

A Forrester Total Economic Impact™  
Study Commissioned By Iterable  
January 2018

# The Total Economic Impact™ Of Iterable

Cost Savings And Business Benefits  
Enabled By Iterable, An Omni-Channel  
Marketing Technology Platform

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## ABOUT FORRESTER CONSULTING

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# Executive Summary

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

Iterable provides an omni-channel marketing technology platform that improves customer engagement and scales effectively. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with years of experience both within the marketing technology space and using Iterable.

Prior to using Iterable, the interviewed customers had deployed either a marketing technology platform or in-house tool. However, customers reported that their previous marketing technology solution had poor usability, unreliable performance, limited message personalization functionality, and did not effectively drive customer engagement.

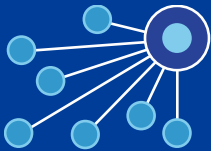
Forrester developed a composite organization based on data gathered from the customer interviews to reflect the total economic impact that Iterable could have on an organization. The composite organization is representative of the organizations that Forrester interviewed and is used to present the aggregate financial analysis in this study. All values are reported in **risk-adjusted three-year present value (PV)** unless otherwise indicated.

## Key Findings

**Quantified benefits.** The following benefits reflect the financial analysis associated with the composite organization.

- › **Increased reoccurring revenue from higher customer engagement resulting in \$7.9 million of additional sales revenue.** Interviewed organizations noted increased customer engagement due to improved timeliness, personalization of campaigns, and more targeted customer messaging in sent messages enabled by Iterable. This led to an increase in reoccurring revenue from customers, and a net income impact of nearly \$393,000.
- › **Increased revenue from sophisticated segmentation and personalization resulting in \$23.0 million of additional sales revenue.** Iterable enabled increased complexity and personalization of campaigns, resulting in an increase in conversion rate for sent messages. This led to a net income impact of over \$1.1 million.
- › **Increased productivity from product ease-of-use resulting in \$10.1 million of additional sales revenue.** This is due to Iterable enabling the marketing team to reduce their reliance on engineering teams and being able to increase the total number of campaigns. This resulted in a net income impact of over \$645,000.
- › **Avoided previous solution costs, with a net income impact of over \$636,000.** These are avoided costs associated with the cost per thousand sends (CPM) pricing structure of the previous platform.

## Benefits And Costs



Additional sales revenue over three years:

**\$41 million**



Increase in total message sends over three years:

**26 million**



Increased reoccurring sales due to higher customer engagement over three years:

**\$7.9 million**



**ROI**  
**700%**



**Benefits PV**  
**\$2.8 million**



**NPV**  
**\$2.4 million**



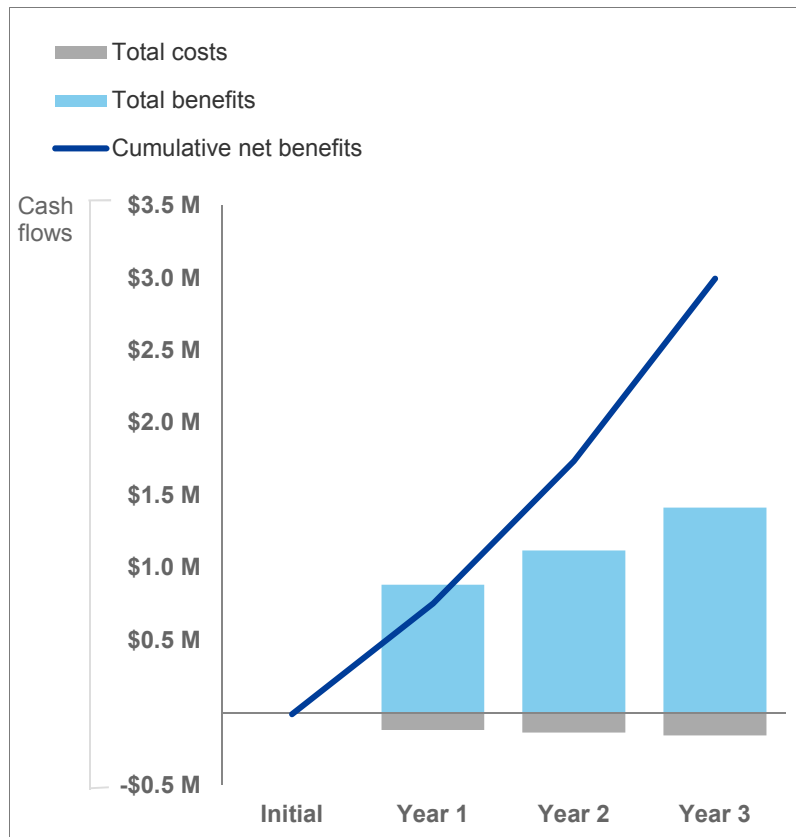
**Payback**  
**< 3 months**

**Costs.** The following costs reflect the financial analysis associated with the composite organization.

- > **Subscription costs totaling approximately \$339,000.** Iterable subscription costs for the composite organization are based primarily on list size.
- > **Implementation costs totaling less than \$10,000.** This includes a one-month implementation period, with marketing and engineering teams each spending 80 hours on implementation activities.

Forrester's interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced cumulative benefits of \$2.8 million over three years versus cumulative costs of approximately \$349,000, adding up to a **net present value (NPV) of \$2.4 million and an ROI of 700%.**

### Cash Flow Chart (Risk-Adjusted)



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

## TEI Framework And Methodology

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

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 Iterable can have on an organization:



### **DUE DILIGENCE**

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



### **CUSTOMER INTERVIEWS**

Interviewed four organizations using Iterable to obtain data with respect to costs, benefits, and risks.



### **COMPOSITE ORGANIZATION**

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



### **FINANCIAL MODEL FRAMEWORK**

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



### **CASE STUDY**

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

## DISCLOSURES

Readers should be aware of the following:

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

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

Iterable 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.

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

# Iterable Customer Journey

## BEFORE AND AFTER ITERABLE INVESTMENT

### Interviewed Organizations

For this study, Forrester conducted four interviews with Iterable customers. Interviewed customers include the following:

INDUSTRY	INTERVIEWEE	LIST SIZE	ANNUAL SENDS
eCommerce	Director of email marketing	2,000,000	25,000,000
eCommerce	Vice president (VP) of marketing	100,000	2,500,000
eCommerce	VP of customer retention	20,000,000	250,000,000
Professional services	VP of marketing	1,000,000	40,000,000

### Key Challenges

Before the investment in Iterable, interviewees described the following challenges with their previous solution:

- › **Customer engagement: inability to drive customer engagement due to limited functionality.** Director of Email Marketing, eCommerce, told Forrester: “Nobody was looking at the analytics. They just knew that messages were going out, they were sending X number of messages, and making X number of dollars. There was no welcome series, no best practices other than automation and minimal personalization.”
- › **Personalization: inability to effectively utilize customer data for personalization.** Director of Email Marketing, eCommerce, said: “We have a lot of data associated with our customers, but our previous solution required integration using a Flat File system. This was not a good way to manage customer data. We basically needed a full-time engineer to constantly fix issues that stemmed from this set up.”
- › **Ease-of-use: poor usability and unreliable performance.** VP of Customer Retention, eCommerce, stated: “Our previous platform was unreliable. We didn’t trust that messages were being delivered with sufficient timeliness. We didn’t love the interface, and we didn’t trust the data we were getting from the platform.”

After an extensive request for proposal (RFP) and business case process evaluating multiple vendors, interviewed organizations chose Iterable and began deployment.

“We needed additional customization options and additional scalability in the platform. We needed to have versioning so that there isn't the risk of overwriting something as less advanced users start touching the platform. And the ability to segment a number of data points was extremely limited in our previous solution.”

*VP of marketing, eCommerce*



## Key Results

The interviews revealed that the investment in Iterable addressed the challenges interviewees were facing and provided additional benefits as well:

### **PERSONALIZATION AND CUSTOMER ENGAGEMENT**

- › **Sophisticated segmentation.** Director of email marketing, eCommerce, said: “Iterable gives me the power to create segments; It was nearly impossible to create and identify segments with the number of tables we have. With our previous platform, if I wanted to build segments, look at different cuts, identify new segments...all that would have required SQL knowledge.”
- › **Multi-channel campaigns.** VP of marketing, eCommerce, stated: “We’re close to doubling our number of campaigns. Complexity is up 2x or 3x going from single-channel to multi-channel targeting and customization, and we’ve seen a 25% increase in campaign effectiveness just over the past six months. I expect that to continue for an extended period since there’s so much low-hanging fruit we can take advantage of.”

### **EASE-OF-USE**

- › **Ease in developing complex campaigns.** VP of customer retention, eCommerce, told Forrester: “One of the reasons we like Iterable is because of the Workflow Studio. This is a remarkable thing about their graphical user interface; we can build filters, conditions, and splits in an intuitive manner. This was a big differentiator in deciding to implement Iterable, and Iterable Workflow Studio is a function we’ve used heavily over the last two years.”
- › **Availability of templates and versioning.** VP of marketing, eCommerce, said: “Templates and versioning functionality from Iterable has enabled flexibility and speed of change. It has allowed us to ‘democratize’ access as it’s easy to see when changes have been made; if I disagree with the change, all I have to do is version back the email template. It gives us a lot of security and confidence to have more people work in the platform.”
- › **Automation capability.** Director of email marketing, eCommerce, said: “I think it’s funny when people ask me, ‘so what are you using for your automation partner?’ With Iterable, automation is part of the base package, which isn’t always true of other platforms. It’s very powerful because you can create automation with emails and push and all these different channels, even stemming from an API.”

“Implementing Iterable has had a significant impact on our business. It’s enabled us to send much more sophisticated campaigns to our users and to set those up in an easier way. So we have both benefits in terms of improved performance on the customer side as well as operational workflow benefits on our side.”

*VP of marketing, eCommerce*





## ADDITIONAL BENEFITS

- › **Improved relationship with engineering.** VP of customer retention, eCommerce, told Forrester: “With Iterable, we can do much more without needing engineering support. Further, our engineers hated working with the previous platform, so in addition to their time we also eroded the relationship capital with the engineering team. Our engineering team is much happier working with Iterable’s APIs and engineering staff.”
- › **Consolidation of multiple platforms.** VP of customer retention, eCommerce, stated: “Before we moved to Iterable, we had one platform for email and another third-party vendor for push messaging. A benefit with Iterable is we now have those functions consolidated into a single platform, and this has allowed us to simplify our environment.”
- › **Improved employee satisfaction.** VP of marketing, professional services, said: “The nature of our business requires us to work with many different platforms. Everybody in our company is very satisfied with Iterable. It’s not a point of frustration for anybody, which I can’t say about the other platforms we work with.”
- › **Strong customer support from Iterable.** VP of customer retention, eCommerce, told Forrester: “Support and response time from Iterable has been huge. During our implementation they built an API for us at our request within the space of one to two weeks. The response time is always very good, and they’ve also been very good for delivering on future requests. Super responsive customer support for sure, and that’s a big part of the equation for us.”

“Really what pointed us to Iterable was that our engineers really liked all of the documentation Iterable had. They could tell immediately that they were written by modern engineers with modern technology.”

*Director of email marketing,  
eCommerce*



## Composite Organization

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

**Description of composite and deployment characteristics.** The composite is an online commerce organization with \$250 million in annual revenue, growing 18% year-over-year (YOY). The composite has a list size of 2.5 million (which includes both prospects and existing customers) that grows 12% YOY. With Iterable, the composite organization sends 7.5 million messages per month which grows 14% YOY. Before Iterable, the composite organization was using another software-as-a-service (SaaS) marketing technology platform. Average order value (AOV) for the composite is \$50.



### Key assumptions

- \$250 million in annual revenue
- List size of 2.5 million
- 7.5 million message sends per month
- \$50 AOV



# Financial Analysis

## QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

### Total Net Income Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased reoccurring net income from higher customer engagement	\$64,125	\$153,857	\$276,048	\$494,030	\$392,849
Btr	Increased net income from sophisticated segmentation and personalization	\$406,125	\$462,983	\$527,800	\$1,396,908	\$1,148,379
Ctr	Increased net income from product ease-of-use	\$199,500	\$259,350	\$332,367	\$791,217	\$645,415
Dtr	Avoided costs from previous solution	\$213,750	\$243,675	\$277,790	\$735,215	\$604,410
<b>Total benefits (risk-adjusted)</b>		<b>\$883,500</b>	<b>\$1,119,865</b>	<b>\$1,414,004</b>	<b>\$3,417,369</b>	<b>\$2,791,053</b>

### Benefit 1: Increased Reoccurring Revenue From Higher Customer Engagement

Interviewed organizations noted increased customer engagement due to improved timeliness, personalization of campaigns, and more targeted customer messaging in sent messages enabled by Iterable. This led to an increase in reoccurring revenue from customers.

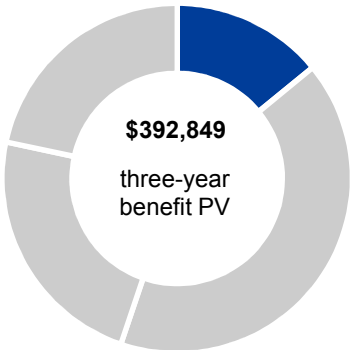
Based on the interviews of Iterable customers, Forrester estimates for the composite organization:

- › \$250 million in annual revenue, growing 18% YOY.
- › Before Iterable, 40% of revenue was associated with repeat customer purchases. That increased to 41.2% with Iterable, which subsequently grows 3% YOY.
- › 5% of repeat customer revenue is attributable to direct message sends.

This is important to ensure this benefit does not double-count with

- Benefit 2: Increased Revenue From Sophisticated Segmentation And Personalization.
- › 50% of the increase in repeat customer purchases is attributable to Iterable, as increases in repeat purchases can also be impacted by changes in loyalty programs, sales, product availability, and other incentives.
- › Income margin is 5%.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to have a PV of nearly \$2.8 million.



Higher customer engagement: **14%** of total benefits

This benefit can vary due to uncertainty related to:

- › Annual revenue, and repeat revenue percentage.
- › Repeat revenue attributable to Iterable.
- › Income margin.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding an annual increase in sales revenue ranging from \$1.4 million to \$6.1 million, with a three-year risk-adjusted total PV of \$7.9 million in sales.

Total net income impact ranges from over \$64,000 to over \$276,000, with a three-year risk-adjusted total PV of nearly \$393,000.

“We’re growing faster because we’re acquiring more valuable users, which is creating more value for the business, which helps us grow faster. It’s a virtuous loop.”

*VP of customer retention,  
eCommerce*



### Benefit 1: Increased Reoccurring Revenue From Higher Customer Engagement Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Average annual revenue		\$250,000,000	\$295,000,000	\$348,100,000
A2	Reoccurring customer percentage of revenue before Iterable		40.00%	40.00%	40.00%
A3	Reoccurring customer percentage of revenue with Iterable	3% YOY growth	41.20%	42.44%	43.71%
A4	Percent of reoccurring customer revenue coming directly from message conversions		5%	5%	5%
A5	Increase in reoccurring revenue outside of direct revenue from messages	$A1*(A3-A2)*(1-A4)$	\$2,850,000	\$6,838,100	\$12,268,785
A6	Increase in reoccurring revenue attributable to implementation of Iterable		50%	50%	50%
<b>A7</b>	<b>Subtotal: increased reoccurring revenue from higher customer engagement</b>	<b><math>A5*A6</math></b>	<b>\$1,425,000</b>	<b>\$3,419,050</b>	<b>\$6,134,392</b>
A8	Income margin		5%	5%	5%
At	Increased reoccurring net income from higher customer engagement	$A7*A8$	\$71,250	\$170,953	\$306,720
	Risk adjustment	↓10%			
<b>Atr</b>	<b>Increased reoccurring net income from higher customer engagement (risk-adjusted)</b>		<b>\$64,125</b>	<b>\$153,857</b>	<b>\$276,048</b>

### Benefit 2: Increased Revenue From Sophisticated Segmentation And Personalization

Interviewed organizations described the following benefits related to increased revenue from sophisticated segmentation and personalization due to Iterable:

- › Overall conversion rate increased on sent messages due to increased sophistication and personalization of campaigns.
- › Improved recovery of abandoned shopping carts due to improved timeliness and personalization of messaging enabled by Iterable.

Based on the customer interviews, Forrester estimates for the composite organization:

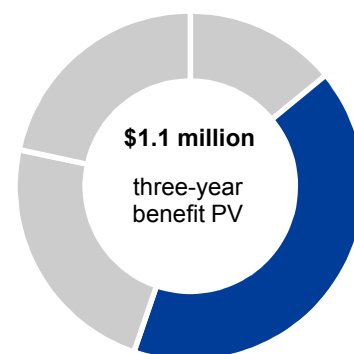
- › 10% of all messages sent are associated with abandoned cart recovery.
- › Recovery of abandoned shopping carts increased 20% with Iterable, with conversion rate for messages sent increasing from 5% to 6%.
- › Outside of abandoned cart recovery, overall message conversion rate increased 10% with Iterable, from 1.0% to 1.1%.
- › AOV is \$50, and income margin is 5%.

This benefit can vary due to uncertainty related to:

- › Conversion rate and total number of sent messages.
- › AOV and income margin.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding an annual increase in sales revenue ranging from \$8.5 million to \$11.1 million, with a three-year risk-adjusted total PV of \$23.0 million in sales.

Total net income impact ranges annually from over \$406,000 to nearly \$528,000, with a three-year risk-adjusted total PV of over \$1.1 million.



Sophisticated segmentation  
and personalization:  
**41% of total benefits**

#### Benefit 2: Increased Revenue From Sophisticated Segmentation And Personalization Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of messages sent per month with Iterable		7,500,000	8,550,000	9,747,000
B2	Number of messages sent per month associated with abandoned cart recovery	B1*10%	750,000	855,000	974,700
B3	Recovery rate of abandoned carts before Iterable		5%	5%	5%
B4	Recovery rate of abandoned carts with Iterable	B3*1.2	6%	6%	6%
B5	Average order value		\$50	\$50	\$50
B6	<i>Subtotal: increased revenue from increased recovery of abandoned carts</i>	<i>B2*12*(B4-B3)*B5</i>	<i>\$4,500,000</i>	<i>\$5,130,000</i>	<i>\$5,848,200</i>
B7	Overall message conversion rate before Iterable		1.00%	1.00%	1.00%
B8	Overall message conversion rate with Iterable		1.10%	1.10%	1.10%
B9	<i>Subtotal: increased revenue from increased conversion of overall messages</i>	<i>(B1-B2)*12*(B8-B7)*B5</i>	<i>\$4,050,000</i>	<i>\$4,617,000</i>	<i>\$5,263,380</i>
<b>B10</b>	<b><i>Subtotal: increased revenue from sophisticated segmentation and personalization</i></b>	<b><i>B6+B9</i></b>	<b><i>\$8,550,000</i></b>	<b><i>\$9,747,000</i></b>	<b><i>\$11,111,580</i></b>
B11	Income margin		5%	5%	5%
Bt	Increased net income from sophisticated segmentation and personalization	B10*B11	\$427,500	\$487,350	\$555,579
	Risk adjustment	↓5%			
<b>Btr</b>	<b>Increased net income from sophisticated segmentation and personalization (risk-adjusted)</b>		<b>\$406,125</b>	<b>\$462,983</b>	<b>\$527,800</b>

## Benefit 3: Increased Productivity From Product Ease-Of-Use

Interviewed organizations described the following benefits related to increased productivity from product ease-of-use with Iterable compared to the composite organization's previous marketing technology platform:

- › The marketing team was able to leverage Iterable Workflow Studio, segmentation, and automation capabilities provided by Iterable with minimal required engineering input.
- › These same functions allowed the marketing team to increase the number of both the campaigns they rolled out and total messages sent.

Based on the customer interviews, Forrester estimates for the composite organization:

- › The engineering team improved their productivity by getting time back for high-value engineering tasks.
- › The number of messages sent with the previous platform would increase 12% YOY to match list size growth.
- › The number of messages sent with Iterable increased 15% YOY.
- › The conversion rate for messages sent before Iterable was 1.0%
- › AOV is \$50, and the income margin is 5%.

Note that this benefit calculates the isolated impact of productivity due to product ease-of-use, whereas

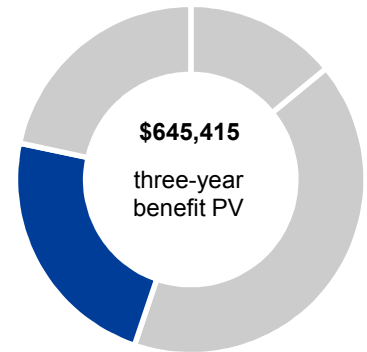
Benefit 2: Increased Revenue From Sophisticated Segmentation And Personalization includes the calculated impact from improved message conversion rates due to Iterable.

This benefit can vary due to uncertainty related to:

- › Improved engineering productivity and average fully burdened salary.
- › Number of sent messages before and after implementing Iterable.
- › Conversion rate of sent messages, AOV, and income margin.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding an annual increase in sales revenue ranging from \$3.0 million to nearly \$5.8 million, with a three-year risk-adjusted total PV of \$10.1 million in sales.

Total net income impact ranges from nearly \$200,000 to over \$332,000, with a three-year risk-adjusted total PV of over \$645,000.



Increased productivity from product ease-of-use: **23%** of total benefits

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

### Benefit 3: Increased Productivity From Product Ease-Of-Use Calculation Table

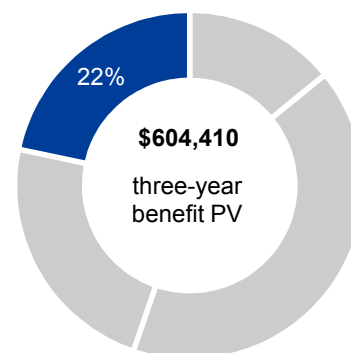
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Improved engineering productivity FTEs		0.5	0.5	0.5
C2	Engineering FTEs average fully burdened salary		\$120,000	\$120,000	\$120,000
C3	<i>Subtotal: improved engineering productivity</i>	<i>C1*C2</i>	<i>\$60,000</i>	<i>\$60,000</i>	<i>\$60,000</i>
C4	Number of messages sent per month before Iterable	12% growth YOY	7,000,000	7,840,000	8,780,800
C5	Number of messages sent per month with Iterable	14% growth YOY	7,500,000	8,550,000	9,747,000
C6	Baseline conversion rate from messages		1.00%	1.00%	1.00%
C7	Average order value		\$50	\$50	\$50
C8	<b>Subtotal: increased revenue from product ease-of-use</b>	<b>(C5-C4) *12*C6*C7</b>	<b>\$3,000,000</b>	<b>\$4,260,000</b>	<b>\$5,797,200</b>
C9	Income margin		5%	5%	5%
Ct	Increased net income from product ease-of-use	C8*C9	\$210,000	\$273,000	\$349,860
	Risk adjustment	↓5%			
<b>Ctr</b>	<b>Increased net income from product ease-of-use (risk-adjusted)</b>		<b>\$199,500</b>	<b>\$259,350</b>	<b>\$332,367</b>

### Benefit 4: Avoided Costs From Previous Solution

Interviewed organizations noted avoided costs from the previous installed marketing technology solution.

Based on the customer interviews, Forrester estimates the composite would have paid subscription fees on a cost per thousand sends (CPM) pricing structure ranging annually from \$225,000 to over \$292,000.

This benefit can vary due to uncertainty related to the CPM rate. To account for this risk, Forrester adjusted this benefit downward by 5%, yielding a total net income impact ranging annually from nearly \$214,000 to nearly \$278,000, with a three-year risk-adjusted total PV of over \$604,000.



### Benefit 4: Avoided Costs From Previous Solution Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Subscription fees for previous solution		\$225,000	\$256,500	\$292,410
Dt	Avoided costs from previous solution	D1	\$225,000	\$256,500	\$292,410
	Risk adjustment	↓5%			
<b>Dtr</b>	<b>Avoided costs from previous solution (risk-adjusted)</b>		<b>\$213,750</b>	<b>\$243,675</b>	<b>\$277,790</b>

## Flexibility Enabled By Robust Platform Functionality

The value of flexibility for deploying additional functionality in the future is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Iterable and later realize additional uses and business opportunities, including:

Flexibility, as defined by TEI, is the ability to deploy additional functionality in the platform for business benefits.

› **Ability to deploy and integrate additional messaging channels.**

VP of customer retention, eCommerce, told Forrester: “Once we feel we’re at a mature steady state with our current implementation, we’ll be turning with more interest to other channels like SMS and proprietary messaging platforms knowing that Iterable already offers those capabilities today. It’s reassuring that we can start leveraging those channels whenever we’re ready. I feel confident and know that Iterable can do that for us.”

› **Ability to leverage dynamic content targeting within emails.**

Director of email marketing, eCommerce, said: “I have user data in Iterable and I can use that user data to do dynamic content targeting within the email. If we weren’t able to do that, it would completely change my strategy for the future.”

› **Ability to assign unlimited data points per customer record.**

VP of marketing, eCommerce, stated: “What differentiates Iterable is that there is no limit on the number of data points per customer record that can be imported. It has simplified our processes and improved the effectiveness of our campaigns. With our previous platform, if someone wanted to include another customer variable they would have to argue with someone else to remove their variable; it was a painful process that’s no longer an issue with Iterable.”

› **Flexibility in APIs and interfaces.** VP of customer retention, eCommerce, told Forrester: “We don’t need to force all of our first party data into Iterable in order for it work. For example, we can actually continue running our own template management system and continue running our own user segmentation queries in our own data warehouse. And then Iterable provides the pipes and interfaces to upload the data. We don’t do a lot of complicated template management or really much segmentation that’s not already in Iterable, but the fact they have programmatic interfaces that allow us to do that on our own systems is valuable to us.”

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

## Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Subscription costs	\$0	\$120,000	\$136,800	\$156,000	\$412,800	\$339,354
Ftr	Implementation costs	\$9,554	\$0	\$0	\$0	\$9,554	\$9,554
	<b>Total costs (risk-adjusted)</b>	<b>\$9,554</b>	<b>\$120,000</b>	<b>\$136,800</b>	<b>\$156,000</b>	<b>\$422,354</b>	<b>\$348,908</b>

### Cost 1: Subscription Costs

Iterable subscription costs for the composite organization are based primarily on list size. Annual subscription costs ranged from \$120,000 to \$156,000, with a three-year total PV of over \$339,000.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to have a PV of nearly \$349,000.

#### Cost 1: Subscription Costs Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Subscription cost for Iterable			\$120,000	\$136,800	\$156,000
Et	Subscription costs	E1		\$120,000	\$136,800	\$156,000
	Risk adjustment	0%				
<b>Etr</b>	<b>Subscription costs (risk-adjusted)</b>		<b>\$0</b>	<b>\$120,000</b>	<b>\$136,800</b>	<b>\$156,000</b>

### Cost 2: Implementation Costs

Interviewed organizations noted that implementation of Iterable was very quick. VP of customer retention, eCommerce, told Forrester: "We made the decision to move forward with Iterable when we only had about a month remaining on our previous marketing technology platform contract, so we needed to implement Iterable quickly. I have to give a lot of credit to Iterable – we were completely implemented and deployed with time to spare. They made the transition as smooth as can be."

Based on the customer interviews, Forrester estimates for the composite organization:

- › Marketing professionals spent 80 hours on implementation activities at a fully burdened hourly rate of \$46.15.
- › Engineering professionals spent 80 hours on implementation activities at a fully burdened hourly rate of \$57.69.

Implementation costs can vary due to uncertainty related to:

- › Required implementation effort from marketing and engineering.
- › Associated salaries.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding an implementation cost less than \$10,000.



**One month**  
Total implementation  
and deployment time

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



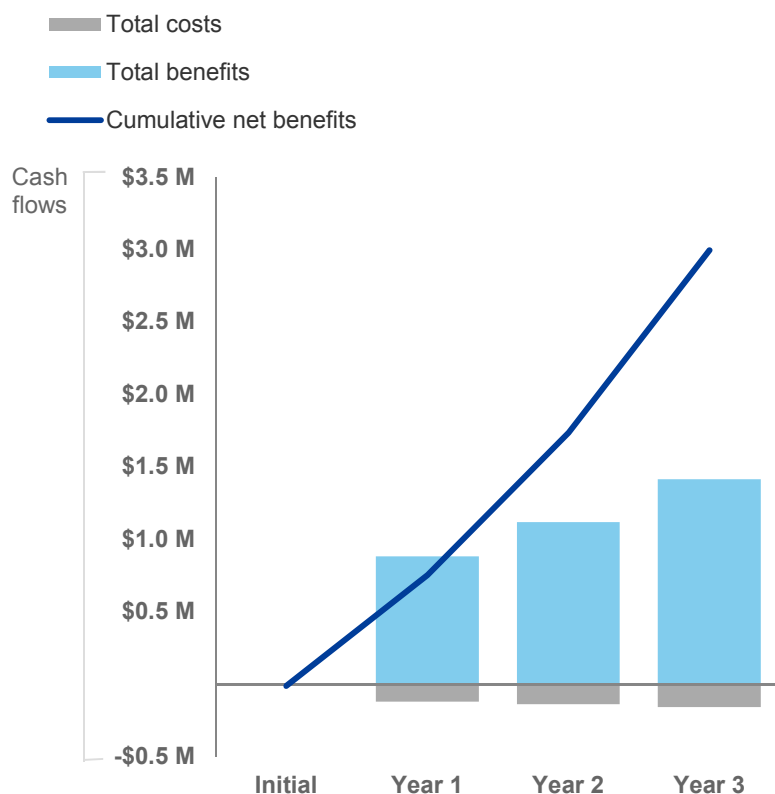
## Cost 2: Implementation Costs Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Marketing hours for implementation		80			
F2	Engineering hours for implementation		80			
F3	Marketing fully burdened hourly salary		\$46.15			
F4	Engineering fully burdened hourly salary		\$57.69			
Ft	Implementation costs	$F1 \cdot F3 + F2 \cdot F4$	\$8,308	\$0	\$0	\$0
	Risk adjustment	↑15%				
<b>Ftr</b>	<b>Implementation costs (risk-adjusted)</b>		<b>\$9,554</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



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



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

### Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$9,554)	(\$120,000)	(\$136,800)	(\$156,000)	(\$422,354)	(\$348,908)
Total benefits	\$0	\$883,500	\$1,119,865	\$1,414,004	\$3,417,369	\$2,791,053
Net benefits	(\$9,554)	\$763,500	\$983,065	\$1,258,004	\$2,995,015	\$2,442,145
ROI						700%
Payback period						< 3 months

## Iterable: Overview

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

Iterable is the growth marketing platform that powers personalized omni-channel marketing at scale. Iterable captivates consumers with highly relevant and personalized messaging, activates campaigns on any type of internal and external customer data, and allows marketers to automate campaigns across all channels that matter to their consumer. Growth Marketers can use Iterable Workflow Studio to quickly and intuitively build customer segments, build workflows, automate touch points, and test strategies at scale without engineering support.

# Appendix A: Total Economic Impact

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

## Total Economic Impact Approach



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



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



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



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

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



### PRESENT VALUE (PV)

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



### NET PRESENT VALUE (NPV)

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



### RETURN ON INVESTMENT (ROI)

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



### DISCOUNT RATE

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



### PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.