The Total Economic Impact™ Of Episerver Intelligence Cloud™

Cost Savings And Business Benefits
Enabled By Episerver Intelligence Cloud

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Executive Summary

Episerver Intelligence Cloud is an end-to-end analytics and personalization suite that helps customers deliver one-to-one personalization at scale. Episerver commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying two critical capabilities within its Intelligence Cloud: Episerver Content Recommendations and Episerver Content Intelligence. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Episerver Intelligence Cloud on their organizations as it relates to Content Intelligence and Content Recommendations.
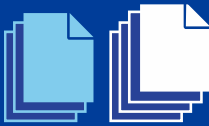
To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed two organizations with several years of experience using Episerver Content Recommendations and Content Intelligence. Both organizations have invested in producing thousands of pieces of content for their sites, ranging from simple product descriptions, to blogs written by their subject matter experts (SMEs), webinars, research studies, and thought leadership white papers.

Prior to using Episerver Intelligence Cloud, the interviewed organizations struggled to provide a personalized experience for visitors to their site because of the volume of unstructured content they had available, the size of their customer base, and the complexity of their purchase process. The firms had tried approaches such as account-based marketing (ABM) and email lead nurturing. While these proved useful, the organizations had found them very labor-intensive and not as effective as their business required. The interviewed executives and their senior management believed strongly that they needed to provide a truly personalized experience for site visitors.

Key Findings

Quantified benefits. The interviewed organization experienced the following risk-adjusted present value (PV) quantified benefits:

› **Increased margin due to better customer experience (CX), which added nearly $1 million to the bottom line.** Episerver Intelligence Cloud improved CX by using the interviewed organizations' own customer and behavioral data to recommend content that was more relevant to visitors and their individual interests, increasing engagement and leading prospects to the next stage of the purchase journey. In addition, it accelerated the path to purchase by providing relevant product recommendations based on the content being consumed.

› **Eliminated manual rules creation, which resulted in savings of over $212,000 by freeing up two content managers per year.** Because Episerver Intelligence Cloud provides data-driven, automated recommendations at an individual level, content marketing team members are freed up from their attempts at trying to hypothesize — albeit, in advance — which segments of visitors would be interested in which pieces of content, and then creating and tweaking rules in their content management system (CMS) or other manual rules-based system to make that happen.

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ROI
397%

Benefits PV
$1.5 million

NPV
$1.2 million

> **Avoided cost of additional content creation saved almost $195,000 over three years.** Episerver Intelligence Cloud helps organizations get more value out of their content investment because it continues to serve up content that is relevant to viewers, even after it might otherwise have fallen off the radar. With each piece of content working harder, businesses can produce less content for the same results.

> **Averted taxonomy creation and content tagging saved the customer 2.5 FTEs in Year 1 and was worth more than $138,000 over three years.** One of the most daunting and time-consuming tasks in creating a content personalization program is the upfront job of building and maintaining a robust and usable taxonomy for the thousands of pieces of preexisting content that are currently available, as well as the need to tag every existing and new piece of content, going forward, with a rich set of key words. Episerver Intelligence Cloud uses AI to create the taxonomy and tag the content itself.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

> **Increased organizational learning from interaction with personalization experts.** Executives told Forrester that frequent interactions with the personalization experts at Episerver were effective in building capabilities for both themselves and their team.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

> **Licensing fees, including initial proof of concept and annual fees, totaled $241,382 over three years.** Fees for the annual license make up the bulk of the cost for the Intelligence Cloud.

> **Training, analysis, and administration cost the organization $69,491 over three years.** These costs will vary by number of users and the organization's digital sophistication, but they are not out-of-pocket costs.

Forrester's interview with an existing customer and subsequent financial analysis found that the interviewed organization experienced benefits of $1,543,681 over three years versus costs of $310,873, adding up to a net present value (NPV) of $1,232,808 and an ROI of 397%.

Financial Summary
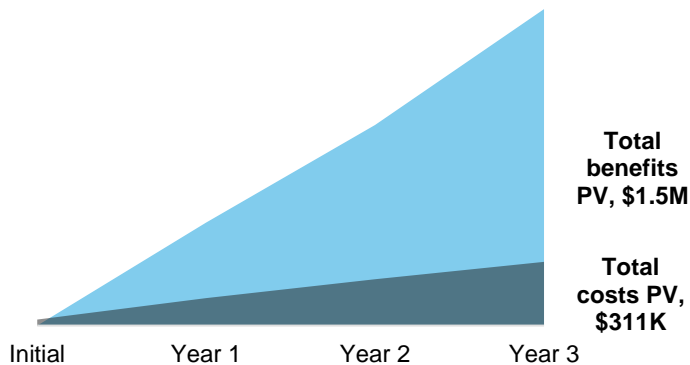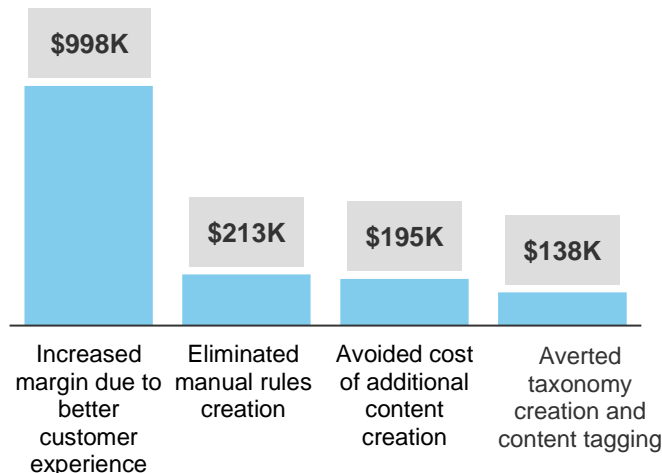
Total benefits PV, $1.5M

Total costs PV, $311K

Initial   Year 1   Year 2   Year 3

Benefits (Three-Year)

$998K

$213K

$195K

$138K

Increased margin due to better customer experience

Eliminated manual rules creation

Avoided cost of additional content creation

Averted taxonomy creation and content tagging

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TEI Framework And Methodology

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

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 Episerver Intelligence Cloud can have on an organization:

DUE DILIGENCE
Interviewed Episerver stakeholders and Forrester analysts to gather data relative to Intelligence Cloud.

CUSTOMER INTERVIEW
Interviewed one organization using Intelligence Cloud to obtain data with respect to costs, benefits, and risks.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organization.

CASE STUDY
Employed four fundamental elements of TEI in modeling Episerver Intelligence Cloud'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.

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Episerver 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 Episerver Intelligence Cloud.

Episerver 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.

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

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The Intelligence Cloud Customer Journey

BEFORE AND AFTER THE INTELLIGENCE CLOUD INVESTMENT

Interviewed Organization

For this study, Forrester interviewed two organizations that had become Episerver Intelligence Cloud customers, and who were using its Content Intelligence and Content Recommendations capabilities. The primary organization, whose responses were used to create the financial model, is a multibillion-dollar global B2B technology provider. The second organization, whose responses add support to the financials and the overall case study, is a multibillion-dollar global information services provider.

› Both organizations sell direct to B2B customers online, although more of their sales come through a more traditional network of sales representatives, distributors, and retailers.

› These interviewed organizations also have extensive product catalogs and thousands of pieces of content available on their site, ranging from simple product descriptions to high-level thought leadership papers.

› Finally, both organizations have sales processes that involve multiple stakeholders who could be visiting their sites with very different interests and information needs.

Key Challenges

The interviewed organizations have invested in customer intelligence and segmentation efforts, and they have used such efforts to fuel account-based marketing (ABM) and email nurturing programs, with some success. The interviewed executives, however, have been actively searching for a way to deliver a much more personalized experience at scale. The missing ingredient for both organizations was a rich and detailed understanding of the content they had available, as detailed in the Forrester report, "There's No Personalization Without Content Intelligence."[1] Without this, they were unable to take a data-driven approach to matching relevant content to individual site visitors.

› **A very large and detailed content library combined with complex customer segmentation enables personalization.** This is especially true, given the involvement of multiple stakeholders on a purchase, and the likelihood that a customer could make several very different purchases, involving different stakeholders, throughout the life of the relationship. The ability to keep attracting the right decision makers back to the site, to keep meeting their information needs, and ensuring that is easy for them to make a purchase, are all critical in the current B2B marketing environment.

› **The challenge of leveraging an overwhelming volume and complexity of data using existing human and technological skills.** Reading a large amount of content, creating a coherent taxonomy, and then tagging it all, in order to maximize its usability, is daunting task. It is a human capability to use data when responding to the needs and preferences of visitors in real time. Without the assistance of an AI-driven technology, content marketing teams cannot deliver a truly personalized experience to their B2B customers.

> "What we were doing beforehand was based on the whims and vagaries of humans. We think this content is valuable, so we're going to put it here, here, and here."
>
> *Digital leader, technology*

> "Before deploying the Intelligence Cloud, about 80% of our content consumption was via paid mechanisms. It was crazy. We've got all this incredible content and we're having to pay to drive demand to it."
>
> *Technical manager, technology*

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› **Lack of clarity around which content types and topics should be the organization's focus of investment.** While these companies invested heavily in content marketing, they were often forced to rely on the interests and preferences of their SMEs to decide what topics to cover and in what formats. They had limited data to help them make supply-and-demand decisions on which subjects and formats they should add to their content library next.

Solution Requirements

The interviewed organizations searched for a solution that could:

› Enable them to exponentially scale up their personalization efforts, giving them the ability to serve visitors the most relevant content and product recommendations based on their interests and likelihood to purchase.

› Help them to leverage both: 1) the significant investment they had already made in content and in the data and 2) the segmentation efforts they had already put into understanding their customers and site visitors.

› After several meetings and demonstrations (and, in one case, a proof-of-concept engagement), the interviewed organizations decided on Episerver Intelligence Cloud and installed the code on their sites.

Key Results

The interviews revealed that key results from the Intelligence Cloud investment include:

› **A strong, useful taxonomy for a large, complex content library.** The daunting task of organizing thousands of pieces of content in its library, with many of those being long and complex thought leadership pieces, had held back the primary organization from taking the next step to more effective personalization. Using the Intelligence Cloud's AI capabilities, it was able to create that taxonomy with virtually no time investment.

› **A superior tagging system.** Because the Intelligence Cloud uses machine learning to read and tag an organization's content, it can create and update a much richer set of tags than most content marketing teams or SMEs. In addition, the AI-generated tagging has proven to be more consistent than human-generated tagging. Richer, more consistent tagging allows for more relevant individual recommendations and a better CX.

› **The ability to measure increased engagement.** The Intelligence Cloud makes possible continuous measurement of its own performance. By using test and control groups for site visitors, organizations can easily see whether and by how much personalized recommendations increase engagement on their site. For products sold through the company's own eCommerce site, it is also possible to measure how much that improved experience drove direct sales.

› **A more direct path to purchase for site visitors.** Finally, with both content and product recommendations optimized for relevance to the individual site visitor, the Intelligence Cloud makes it much easier for customers to both find the right product(s) for their needs and to engage immediately in the purchasing process.

"We wanted to go beyond email nurturing, and we needed a partner to help us deliver personalization at scale and across channels"

Marketing analytics director, information services

"Episerver uses the right kind of analytical rigor around their processes. The platform is always looking at test versus control and that made it apparent very quickly the benefits we were seeing."

Digital leader, technology

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Analysis Of Benefits

QUANTIFIED BENEFIT DATA

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased margin due to better customer experience	$276,000	$390,264	$565,326	$1,231,590	$998,179
Btr	Eliminated manual rules creation	$85,500	$85,500	$85,500	$256,500	$212,626
Ctr	Avoided cost of additional content creation	$78,300	$78,300	$78,300	$234,900	$194,721
Dtr	Averted taxonomy creation and content tagging	$112,813	$22,563	$22,563	$157,938	$138,155
	Total benefits (risk-adjusted)	$552,613	$576,627	$751,688	$1,880,927	$1,543,681

Increased Margin Due To Better Customer Experience

A recent survey reported that over 70% of B2B buyers fully define their needs before reaching out to a sales representative, and that over half have identified a specific solution or product before making contact.[2] Clearly, it is critical that sellers allow potential customers to easily find the information they need, or risk losing a spot on the short list. This is a key element of CX.

Forrester has quantified the impact of improving Customer Experience Index (CX Index™) scores for a variety of industries. See Appendix B for more details. Do note, however, that the figures listed in the graphic are in no way associated with Episerver or the two interviewed organizations, rather it is merely a reference point to show the potential for increased customer experience effecting organizations' bottom lines.

As important as it is for visitors to be able to quickly find the information they are looking for, it is nonetheless a complex task. Multiple decision makers from the same organization might be specifically looking for different kinds of information, from white papers to evidence of financial soundness, to technical specifications. The same executive may visit the site seeking very different kinds of information each time they visit. Episerver Intelligence Cloud improves the customer experience in several ways by using AI to learn about the preferences and interests of an individual visitor on each visit.

> 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 interviewed organization expects risk-adjusted total benefits to be a PV of more than $1.5 million.

> "With our PDF viewer, about half of the visitors go into an un-personalized version and half go into a personalized version. We've seen a 13% lift [in click-through] on the personalized side."
>
> *Technical manager, analytics and personalization, technology*

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> › **First, Episerver Intelligence Cloud improves visitor engagement with the right content to drive conversion.** The software's ability to suggest content that is uniquely appropriate to the visitor's interests and purchase readiness increases the likelihood that they will take action toward purchase. The technology firm which Forrester interviewed confirmed that this capability has encouraged visitors to engage in additional exploration of its site. A technical manager from the technology firm told Forrester: "With our PDF viewer, about half of the visitors go into an un-personalized version and half go into a personalized version. We've seen a 13% lift [in click-through] on the personalized side."

> › **Episerver Intelligence Cloud further supports conversion by smoothing out and accelerating the path to purchase.** Visitors are served relevant product suggestions based on their content consumption; they are also served content that is relevant to the products they may be browsing. This creates a natural bridge between education and purchase and a simple link to increase conversion. The same technical manager reported: "On several of our pages we alternate a content recommendation and a product recommendation. We consistently see three-to-five times lift in click-through of the product recommendation versus the content recommendation."

> › **The solution also improves customer experience by guiding content creation to satisfy demand.** Data generated by the system gives organizations a clear picture of how much content they have on specific topics, and how often those topics are consumed. Using this information, interviewees were able to identify topics of strong and growing interest where they had relatively little content available. A digital leader told Forrester: "You need to think about it in terms of supply and demand. Then you start going, 'Oh, we need to write more about servers, or 5G, or how to run your business during COVID-19.'"

Based on the interviews, Forrester determined that the company:

> › Generated approximately $575 million in direct online sales before deploying the Intelligence Cloud.

> › Measured an increase in its conversion-to-sales rate of 2% over the course of three years — this is attributable to its investment in the Intelligence Cloud. One executive shared: "We're always running test and control with the platform in place and we do models based off that testing. We are right around an additional 2% of sales each year that we can attribute to the Intelligence Cloud."

There are several impact risks that could affect the results which other organizations experience:

> › The dollar value of online sales prior to implementing the solution.

> › The sophistication and success level of the organization's previous personalization approach.

> › The company's own operating margin.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $998,179.

> "Some of our products are available for direct purchase on our eCommerce site. In those cases, through product recommendation, we are able to point someone directly to a purchasing option."
>
> *Digital leader, technology*

> "The beauty of data science and machine learning is that they improve over time. So, our results have gotten better as time has passed."
>
> *Technical manager, analytics and personalization, technology*

> 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.

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Increased Margin Due To Better Customer Experience: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
A1	Annual online revenue before Intelligence Cloud		$575,000,000	$580,750,000	$588,880,500
A2	Increase in revenue attributed to Intelligence Cloud		1.0%	1.4%	2.0%
A3	Incremental revenue due to better customer experience	A1*A2	$5,750,000	$8,130,500	$11,777,610
A4	Estimated operating margin		6%	6%	6%
At	Increased margin due to better customer experience	A3*A4	$345,000	$487,830	$706,657
	Risk adjustment	↓20%			
Atr	Increased margin due to better customer experience (risk-adjusted)		$276,000	$390,264	$565,326

Eliminated Manual Rules Creation

Both organizations that Forrester interviewed told us that a key barrier to establishing an effective personalization program, especially across numerous content channels, was the time and resource investment required to create, update, and maintain rules in their CMS. An executive in the B2B information services business told us: "Even though our CMS had personalization capabilities, we just didn't have the bandwidth or the resources to manually set up personalization rules. Because of that, we really needed to find something that would do it automatically and be very scalable, and that is what Episerver Intelligence Cloud has done for us."

For the interviewed organization, Forrester assumes that:

› Its library of tens of thousands of pieces of content would require the equivalent of two FTEs on an ongoing basis to build, optimize, and revise personalization rules as necessary in their CMS.

› This work would be done by content marketing managers with an average fully loaded salary of $95,000.[3]

› The organization would be able to recapture 50% of that time to redeploy those managers into other relevant projects.

The savings from eliminating rules creation and maintenance will vary for each organization based on:

› The size of the existing and future content library.

› The existence, complexity, and addressability of a customer segmentation approach.

› The fully loaded compensation of content marketing managers.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $212,626.

$212,626 three-year benefit PV

14%
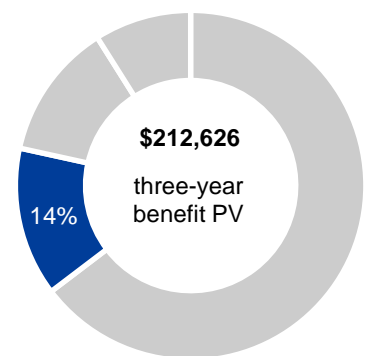
Eliminated manual rules creation: **14%** of total benefits

"It's the convenience of outsourcing our personalization and taxonomy services so we don't have to add headcount. We don't have to maintain it. We don't have to do anything. It just runs."

Technical manager, analytics and personalization, technology

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Eliminated Manual Rules Creation: Calculation Table					
REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
B1	Time creating and optimizing CMS personalization rules	FTE	2	2	2
B2	Average fully burdened content marketing manager salary	Estimate	$95,000	$95,000	$95,000
B3	Percent recaptured		50%	50%	50%
Bt	Eliminated manual rules creation	B1*B2*B3	$95,000	$95,000	$95,000
	Risk adjustment	↓10%			
Btr	Eliminated manual rules creation (risk-adjusted)		$85,500	$85,500	$85,500

Avoided Cost of Additional Content Creation

To get the most value out of their investments in content creation, organizations in general want to see the content consumed for as long as it is relevant. When the machine recommends content to a visitor, it is not influenced by its search popularity, format, or release date — it is only recommended by its relevance. As a result, B2B customers tend to see any individual piece of content served up and consumed more often than it would have been previously. One executive shared with Forrester, "Based on the AB testing, we did after deploying the Intelligence Cloud, we saw a 26% increase in blog posts viewed versus before deployment."

Because the organization's content is working harder for them — by providing increased engagement, form fills, leads, and sales — they may not need to create as much content as in the past to get the same results. This avoided cost is a quantifiable benefit for the organization. To quantify this benefit, Forrester based the following assumptions on interviews with the primary organization.

> It creates approximately 100 pieces of *simple* content per month, including social media posts and blogs, each costing an average of $40 in employee time.

> It also creates approximately 10 pieces of *complex* content per month, such as webinars or white papers, at an average cost of $2,500 each.

> It experiences a 25% increase in views across all of its content as a result of deploying Episerver Intelligence Cloud.

Given the variation in organizations' content investment, they can expect the following impact risks:

> The amount of content produced each year.

> The mix of simple and complex content launched, as well as the cost of each type of content for that organization.

> The lift in viewership they experience after implementing Episerver Intelligence Cloud.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $194,721.

"Based on the AB testing we did after deploying the Intelligence Cloud, we saw a 26% increase in blog posts viewed versus before deployment."

Marketing analytics director, Information services

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Avoided Cost Of Additional Content Creation: Calculation Table					
REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
C1	Simple content posts per year (social media posts)	Interviews	1,200	1,200	1,200
C2	Simple content resource cost	Estimate	$40	$40	$40
C3	Complex content per year (case studies, white papers, webinars)		120	120	120
C4	Complex content average resource cost		$2,500	$2,500	$2,500
C5	Annual investment in content creation	(C1*C2)+(C3*C4)	$348,000	$348,000	$348,000
C6	Incremental views of content		25%	25%	25%
Ct	Avoided cost of additional content creation	C5*C6	$87,000	$87,000	$87,000
	Risk adjustment	↓10%			
Ctr	Avoided cost of additional content creation (risk-adjusted)		$78,300	$78,300	$78,300

Averted Taxonomy Creation And Content Tagging

As much as the interviewed organization did not have the time and resources to create personalization rules, they were similarly unable to dedicate staff to not only creating a site taxonomy but also having them read and tag all of the preexisting content. One of the interviewed executives estimated that it would take one year for at least two FTEs from its team, along with one or two cross-functional participants, to develop a complete taxonomy. Another estimated that they would require the equivalent of at least half an FTE on an ongoing basis to tag existing and new content. An AI engine can do this work much more efficiently.[4]

Furthermore, tagging content is a tedious job and one that often suffers from the inherent difficulty in finding multiple ways to describe the same thing. By allowing the machine to tag a piece of content, many more useful descriptors can be created. That means a greater likelihood of the organization's content being returned when a user searches the web, or searches on the organization's site. It also increases the likelihood that visitors will be directed to exactly the right content for them.

Forrester bases its model for this benefit on the following input from the primary interviewed organization:

› Creating an appropriate taxonomy for effective personalization would require at least two FTEs for one year.

› Tagging existing and future content would require the equivalent of at least one-half of an FTE on an ongoing basis.

› This work would be done primarily by content marketing managers with a fully loaded salary of $95,000.

› The organization would be able to recapture 50% of the time saved on these tasks.

For low complexity and high volume work (such as tagging content), an AI engine can do the work of three to four people.

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Potential risks to an organization being able to achieve these same benefits include:

› The total amount of content to be classified and tagged.

› The salary of employees who would be accomplishing the taxonomy and tagging projects.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $138,155.

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
Averted Taxonomy Creation And Content Tagging: Calculation Table					
D1	FTEs dedicated to taxonomy creation		2.0		
D2	FTEs dedicated to ongoing tagging		0.5	0.5	0.5
D3	Average fully burdened salary of content marketing manager	Estimate	$95,000	$95,000	$95,000
D4	Percent recaptured		50%	50%	50%
Dt	Averted taxonomy creation and content tagging	(D1+D2)*D3*D4	$118,750.0	$23,750.0	$23,750.0
	Risk adjustment	↓5%			
Dtr	Averted taxonomy creation and content tagging (risk-adjusted)		$112,813	$22,563	$22,563

Unquantified Benefits

Through its interviews, Forrester also identified a benefit that is not quantified in this study.

› **Increased organizational learning from interactions with experts in personalization.** While the content marketing team may be knowledgeable about personalization strategies and tactics, it is usually not the only area for which they are responsible. The opportunity for employees at all levels to receive training, ask questions, or get feedback on ideas or problems from Episerver's experts—as consultants—in personalization brings additional knowledge and skills into the organization. As one executive from the technology customer told Forrester: "It's not just the platform for us, it's the conversations and analysis from an organization that has a different point of view and a level of expertise from a content perspective. That has tremendous value in itself."

"[…] it's the conversations and analysis from an organization that has a different point of view and a level of expertise from a content perspective. That has a tremendous value in itself."

Digital leader, technology

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Flexibility

The value of flexibility 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 Intelligence Cloud and later realize additional uses and business opportunities, including:

› **Rolling out the same content and product recommendations to other business units or sites.** Having invested in Episerver Intelligence Cloud, the executives that Forrester spoke with are anxious to expand their newfound capabilities to other sites, or areas of their site, that do not currently use it. One executive spoke of the demand from teams in other countries to have the Intelligence Cloud operating in their language and serving up recommendations to read content that has been translated or generated in other languages.

› **Data-sharing between Episerver and the customer to build custom algorithms.** Several executives mentioned an interest in the future for leveraging additional data they have collected on customers and visitors to enrich their recommendation engines in partnership with Episerver.

› **Better integrating the solution with the analytics stack to better quantify exactly how it impacts downstream activities.** These B2B customers have difficulty measuring the impact of their personalization activities on channel sales. While they can see which visits and content may be influencing a direct online sale, they have much less visibility into what happens with leads they refer to channel partners, or visitors who do the research on their site but then buy from a channel partner. The interviewed executives believe this would be a fruitful area for future investment in new measurement tools.

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

> Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a 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.

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Analysis Of Costs

QUANTIFIED COST DATA

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Subscription fees	$30,000	$85,000	$85,000	$85,000	$285,000	$241,382
Ftr	Training, analysis, and administration	$0	$29,169	$27,237	$27,237	$83,643	$69,491
	Total costs (risk-adjusted)	$30,000	$114,169	$112,237	$112,237	$368,643	$310,873

Subscription Fees

The bulk of the cost for the interviewed organization, and the only out of pocket cost, is the fee paid to Episerver for initialization and for the annual subscription.

Based on the interviews, the organization experienced the following costs:

› Initialization and proof of concept expenses totaling $30,000 before implementation.

› Annual fees of $85,000 once the solution was deployed.

Since these costs are based on standard list pricing, Forrester has not applied a risk factor to this cost, yielding a three-year total PV of $241,382

> 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 interviewed organization expects risk-adjusted total costs to be a PV of $310,873.

> 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.

Subscription Fees: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Piloting, planning, and implementation	Interview	$30,000			
E2	Annual fees	Interview		$85,000	$85,000	$85,000
Et	Subscription fees		$30,000	$85,000	$85,000	$85,000
	Risk adjustment	0%				
Etr	Subscription fees (risk-adjusted)		$30,000	$85,000	$85,000	$85,000

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Training, Analysis, And Administration

The two interviewed organizations told Forrester that the implementation of the Intelligence Cloud was simple and error-free.

› The technical manager in the technology sector recalled: "They built a JavaScript to inject in specific places. We gave it to our tagging team and there were no issues getting it deployed. It was super easy. It took us no more than a couple weeks. Deployment of the script is so easy that now we don't even go through their scrum process anymore."

› Similarly, a marketing analytics director at the information services firm told Forrester: "It was relatively simple from an implementation perspective. Maybe our development guys spent a few hours on it, and then we did a few hours of testing. It was minimal."

Once deployed, Episerver Intelligence Cloud required a minimal amount of monitoring, but the primary organization explained that investing in analytical attention was useful. The data generated by the software provided valuable insights which could be fed back to other teams, e.g., providing marketing with direction to improve future content and providing sales with a more in-depth understanding of individuals at key accounts, among other useful insights.

In keeping with these findings, Forrester determined that the organization:

› Spent approximately 50 hours training content management users who were paid a fully loaded hourly wage of $46.

› Used the equivalent of one-quarter of an FTE business analyst with a fully loaded hourly wage of $49 to provide analytics and insights based on the outputs of the Intelligence Cloud.

The risk of another organization experiencing different results is low, related to:

› The number of content managers to be trained and their salaries.

› The analytics resources required (time and rate of pay) to make the most of the data available.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $69,491.

Rapid implementation (in days)

One-quarter of an FTE is needed to monitor and provide analytical insights.
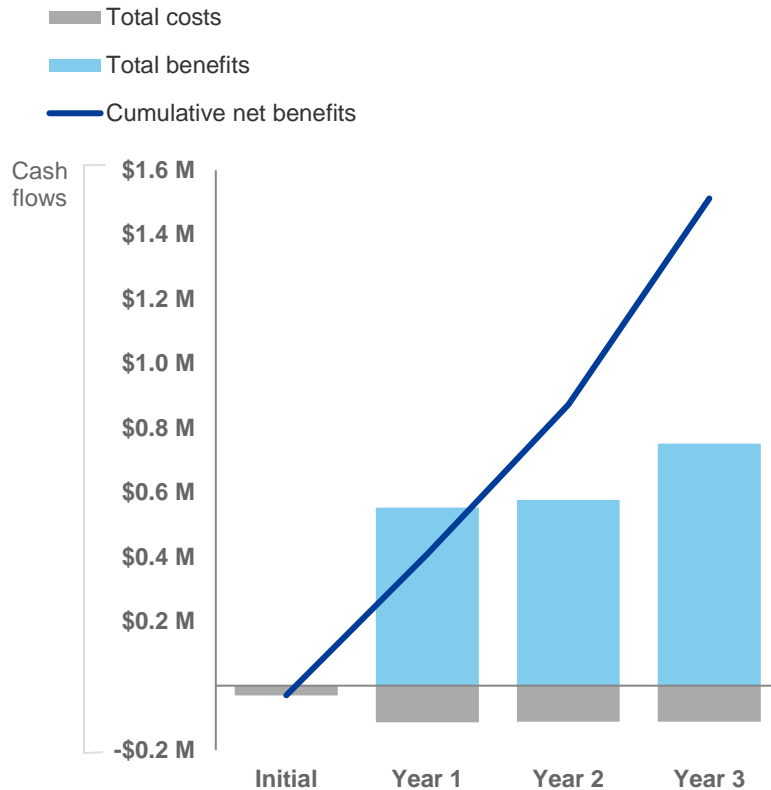
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Training, Analysis, And Administration: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Training for content managers	10 hours* 5 managers		50	10	10
F2	Hourly content manager salary (rounded)	$95,000/2,080 hours		$46	$46	$46
F3	Time spent managing, monitoring, and reporting content performance	25% FTE hours		520	520	520
F4	Hourly business analyst salary (rounded)	($75,000 + 35%)/ 2,080 hours		$49	$49	$49
Ft	Training, analysis, and administration	(F1*F2)+(F3*F4)		$27,780	$25,940	$25,940
	Risk adjustment	↑5%				
Ftr	Training, analysis, and administration (risk-adjusted)			$29,169	$27,237	$27,237

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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 interviewed organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($30,000)	($114,169)	($112,237)	($112,237)	($368,643)	($310,873)
Total benefits	$0	$552,613	$576,627	$751,688	$1,880,927	$1,543,681
Net benefits	($30,000)	$438,444	$464,390	$639,451	$1,512,284	$1,232,808
ROI						397%
Payback period						<6 months

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Episerver Intelligence Cloud: Overview

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

Episerver Intelligence Cloud
The unified platform to automate personalized experiences at scale

Benefits of Episerver Intelligence Cloud
- Drive content engagement and conversions
  - Leverage AI-powered content recommendations to deliver personalized experiences to each visitor based on her unique interests
- Maximize commerce revenue and transactions
  - Supercharge your merchandising strategies with AI-powered product recommendations to accelerate each customer's path to purchase
- Make confident business decisions with data
  - Gain prescriptive insight and analytics with pre-built dashboards for content and commerce use cases to uncover ways to optimize

Full Breadth of Capabilities within Episerver Intelligence Cloud
- Web Content Recommendations
  - Add Content Recommendations to your platform to personalize content for each visitor. It automatically predicts the interests and intent of every individual to deliver hyper-relevant, engaging content.
- Email Content Recommendations
  - Extend 1:1 content recommendations into your email service provider of choice to deliver personalized messages to each recipient. Improve email performance KPIs like click-through rate without manual effort.
- Web Product Recommendations
  - Increase revenue and average order values with Episerver Product Recommendations. Advanced personalization uses AI to analyze real-time behavior to increase upsells and cross-sells.
- Email Product Recommendations
  - Increase revenue and average order values with Episerver Product Recommendations. Advanced personalization uses AI to analyze real-time behavior to increase upsells, cross-sells.
- Personalized Product Search and Navigation
  - Personalized Product Search & Navigation learns from aggregated search data across the site and combines it with each visitor's real-time behavior to continually optimize suggestions and search results.
- Content Intelligence
  - Gain a real-time understanding of the content you have at a granular level, why it engages your visitors, and prescriptive guidance on how to optimize the ROI of your content strategy.
- Visitor Intelligence
  - Gain a real-time understanding of the content you have at a granular level, why it engages your visitors, and prescriptive guidance on how to optimize the ROI of your content strategy.
- Customer Data Platform
  - Gain a real-time understanding of the content you have at a granular level, why it engages your visitors, and prescriptive guidance on how to optimize the ROI of your content strategy.

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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.

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Appendix B: Supplemental Material

Related Forrester Research

"There's No Personalization Without Content Intelligence," Forrester Research, Inc., October 25, 2019

The revenue impact of a 1-point improvement in CX Index™ score:

	Annual incremental revenue per customer*	x	Average number of customers per company†	=	Total revenue
Auto manufacturers (mass market)	$58.51	x	18 million	=	$1.1 billion
Retailers (general retail)	$4.96	x	100 million	=	$496 million
Wireless service providers	$4.74	x	82 million	=	$388 million
Hotels (upscale)	$8.07	x	44 million	=	$355 million
Auto/home insurers	$14.36	x	15 million	=	$215 million
Airlines	$3.77	x	48 million	=	$181 million
Hotels (midscale)	$3.89	x	30 million	=	$117 million
Banks (multichannel)	$7.15	x	15 million	=	$107 million
Rental cars	$2.29	x	40 million	=	$92 million
Auto manufacturers (luxury)	$128.75	x	350,000	=	$45 million
Credit card issuers	$0.57	x	61 million	=	$35 million
Banks (direct)	$8.20	x	3 million	=	$25 million

Base: 101,341 US online consumers (18+) who interacted with a specific brand within the past 12 months
Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2019

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Appendix C: Endnotes (Optional)

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[1] Source: "There's No Personalization Without Content Intelligence," Forrester Research, Inc., October 25, 2019

[2] Source: "The Growing Buyer-Seller Gap: Results of the 2018 Buyer Preferences Study," CSO Insights, June 2018.

[3] Fully loaded salary is defined as base salary plus 35% of salary in benefits.

[4] Source: "Future Jobs: Plan Your Workforce For Automation Dividends And Deficits," Forrester Research, Inc., April 30, 2019.

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