The Total Economic Impact™ Of The Microsoft Sales Productivity Solution

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Executive Summary

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its Sales Productivity Solution. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Sales Productivity Solution on their organizations, to leverage the integrated set of sales productivity tools to win, serve, and retain customers.

To better understand the benefits, costs, and risks associated with a Sales Productivity Solution implementation, Forrester conducted a global survey and interviewed several customers with multiple years of experience using the Sales Productivity Solution. Our findings indicate that when all of the components of the Sales Productivity Solution — Dynamics CRM Online, Office 365, and Power BI — are deployed together, overall sales efficiency is vastly improved beyond that of standalone substitute applications. Organizations can expect gains in shorter sales cycles, better customer retention, and increased sales staff efficiencies.

Microsoft's Sales Productivity Solution can improve overall sales efficiency and productivity, resulting in higher revenues for organizations.

The costs and benefits for a composite organization of 10,000 employees, based on customer interviews, are:

- **Cost of usage: $8,387,364.**
- **Benefits gained: $33,704,636.**
- **Net present value (NPV) gained: $25,317,272.**

Prior to the Microsoft Sales Productivity Solution, customers typically used disparate solutions to complete sales cycle operational tasks. And while these applications sufficed to deliver some productivity, the lack of integration between the applications and sales/marketing data inhibited customers from developing crucial sales insights or the capability to make informed sales decisions. Further still, in working with the disconnects, considerable portions of day-to-day operations were spent on nonsales-generating activities that did nothing to grow the topline. Following the deployment of the Sales Productivity Solution, customers were able to minimize administrative tasks and streamline sales processes, enabling them to increase productivity, make better decisions, and commit their time to actually making sales. Said one executive, "Sales Productivity Solution gives us many of the tools that we need to create client work, and then ties it all back together in Dynamics CRM so we can keep that customer happy."

MICROSOFT'S SALES PRODUCTIVITY SOLUTION GENERATES NEW INCREMENTAL SALES

Our interviews with four existing customers and global survey of 102 organizations using the solution led to our financial analysis. We found that a composite organization experienced the risk-adjusted ROI and benefits shown in Figure 1.[1]

This translates to benefits of more than $7,490 per user per year, usage costs of less than $1,864 per user, and a NPV over three years of $16,845 per user. With the Sales Productivity Solution, gross sales were increased more than 1.8%, and the composite organization experienced additional gains in employee productivity and overall customer satisfaction.

FIGURE 1

Financial Summary Showing Three-Year Risk-Adjusted Results

ROI: 302%	Additional sales volume: 1.8% of gross	Daily user productivity reclaimed: 53 minutes	User productivity value: $12.4 million

Source: Forrester Research, Inc.

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> **Benefits.** The composite organization experienced the following risk-adjusted benefits that represent those experienced by the interviewed companies:

- **An improvement in full-time equivalent (FTE) productivity output, resulting in a captured benefit of $12,370,437, over three years.** Sales professionals saved an average of 53 minutes and managers saved 77 minutes daily following the adoption of the Sales Productivity Solution. Drivers of the time savings include: live integrations between applications in the solution package, data linkages, cross embedment of applications with the solution, and removal of the VPN requirement. The reduced need to switch between applications and the ability to better track data directly translated to a reduction in time wasted, enabling the sales unit to concentrate on making sales.

- **Revenue uplift from the improved sales unit efficiencies, amounting to $17,435,312, PV, over three years.** Interviewed and surveyed organizations reported improvements in sales cycle times, customer retention rates, and overall gains in being able to meet the needs of customers. The result of these improvements at the composite organization brought a 1% to 2.7% increase to topline revenue when using the Sales Productivity Solution rather than standalone sales productivity applications.

- **Easier and more accessible reporting and forecasting with active dashboarding.** In providing ease of data visualization to more individuals, the sales organization was better able to stay on track and develop valuable insights. In all, with the use of active dashboards, natural queries, and numerous data linkages, the composite organization saved $3,290,105, PV, over three years.

- **Reduced ongoing application and CRM maintenance and support costs to the tune of $608,781.** Included in the Sales Productivity Solution is a support plan for the applications, including maintenance and update procedures. Major and minor patches were auto-updated with greater frequency and kept the organization from needing to expand its support personnel.

> **Costs.** The composite organization experienced the following risk-adjusted costs:

- **Software licensing fees of $4,628,370 over three years (PV), or $3,086 per user over that time period.** As the Microsoft solution is a software-as-a-service (SaaS) product, these are recurring fees paid to Microsoft for access to the software solutions, service, and support. Yearly costs of this segment ranged from $1,776,600 to $1,958,702. Troubleshooting and support are included and alleviate some support functions, as noted in the Benefits section.

- **Functionality training costs of $2,584,994, PV, over a three-year horizon.** As new features are pushed out by Microsoft, maximized utilization and integration require process updates and training. On average, we expect 6 hours of training twice a year for the entire solution.

- **Data migration and integration costs of $1,174,000 in the initial phase of adoption.** This is a one-time cost that utilized internal resources and external providers to move across existing customer data and then stitch together any additional data repositories with the Sales Productivity Solution. No additional costs were incurred following the initial deployment.

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Disclosures

The reader should be aware of the following:

› The study is commissioned by Microsoft and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

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

› Microsoft reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

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

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TEI Framework And Methodology

INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering implementing Microsoft's Sales Productivity Solution. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision, to help organizations understand how to take advantage of specific benefits, reduce costs, and improve the overall business goals of winning, serving, and retaining customers.

APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact that Microsoft's Sales Productivity Solution can have on an organization (see Figure 2). Specifically, we:

› Interviewed Microsoft marketing, sales, and/or consulting personnel, along with Forrester analysts, to gather data relative to the Sales Productivity Solution and the marketplace for the Sales Productivity Solution.

› Interviewed four organizations currently using Microsoft's Sales Productivity Solution to obtain data with respect to costs, benefits, and risks.

› Conducted a global survey with over 100 respondents encompassing Europe, APAC, North America, and Latin America to collect additional data points and add granularity to the study's findings.

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

› Constructed a financial model representative of the interviews using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the interviews and survey as applied to the composite organization.

› Risk-adjusted the financial model based on issues and concerns the interviewed organizations highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While interviewed organizations provided cost and benefit estimates, some categories included a broad range of responses or had a number of outside forces that might have affected the results. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling the Microsoft Sales Productivity Solution's service: 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.

FIGURE 2

TEI Approach

Source: Forrester Research, Inc.

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FIGURE 3

Survey Excerpts

Organization size by employee count
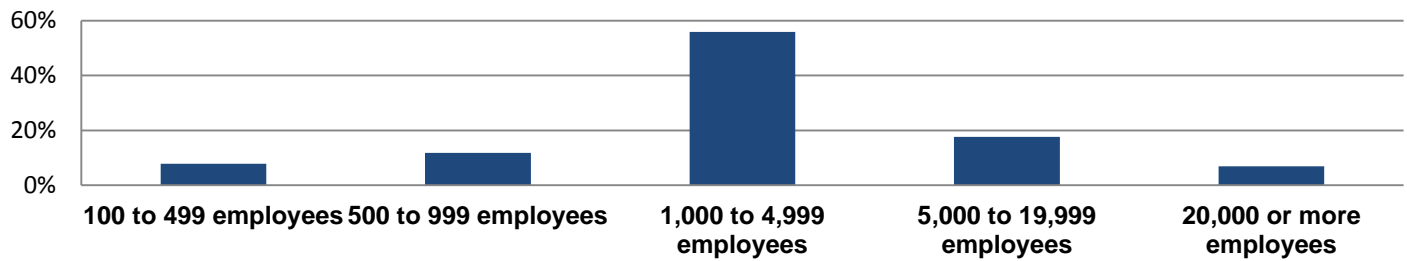
Organization size by revenue
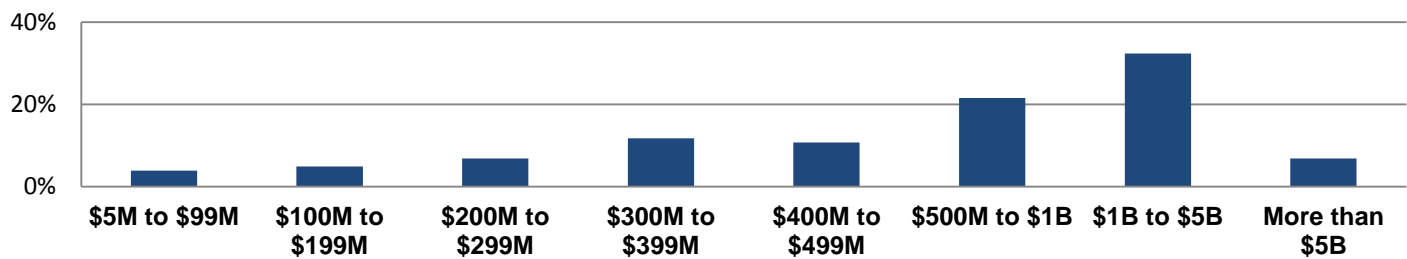
Top areas of business benefit experienced from surveyed organizations

Faster response times to customer needs	48%
Quicker accessibility to generate sales analytics	44%
Increased productivity of sales professionals	43%
Better tracking of customer information	42%
Better management of opportunities and sales pipeline	40%
Improved views into individual and team performance	38%

16%
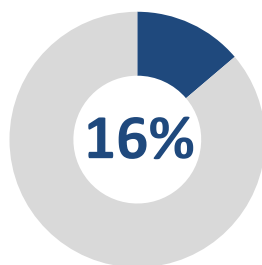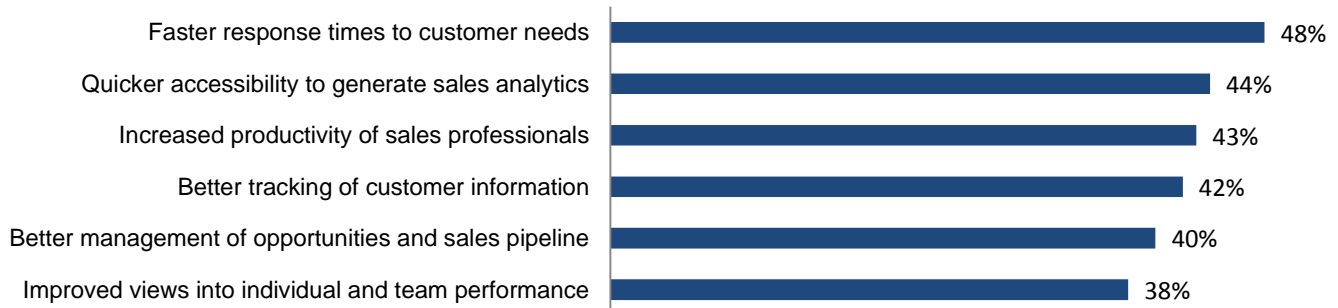
Reduction in time gathering performance and developing forecasts

13%
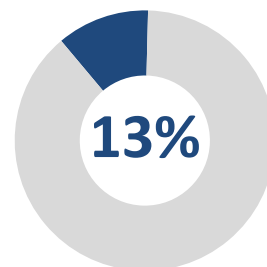
Improvement in time to respond to customer

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Analysis

COMPOSITE ORGANIZATION

For this study, Forrester conducted a total of four interviews with representatives from the following companies, which are global Microsoft customers:

› A US-headquartered international material science and manufacturing company operating in over 60 countries with over $3 billion in annual revenue. The organization relies on Microsoft Dynamics CRM Online and Office 365 to tie together its global sales operation.

› A European bank chain using the Microsoft Sales Productivity Solution to deliver a seamlessly integrated banking experience. Its entire workforce utilizes Dynamics CRM Online as the backbone of their operations.

› A large Asia Pacific life insurer with over 800 physical branches that depends on reliable and widespread geographical access to customer data on the Microsoft Sales Productivity Solution. Its process flows are built around productivity synergies found within the integrated Microsoft stack.

› A European engineering firm that specializes in fire safety. This organization predominantly serves international clients and uses the Microsoft cloud stack to connect engineers and clients across entire project life cycles.

In addition, Forrester fielded a global survey to 102 Microsoft Sales Productivity Solution customers, asking them of their experience and how multiple financially impactful levers were moved with their use of the Sales Productivity Solution. Survey respondents included managers, directors, and senior-most leaders in business- and IT-representing organizations from a wide spectrum of verticals and often with global offices.

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 that Forrester synthesized from these results represents an organization with the following characteristics:

"Since changing to the Microsoft stack, we have seen a meeting of our custom turnaround-time SLA from 98% to 98.9%. It may seem insignificant, but when it's measured against the millions of calls and customers we handle, this is a huge number.

~ Chief technology officer, major life insurer

› It is a multinational corporation (MNC) with offices throughout the world. EMEA and APAC are regions that are growing at a rapid pace for this organization.

› Continued growth of its international footprint is expected in coming years.

› It has 6,000 employees, 1,500 of whom are active users of CRM, Power BI, and Office 365.

› Annual revenues total $800 million.

› It holds a strong focus on customer experience and is interested in delivering it with the latest solutions in a concerted and integrated manner.

After an extensive RFP and business case process evaluating multiple vendors, the composite organization chose Microsoft and began deployment of the Sales Productivity Solution:

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› The decision was made to move this segment of its application stack to the cloud, in alignment with its overarching rationalization of both the hardware and software infrastructure.

› A primary objective during the selection process was to test the synergies present between applications for maximized sales performance. The composite organization tested various other products in these capacities with the objective of delivering maximum bottom-line gain in sales and customer experience.

› Initial concerns revolved around functionality and whether increased productivity could be attained versus the existing set of applications. This was put to test with a pilot group of users over a proof-of-concept (POC) period of two months.

› Following the successful initial POC process, the Microsoft solution was rolled out into the production environment at global offices with 1,500 user licenses. Ninety-percent of these users were sales professionals, and the other 10% were managers or executives.

> *"Microsoft gives us a tool set so that we can successfully complete the entire sales cycle, with extremely deep integrations both front end and back end between the apps. That's how Microsoft wins for us."*
>
> ~ Managing partner, engineering firm

› The expectation was to scale the solution as necessary, should growth or contraction occur in various territories.

Situation

The composite organization, like many organizations, desired to trim down on IT bloat and an application stack that over-utilized and underperformed in the past years. After syndicating a number of consulting engagements on how to tackle this problem, the organization had made the decision to move a portion of its architecture to the cloud. In doing so, it hoped to reduce the strain on internal IT resources and become a more agile organization.

The second and more important part of the composite organization's initiative was to improve integration between applications; in other words, it wanted to have an application stack working in sync to tie data together and provide a competitive advantage — or at least match the capabilities of agile- and technologically enabled newcomers in its space. With the organization's rapidly growing repositories of data, the business leaders recognized it as a shortfall if it could not leverage this data and democratize it for collaboration.

In reviewing organization wide process flows, the organization saw positives in the way that it was collaborating, with the use of central repositories and intranets to deliver that. Yet collaboration on client delivery was only one part of the sales cycle. The tools given to the sales organization seemed disconnected from the rest of the organization's business applications, as evident in its communication tools and CRM software: "It seemed silly, but shouldn't my sent email automatically link to an event in my CRM?" said a corporate executive. Additionally, data that was present in other repositories like the ERP software was never visible to salespeople until reports were pulled at the end of the month. Sales cycles had grown more complex, and the composite organization sought to streamline the processes, making more information available without overburdening sales professionals with a long list of disconnected applications. In a new sales solution, the organization sought the following:

› Full sales cycle workflows with live integrations to productivity/client delivery software. If the solution included the office productivity piece, even better.

› A solution that provided some form of support and maintenance plan, reducing the strain on IT resources.

› Reporting functionality with integration to a multitude of data repositories, including SQL databases and ERP software.

› Scalability, should the need to enter or exit a region become necessary.

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Solution

Ultimately, the composite organization selected the Microsoft Sales Productivity Solution for its ability to provide a fully integrated sales productivity tool that handles the entire sales cycle. The Sales Productivity Solution offered out-of-the-box capabilities that surpassed the composite organization's sales productivity applications and added the level of deep integration that the organization sought. And while there were several strong competitors in the market, few had the ability to integrate and embed data in a very usable live manner. Testers immediately spoke highly of the embedding of applications such as Excel within the new CRM tool and the immediate linkages between Outlook and Dynamics; these features made a sizeable difference in the time saved by sales professionals. By choosing the Sales Productivity Solution, the composite organization gained business agility with its sales professionals and greatly increased their efficiency.

Results

The interview revealed that:

›   **Efficiency of sales professionals improved significantly**, **with less time spent on administrative tasks and more time spent actually engaging with customers.** The level of integration between programs and live linkages enabled sales professionals to work faster and spend more time actually selling. As the entire platform lives in the Microsoft cloud, salespeople also found that accessibility was easier. Efficiency gains were found in the follow manners:

   •   Less application switching, with application embedding (such as Excel in Dynamics) and live data linkages (like Dynamics showing Outlook events). Sales professionals could view linked data directly in Dynamics CRM to make informed decisions on how to sell to the customer best and ultimately satisfy the customer's needs.

   •   Decreased human errors due to having accurate linkages and information became the norm. Rather than CTRL-C, ALT-TAB, and finally CTRL-V, the complete picture was in front of the sales professional with easily accessible links.

   •   Increased visibility and sharing to promote collaboration. With active dashboards made possible by Power BI, sales professionals knew what to expect and how to better address needs. A combination of CRM and reporting data from Power BI made for a sales unit that was more acutely aware of where attention was necessary.

›   **Revenues went up, as a result of shorter sales cycles and better sales focus.** By effectively giving more time back to the sales professionals, the organization saw higher sales. Additionally, customers were more satisfied with the increased touchpoints, making for a longer and more profitable relationship.

›   **Reporting and forecasting became faster and more available.** Power BI brought active dashboarding for better data visualization at the composite organization. Additionally, the presence of the dashboarding reduced the need to pull some reports from legacy systems, reducing strain on the organization's system resources and saving sales managers' time.

›   **Upfront infrastructure costs were avoided and some legacy systems retired.** No additional servers or data centers were required in deploying the Sales Productivity Solution. In fact, zero capex dollars were spent, and some of the infrastructure stack was retired.

›   **Sales and office productivity applications required far less maintenance and support costs.** With support and maintenance included in a plan from Microsoft, the organization did not need to increase its staff to support the new sales solution. Instead, updates and patches came with more regularity, decreasing risk exposure. As an added bonus, the organization benefitted from new features twice a year from Microsoft updates.

"Our sales guys spent 40% of their time doing administrative work. That just doesn't work for us. With the Microsoft suite of tools, we are working our way toward 10%."

~ CIO, material science manufacturer

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BENEFITS

The composite organization experienced a number of quantified benefits in this case study:

› Sales FTE incremental output improvement.

› Revenue uplift over existing standalone sales productivity applications.

› Reporting and forecasting time savings with active dashboarding and natural queries.

› Reduced ongoing sales and office productivity application maintenance and support costs.

Another important benefit noted was the effects of Power BI on sales and business processes after deployment. Several interviewed organizations democratized information and enabled sales professionals to make additional incremental sales — such as just-in-time orders, based on live or near-live information from disparate (and not just Microsoft) data sources. While the decreased reliance on traditional BI tools is quantified below, we have not assigned a quantified value to the additional benefit of the ability to enable new and improved business models. For more information, please refer to the Flexibility section.

Sales FTE Incremental Output Improvement

The composite organization indicated that a key benefit from the Sales Productivity Solution implementation was a drastic improvement in sales personnel efficiency. Prior to the Sales Productivity Solution, the composite organization had standalone applications that handled various segments of the sales cycle. This made for a less-than-ideal situation, as sales professionals would be responsible for the stitching together of the data between applications. With Dynamics CRM Online, Office 365, and Power BI, there was continuity in the data between all the applications, making for a much more seamless sales process. Unlike with the composite organization's legacy systems, all work done and contact made with clients was recorded and shared between the Sales Productivity Solution applications, without the need for repetitive manual entry. Beyond the live linkages, embedded Excel and Outlook emails were also available from within Dynamics CRM Online.

Several observations were made at the composite organization following deployment of the Sales Productivity Solution:

› Sales professionals drastically reduced switching between applications.

› Redundant entries were no longer necessary.

› Human errors from copying and pasting of client information were reduced by over 11%.

› Internal collaboration increased with the ease of task sharing and tracking.

› Client issues were resolved 13% faster.

Following the Sales Productivity Solution implementation, sales professionals realized a gain of 53 minutes per day, leaving them with more time to perform more sales-related tasks rather than administrative tasks. Accounting for the underutilization of this newfound time, we discounted the time savings by 40% and came to an annual savings of $5.8 million for the composite organization. Over the course of three years, the organization saved approximately $14.5 million.

Interviewed organizations provided a range in overall gains in efficiencies. Some organizations may have captured the saved time more effectively than others. Additionally, some organizations may have had more mature and developed sales processes that would have capitalized the time savings more effectively. To compensate, this benefit was risk-adjusted and reduced by 15%. The risk-adjusted total benefit resulting from

improved sales FTE efficiency over the three years was $12,370,437, PV. See the section on Risks for more detail.

	TABLE 1					
	Sales FTE Incremental Output Improvement					
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
A1	Number of sales professionals			1,500	1,500	1,500
A2	Hourly rate per salesperson			$40	$40	$40
A3	Number of days worked per year			240	240	240
A4	Hours on average saved per day, per salesperson			0.88	0.88	0.88
A5	Hourly rate per sales manager			$70	$70	$70
A6	Hours on average saved per day, per sales manager			1.28	1.28	1.28
A7	Time value saved by sales professionals annually	(90%*A1*A2*A3*A4)		$11,404,800	$11,404,800	$11,404,800
A8	Time value saved by sales managers annually	(10%*A1*A3*A5*A6)		$3,225,600	$3,225,600	$3,225,600
A9	Percent of saved time captured as productive usage			40%	40%	40%
At	Sales FTE incremental output improvement, in dollars annually	(A7+A8)*A9	$0	$5,852,160	$5,852,160	$5,852,160
	Risk adjustment	↓15%				
Atr	**Sales FTE incremental output improvement, in dollars annually (risk-adjusted)**		**$0**	**$4,974,336**	**$4,974,336**	**$4,974,336**

Source: Forrester Research, Inc.

Revenue Uplift Over Existing Standalone Sales Productivity Applications

A direct result of the increased sales staff efficiencies at the composite organization was a marked increase in topline revenue. Sales cycles became shorter, customer relationships were retained longer, and customer satisfaction improved — all due to the improved sales efficiencies brought upon by the Sales Productivity Solution.

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In the initial year of deployment, the composite organization saw an improvement of 1% to its revenues (beyond forecasted growth) from its prior state. Continual revenue increases were observed as the organization increased its utilization of the full feature set of the Sales Productivity Solution; revenue growth increased to 1.8% by the second year of deployment and eventually increased to a rate of 2.7% by its third year of use. The total revenue uplift over a three-year term was $24.9 million.

Due to the variance between industries and in sales frequency, we anticipate that the growth in revenue could be less than observed totals. Decreased revenue scenarios are particularly likely in industries that are inelastic or make infrequent sales. As a result, the benefit totals have been risk-adjusted down 30% to err on the side of conservatism, bringing the three-year risk-adjusted total to $17,435,312, or a revenue gain of roughly $11,624 per sales professional. See the section on Risks for more detail.

TABLE 2

Revenue Uplift Over Existing Standalone Sales Productivity Applications

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
B1	Annual revenue			800,000,000	800,000,000	800,000,000
B2	Percentage of sales operations on Dynamics, O365, Power BI			70%	70%	70%
B3	Uplift experienced with combination of entire Sales Productivity Solution			1.00%	1.80%	2.73%
Bt	Revenue uplift over existing standalone sales productivity applications	B1*B2*B3	$0	$5,600,000	$10,080,000	$15,288,000
	Risk adjustment	↓30%				
Btr	**Revenue uplift over existing standalone sales productivity applications (risk-adjusted)**		**$0**	**$3,920,000**	**$7,056,000**	**$10,701,600**

Source: Forrester Research, Inc.

Reporting And Forecasting Time Savings With Active Dashboarding And Natural Queries

The composite organization and interviewed organizations alike praised the dashboarding in Power BI within the Sales Productivity Solution and its ability to present insightful data visually for the entire sales organization. Sales professionals and leaders alike were better able to consume data and consume it on a more frequent basis due to the natural query engine. Data scientists still had their place with the composite organization, but salespeople were now empowered to draw upon data to create insights.

› Live data was now available, sliced a number of ways visually with manager- or user-designed dashboards. The data included information from the ERP software, lead generation tools, and SQL databases.

› More complex inquiries were possible and could be asked with natural language. Power BI presented almost instantaneous data in a visualized manner, automatically.

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The amount of time needed for managers to produce reports and perform forecasting was greatly reduced, as the live dashboards could immediately present data. Dependency on traditional BI tools by sales leaders was reduced after the implementation of the Sales Productivity Solution. On an annual basis, the time savings for managers amounted to $1,323,000, or $3,290,105, PV, over three years.

TABLE 3
Reporting And Forecasting Time Savings With Active Dashboarding And Natural Queries

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
C1	Manager compensation, hourly calculation, fully loaded			$70	$70	$70
C2	Hours worked per year, per manager			1,920	1,920	1,920
C3	Number of managers generating and developing insights from reports			300	300	300
C4	Average time to pull reports, in smaller increments via dashboards, in hours			0.25	0.25	0.25
C5	Average number of reports pulled now, per annum			360	360	360
C6	Total cost of reporting on BI solution, in hours	C1*C3*C4*C5		$1,890,000	$1,890,000	$1,890,000
C7	Amount of reporting and analysis reduced from move to Power BI dashboarding			70%	70%	70%
Ctr	**Reporting and forecasting time savings with active dashboarding and natural queries**	C6*C7	**$0**	**$1,323,000**	**$1,323,000**	**$1,323,000**

Source: Forrester Research, Inc.

Reduced Ongoing Sales And Office Productivity Application Maintenance And Support Costs

Prior to the implementation of the Sales Productivity Solution, the composite organization led all efforts to maintain and support the applications for the sales unit. As with several of our interviewed organizations, updates and patches were done sporadically and only when the IT personnel had extra time. With the Sales Productivity Solution, the composite organization regularly benefited from patches for bugs and security threats. Additionally, direct support was available to the end users from Microsoft, relieving the organization of some help desk duties. The most important part of having the maintenance performed by Microsoft was that the entire suite was updated while maintaining integration, unlike many standalone products.

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Overall effort by support staff was reduced by 68%, and some of the staff were appropriated for other tasks. As a result of this reduction in effort, the three-year savings for the composite organization were $608,781.

TABLE 4

Reduced Ongoing Sales And Office Productivity Application Maintenance And Support Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	CRM specialist FTE, annual salary, fully loaded			$72,000	$72,000	$72,000
D2	Number of CRM and office app specialists employed			5	5	5
D3	Percentage effort reduction by CRM and office productivity team			68%	68%	68%
Dt	Reduced ongoing sales and office productivity maintenance and support costs	D1*D2*D3	$0	$244,800	$244,800	$244,800
	Risk adjustment	0%				
Dtr	**Reduced ongoing sales and office productivity maintenance and support costs (risk-adjusted)**		**$0**	**$244,800**	**$244,800**	**$244,800**

Source: Forrester Research, Inc.

Total Benefits

Table 5 shows the total of all benefits across the five areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $33.7 million, or $22,470 per user.

TABLE 5
Total Benefits (Risk-Adjusted)

Ref.	Benefit Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Atr	Sales FTE incremental output improvement, in dollars annually	$0	$4,974,336	$4,974,336	$4,974,336	$14,923,008	$12,370,437
Btr	Revenue uplift over existing standalone sales productivity applications	$0	$3,920,000	$7,056,000	$10,701,600	$21,677,600	$17,435,312
Ctr	Reporting and forecasting time savings with active dashboarding and natural queries	$0	$1,323,000	$1,323,000	$1,323,000	$3,969,000	$3,290,105
Dtr	Reduced ongoing sales and office productivity application maintenance and support costs	$0	$244,800	$244,800	$244,800	$734,400	$608,781
	Total benefits (risk-adjusted)	**$0**	**$10,462,136**	**$13,598,136**	**$17,243,736**	**$41,304,008**	**$33,704,636**

Source: Forrester Research, Inc.

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COSTS

The composite organization experienced a number of costs associated with the Sales Productivity Solution:

> Software and support license fees.

> Training costs of new features.

> Data migration and integration costs.

These represent the mix of internal and external costs experienced by the composite organization for initial planning, implementation, and ongoing maintenance associated with the solution.

Software And Support License Fees

Software licensing fees for the Sales Productivity Solution were incurred on a recurring basis, at a rate of $85 per user per month. The cost of support and maintenance was incrementally more at $9 per user. Accounting for organizational growth, the total cost over three years was $4,628,370, or about $2,800 per user.

TABLE 6

Software And Support License Fees

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	License fees per user of Dynamics, Power BI, and Office 365, annually			$1,020	$1,020	$1,020
E2	Support fees per user, annually			$108	$108	$108
E3	Number of licenses			1500	1500	1500
E4	User growth			5%	5%	5%
Etr	**Software and support license fees**	$(E1+E2)*E3*(1+E4)^n$ year	**$0**	**$1,776,600**	**$1,865,430**	**$1,958,702**

Source: Forrester Research, Inc.

Training Costs Of New Features

As the Sales Productivity Solution is a SaaS product, Microsoft makes updates available and will complete them with new features if desired. The composite organization took advantage of the feature updates and followed with internal training to establish best practices and a process to incorporate features. Over the course of three years, the cost of the internal training tallied $2,154,162.

Training costs can vary from organization to organization, with some conducting the training with internal resources and others with outside professional services. The cost variance is fairly wide and, as such, we have risk-adjusted this cost up 20% to account for optional professional services. The risk-adjusted training costs over the three years were $2,584,994. See the section on Risks for more detail.

TABLE 7

Training Costs Of New Features

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Feature rollout frequency, per year			2	2	2
F2	Training time, in hours per FTE, per rollout			6	6	6
F3	FTE hourly wage, per sales professional on average, fully loaded			$43.75	$43.75	$43.75
F4	Sales Productivity Solution users			1,500	1,500	1,500
F5	User growth			5%	5%	5%
Ft	Training costs of new features	$F1*F2*F3*F4*(F5+1\char94 n$ year)	$0	$826,875	$868,219	$911,630
	Risk adjustment	↑20%				
Ftr	**Training costs of new features (risk-adjusted)**		**$0**	**$992,250**	**$1,041,863**	**$1,093,956**

Source: Forrester Research, Inc.

Data Migration And Integration Costs

As with many other applications that house client data, the deployment of Microsoft's Sales Productivity Solution required a migration of data from existing sources. Most common CRMs can be imported through the included import tool. The composite organization also had various other sources of data, and some were non-Microsoft products without a direct importation or integration tool. Using a professional services organization, the composite organization was able to complete the integration without complications and utilize the CRM data as a part of its reporting capability.

TABLE 8

Data Migration And Integration Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
G1	Non-Microsoft data repository integrations		2	0	0	0
G2	Cost per non-Microsoft technical integration		$512,000			
G3	Microsoft data migration (SharePoint, Dynamics CRM)		$150,000			
Gtr	**Data migration and integration costs**	G1*G2+G3	**$1,174,000**	**$0**	**$0**	**$0**

Source: Forrester Research, Inc.

Total Costs

Table 9 shows the total of all costs as well as associated present values, discounted at 10%. Over three years, the composite organization expects total costs to total a present value of a little more than $8.3 million, or $5,591 per user.

	TABLE 9						
	Total Costs (Risk-Adjusted)						
Ref.	**Cost Category**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Software and support license fees	$0	$1,795,500	$1,885,275	$1,979,539	$5,660,314	$4,628,370
Ftr	Training costs of new features	$0	$992,250	$1,041,863	$1,093,956	$3,128,068	$2,584,994
Gtr	Data migration and integration costs	$1,174,000	$0	$0	$0	$1,174,000	$1,174,000
	Total costs (risk-adjusted)	**$1,174,000**	**$2,976,750**	**$3,125,588**	**$3,281,867**	**$10,558,204**	**$8,387,364**

Source: Forrester Research, Inc.

FLEXIBILITY

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so. There are multiple scenarios in which a customer might choose to implement the Sales Productivity Solution and later realize additional uses and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

A number of interviewees and respondents cited that their use of Power BI had grown beyond that of integration with Microsoft data. In one scenario, the operation had integrated Power BI with a proprietary banking platform and created over 30 active dashboards to monitor all vital aspects of banking operations. In another, the customer had integrated Power BI to extract data from an ERP system to make just-in-time production possible. Due to the possibilities, Power BI has the capability to completely reorganize business models and reinvent some sales models. Readers should investigate the possibilities for their organizations accordingly.

RISKS

Forrester defines two types of risk associated with this analysis: "implementation risk" and "impact risk." Implementation risk is the risk that a proposed investment in the Sales Productivity Solution may deviate from the original or expected requirements, resulting in higher costs than anticipated. Impact risk refers to the risk that the business or technology needs of the organization may not be met by the investment in the Sales Productivity Solution, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

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TABLE 10
Benefit And Cost Risk Adjustments

Benefits	Adjustment
Sales FTE incremental output improvement	↓ 15%
Revenue uplift over existing standalone sales productivity applications	↓ 30%

Costs	Adjustment
Training costs of new features	↑ 20%

Source: Forrester Research, Inc.

Quantitatively capturing implementation risk and impact risk by directly adjusting the financial estimates results provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as "realistic" expectations since they represent the expected values considering risk.

The following impact risks that affect benefits are identified as part of the analysis:

› Sales FTE incremental output improvement can be affected by the effectiveness of training and how comprehensively organizations use the solution features. Furthermore, not all saved time is translated back into productive use. And while we've already reduced that capture, some organizations may have more lax policies and/or timekeeping. Overall, it is not uncommon for organizations to not fully utilize the platform; thus, we have reduced this benefit by 15%.

› Revenue uplift as a result of the improved sales efficiencies has been reduced by 30% due to the possibility of some organizations needing less process-intensive sales or client deliverables. Having extremely periodic sales (and protracted periods of inactivity) due to industry characteristics can also affect the revenue uplift at an organization.

The following implementation risk that affects costs is identified as part of this analysis:

› Training costs can be more at some organizations than others, depending on the thoroughness of the training and the cost of the professional services, if used. Therefore, we have increased this cost by 20%.

Table 10 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates for the composite organization. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

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Financial Summary

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 in Sales Productivity Solution.

Table 11 below shows the risk-adjusted ROI and NPV. These values are determined by applying the risk-adjustment values from Table 10 in the Risks section to the unadjusted results in each relevant cost and benefit section.

FIGURE 4

Cash Flow Chart (Risk-Adjusted)

Financial Analysis (risk-adjusted)
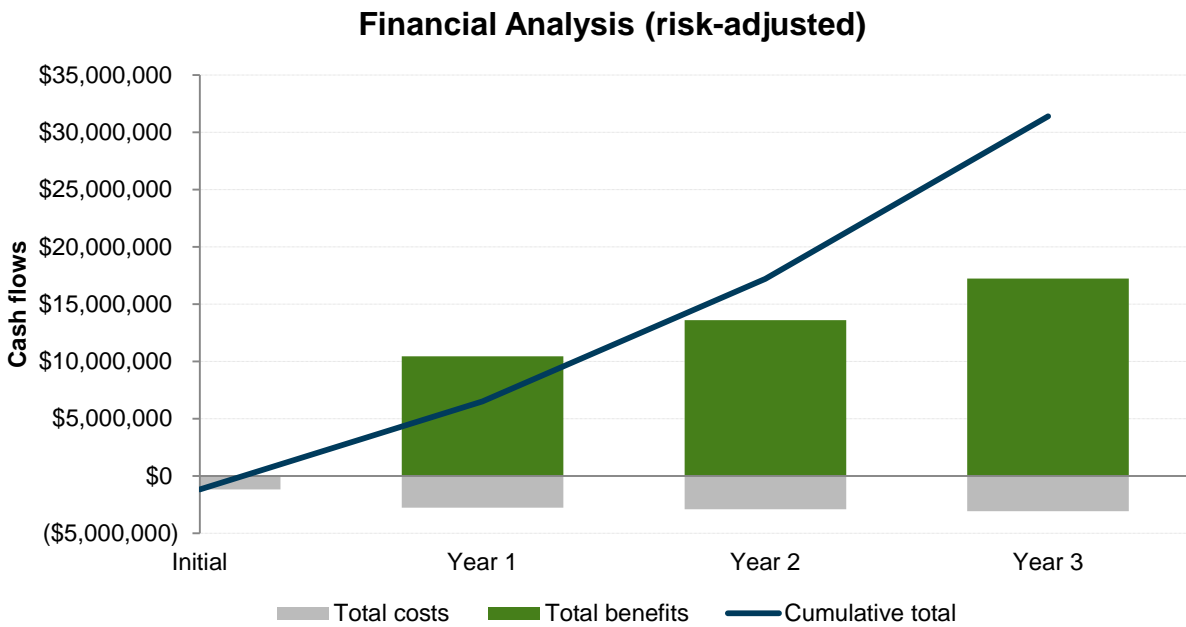
Source: Forrester Research, Inc.

TABLE 11

Cash Flow (Risk-Adjusted)

|	Initial	Year 1	Year 2	Year 3	Total	Present Value
Costs	($1,174,000)	($2,768,850)	($2,907,293)	($3,052,657)	($9,902,800)	($8,387,364)
Benefits	$0	$10,462,136	$13,598,136	$17,243,736	$41,304,008	$33,704,636
Net benefits	($1,174,000)	$7,693,286	$10,690,844	$14,191,079	$31,401,208	$25,317,272
ROI						302%

Source: Forrester Research, Inc.

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Microsoft Sales Productivity Solution: Overview

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

The Microsoft Sales Productivity Solution helps salespeople be more productive so they can focus on what's most important — delivering amazing customer experiences. With the combination of sales force automation tools in Microsoft Dynamics CRM and deep integration with Office 365 and Power BI, sales teams can sell more effectively in this new era. The solution provides the essential insight, guidance, and intuitive tools that salespeople need so they can focus on the right customers and priorities, win faster by collaborating with colleagues, and build a trusted relationship with customers through personalized and relevant engagements.

KEY CAPABILITIES
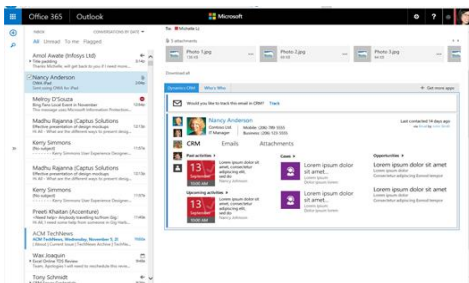
Opportunity Management

Manage customers and deals all in one place. Stay informed with accurate third-party firmographics, news, and compelling events from Insights, powered by InsideView. Know what steps to take next with an embedded business process UI and an overview of daily priorities from Cortana. Close more deals when you connect, discover, and share ideas via Skype for Business, Yammer, Office 365 Groups, and OneNote.

Social Selling

Find more leads by using social to identify and act on buying signals, and create leads based on social posts. Get a snapshot of social activities through embedded buzz volume, trends, and sentiment analysis, using Microsoft Social Engagement. Increase response rates by reaching out to new contacts through mutual connections surfaced by Insights, powered by InsideView.
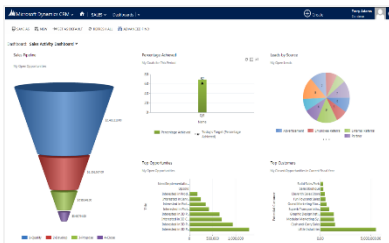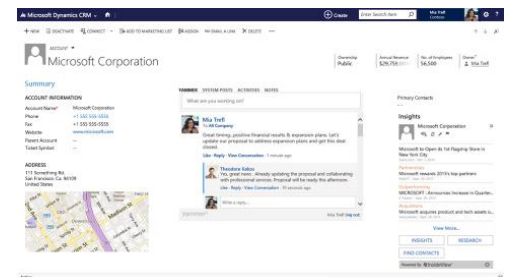

Planning And Management

Hit your numbers by setting goals, monitoring results, and providing feedback and coaching in real time. Motivate sales reps through creative and fun team-based competitions, with FantasySalesTeam from Microsoft. Built-in best practices ease the onboarding of new sales reps and standardize customer engagement.

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Content Collaboration

Create personalized sales documents as a team with Word templates and real-time co-authoring through Office 365. Manage contextual CRM documents across SharePoint, Office 365 Groups, and OneDrive for Business. Relevant content comes to you with Delve, based on what you are working on and who you're working with.
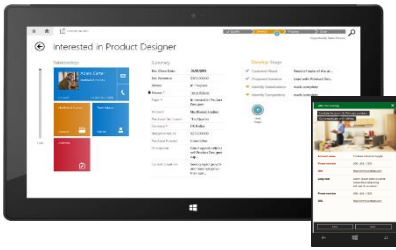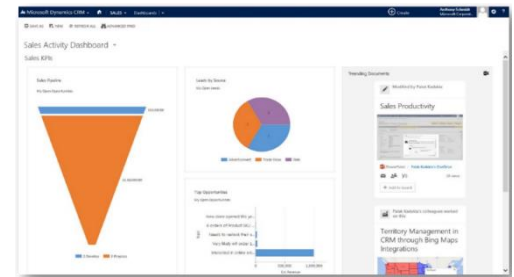

Mobile Sales

Work on the go with rich, modern mobile apps that provide contextual news and social data, along with task flows for quickly completing frequent activities. Quickly manage data using intuitive natural language voice commands to create new records, schedule meetings, set reminders, and find information. Get work done anytime, anywhere with intuitive, familiar apps for tablets and smartphones that work online or offline.

Sales Intelligence

Sell smarter with lead scoring from InsideSales.com, cross-sell recommendations from Cortana Analytics Suite, and keep track of trending documents from Delve inside CRM dashboards. Discover new insight with Power BI's pre-built, interactive dashboards and reports; advanced visualizations; and natural language Q&A. Gain visibility into sales performance with at-a-glance dashboards and contextual charts inside CRM.
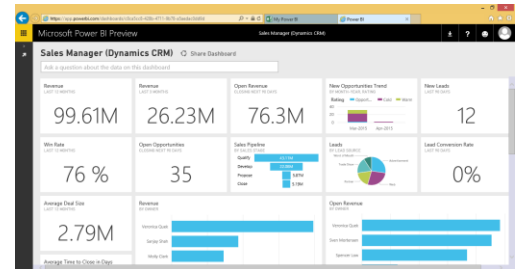
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Appendix A: Total Economic Impact™ Overview

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. TEI assists technology vendors in winning, serving, and retaining customers.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, flexibility, and risks.

BENEFITS

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often, product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place 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. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

COSTS

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the form of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

FLEXIBILITY

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office Productivity Solution can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

RISKS

Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI risk factors are based on a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the risk factor around each cost and benefit.

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Appendix B: Forrester And The Age Of The Customer

Your technology-empowered customers now know more than you do about your products and services, pricing, and reputation. Your competitors can copy or undermine the moves you take to compete. The only way to win, serve, and retain customers is to become customer-obsessed.

A customer-obsessed enterprise focuses its strategy, energy, and budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.

CMOs and CIOs must work together to create this companywide transformation.
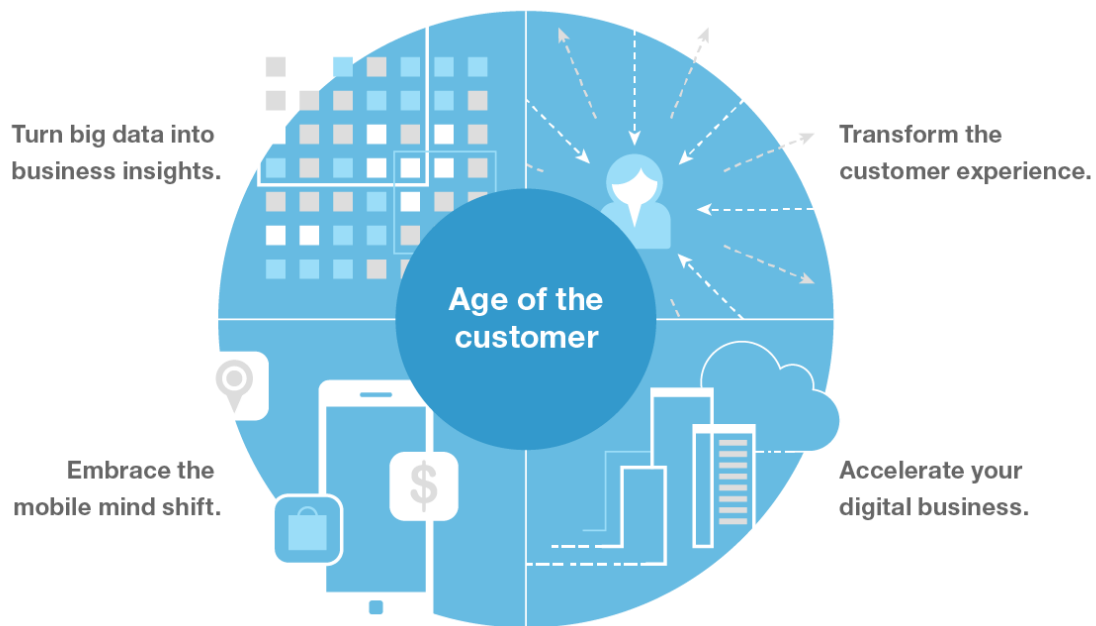
Forrester has a four-part blueprint for strategy in the age of the customer, including the following imperatives to help establish new competitive advantages:

Transform the customer experience to gain sustainable competitive advantage.

Accelerate your digital business with new technology strategies that fuel business growth.

Embrace the mobile mind shift by giving customers what they want, when they want it.

Turn (big) data into business insights through innovative analytics.

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Appendix C: Glossary

Discount rate: The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their respective organizations to determine the most appropriate discount rate to use in their own environment.

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.

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.

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.

Return on investment (ROI): A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

A NOTE ON CASH FLOW TABLES

The following is a note on the cash flow tables used in this study (see the example table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in years 1 through 3 are discounted using the discount rate (shown in the Framework Assumptions section) at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until 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.

TABLE [EXAMPLE]
Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3

Source: Forrester Research, Inc.

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Appendix D: Supplemental Material

Related Forrester Research

"The Forrester Wave™: CRM Suites For Midsize Organizations, Q1 2015," Forrester Research, Inc., March 25, 2015

"The Forrester Wave™: Agile Business Intelligence Platforms, Q3 2015," Forrester Research, Inc., September 25, 2015

"A Crisis of Attention: Technology, Productivity, And Flow," Forrester Research, Inc., July 14, 2014

Appendix E: Endnotes

[1] Forrester risk-adjusts the summary financial metrics to take into account the potential uncertainty of the cost and benefit estimates. For more information, see the section on Risks.

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