

A Forrester Total Economic Impact™  
Study Commissioned By Episerver  
August 2018

# The Total Economic Impact™ Of Episerver Digital Experience Cloud

Cost Savings And Business Benefits  
Enabled By Digital Experience Cloud

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## ABOUT FORRESTER CONSULTING

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## Benefits And Costs



Content management effort reduction savings:

**\$1.1 million**



Episerver on Microsoft Azure savings over on-premises:

**\$875K**



Incremental revenue uplift:

**\$4.6 million**



License and migration costs:

**\$1.2 million**

## Executive Summary

Episerver provides a unified content management system (CMS) and digital commerce cloud platform called the Digital Experience Cloud that helps its customers quickly deploy content across its digital properties. Campaign management and AI-driven personalization are also included as a part of the solution. 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 Digital Experience Cloud. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Episerver on their organizations.

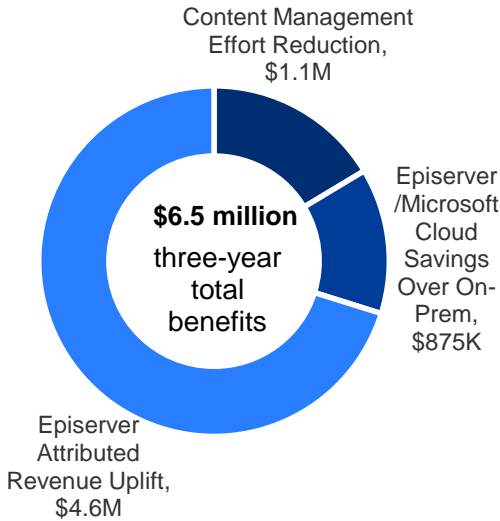
To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using Episerver's Digital Experience Cloud. As a holistic solution that covers CMS, digital commerce, and marketing analytics, Digital Experience Cloud decreases work for developers, content creators, and marketers, affording them more time to craft better user experiences and more effectively reach consumers at scale. The net results are higher conversion rates coupled with greater basket sizes, all while reducing labor inputs.

Prior to using Digital Experience Cloud, the interviewed organizations were consistently expending a great amount of effort to roll out few product and content pages. Using homegrown and legacy solutions, organizations found it difficult to keep a consistent pace of releasing digital content and updated product catalogues. Disparate CMS and digital commerce solutions required significant developer effort and external help, making the publishing of content a costly and unscalable endeavor. These legacy solutions left organizations with antiquated and duplicative workflows, limiting the organizations' go-to-market strategy. The age of the customer is marked by the need for brands to communicate fresh and relevant content to customers rapidly, and where the direct-to-consumer (D2C) channel is all the more significant. An all-in-one cloud-based platform is more important than ever to increasing reach, providing up-to-date messaging, and capturing topline sales. A digital product manager expressed, "We now offer a best-in-class digital experience, and due to the flexible and scalable capabilities of Episerver we can easily expand to new regions to grow our revenue."

## Key Findings

**Quantified benefits.** The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **Content and product management updates are reduced by 50% with Episerver.** Content management is considerably easier on the Episerver platform. One interviewee went on to say that their updates are near instant and Episerver allows them to stay nimble in today's changing markets. However, the primary gain for many organizations is the ability to build once and have similar content published across multiple content sites and digital commerce sites, drastically reducing what would normally be a redundant development effort. Conservatively, organizations can save 50% of development and content creation management effort, resulting in a three-year present value (PV) savings of \$1,066,860.



**ROI**  
443%



**Benefits PV**  
\$6.5 million



**NPV**  
\$5.3 million



**Payback**  
<6 months post-migration

- › **Cloud-hosted CMS/digital commerce substantiates a sizeable savings over on-premises based solutions in the modern era.** In moving to the Episerver cloud platform, organizations are able to avoid costs of infrastructure hardware as well as associated maintenance costs. Total three-year gains from moving to the Episerver/Microsoft Azure cloud results in gains of \$875,609, PV.
- › **AI-based personalization engines and campaign management produce incremental revenue uplift.** Organizations using the Digital Experience Cloud are able to leverage AI-based personalization to cater content and messaging in a contextually relevant manner for specific customers — making for higher conversion rates of 3% and increased basket sizes of 5.5%. Over the course of three years, the expected return is \$4.6 million, PV.

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

- › **Customer satisfaction scores will improve as richer content forms deeper and more meaningful relationships.** Richer and more personalized content creates a deeper connection with the consumer. In addition, customer service representatives are able more quickly draw product information directly from sites on the Episerver platform to continue the positive consumer experience. Several interviewees cite that customer satisfaction scores and NPS ratings have shifted greatly in a positive manner since moving to the Digital Experience Cloud, all of which increase customer lifetime value.
- › **Sunsetting of the existing testing and attribution tools are possible if Episerver’s marketing engine is used.** In addition to the sunsetting of existing CMS solutions, some marketing tools can also be retired with the use of Digital Experience Cloud, creating a benefit in the reduction of ongoing license and support costs associated with the disparate tool stack.

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

- › **Ongoing licensing plus service and support costs as a cloud solution.** As a platform-as-a-service (PaaS) product, the complete Digital Experience Cloud incurs costs annually. Over the course of three years, this cost category amounts to \$844,074, PV.
- › **Migration and integration costs require a fair amount of work.** In moving to the Digital Experience Cloud, organizations need to migrate existing product pages and content. Typical migration and integration periods last three months, plus an additional month of testing. In some cases, new buildouts of content are also necessary to create a consistent experience. These are one-time initial costs, amounting to \$309,680.

Forrester’s interviews with six existing customers and subsequent financial analysis found that a composite organization based on these interviewed organizations experienced benefits of \$6.5 million over three years versus costs of \$1.2 million, adding up to a net present value (NPV) of \$5.3 million and an ROI of 443%.

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

## TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Episerver Digital Experience 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 Digital Experience Cloud can have on an organization:



### **DUE DILIGENCE**

Interviewed Episerver stakeholders and Forrester analysts to gather data relative to Digital Experience Cloud.



### **CUSTOMER INTERVIEWS**

Interviewed six organizations using Episerver to obtain data with respect to costs, benefits, and risks.



### **COMPOSITE ORGANIZATION**

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



### **FINANCIAL MODEL FRAMEWORK**

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



### **CASE STUDY**

Employed four fundamental elements of TEI in modeling Episerver Digital Experience 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.

## 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 Digital Experience 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.

# The Digital Experience Cloud Customer Journey

## BEFORE AND AFTER THE DIGITAL EXPERIENCE CLOUD INVESTMENT

### Interviewed Organizations

For this study, Forrester conducted six interviews with Episerver Digital Experience Cloud customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEES	CUSTOMER FOCUS
Musical equipment	Global	IT director	B2B and D2C awareness and sales
Commercial heavy equipment	Europe	Enterprise architect, CISO	B2B awareness and sales
Natural resources and energy	North America	IT architect, service delivery manager, commercial service manager	B2B awareness
Packaging	Oceania	Digital product manager	B2B awareness and sales
Automotive parts	Europe	Development manager	B2B awareness and sales
Automotive manufacturer	Global	Manager of digital products, CMS/eCommerce developer	B2B and D2C awareness and sales

### Key Challenges

Forrester consistently heard that customers of Episerver came from environments where it was increasingly difficult to meet the needs of consumers who wanted to consume web content as an initial touchpoint. Due to: 1) the multiple web instances that needed to be presented to various groups; 2) the personalization that is necessary for consumers in the current day and age; and 3) the difficulties of offering multiple sites and differing degrees of personalization, organizations were met with difficulties of developing and scaling relevant content. The following are challenges that surfaced.

- › **Building specific websites to offer brand messaging and digital commerce required significant time and effort from developer and content managers across the organization.** Traditionally, building a single web delivery platform was a straight forward process, but as expectations and the range of consumers increased, multiple sites (and microsites) became the norm. Additional internal resources were pulled in to deliver differentiated content to various consumer groups and segments. In addition, many organizations wanted to adopt a direct-to-consumer (D2C) approach, for purposes such as introducing new product releases and driving actual sales. Developing the new sites required repetitive development and production efforts that felt like “reinventing the wheel over and over,” as one CMS developer interviewee stated. Working with disparate CMS and digital commerce platforms resulted in these new builds eating away at scarce internal resources.

“We needed a CMS and eCommerce platform built under one engine . . . . There was no desire on our part to replicate efforts as our legacy solutions required us to do.”

*Director of IT, musical equipment manufacturer*





- › **Reaching out to consumers with relevant content was a challenge that could not be addressed without new technology.** Consumers are more particular to the content served to them — ranging from informative product details to product preferences. Without AI, the addressability was impossible. The spectrum of consumers’ purchase-driving behaviors was increasing and to truly target them, an automated form of marketing reach was needed to address the diverse content consumption and buying habits. Customers were effectively being underserved, leaving revenue on the table that could otherwise be captured.
- › **Scaling to address new markets with variable demand on server loads was not easily addressable with on-premises infrastructure.** As organizations grew in global footprint, consumers in different regions needed to be addressed with adequate service levels and contextual relevancy. For instance, expansion to a different continent required new data centers or co-location buildouts. To further the need to scale properly, the organizations needed localized flavors of the website to suit the preference of products in these new regions. Effectively, hardware and localization flavors needed to be built across territories to convey product information and availability.

“What we wanted to see was to build something once and use it multiple times. And we got that with Episerver. Not only did we reduce our developer footprint, but also the project management stack.”

*Technical project manager,  
Automotive manufacturer*



## Key Results

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

- › **Moving to a single platform for multiple needs expels the need for redundant development effort.** Prior to the adoption of the Digital Experience Cloud, organizations developed separate sites for content delivery and replicated the effort for digital commerce sites. In addition, marketing efforts were run separately, requiring the integration of additional analytics platforms to deliver personalized touchpoints with customers. In the integrated format, developer input was drastically reduced, as organizations were enabled to build once and deploy in multiple instances. Marketers instantly gained behavioral insights and with Episerver automation tools they were able to reach customers with a greater degree of personalization. One interviewee added, “Having a single platform that supports all of our customer-facing website needs was to me the biggest driver to invest in Episerver, especially as we begin to globalize our brand.”
- › **Development effort is refocused on functionality and the ways to improve CX rather than “rebuilding the wheel.”** In lieu of building multiple sites based off of repository data, developers were instead able to allocate effort to produce new functionality that translated to greater customer experience. One interviewee said, “Now our developers have time to actually focus on refinement and features to improve the user experience.”
- › **Scalable cloud platform services deliver a better experience globally, almost regardless of usage bursts.** With the Episerver platform resting on the Azure cloud, customers expressed the ability to be able to scale the delivery of content to greater geographical regions while also being able to handle bursts in customer browsing activity often associated with promotions and major product releases. Performance degradations and site unavailability were nearly eliminated with load balancing due to auto-scaling provided by cloud delivery.

“Whereas before we needed to wait for days if not weeks for simple blogs to be updated on our website, our expectation now is being able to do the same in five minutes on Episerver.”

*Digital product manager,  
packaging supplier*



“Infrastructure support and scalability is not something that we need to think about from an operations perspective; the Azure cloud takes care of all that.”

*Head of service commercial,  
natural resources organization*



- › **Consumer personalization ultimately delivers improved topline results.** Different customers demand different content to be presented. Personalized product pages and email campaigns driven by AI on the Digital Experience Cloud enabled the interviewed organizations to enhance conversion rates as well as average basket sizes — leading one organization to see an increase of 25% on order values alone.

## Composite Organization

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

**The composite organization.** This North American-based brand has annual revenues of \$300+ million. Of its overall revenue, 15% of revenues were derived from online sales prior to the adoption of Episerver, amounting to roughly \$45 million. This B2B organization has traditionally relied on a combination of digital marketing material such as PDFs and web content, but lags in the delivery of new content and functionality on its online channels — primarily due to the use of disparate CMS, digital commerce, and marketing tools. It desires to increase its D2C capabilities so that end users can be educated to increase overall brand awareness and positioning.

To combat the inconsistency of messaging to its customers, heavy reliance has been placed on developers to create separate and localized websites across various global regions, but it is in a constant struggle to create and distribute new content across these channels. To assist in the delivery of content, the organization also leverages some use of agencies to deliver content.

Currently, its priority is to expand its digital footprint globally while delivering content on a more consistent basis. Many of its other digital imperatives match that of the organizations that were interviewed, which is to become more efficient at connecting with its customer base and ultimately create increased customer lifetime value (CLV).

**Deployment characteristics.** As the organization began deployment of Episerver Digital Experience Cloud, it first engaged system implementer consultants to migrate existing content, including that of product pages to the new format. Alongside this migration, integrations with existing ERPs were established to provide real-time inventory and product details. Following the initial transition period of several months, the organization was able to move its content from on-premises and co-located servers to the Digital Experience Cloud living on the Microsoft Azure cloud infrastructure.

“We’ve seen a significant revenue uplift after rolling out the AI personalization suite. Our basket size has been impacted by an increase of 25% with Episerver personalization engine.”

*Development officer, automotive parts organization*



### Key assumptions

- Global B2B business
- \$300M+ revenue
- 15% of revenue is derived from web traffic
- Now leverages Episerver CMS, Digital Commerce, and Campaigns



# Analysis Of Benefits

## QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits						
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Content management effort reduction	\$429,000	\$429,000	\$429,000	\$1,287,000	\$1,066,860
Btr	Episerver/Microsoft Azure cloud savings versus on-premises	\$352,095	\$352,095	\$352,095	\$1,056,286	\$875,609
Ctr	Episerver attributed revenue uplift	\$1,837,125	\$1,837,125	\$1,837,125	\$5,511,375	\$4,568,658
	Total benefits (risk-adjusted)	\$2,618,220	\$2,618,220	\$2,618,220	\$7,854,661	\$6,511,127

### Benefit 1: Content Management Effort Reduction

Producing effective web content requires a lot of content producers. Unfortunately, for many of the organizations that Forrester interviewed, the creation of content also required heavy use of web developers specializing in PHP, Java, and Notes. Hiring diverse groups of developers was expensive, as many of these customers relied mostly on .NET. Worse yet, the development efforts were slow, as these groups needed to build the pages repetitively over and over for their portfolio of websites and pages. A developer from an organization that owns 15 different websites went on to state, “For the four years prior to bringing in Episerver, our development team were spending effectively six months of the year just to redevelop our websites.” Conversely with Episerver deployed, the same organization is now releasing new webpages and delivering content almost instantaneously, with minimal effort from developers.

To keep up with the need to release new content on external-facing websites, many of the organizations interviewed also sought external help. This strategy resulted in the need for a dedicated marketing FTE that would work with agencies to release new updates — often taking days and even weeks to execute. The use of Episerver enabled content producers to self-upload with the help of templates in no-code environments directly to the web.

The following are the primary value drivers that provide the basis for this benefit category, as applied to the composite organization:

- › Episerver provides the ability for the composite to **build-once, use multiple times**. Effort required to produce new webpages is reduced by 50% at a minimum on Episerver.
- › **Digital assets are shared** for use between informational content pages, digital commerce pages, and marketing campaigns.
- › **Coding is minimized** and in fact allows creatives and content producers to deploy content into production. **Developers are instead able to reallocate their efforts** to enhancing or building out new functionality on web properties.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of \$6.5 million.



“We have multiple brands as an organization. As we continue to develop each of those brands, we continue to leverage one Episerver instance and share all of that data, saving us time.”

*Digital product manager, packaging manufacturer*

- › **Agency assistance can be heavily reduced** as tactical level updates are handled internally, almost in a democratized fashion between FTEs.
- › While not calculated in the table, organizations should also consider the newfound ability to hire a larger content creation team, enabled by the savings from the use of fewer developers and decreased agency work. The net effect is a further acceleration to deliver content.

Collectively, these drivers enable the composite organization to save a PV of \$1,066,860 over a span of three years.

### Content Management Effort Reduction: Calculation Table

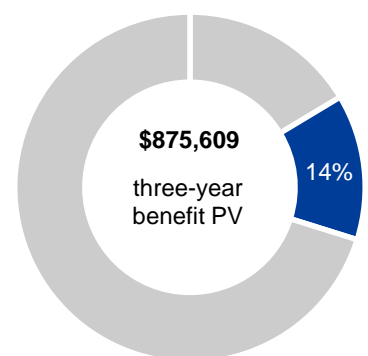
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Internal effort required to update web content on disparate CMS and eCommerce platforms	5 FTEs at \$85K salary* 1.2x benefits modifier	\$510,000	\$510,000	\$510,000
A2	Reduction in effort for web content updates with Episerver		50%	50%	50%
A3	Reduction of digital asset management with agency by marketing personnel	1 FTE at \$95K salary* 1.2x benefits modifier	\$114,000	\$114,000	\$114,000
A4	Reduction in agency spend for web content updates		\$60,000	\$60,000	\$60,000
At	Content management effort reduction	$A1 * A2 + A3 + A4$	\$429,000	\$429,000	\$429,000
	Risk adjustment	0%			
Atr	Content management effort reduction (risk-adjusted)		\$429,000	\$429,000	\$429,000

## Benefit 2: Episerver On Microsoft Azure Cloud Savings Versus On-Premises

A primary need for all the interviewed organizations was to implement a unified CMS and digital commerce solution that was readily scalable to accommodate growth. In addition to addressing growth, these organizations also had no interest in running extensive infrastructure operations. According to one interviewee, “Infrastructure maintenance is something that we’d rather buy than manage — it’s not our core competency.” Another interviewee added: “Scaling in the cloud will definitely save us money in the long run. Having the ability to scale up or down helps us avoid hiring more infrastructure people that become fixed ongoing costs, especially if we need these people to monitor and manage the systems 24/7.”

Two issues were solved by moving the Digital Experience Cloud:

- › Ongoing internal and vendor sold support and management of on-premises servers for CMS and digital commerce purposes were eliminated.



Operating in the cloud rather than on-premises produces savings and delivers a more consistent user experience.

- › Performance degradations and outages caused by the lack of instant scalability of on-premises systems had been addressed with the Microsoft Azure cloud that the Digital Experience Cloud resides on.

In addition to these benefits, organizations also were able to reallocate the servers for alternate usage within the organization as well as eliminate the need for FTEs to monitor and keep digital real estate running.

For the composite organization, Forrester assumes that:

- › Existing servers and network infrastructure cannot be resold and are depreciating assets, thus they grant no real quantifiable benefit if retired.
- › Support and maintenance of such assets incur an ongoing cost of 20% of the hardware.
- › Legacy CMS and digital commerce software require time and effort to maintain. The associated cost of which has been assessed.
- › Average outages and performance degradation persist for a total of four days per year on legacy servers. Some customers may return to perform a purchase at a later time, but a sizeable portion will balk causing a revenue leakage of \$246,575 per year.
- › The cost of an IT admin specifically tasked with monitoring website activity would be necessary for on-premises servers with shaky reliability.

In total, the benefit of using the Digital Experience Cloud on Azure yields a three-year total benefit PV of \$875,609.

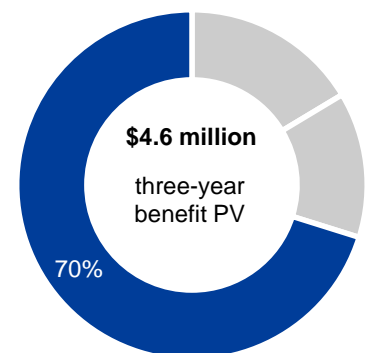
## Episerver/Microsoft Azure Cloud Savings Versus On-Premises: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Cost of on-premises servers used previously for hosting	10x on-premises servers at \$3,500/unit	\$35,000	\$35,000	\$35,000
B2	Network infrastructure and hosting related costs necessary for existing on-premises hosting, yearly		\$18,000	\$18,000	\$18,000
B3	Maintenance and upkeep contract costs of servers and infrastructure	20% of equipment and hosting costs	20%	20%	20%
B4	Maintenance and upkeep costs of legacy CMS	260 days* 1 hour/day* \$42/hr.	\$10,920	\$10,920	\$10,920
B5	Cost of IT admin for monitoring and continuous operation, yearly	\$70K*1.2x benefits multiplier	\$84,000	\$84,000	\$84,000
B6	Estimated loss of revenue due to outages from a lack of scaling and load balancing		\$246,575	\$246,575	\$246,575
Bt	Episerver/Microsoft Azure cloud savings versus on-premises	$(B1+B2)*B3+B4+B5$	\$352,095	\$352,095	\$352,095
	Risk adjustment	0%			
Btr	Episerver/Microsoft Azure cloud savings versus on-premises (risk-adjusted)		\$352,095	\$352,095	\$352,095

### Benefit 3: Episerver Attributed Revenue Uplift

Our findings indicate that the Digital Experience Cloud AI personalization produces incremental revenue uplift. In delivering personalized content based on real-time as well as historical behavior, the following results were noted at the interviewed organizations:

- › Customers required less touchpoints from sales professionals to commit to purchases as messaging and product presentation were better directed in an automated fashion.
- › D2C and B2C sales were enabled as products were introduced faster online and were delivered with precision as to what was relevant to the customer.
- › The volume of purchases increased due to personalized call-to-action messaging via campaigns that followed initial web visits. One organization increased click-through rates via personalized email marketing by 100%, resulting in an increase of over 5% in revenue.
- › Over 5% increase in conversion following the implementation of Episerver at many interviewed organizations, driven heavily by the faster release of products on the website.



Revenue uplift due to Episerver: **70%** of total benefits

- › Personalized recommendations further increased revenue uplift, with higher average basket size as well as sales attributed to recommended products.

The composite organization has been modeled to follow many of the same results that were experienced by interviewed organizations. Some key drivers are as follows:

- › The time to release new products on the digital commerce site has been dramatically improved. Assuming 5% of digital commerce revenue is attributable to new products (which are displayed sooner) than otherwise would have been possible on a legacy solution, we calculate that \$450,000 annually can be captured due to the faster time-to-market (TtV).
- › A conservative value of 3% conversion improvement is achieved post-Episerver deployment, independent from the time-to-value uplift listed above. Assuming only 50% of this conversion improvement is attributed to Episerver (as some conversion improvement is due to internal improvements to the product pages), 7,500 additional orders are directly attributed to Episerver personalization.
- › The average basket size improved by 5.5% due purely to better personalized recommendations.
- › At an average basket size of \$90 per order prior to Episerver, the uplift from an increase of 5.5% to basket sizes alone results in an annual uplift of \$2.5 million, pre-risk adjustment.

The cumulative revenue uplift is nearly \$3.7 million annually, or \$9.1 million over three years in PV. While the calculations have been performed using conservative value drivers, Forrester recognizes that some organizations may not rely as much on digital commerce sales, while other organizations might have much lower basket sizes per order. To account for this variability, we have adjusted this benefit downward by 50% so that the figures will be applicable to most organizations. The resulting final three-year risk-adjusted total then becomes \$4,568,658, PV.

“Episerver’s AI-driven personalization engine for our website and email campaigns have improved our revenue and conversion rates by 4% to 5%.”

*Development officer, automotive parts organization*



AI personalization by Episerver results in basket order size increases of 5.5%.

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.

## Episerver Attributed Revenue Uplift: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of online sales transactions annually, pre-Episerver	\$45M of online transactions/\$90 per transaction	500,000	500,000	500,000
C2	Average basket size		\$90	\$90	\$90
C3	Captured revenue from quicker release of content and products	TtV of product release or updates	\$450,000	\$450,000	\$450,000
C4	Increased conversion rate post Episerver implementation	+3%*C1	15,000	15,000	15,000
C5	Conversion uplift attributable to Episerver personalization	50%*C4	7,500	7,500	7,500
C6	Increased basket/AOV per transaction post-Episerver		5.5%	5.5%	5.5%
C7	Value of increased conversions from Episerver usage	C2*C5	\$675,000	\$675,000	\$675,000
C8	Effect of basket size uplift	(C1+C4)*C2*C6	\$2,549,250	\$2,549,250	\$2,549,250
Ct	Episerver attributed revenue uplift	C3+C7+C8	\$3,674,250	\$3,674,250	\$3,674,250
	Risk adjustment	↓50%			
Ctr	Episerver attributed revenue uplift (risk-adjusted)		\$1,837,125	\$1,837,125	\$1,837,125

## Unquantified Benefits

Forrester's interviews and analysis of Episerver customers pointed to additional benefits that could not be reasonably quantified, but still important to note. In general, we noticed an improvement on the following factors:












- › **Customers who rationalized their CMS, digital commerce, and marketing analytics stack generally were able to reduce costs related to the development** (in the instance of homegrown solutions) **and license costs** (for off-the-shelf solutions) **of legacy platforms**. As the cost varied greatly depending on the legacy solutions at the organizations, we've opted to exclude this decrease in operational expenditure from our calculations.
- › **Consumer satisfaction score improvements have a direct relationship with incremental revenue per customer**. As organizations begin to fully leverage Episerver to accelerate the delivery of content and improve usability, organizations will experience increases to Forrester's Customer Experience (CX) benchmark. As an example, big-box retailers have the potential to gain \$2.44 more per customer in a B2C/D2C scenario for every point improvement in CX scoring, as shown in the diagram below. Customers who adopt Episerver will vary in industry and incremental revenue and hence have not been accounted for in financial calculations.



Research shows that as increases in consumer experience (CX) has a direct correlation to incremental revenue uplift.



**The revenue impact of a one-point improvement in CX Index score results in:**

		Annual incremental revenue per customer*	x	Average number of customers per company†	=	Total revenue
	Auto manufacturers: mass market	\$48.56	x	18 million	=	\$874 million
	Hotels: upscale	\$7.55	x	44 million	=	\$332 million
	Wireless service providers	\$3.43	x	82 million	=	\$281 million
	Big-box retailers	\$2.44	x	100 million	=	\$244 million
	Auto and home insurance providers	\$14.30	x	15 million	=	\$214 million
	Airlines	\$3.49	x	48 million	=	\$167 million
	Traditional retail banks	\$7.93	x	15 million	=	\$119 million
	TV service providers	\$6.11	x	17 million	=	\$104 million
	Internet service providers	\$5.26	x	16 million	=	\$84 million
	Rental car providers	\$1.67	x	40 million	=	\$67 million
	OTT providers	\$0.37	x	100 million	=	\$37 million

Base: 118,992 US online consumers (18+) who interacted with a specific brand within the past 12 months

Source: Forrester Data Customer Experience Index Online Survey, US Consumers 2017

113385

Source: Forrester Research, Inc.

## 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 a Digital Experience Cloud and later realize additional uses and business opportunities, including:

- › **Integration to CRMs and marketing automation suites such as Dynamics or Marketo can increase topline results in the form of greater customer lifetime value.** Many of the interviewed organizations had integrated the Digital Experience Cloud into existing ERPs, but many had yet to integrate with marketing automation or CRMs. By utilizing out-of-the-box connectors to other platforms, customers of Episerver can benefit by creating more efficient and effective workflows to strengthen the relationship with their customers and ultimately lead to higher CLVs.

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.

# Analysis Of Costs

## QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs							
REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	Cost of Episerver licensing and service and support	\$25,900	\$329,000	\$329,000	\$329,000	\$1,012,900	\$844,074
Etr	Cost of migration and integration	\$356,132	\$0	\$0	\$0	\$356,132	\$356,132
	Total costs (risk-adjusted)	\$382,032	\$329,000	\$329,000	\$329,000	\$1,369,032	\$1,200,206

### Cost 1: Cost Of Episerver Licensing And Service And Support

Costs for the use of Digital Experience Cloud is assessed annually and includes 12 million yearly page views and the ability to hold 200,000 SKUs. The packaging includes the entire stack of tools – CMS, digital commerce, and campaign marketing. Service and support are also included. It is also important to note:

- › Solution packages are available from both Episerver and systems implementers.
- › Pricing in our model also includes consultative services to ensure fast deployment of the services and ongoing success, which many of the interviewees expressed to be helpful.
- › Organizations can adjust pricing to meet the requirements of their own needs — which is particularly useful for those organizations who are looking to rapidly expand or need to adjust in an agile fashion.
- › All pricing has been calculated at list levels. Readers should consult with Episerver to better determine individualized and tailored pricing.

Over the course of three years, the composite organization model incurred a total of \$844,074, PV. The vast majority of the cost is an annual expenditure and shifts budgets away from a traditionally heavy capex approach.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of \$1.2 million.



Consultative services can accelerate deployment times, and has been included in cost calculations.

### Cost Of Episerver Licensing And Service And Support: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
D1	Cost of licensing, inclusive of CMS, eCommerce, marketing campaign tools, and service/support			\$329,000	\$329,000	\$329,000
D2	Episerver consulting/customer success		\$25,900			
Dt	Cost of Episerver licensing and service and support	D1+D2	\$25,900	\$329,000	\$329,000	\$329,000
	Risk adjustment	0%				
Dtr	Cost of Episerver licensing and service and support (risk-adjusted)		\$25,900	\$329,000	\$329,000	\$329,000

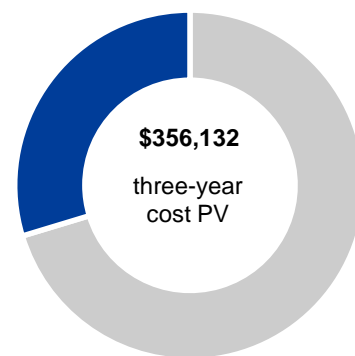
## Cost 2: Cost Of Migration And Integration

Migration and integration is largely an internal soft cost, but requires substantial internal effort. While the Digital Experience Cloud has connectors to many CRMs and marketing automation tools, ERPs or product information data sets are still often integrated.

- › Interviewed organizations indicated that implementation consultants assist greatly with determining the schematics of the migration and integrations, much of the actual migration work was conducted by internal resources like that of DBAs, content managers, and developers.
- › Disparate legacy systems often increased migration efforts due to the need to customize integrations.
- › As an aggregated group, interviewed organizations spent anywhere between three to six months on migration efforts, with the number of SKUs and website pages being the largest contributing factor in the time to deployment into production.
- › External consulting was also used by many interviewees to design and manage the schematics of how multiple tools coexisted.
- › Following the initial integration stage, companies noted that content recreation was a straight-forward process — in line with what had previously been noted in the Benefits section.

The composite organization shows what a possible scenario of indirect costs might be required to successfully make the transition. In all, the costs are calculated to be \$309,680 before going live with the Digital Experience Cloud, accounting for an internal developer and DBA team, an external consulting team, and internal content creators.

Forrester also recognizes that migration can vary greatly between organizations due to systems of record and digital maturity. Due to this variability, we've adjusted this cost upward by 15%, yielding a three-year risk-adjusted total of \$356,132.



Internal migration and integration effort: **30%** of total costs



**Three to six months:**  
average time to  
complete a migration

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

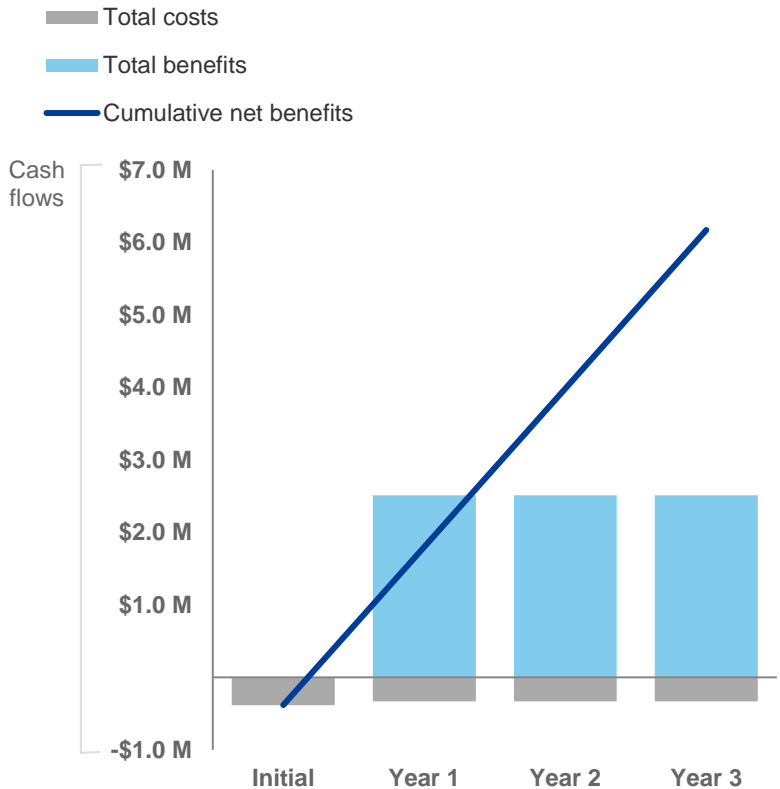
## Cost Of Migration And Integration: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Internal FTE allocated for integration and development efforts		3			
E2	Internal content FTE allocated for content migration		5			
E3	External consultative costs for migration and integration	Estimated	\$110,000			
E4	Average hourly cost of internal resources for integration and development	$\$110K * 1.2x \text{ benefits modifier} / 2,000 \text{ hours}$	\$66.00			
E5	Average hourly cost of internal resources for content migration	$\$62K * 1.2x \text{ benefits modifier} / 2,000 \text{ hours}$	\$37.20			
E6	Estimated internal effort for migration, in hours, per FTE		520			
Et	Cost of migration and integration	$(E1 * E4 * E6) + (E2 * E5 * E6) + E3$	\$309,680	\$0	\$0	\$0
	Risk adjustment	↑15%				
Etr	Cost of migration and integration (risk-adjusted)		\$356,132	\$0	\$0	\$0

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



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



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

### Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$382,032)	(\$329,000)	(\$329,000)	(\$329,000)	(\$1,369,032)	(\$1,200,206)
Total benefits	\$0	\$2,618,220	\$2,618,220	\$2,618,220	\$7,854,661	\$6,511,127
Net benefits	(\$382,032)	\$2,289,220	\$2,289,220	\$2,289,220	\$6,485,629	\$5,310,921
ROI						443%
Payback period						<6 months post migration

# Episerver Digital Experience Cloud: Overview

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

The Episerver Digital Experience Cloud™ combines content, commerce, multichannel marketing and predictive analytics in a single platform to work full-circle for businesses online — from intelligent optimization and lead-generation to conversion and repeat business — with unprecedented ease-of-use. Available as a complete suite, as one of the three pre-packaged and pre-integrated solutions, (Experience-Driven Commerce, Individualized Content and Intelligent Campaigns) or for purchase as individual products (listed below).

<b>Episerver CMS</b>	Episerver CMS is a content management system and digital marketing suite. It uses artificial intelligence to deliver individualized content experiences across all of an organizations' channels.
<b>Episerver Commerce</b>	Episerver Commerce is a complete digital commerce suite. It uses artificial intelligence, such as machine learning, to deliver personalized experiences, individualized search rankings, and product recommendations.
<b>Episerver Perform</b>	Episerver Perform uses artificial intelligence to personalize product recommendations on websites. It analyzes every visitor, their individual customer journeys, and actions of similar customers, then presents real-time recommendations based on this data and an organizations' merchandising strategies.
<b>Episerver Reach</b>	Episerver Reach ensures that all emails are personalized for each recipient every time they open a message. The solution can also send personalized emails that are triggered by real-time behavior, such as abandoned baskets or browsed products.
<b>Episerver Campaign</b>	Episerver Campaign is a suite of intelligent marketing products that helps marketers to create, manage, and personalize campaigns across all of their channels. This includes web, mobile, email, text, and social. The solution uses artificial intelligence and customer data to send and personalize content based on real-time behavior.
<b>Episerver Personalized Find</b>	Episerver Personalized Find is an advanced, multilingual enterprise search solution. It allows users to search for terms found across all levels of a website, including documents, PDFs and other subsidiary websites. It can also dynamically build landing pages based on user search terms. The solution uses artificial intelligence to analyze a customer's purchase history, real-time web browsing, and email behavior to present personalized content results and product rankings in search results.
<b>Episerver Advance</b>	Episerver Advance uses artificial intelligence to personalize content and content recommendations across digital channels. The solution selects content based on the visitor's profile, interests, and real-time behavior, and on the popularity of all content.
<b>Episerver Insight</b>	Episerver Insight allows you to track and analyze customer behavior. The solution helps you easily compile, analyze, and act on visitor data, including every visit, click, email, and purchase. You can view data arranged by segments, journeys, personas, or individual profiles.
<b>Episerver Social</b>	Episerver Social is a suite of products that enables organizations to add social engagement functionality to their digital channels, as well as curate and display social media content. Organizations can add ratings, reviews, activity streams, and communities to their own channels, as well as incorporate content from popular social media platforms.



# 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.

# Appendix B: Supplemental Material

## *Related Forrester Research*

“Use ACTIVE Strategies To Improve B2B eCommerce Execution,” Forrester Research, Inc., March 23, 2018.

“The Forrester Wave: Web Content Management Systems, Q1 2017,” Forrester Research, Inc., January 24, 2017.

“The Rise Of Content Intelligence,” Forrester Research, Inc., May 15, 2017.

“Now Tech: B2B Commerce Suites, Q2 2018,” Forrester Research, Inc., June 1, 2018.