

A Forrester Total Economic Impact™  
Study Commissioned By Qualtrics  
November 2019

# The Total Economic Impact™ Of Qualtrics CustomerXM

Cost Savings And Business Benefits  
Enabled By Qualtrics

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## ABOUT FORRESTER CONSULTING

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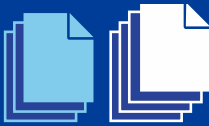
# Executive Summary

## Investment Benefits



Improved customer support and customer experience:

**\$24.5 million**



Increased customer retention and reduced cost of acquiring new customers:

**\$12.3 million**



Avoided cost of previous survey and analytics tools:

**\$1.7 million**

The Qualtrics XM™ (experience management) Platform provides a solution for capturing, monitoring, analyzing, and acting on feedback to improve customer, employee, brand, and product experiences. Qualtrics CustomerXM, built on Qualtrics XM, allows companies to predict, deliver, measure, and respond specifically to customer needs to improve the customer experience and impact key business outcomes such as customer lifetime value, acquisition, and retention.

Qualtrics commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its customer experience (CX) platform. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Qualtrics CustomerXM on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five enterprise executives with experience using Qualtrics in their companies.

Prior to using Qualtrics, each organization faced the need to map the customer journeys, unify data sources across departments, understand where customer experience gaps occurred, and identify where to act. Additionally, the organizations were engaged in cultural shifts to become more customer-centric, including changes to team structure and compensation. To that end, one executive whom Forrester interviewed said: “When we launched our Net Promoter Score (NPS) initiative in 2015, we ran a companywide survey and then compared the results with our other operational metrics.<sup>1</sup> In every way that we looked at it, NPS was actually the No. 1 predictor and indicator of every segment of our business would perform.”

After adopting Qualtrics, customers indicated how the CX platform helped with their transitions to improved customer centricity and the ability to act across their organizations. Another executive told Forrester: “Qualtrics, as an organization, is beyond just a survey platform. It creates a dialog about data that spans from the frontlines to boardroom executives. Qualtrics is a huge asset in helping us retain customers, improve products, increase the quality of our service, and otherwise enrich the customer experience. It does this with timely and accurate collection of statistics, data analysis and reporting, and display mechanisms such as dashboards.”

## Key Findings

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

- › **Improved customer care support and service of \$24.5 million.** Using Qualtrics, some organizations could gather actionable insights from call centers and other customer support channels. With improved information, they could take actions that reduced the cost of incident support by shifting hundreds of thousands of incidents to self-help. Other customers reduced operational expenses by driving inner- and outer-loop actions more efficiently, powered by superior analytics, a complete ticketing and action planning solution, and tailored insights surfaced via dashboards.



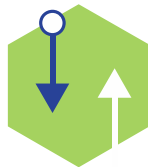
**ROI**  
**633%**



**Benefits PV**  
**\$38.4 million**



**NPV**  
**\$33.2 million**



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

› **Increased customer retention and reduced cost of acquiring new customers valued at \$12.3 million.** Evolving the culture, aligning on key metrics, and shifting to a customer-centric view of data made a tremendous impact on customer satisfaction. One interviewee reported an increase in NPS scores of more than 20 points over the first few years, leading to improved retention. Other interviewed executives reported that improved customer journeys and more personalized experiences led to improved customer acquisition. Qualtrics was a key tool for gathering and analyzing information that drove fundamental change internally and improved the customer experience.

› **Avoided cost of previous survey and analytics tools worth \$1.7 million.** As the companies standardized on Qualtrics for gathering, analyzing, and displaying key data, the companies were also able to retire other products that they had previously purchased. They also expanded feedback collection methods beyond traditional surveys, improving their overall view of the customer experience.

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

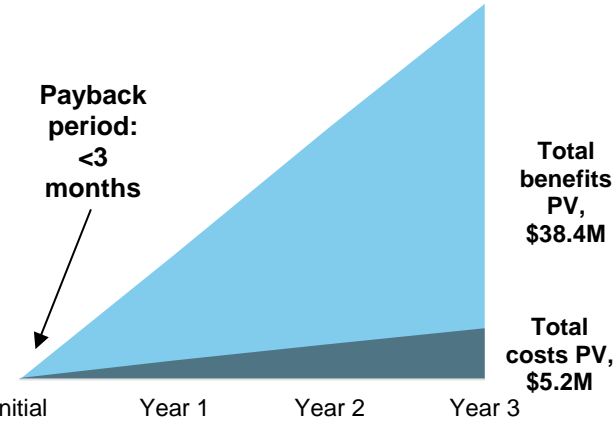
- › **Supporting the company transition to a data- and customer-centric culture.** Customers repeatedly told Forrester that Qualtrics was a key partner in creating standard, consistent, and trusted data across their enterprises, as well as a unified view of the customer experience, which resulted in companywide changes in culture.
- › **Leveraging Qualtrics' partner network for complementary services.** Customers that tapped into Qualtrics partners for additional services to evolve their customer experience programs mentioned that these partner relationships were highly successful. These services complemented the flexibility of the platform, enabling the companies to grow their programs based on business needs and keep them relevant over time.
- › **Tailoring the program to specific needs and growing the program over time.** Customers of Qualtrics indicated that the flexibility and agility of the platform allowed for tailoring their programs to specific geographies, divisions, and buyer journeys; it also enabled them to expand their programs as they grew in CX maturity. The platform made it easy for organizations to expand into adjacent areas such as product development, employee coaching, and employee experience management.

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

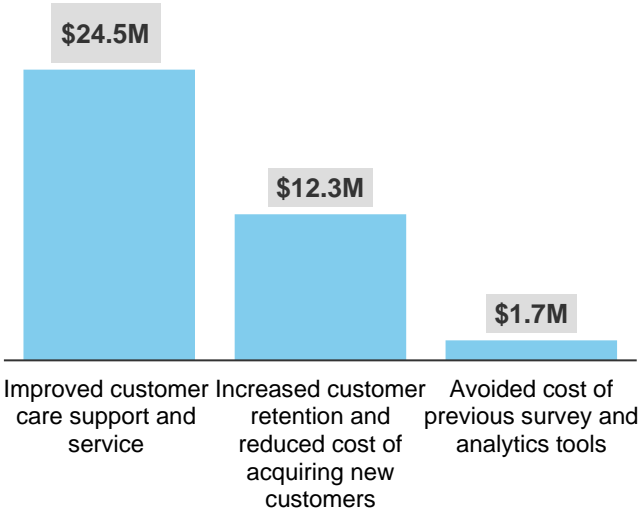
- › **Cost of Qualtrics and partners of nearly \$5.1 million over three years.** Forrester modeled costs for an organization with 250 business analysts and 5,000 data users, many of whom primarily viewed dashboards (desktop and mobile app).
- › **Initial training for analysts, which costs \$176,910 in employee time.** Although a nominal cost, the 250 business analysts in Forrester's model attended three days of training when the organization initially standardized on Qualtrics.

Forrester's interviews with five existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of \$38.4 million over three years versus costs of \$5.2 million, adding up to a net present value (NPV) of \$33.2 million and an ROI of 633%.

**Financial Summary**



**Benefits (Three-Year)**



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 Qualtrics CustomerXM.

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 Qualtrics can have on an organization:



### **DUE DILIGENCE**

Interviewed Qualtrics stakeholders and Forrester analysts to gather data relative to Qualtrics CX platform.



### **CUSTOMER INTERVIEWS**

Interviewed five organizations using Qualtrics CustomerXM 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 Qualtrics CustomerXM'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 Qualtrics 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 Qualtrics CustomerXM.

Qualtrics 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.

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

# The Qualtrics CustomerXM Journey

## BEFORE AND AFTER THE QUALTRICS INVESTMENT

### Interviewed Organizations

For this study, Forrester conducted five interviews with Qualtrics CustomerXM customers. Interviewed customers include the following:

INDUSTRY	INTERVIEWEE	OVERVIEW
Global financial services	Director, customer experience	Initiated global programs to measure customer experience after a new CEO joined the company. The program needed to have global visibility and the ability to measure at product and country levels around the globe.
Healthcare provider	Director, experience management	Launched a formal voice-of-the-customer (VoC) program to measure the quality of care across hundreds of facilities. Qualtrics became the standard source of insight and the communication medium about company performance over several years.
Multinational telecommunications	Director, global voice-of-the-customer program	Experienced a merger with multiple companies and needed to standardize on single measurement platform. Leveraged Qualtrics to optimize sales channels and customer support activities.
Global financial services	Vice president, customer intelligence	Centralizing its customer feedback with Qualtrics simplified decision making and optimized product and operational strategies. These insights facilitated the development of smarter, more agile products and services. For example, a new self-service portal for security incidents streamlined the customer experience and background operations.
Technology service provider	Director, customer experience	Struggled with a cohesive strategy for gathering customer intelligence, including outsourcing and bringing in-house again over several years. In the end, the company staffed an internal organization and standardized on Qualtrics to drive pervasive and persistent cultural change.

### Key Challenges

During interviews, the executives shared key challenges or problems that drove their need for an alternate solution. Those issues included:

- › **Using a mishmash of tools for surveys, analytics, and dashboards.** One of the executives indicated: “Before launching a companywide program with Qualtrics, we conducted surveys. We had a variety of survey tools and even paid for some professional services. It didn’t really work well for us. The dashboards didn’t work. I had to download spreadsheets and send to them to the right people.”

Another executive added: “We had a license for Qualtrics, but we used it for minor projects but had not yet formalized a companywide VoC program. When we received a charter to formalize the voice-of-the-customer program, we knew that our system had to scale up, down, and across the organization, and we settled on Qualtrics as the best choice.”

“We are definitely collectors, we are definitely analyzers, and we are definitely collaborators. We are trying to move our business analysts to be more and become transformers who can help change the culture of our company one data point at a time.”

*Director, global voice-of-the-customer program, telecommunications*



- › **Enabling executive conversations with simplified presentation of complex data, with prioritized insights.** The same executive continued: “Once we defined our vision for measuring and analyzing customer experience, we needed a tool to drive the conversation among company leaders. We wanted to enable field leaders and executive directors to have straightforward conversations about the implications of complex data.” The implications of complex data enabled organizations to act more rapidly and decisively.
- › **Expanding the role of analysts to become agents of transformation for the business.** The telecommunications executive said: “We are definitely collectors, we are definitely analyzers, and we are definitely collaborators. We are trying to move our business analysts to be more and become transformers who can help change the culture of our company one data point at a time.”

## Solution Requirements

The interviewed organizations searched for a provider and solution that could:

- › **Function as an effective product and strategic partner that meets an organization where it is on its CX journey.** The healthcare executive commented: “During the sales process, we really connected with the Qualtrics team on a personal level and on a product level. We knew that they were the right people and the right product and the right partner to work within our company culture. And that still holds true today, four years later.”
- › **Assist sales reps and frontline employees with improving customer experience and overall account health.** One executive mentioned: “We integrated customer response into our CRM platform so that sales teams could see what an individual customer was saying. That was super valuable because sales reps could reinforce positive feedback or work to resolve or remedy issues of concern.”
- › **Identify and resolve pain points that interfered with a positive customer experience.** The director at the telecommunications company relayed: “My team represented the voice of our customer at the table for designing a solution to reducing an 80% call rate from customers in the first 45 days. By making changes to the contract structure, we reduced the confusion about payments and billing. We reduced the number by 70%, and that was completely driven by voice of our customer using Qualtrics.”

“During the sales process, we really connected with the Qualtrics team on a personal level and on a product level. We knew that they were the right people and the right product and the right partner to work within our company culture. And that still holds true today, four years later.”

*Director, experience management, healthcare provider*





## Key Results

The interviews revealed that key results from the Qualtrics CustomerXM investment:

- › **Created a community and unified customer view, enabling collaboration on improving the customer experience.** A vice president told Forrester in the interviews: “One of the great things about using Qualtrics was that we could see real-time results for every country. It enabled transparency and communication. It fostered a community and a dialog that didn’t exist previously.”
- › **Improved business results by enabling understanding of, prioritization of, and action on customer needs.** Another executive added: “We immediately used Qualtrics to understand one of our lines of business, which was related to customer support. We identified many small things to change. While some of it seemed mundane, they had a meaningful impact and became quick wins and definitely added up to a significant shift in our typical customer experience.”
- › **Centralized customer experience data across the company.** The director at the financial services company shared: “We definitely benefited from having a centralized database for all our customer insights through Qualtrics. This enabled us to move quicker, provide better insights to our executive team, and support decisions.”
- › **Leveraged insights to improve current and future products.** Another executive added: “We’ve started using customer insights to improve our products and services that we take to market. It all started with Qualtrics, but we are moving some product prototypes forward and also launching cocreation programs to build the next-generation solutions.”

“One of the great things about using Qualtrics was that we could see real-time results for every country. It enabled transparency and communication. It fostered a community and a dialog that didn’t exist previously.”

*Vice president, customer intelligence, financial services*



## 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 five 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:

- › Global financial services company with both B2C and B2B business, with online and physical locations.
- › Annual revenue of \$35 billion.
- › Employs 58,000 staff.
- › Has 18,000 customer support center agents.

# 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	Improved customer care support and service	\$9,562,500	\$9,849,375	\$10,144,856	\$29,556,731	\$24,455,142
Btr	Increased customer retention and reduced cost of acquiring new customers	\$4,500,000	\$4,950,000	\$5,445,000	\$14,895,000	\$12,272,727
Ctr	Avoided cost of previous survey and analytics tools	\$0	\$950,000	\$1,187,500	\$2,137,500	\$1,677,310
Total benefits (risk-adjusted)		\$14,062,500	\$15,749,375	\$16,777,356	\$46,589,231	\$38,405,179

### Improved Customer Care Support And Service

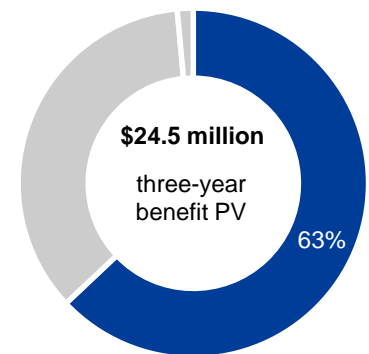
Each of the customers that Forrester interviewed shared examples of cost savings or operational improvement that was based on the data collected, analyzed, or displayed with Qualtrics. Examples from the interviews include:

- › Launched products that were better aligned with customer needs and expectations, which increased sales and reduced product returns. Basing product development on customer feedback even extended into programs of product cocreation with select customers.
- › Elevated customer sentiment so that sales teams could proactively address challenges and build upon successes in a way that enhanced the customer relationship with sales teams.
- › Improved root-cause analysis and input from customers about the statistics for call centers. By using improved data collection and analytics, one organization shifted a large quantity of incidents from the call center to self-help, which costs significantly less for the company.

For the purposes of this study, Forrester modeled the third scenario of reduced customer support by showing that improved analytics and data from Qualtrics directly contributed to shifting 150,000 incidents to self-help at an average savings of \$75 per incident.

The actual realization of benefits will vary for every company. To account for this variation, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$24.5 million.

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 just over \$38.4 million.



**Improved customer care support and service: 63% of total benefits**

## Improved Customer Care Support And Service: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Number of incidents redirected to self-help rather than call center	3% growth	150,000	154,500	159,135
A2	Savings per incident		\$75	\$75	\$75
At	Improved customer care support and service	A1*A2	\$11,250,000	\$11,587,500	\$11,935,125
	Risk adjustment	↓15%			
Atr	Improved customer care support and service (risk-adjusted)		\$9,562,500	\$9,849,375	\$10,144,856

## Increased Customer Retention And Reduced Cost Of Acquiring New Customers

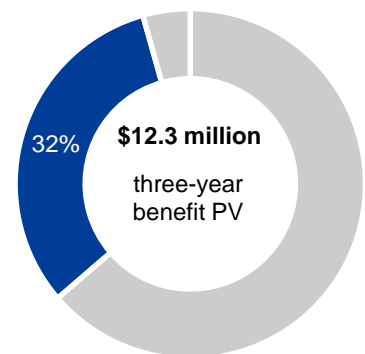
A common theme throughout the interviews was that a structured and systemic voice-of-the-customer program significantly improved customer experience. Most of the organizations had yet to determine the financial value of shift in customer experience or NPS, but they knew that it mattered. As such, Forrester focused on the derivative impact of customer satisfaction: lower customer turnover and the reduced cost of replacing customers that would have previously done business elsewhere.

Based on the experiences of several different companies that participated in the interviews, Forrester modeled a company with:

- › A total of 2.5 million named customers who purchased regularly from the company.
- › An average annual turnover of 3% of the customer base.
- › An average cost to acquire a new customer, including marketing, sales, and other promotional expenses of \$1,500.

As a result of improved customer experience, the company experienced a reduction in customer turnover of 5% per year.

To assess the impact of this benefit or their organizations, readers will need to change these values to match their own companies. Because of the high degree of variation and the sensitivity of calculations, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$12.3 million.



Increased customer retention and reduced cost of acquiring new customers: 32% of total benefits

### Increased Customer Retention And Reduced Cost Of Acquiring New Customers: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Number of named customers	10% growth	2,500,000	2,750,000	3,025,000
B2	Annual customer turnover		3%	3%	3%
B3	Cost to acquire a new customer		\$1,500	\$1,500	\$1,500
B4	Reduction in customer turnover		5%	5%	5%
Bt	Increased customer retention and reduced cost of acquiring new customers	$B1*B2*B3*B4$	\$5,625,000	\$6,187,500	\$6,806,250
	Risk adjustment	↓20%			
Btr	Increased customer retention and reduced cost of acquiring new customers (risk-adjusted)		\$4,500,000	\$4,950,000	\$5,445,000

### Avoided Cost Of Previous Survey And Analytics Tools

Four of the five companies interviewed had other tools for data collection, analysis, aggregation, or display. After standardizing their companies on Qualtrics, the organizations avoided paying for extraneous licenses and management costs for additional products or services that were redundant with Qualtrics functionality.

The exact level of this benefit that readers will realize will depend on the existing spending on tools. Forrester modeled this benefit for a company with 250 analysts and 5,000 data users. To account for this uncertainty, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$1.7 million.

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.

### Avoided Cost Of Previous Survey And Analytics Tools: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Avoided license costs			\$1,000,000	\$1,250,000
Ct	Avoided cost of previous survey and analytics tools	C1	\$0	\$1,000,000	\$1,250,000
	Risk adjustment	↓5%			
Ctr	Avoided cost of previous survey and analytics tools (risk-adjusted)		\$0	\$950,000	\$1,187,500

## Unquantified Benefits

In addition to the benefits outlined above, the interviewed executives shared other benefits that did not have specific financial implications. Specifically, the companies benefited in the following ways:

- › **Supporting the company transition to a data- and customer-centric culture.** One director told Forrester: “Qualtrics was a great company to work with. They spent time with our key community members and work with our analytics team to support program and help us understand how to institutionalize a data-centric culture.”
- › **Leveraging Qualtrics’ partner network for complementary services.** The healthcare executive said: “We hired two partners from Qualtrics network because we needed some specialized work, such as expanding dashboard capabilities. Each of these partners has the same standards for quality and have been phenomenal partners.”

## 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 Qualtrics and later realize additional uses and business opportunities, including:

- › **Localizing global customer journeys to country-specific buyers.** The financial services director said: “We created a series of customer journeys at the corporate level, but two years later, we are modifying those journeys within each country where we do business. It’s at an early stage, but we are using the detailed local data from Qualtrics to localize our customer journey maps.”
- › **Using Qualtrics for additional purposes.** One executive mentioned how Qualtrics helps improve employee performance, leading to better customer experience: “Sales leaders use the system to oversee sales reps, observe behavior, and coach reps.”
- › **Expanding easily to additional Qualtrics platforms, such as Employee Experience (EX).** An interviewee told Forrester: “We are issuing an RFP (request for proposals) now to hire a partner for measuring employee experience. We included Qualtrics, but we are not automatically giving them the business; in part, because we want our HR department to feel vested in the decision. Personally, I think Qualtrics will win, and we are already planning to integrate EX data with CX data to look at the implications and relationships.”

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 Qualtrics and partners	\$0	\$1,950,000	\$2,040,000	\$2,135,400	\$6,125,400	\$5,063,035
Etr	Initial training for analysts	\$160,875	\$0	\$9,653	\$10,725	\$181,253	\$176,910
	Total costs (risk-adjusted)	\$160,875	\$1,950,000	\$2,049,653	\$2,146,125	\$6,306,653	\$5,239,945

## Cost Of Qualtrics And Partners

Each of the organizations paid Qualtrics based on the organization's size, the capabilities used, and the number of users. While the pricing given by customers varied, Forrester assumed a company that:

- › Paid \$1.5 million in the first year and increased its payments as additional users began working with Qualtrics.
- › Spent an additional \$450,000 per year for work with Qualtrics partners. Examples shared by the interviewed companies included:
  - Audiences who could only be contacted or information that could only be gathered using paper surveys.
  - Program design and implementation services.
  - Investment in more comprehensive Qualtrics capabilities, as the program grew in maturity and sophistication.

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 just over \$5.2 million.

Forrester did not risk-adjust this cost upward, resulting a three-year total PV of \$5.1 million.

Cost Of Qualtrics And Partners: Calculation Table						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	Cost of Qualtrics	6% growth		\$1,500,000	\$1,590,000	\$1,685,400
D2	Cost of partner services			\$450,000	\$450,000	\$450,000
Dt	Cost of Qualtrics and partners	D1+D2	\$0	\$1,950,000	\$2,040,000	\$2,135,400
	Risk adjustment	0%				
Dtr	Cost of Qualtrics and partners (risk-adjusted)		\$0	\$1,950,000	\$2,040,000	\$2,135,400

# Initial Training For Analysts

Business analysts who worked deeply within Qualtrics to structure data and construct dashboards attended three days of training. This was a one-time event, and the cost of training was included with the Qualtrics licenses. The only cost for the company was the time invested by employees.

To account for differences that readers might experience in their companies, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$176,910.

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.

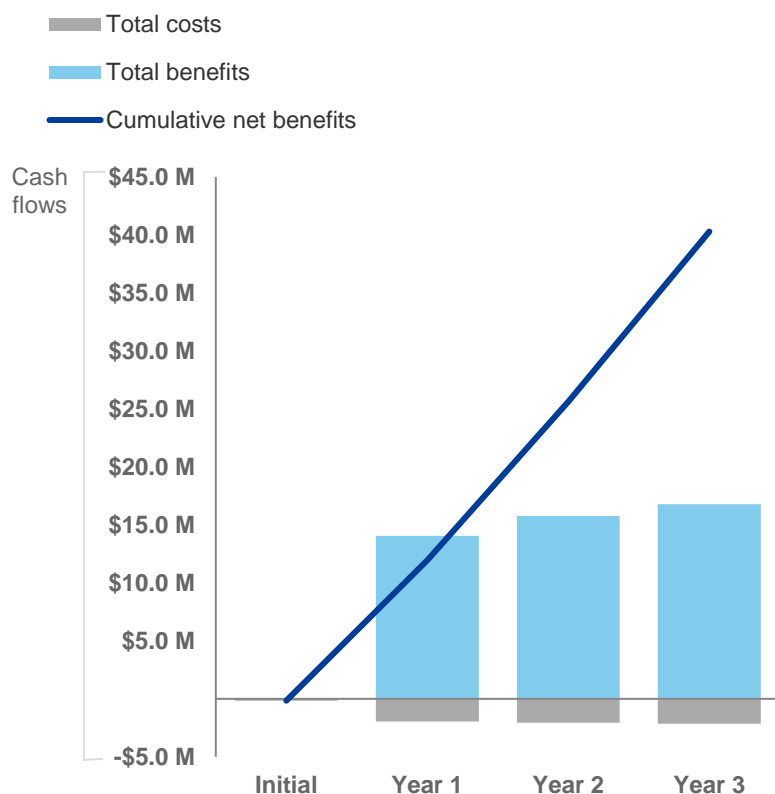
**Initial Training For Analysts: Calculation Table**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Incremental number of analysts (rounded)		150		9	10
E2	Three days (years)		1.3%		1.3%	1.3%
E3	Average burdened salary		\$75,000		\$75,000	\$75,000
Et	Initial training for analysts	$E1 * E2 * E3$	\$146,250	\$0	\$8,775	\$9,750
	Risk adjustment	↑10%				
Etr	Initial training for analysts (risk-adjusted)		\$160,875	\$0	\$9,653	\$10,725

# 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 Analysis (risk-adjusted estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$160,875)	(\$1,950,000)	(\$2,049,653)	(\$2,146,125)	(\$6,306,653)	(\$5,239,945)
Total benefits	\$0	\$14,062,500	\$15,749,375	\$16,777,356	\$46,589,231	\$38,405,179
Net benefits	(\$160,875)	\$12,112,500	\$13,699,723	\$14,631,231	\$40,282,579	\$33,165,234
ROI						633%
Payback period (months)						<3



# Qualtrics Customer XM Platform: Overview

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

Qualtrics is changing the way organizations manage and improve the four core experiences of business — customer, employee, product, and brand. Over 10,000 organizations around the world are using Qualtrics to listen, understand, and take action on experience data (X-data™) — the beliefs, emotions, and intentions that tell you why things are happening and what to do about it. The Qualtrics XM Platform™ is a system of action that helps businesses attract customers who stay longer and buy more, engage employees who build a positive culture, develop breakthrough products people love, and build a brand people are passionate about. To learn more, please visit [qualtrics.com](https://qualtrics.com).

# 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: Endnotes

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<sup>1</sup> Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.