services

FLEXIBILITY

The value of flexibility is unique to each customer. Some flexibility opportunities have already been summarized for individual benefits. But there are other scenarios in which a customer might implement Front and later realize additional uses and business opportunities, including:

- **Improving sales performance.** While the focus of this TEI is on the impact of Front on a customer service organization, the tool can offer benefits for sales teams as well. The organization that was using Front in a sales capacity was at an early point in their implementation journey, but its interviewee spoke of a strong potential for the analytics alone to have a measurable impact on improving conversion rates and even optimizing of pricing. In particular, seasonal volume could affect pricing; with greater visibility, it now has reliable data upon which to base and optimize their pricing models.
- **Facilitating smart growth.** Companies can use Front to identify trends that point to opportunities for growth or new product development, because of the visibility Front’s analytics bring to the volume and nature of customer inquiries. For example, the B2B professional services organization facilitated short-term housing in various cities around the globe. Front allowed it to staff appropriately to meet demand and to see specific cities that generate a high volume of

interest outside its current markets, which could be potential targets for expansion.

- **Standardizing responses.** The ability for managers to create a library of response templates within Front can enhance an organization's adherence to policies. This can lead to improved customer relations by ensuring that all representatives deliver clear and consistent messaging. In highly regulated industries, the value of such standardization may go even further, reducing risk exposure that could be introduced through off-script communications.

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

“Historically, we never had volume data. Now, with Front’s tags, we have data on requests received, the number we responded to, and the percent that are closed/won deals, so we can make projections and optimize our pricing.”

Head of sales operations, B2B professional services

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Software fees	\$0	\$249,480	\$249,480	\$249,480	\$748,440	\$620,420
Etr	Initial implementation	\$31,731	\$0	\$0	\$0	\$31,731	\$31,731
Ftr	Ongoing maintenance	\$0	\$14,658	\$14,658	\$14,658	\$43,974	\$36,452
Gtr	Training costs	\$15,120	\$10,458	\$10,458	\$10,458	\$46,494	\$41,127
	Total costs (risk-adjusted)	\$46,851	\$274,596	\$274,596	\$274,596	\$870,639	\$729,730

SOFTWARE FEES

Modeling and assumptions. Front's monthly subscription costs are based on service level and number of user licenses.

- The composite organization subscribes to Front at its Scale level, which includes all of the service features that the interviewees described their organizations utilizing in their interviews.
- Like many of the interviewees' organizations, the composite organization purchases more licenses than needed for their core customer service team, in order to: 1) accommodate future growth,

2) give management visibility into the customer service function, and 3) fully realize the tool's collaboration benefits by having many, if not all, departments on the system.

- Pricing may vary. Readers can contact Front directly for additional details.

Risks and results. To allow for underestimation of subscription costs and possible growth, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of just over \$620,000.

Software Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Monthly cost per user	Composite		\$99	\$99	\$99
D2	Number of users	Composite		200	200	200
Dt	Software fees	D1*D2*12	\$0	\$237,600	\$237,600	\$237,600
	Risk adjustment	↑5%				
Dtr	Software fees (risk-adjusted)		\$0	\$249,480	\$249,480	\$249,480
Three-year total: \$748,440			Three-year present value: \$620,420			

INITIAL IMPLEMENTATION

Evidence and data. Interviewees all reported that the initial implementation of Front was a fairly easy lift for their organizations. The CRO of the B2B tech company said: “It’s very straightforward to get it up and running. In fact, we did it so quickly that by the time their team called me for their onboarding call, they said, ‘You’ve done everything already.’ To be fair, it takes a bit longer to get all of the rules and workflows set up, but to get it to the point where it was adding value and we were motivated to get everyone on it, that was almost happening out of the gate.”

- All of the interviewees said they were up and running within three to four weeks through a combination of vendor and third-party professional services and time dedicated to the rollout by internal managers and employees.
- While two of the interviewees’ organizations used Front as a standalone tool (i.e., they did not integrate it with other internal systems), the other two required Front’s help integrating with their CRMs.
- Two organizations’ interviewees said they had one manager in charge of the rollout, which included initial installation, internal communications, and change management.

- One organization assigned three managers to the rollout, and each dedicated approximately 10% of their time to the project over three weeks.
- Employees were given a period of time — usually a couple of days — to clean up their inboxes and archive old messages to reduce the volume of data that needed to be migrated to Front.

Modeling and assumptions. The composite organization’s initial implementation costs include a combination of internal and vendor-supported work.

- Since the composite organization is implementing Front companywide with 200 users, it assigns an internal rollout team of six managers. Each contributes 15 hours to the project.
- The composite organization is integrating Front with its CRM.
- The organization utilizes Front’s professional services team and some third-party professional services for onboarding and integrations.

Risks and results. To account for possible underestimation of initial resource needs, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of just under \$32,000.

Initial Implementation						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Staff required	Interviews	6			
E2	Number of hours each	Interviews	15			
E3	Hourly rate, fully burdened	TEI Standard	\$58			
E4	Professional services	Composite	\$10,000			
E5	Third-party professional services	Composite	\$15,000			
Et	Initial implementation	$E1 * E2 * E3 + E4 + E5$	\$30,220	\$0	\$0	\$0
	Risk adjustment	↑5%				
Etr	Initial implementation (risk-adjusted)		\$31,731	\$0	\$0	\$0
Three-year total: \$31,731			Three-year present value: \$31,731			

ONGOING MAINTENANCE

Modeling and assumptions. This analysis tallies up the annual costs associated with new software releases, system upgrades and occasional troubleshooting, and integration with CRM, order management, and other front-office systems.

- The composite organization assigns two IT staff members to handle these types of ongoing maintenance, and they each put in about 5 hours per month, or 60 hours per year.

- The composite organization incurs a combined \$7,000 annually in vendor and third-party professional services fees, which cover more extensive upgrades and/or integration work stemming from version updates in other systems.

Risks and results. To account for possible underestimation of annual resource needs, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of approximately \$36,000.

Ongoing Maintenance						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Staff required	Interviews		2	2	2
F2	Number of hours each per year	Interviews		60	60	60
F3	Hourly rate, fully burdened	TEI Standard		\$58	\$58	\$58
F4	Professional services	Composite		\$2,000	\$2,000	\$2,000
F5	Third-party professional services	Composite		\$5,000	\$5,000	\$5,000
Ft	Ongoing maintenance	$F1 \cdot F2 \cdot F3 + F4 + F5$	\$0	\$13,960	\$13,960	\$13,960
	Risk adjustment	↑5%				
Ftr	Ongoing maintenance (risk-adjusted)		\$0	\$14,658	\$14,658	\$14,658
Three-year total: \$43,974			Three-year present value: \$36,452			

TRAINING COSTS

Modeling and assumptions. While all interviewees reported that Front’s user interface is quite intuitive, any software tool requires some training to get users familiar with the system’s capabilities, provide occasional refreshers, and accommodate occasional staff turnover.

- Each new user needs 3 hours of up-front training. There are 200 new users in the initial period, and five new users each year as new employees are hired.

- All 200 users need an annual refresher training, which could cover advanced functions or new features available in the latest release.

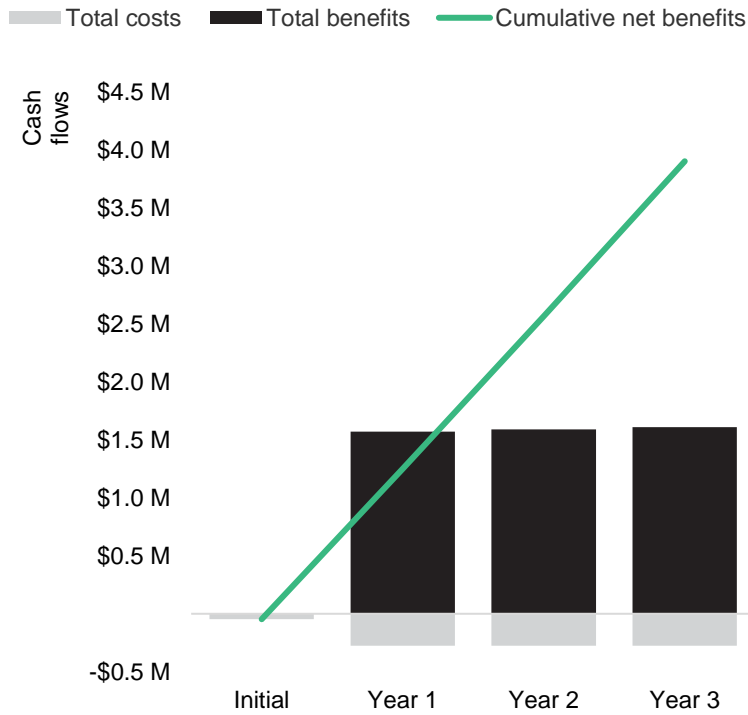
Risks and results. To account for possible underestimation of initial or ongoing training needs, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$41,000.

Training Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	New users (Including turnover)	Composite	200	5	5	5
G2	New-user training (hours)	Composite	3	3	3	3
G3	Hourly rate, fully burdened	TEI Standard	\$24	\$24	\$24	\$24
G4	Subtotal: New user training costs	$G1 \times G2 \times G3$	\$14,400	\$360	\$360	\$360
G5	Total users	Composite		200	200	200
G6	Ongoing training (hours)	Composite		2	2	2
G7	Subtotal: Ongoing training costs	$G5 \times G6 \times G3$	\$0	\$9,600	\$9,600	\$9,600
Gt	Training costs	$G4 + G7$	\$14,400	\$9,960	\$9,960	\$9,960
	Risk adjustment	↑5%				
Gtr	Training costs (risk-adjusted)		\$15,120	\$10,458	\$10,458	\$10,458
Three-year total: \$46,494			Three-year present value: \$41,127			

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 and NPV for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, and NPV 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	(\$46,851)	(\$274,596)	(\$274,596)	(\$274,596)	(\$870,639)	(\$729,730)
Total benefits	\$0	\$1,571,340	\$1,590,465	\$1,610,164	\$4,771,969	\$3,952,664
Net benefits	(\$46,851)	\$1,296,744	\$1,315,869	\$1,335,568	\$3,901,330	\$3,222,934
ROI						442%

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

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