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

# The Total Economic Impact™ Of Moxie Kbot

Cost Savings And Business Benefits
Enabled By Contextual Guidance

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## Benefits And Costs

Average conversion rate increase:

**6 percentage points**

Reduction in rate of returns or cancellations in Year 3:

**3%**

Total three-year, risk-adjusted cost of Moxie Kbot:

**$1,162,522**

# Executive Summary

Moxie provides a contextual guidance solution that helps organizations optimize the customers' digital journey. Moxie commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential ROI enterprises may realize by deploying Kbot. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Kbot on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using Kbot. Moxie Kbot introduces contextual information along web and mobile customer journeys using proactive notifications. These notifications are designed by nontechnical employees to anticipate customer uncertainty and provide clarification. They do this by answering questions or solving potential issues consumers face on their path to purchase.

Prior to using Kbot, the customers were typically using in-house development teams to optimize the digital customer experience and deploy expensive tools with limited reach. Customers expressed frustration both with the cost and the effectiveness of their prior environment. Moreover, previous solutions yielded limited success, prolonging depressed conversion rates, high contact volume, high abandonment rates, and return or cancellation costs.

Kbot customers experienced an average increase to their conversion rate of 6 percentage points by engaging a higher percentage of site traffic. Additionally, Kbot helped to reduce customer contact volume, return or cancellation rates, and the time needed to implement digital engagement solutions internally.

## Key Findings

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

- **Profit growth from increased conversion rate attributable to Kbot valued at $4.0 million.** The interviewed organizations reported seeing conversion rates increase substantially after implementation of Moxie Kbot. Depending on the organization interviewed and the specific product measured, conversion rates improved anywhere from 3.5 to 10 percentage points. One organization told Forrester: "We've seen our online application completion rates increase dramatically over the year period. The more engagement with Kbot during the online process, the better." On average, each consumer engagement with Kbot led to an additional $0.54 in profit.
- **Cost savings from reduction in return processes worth $2.6 million.** Consumers gain certainty about the product that they are purchasing and make more accurate purchases using information from Kbot notifications. This has the post-purchase benefit of decreasing product returns or cancellations, saving costs on the return or cancellation process. Any profit recaptured by the reduction of return or cancellations is included in the conversion rate benefit above.



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**ROI**
**701%**

**Benefits PV**
**$9.3 million**

**NPV**
**$8.1 million**

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

- **Profit growth related to lifetime value of new customers acquired, valued at $1.7 million.** Kbot boosts organizations' conversion rates leading to additional purchases from current customers as well as newly acquired customers. These newly acquired customers bring with them a lifetime value, the net present value of which contributes to further increasing profit beyond the first, single conversion.
- **Efficiency gains in contact center from decreased contact volume worth $647,643.** Executives told Forrester that Kbot's notifications helped to deflect interactions that would otherwise go to contact centers. As one organization told Forrester, "The aim was to be able to have paid for the entire tool and the time it takes to implement and to run just with the contact deflection, and we did."
- **Costs avoided from internal development time valued at $422,885.** Before implementing Kbot, organizations were typically using their own internal development teams. Moxie Kbot allows for nontechnical team members, whether from digital product, marketing, or the contact center, to optimize the digital customer experience independent of IT resources. It also sped development from a reported three to four weeks to around two days.

**Unquantified benefits.** Kbot customers experienced the following benefits, which are not quantified for this study:

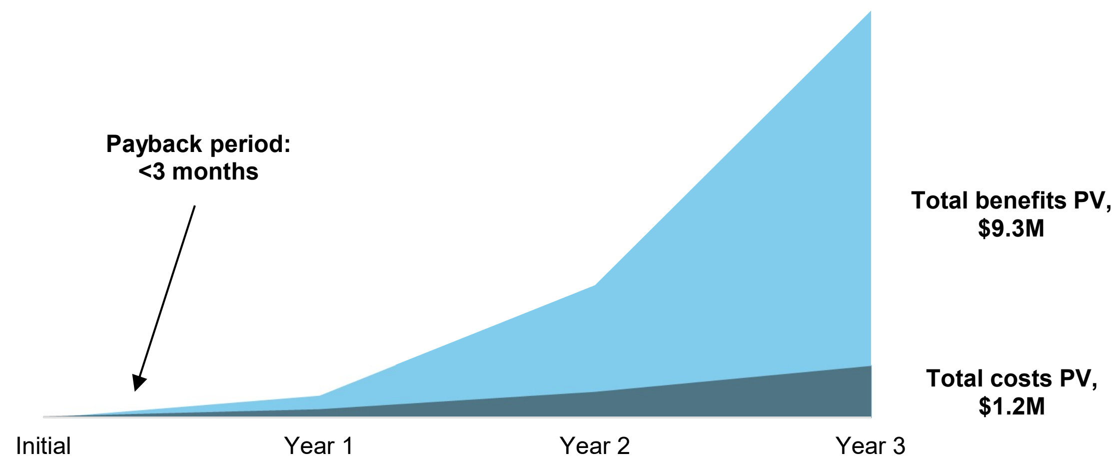
- Ease of implementation.
- Increased customer satisfaction.
- Improved employee satisfaction.
- Diminished use of remarketing solutions.

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

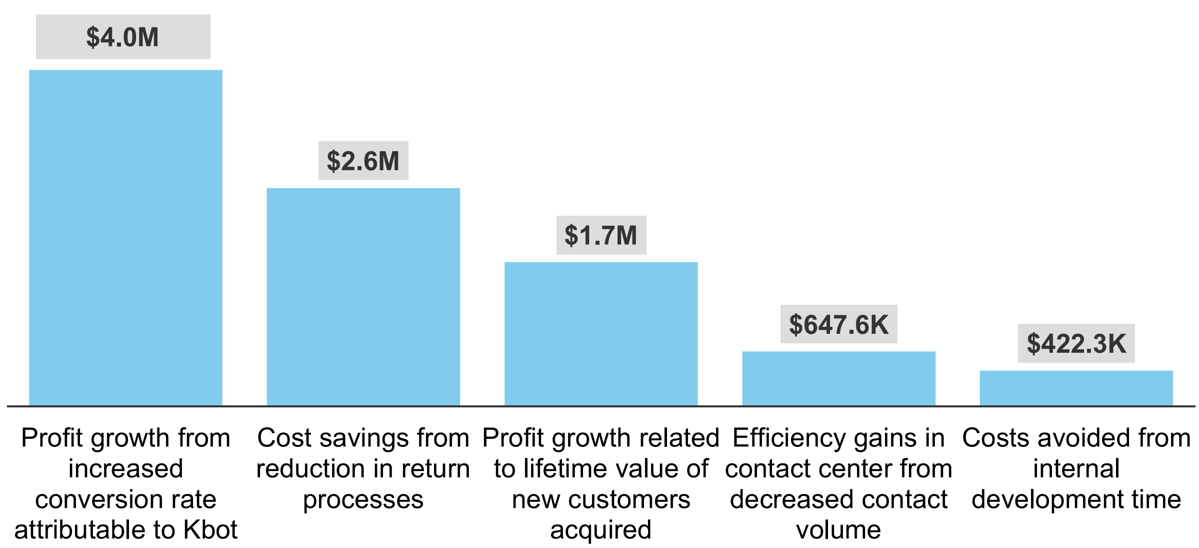
- **Cost of Kbot offers and article views.** Moxie Kbot charges organizations a fee for both offers and article views. An offer is defined as a proactive notification that appears when triggered by a visitor's behavior. Offers provide contextual information to keep that visitor in the purchase funnel. If desired, an article view can provide additional information or rich media when a visitor clicks on an offer. Organizations purchase a package of offers and article views to be consumed along the digital customer journey throughout the year.
- **Cost of setup and configuration.** Moxie Kbot also includes setup fees and optimization services fees in their offering. Optimization services include ongoing services to ensure maximum value. Setup and configuration costs are minimal, amounting to approximately $30,000 for the first year.
- **Ongoing management costs.** Organizations that have implemented Kbot incur ongoing management costs. Interviewees indicated that some organizations chose a full-time employee-owner of Moxie Kbot. Additionally, a number of part-time users may be needed to spend time utilizing and managing Kbot in order to accrue the full organizational benefit.

Forrester's interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of $9,307,390 over three years versus costs of $1,162,522, adding up to a net present value (NPV) of $8,144,868 and an ROI of 701%.

**Financial Summary**




**Benefits (Three-Year)**



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## 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 Moxie Kbot.

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 Moxie Kbot can have on an organization:

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

**DUE DILIGENCE**
Interviewed Moxie stakeholders and Forrester analysts to gather data relative to Kbot.

**CUSTOMER INTERVIEWS**
Interviewed four organizations using Kbot 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 Moxie Kbot'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 Moxie Kbot Customer Journey

**BEFORE AND AFTER THE KBOT INVESTMENT**

## Interviewed Organizations

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

| INDUSTRY | REGION | INTERVIEWEE | SIZE |
|---|---|---|---|
| Financial services | European Union | Head of marketing | $27 million in revenue and 270 FTEs |
| eCommerce | European Union | Global customer experience director | $390 million in revenue and 700 FTEs |
| Retail & eCommerce | United States | Contact center director | $1.2 billion in revenue and 5,800 FTEs |
| Financial services | United States | Director of digital product management | $30 billion in revenue and 33,000 FTEs |

## Key Challenges

Organizations that decided to invest in Moxie Kbot shared the following key challenges:

- **Confusion for consumers along the path to purchase.** Interviewed organizations expressed either knowledge or suspicion that consumers were confused about aspects of their path to purchase. For some, the confusion was due to unique aspects of the product being sold, such as atypical sizing for an article of clothing. For others, the regulatory environment in which the organizations operate added complexity to the purchase process, such as in the insurance and financial services industries.
- **Inefficient customer contacts.** Kbot customers noted that many consumers contacted their organization for common questions with easy answers. Whether via telephone or online chat, interviewees noticed many contacts could be more efficiently handled without human assistance. An automated solution would allow contact center employees to focus their time and effort on those customer inquiries needing a high-touch approach, bettering the customer experience for all.
- **Lengthy and expensive internal development process.** Kbot customers expressed frustration with the process for optimizing digital experiences internally. Regardless of company size, internal development teams were overburdened and could take weeks to address a raised ticket, with additional weeks required to develop a requested solution. The process was not only "clunky and cumbersome" as stated by a head of marketing in the insurance industry, but expensive as well.

> "For one four-month period, the conversion rate from Kbot was 12.58% versus the non-Kbot conversion rate of 2.5% — a 5x increase in conversion just from Kbot."
>
> *Contact center director, retail & eCommerce*

> "In our journey there's about 52 questions [customers] need to answer. So, it's pretty onerous a task to go online and complete. So, we knew we needed something like Kbot."
>
> *Head of marketing, insurance*



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## Solution Requirements

The interviewed organizations searched for a solution that could:

- Proactively guide customers through their digital journey by arming them with the necessary contextual information to make the right decisions.
- Reduce unnecessary contacts to customer service.
- Be managed by a nontechnical team, with limited involvement from IT.

## Key Results

The interviews revealed that key results from the Kbot investment include:

- **Increased conversion rate on digital channels resulting in additional profit.** Organizations credited Kbot with substantially increasing their conversion rates, in some cases elevating it to as high as 13%. By proactively informing customers along various steps in the customer journey, organizations were able to improve digital containment and reduce abandonment along the path to purchase. Nontechnical teams created a variety of Kbot offers to boost conversion. One retail and eCommerce organization used Kbot to correct consumers who might misunderstand the quantity of an item they should order and to inform other consumers who were not aware of special conditions during delivery that could prevent them from receiving their order. One insurance organization was using industry-standard digital forms that would confuse potential customers into inputting inaccurate information. This inaccurate information directly led to a high volume of rejections for coverage. After Kbot, these rejections dropped from 30% to 10%.
- **Improvement in contact center efficiency.** By proactively providing the right information to the right customer at the right time, Kbot eliminates the need for customers to reach out to organizations' contact centers. A contact center director from the retail and eCommerce industry noted: "Our initial use case was a delivery concern that was the No. 1 phone call to our contact center. We used Kbot to alert customers of this delivery consideration before purchase, and within the first four months it helped to not just reduce that issue from being our No. 1 issue to the call center but eliminated it all together."
- **Increased customer acquisition lifting profit through additional lifetime value.** When Kbot boosts conversions, it does so for both current customers as well as for newly acquired customers. These additional acquired customers further boost profit growth through the net present value of their lifetime value. A director of digital product management in the insurance industry told Forrester: "We've seen increased production and an increase in membership. Those two things, the product growth and the growth of the membership for us, add tens of millions of dollars in benefit."

"[We] wanted a solution that would guide customers through their journey and reduce contact volume, especially for simple questions."

*Contact center director, retail & eCommerce*

"We're saving millions of pounds avoiding credit refunds. Because ultimately, if you have the right product or the right user experience, they won't have to return your product or ask for a refund."

*Global customer experience director, eCommerce*



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- **Reduction in number of returns and cancellations.** Kbot's proactive engagement helps consumers feel assured they are selecting the right product or filling forms with the most accurate information. This reassurance not only benefits conversion rates and lowers contact center contact volume, it also reduces returns or cancellations post-purchase. From a profit perspective, prevented returns are captured in the increased conversion rate. However, organizations see the cost savings from running less return or cancellation processes, including an increase in policy accuracy for financial services, as an additional benefit.
- **Improvement in speed and cost to develop digital engagement solutions.** Kbot takes customer experience development out of the IT department and moves it into nontechnical business groups. This brings two knock-on benefits: 1) an increase in speed to develop digital engagement solutions and 2) a decrease in the cost of doing so. A director of digital product in the insurance industry stated: "With IT-managed code, there's a lot of process. There's cost to make changes. They can often be slow to turnaround changes because of the necessary rigors when it's fully managed by the IT side."

## Composite Organization

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

## Composite Organization

**Description of composite.** This global business-to-consumer organization has a strong and growing digital presence, where many of its customers transact. It is heavily invested in its web-based and mobile-application commercial channels, respectively receiving 40% and 60% of its digital traffic on each. However, it has noticed that conversion rates are much higher for the same products when consumers receive human assistance, either in person at retail locations or through a contact center. Unhappy with its digital conversion rate of 2%, it looked for a low-cost, automated solution to improve conversions while deflecting low-value contacts to its contact center. The organization has a strong brand and a total customer base of more than 30 million customers. The average order value is $150.

**Deployment characteristics.** The organization receives approximately 54 million visitors to its website and mobile application every year, increasing at approximately 10% annually. It already knows where customers drop out of their digital journeys and suspects the cause to be confusion or a lack of information regarding its products. Despite this information being available elsewhere, such as in FAQs, customers sometimes call in or initiate an online chat with a customer service agent for simple inquiries. In implementing Kbot, the organization has chosen to begin with a single business unit and a limited set of use cases. It will then expand its use of Kbot to other business units and additional use cases based on the results of the initial deployment through Year 3, as modeled.

**Key assumptions:**

- $500M to $1B in revenue
- 5,000 FTEs
- 54,000,000 annual visitors to website and mobile app
- 2% conversion rate

# 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 | Profit growth from increased conversion rate attributable to Kbot | $267,750 | $1,338,750 | $3,480,750 | $5,087,250 | $3,964,953 |
| Btr | Cost savings from reduction in return processes | $33,469 | $702,844 | $2,610,563 | $3,346,875 | $2,572,643 |
| Ctr | Profit growth related to lifetime value of new customers acquired | $114,750 | $573,750 | $1,491,750 | $2,180,250 | $1,699,266 |
| Dtr | Efficiency gains in contact center from decreased contact volume | $82,620 | $240,720 | $497,250 | $820,590 | $647,643 |
| Etr | Costs avoided from internal development time | $63,648 | $190,944 | $275,808 | $530,400 | $422,885 |
| | Total benefits (risk-adjusted) | $562,237 | $3,047,008 | $8,356,121 | $11,965,365 | $9,307,390 |

## Profit Growth From Increased Conversion Rate Attributable To Kbot

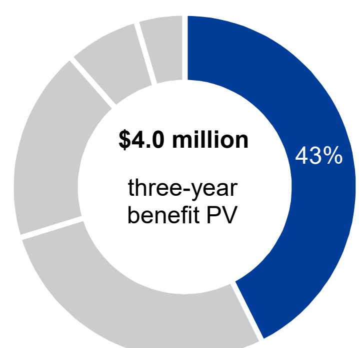
Interviewed organizations all saw substantial lift in their conversion rates after implementing Kbot. Kbot proactively arms consumers with additional relevant information as triggered by their website or in-app behavior. This information keeps consumers on their path to purchase without requiring human assistance. For example, Kbot may provide the consumer with a discount code if the order value is of a certain magnitude and their behavior indicates that they are hesitant to purchase. Or, Kbot could provide clarifications of descriptions of confusing language in the case of financial products or insurance quotes.

In leveraging Kbot in these ways and more, organizations noted that Kbot improved digital customer containment, resulting in conversion rates increasing anywhere from 3.5 to 10 percentage points, which translates to a range of 18% to 400% uplift. Increased conversion rates directly lead to increased revenues, contributing to additional bottom-line profit.

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

- Total annual unique visitors of 54,000,000.
- First-year package of 5,000,000 Kbot offers purchased. As Moxie customers deploy Kbot to new business units and identify additional engagement use cases, Kbot offers increase to 6,500,000 by Year 3.

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 more than $9 million.




Profit growth from increased conversion rate attributable to Kbot: **43%** of total benefits



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- Seventy percent of Kbot offers are seen or engaged with. Some visitors may not see or read the Kbot notification when activated, or they have already seen it in a previous purchase process. To account for this, Forrester has assumed that 70% of Kbot offers are being seen or engaged with.
- A pre-Kbot conversion rate of 2% and a post-Kbot conversion rate of 8%.
- An average order value of $150.
- A net profit margin of 10%.

Actual benefits accrued may vary based on:

- Package of offers being purchased.
- Percentage of Kbot offers seen or engaged with.
- Increase in conversion rate.
- Average order value.
- Net profit margin.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $3,964,953.

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.

**Profit Growth From Increased Conversion Rate Attributable To Kbot: Calculation Table**

| REF. | METRIC | CALC. | YEAR 1 | YEAR 2 | YEAR 3 |
|---|---|---|---|---|---|
| A1 | Total annual unique visitors | 10% growth | 54,000,000 | 59,000,000 | 65,000,000 |
| A2 | Number of annual Kbot offers | F1 | 500,000 | 2,500,000 | 6,500,000 |
| A3 | Percent relevance of Kbot offers | | 70% | 70% | 70% |
| A4 | Conversion rate without Moxie Kbot | Interview | 2% | 2% | 2% |
| A5 | Conversion rate when Kbot triggered | Interview | 8% | 8% | 8% |
| A6 | Average order value | | $150 | $150 | $150 |
| A7 | Net profit margin | | 10% | 10% | 10% |
| At | Profit growth from increased conversion rate attributable to Kbot | A2*A3*(A5-A4)*A6*A7 | $315,000 | $1,575,000 | $4,095,000 |
| | Risk adjustment | ↓15% | | | |
| Atr | Profit growth from increased conversion rate attributable to Kbot (risk-adjusted) | | $267,750 | $1,338,750 | $3,480,750 |

## Cost Savings From Reduction In Return Processes

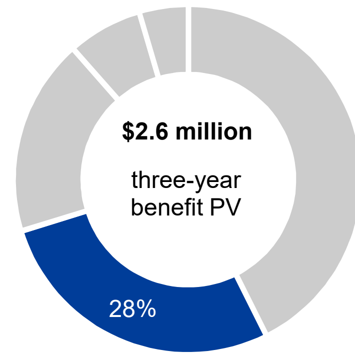
Interviewed organizations reported a reduction in their return or cancellation rates and an increase in policy accuracy for financial services. After viewing one of Kbot's proactive offers, consumers are better equipped to know what product specifications they desire or what personal information is being requested before purchase. This increases the accuracy of each order, diminishing the need for post-purchase returns or cancellations. The additional profit received by lower returns or cancellations is already captured in the conversion rate benefit above. However, organizations also see a benefit of cost savings from reduced return or cancellation processes. Kbot increases the consumer's understanding of what they are buying, which reduces downstream costs associated with misaligned products and services.

Based on the customer interviews, Forrester estimates that the composite organization experiences an average cost of return of 15% of average order value.

The cost savings from diminished returns and cancellations will vary based on:

- The return or cancellation rate before Kbot.
- The average cost of returns.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $2,572,643.



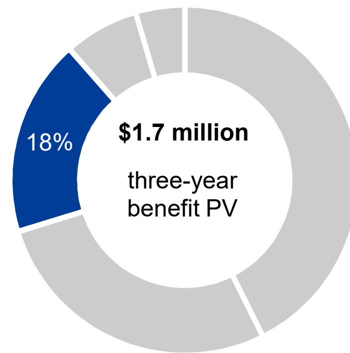

Cost savings from reduction in return processes: **28%** of total benefits

**Cost Savings From Reduction In Return Processes: Calculation Table**

| REF. | METRIC | CALC. | YEAR 1 | YEAR 2 | YEAR 3 |
|---|---|---|---|---|---|
| B1 | Number of annual Kbot offers | F1 | 500,000 | 3,500,000 | 6,500,000 |
| B2 | Percentage of Kbot notifications seen or engaged with | | 70% | 70% | 70% |
| B3 | Return rate decrease | | 0.5% | 1.5% | 3% |
| B4 | Average order value | | $150 | $150 | $150 |
| B5 | Average cost of return | | 15% | 15% | 15% |
| Bt | Cost savings from reduction in return processes | B1*B2*B3*B4*B5 | $39,375 | $826,875 | $3,071,250 |
| | Risk adjustment | ↓15% | | | |
| Btr | Cost savings from reduction in return processes (risk-adjusted) | | $33,469 | $702,844 | $2,610,563 |

## Profit Growth Related To Lifetime Value Of New Customers Acquired

Once Moxie Kbot is live on a digital channel, it starts boosting the conversion rate on that channel almost immediately. These additional conversions from Kbot help cross-sell existing customers as well as increase new customer acquisition. As with all customers, these new acquisitions, attributable to Kbot, carry a certain level of loyalty, and therefore additional profit in the form of the net-present value of their lifetime value.




Profit growth related to lifetime value of new customers acquired: **18%** of total benefits

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

- An annual purchase frequency rate of 0.5 years, or one purchase every two years.
- An average customer lifespan of four years.
- Thirty percent of conversions are new customer acquisitions.

Additional profit related to lifetime value of new customers acquired will vary based on:

- Annual purchasing frequency rate.
- Average customer lifespan.
- Percent of conversions that are new customer acquisitions.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $1,699,266.

**Profit Growth Related To Lifetime Value Of New Customers Acquired: Calculation Table**

| REF. | METRIC | CALC. | YEAR 1 | YEAR 2 | YEAR 3 |
|---|---|---|---|---|---|
| C1 | Average order value | | $150 | $150 | $150 |
| C2 | Annual purchase frequency rate | | 0.5 | 0.5 | 0.5 |
| C3 | Annual customer value | C1*C2 | $75 | $75 | $75 |
| C4 | Average customer lifespan in years | | 4 | 4 | 4 |
| C5 | Net new customers due to Kbot | 30% of conversions | 9,000 | 45,000 | 117,000 |
| C6 | Net profit margin | | 10% | 10% | 10% |
| Ct | Profit growth related to lifetime value of new customers acquired | ((C3*C4)-C1)*C5*C6 | $135,000 | $675,000 | $1,755,000 |
| | Risk adjustment | ↓15% | | | |
| Ctr | Profit growth related to lifetime value of new customers acquired (risk-adjusted) | | $114,750 | $573,750 | $1,491,750 |

## Efficiency Gains In Contact Center From Decreased Contact Volume

Kbot customers noted that Kbot improved the efficiency of their contact centers. These organizations found that many customer-initiated contacts addressed either common issues or requested information that could be found elsewhere on their digital properties. A contact center director from the retail and eCommerce industry detailed, “Many customers were not making use of our FAQs, choosing to initiate a phone or chat session rather than self-serve.”

By utilizing Kbot’s proactive engagement solution, organizations could ensure that customers’ most common questions were answered along their path to purchase, preventing the initiation of a call or chat session. After removing common questions from the set of issues fielded by contact center agents, the organization saw substantial financial benefit. The average cost of a Kbot engagement is $0.06 compared to the average cost of a contact of $6.00, which is a 99% cost savings. A global customer experience director from the eCommerce industry even revealed that the organization paid for Kbot entirely through contact deflection.

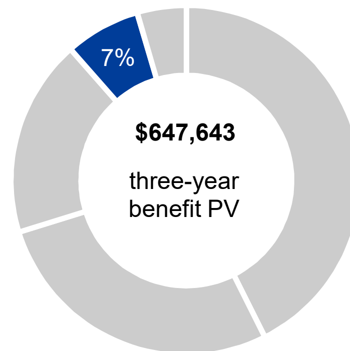
Based on the customer interviews, Forrester estimates for the composite organization:

- Annual contact volume of 540,000, growing at the same rate as annual visitors.
- Average cost per contact of $6.00 equals the average cost per minute of $2.00 multiplied by the average contact length of 3 minutes.

The improvement to call center efficiency will vary with:

- The number of contacts related to common question or issues.
- The average cost per contact.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $647,643.




Efficiency gains in contact center from decreased contact volume: **7%** of total benefits

| Efficiency Gains In Contact Center From Decreased Contact Volume: Calculation Table | | | | | |
|---|---|---|---|---|---|
| **REF.** | **METRIC** | **CALC.** | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| D1 | Total annual unique visitors | 10% growth | 54,000,000 | 59,000,000 | 65,000,000 |
| D2 | Annual contact volume | 1% | 540,000 | 590,000 | 650,000 |
| D3 | Average cost per contact | | $6 | $6 | $6 |
| D4 | Percent of calls deflected by Kbot | Interview | 3% | 8% | 15% |
| Dt | Efficiency gains in contact center from decreased contact volume | D2*D3*D4 | $97,200 | $283,200 | $585,000 |
| | Risk adjustment | ↓15% | | | |
| Dtr | Efficiency gains in contact center from decreased contact volume (risk-adjusted) | | $82,620 | $240,720 | $497,250 |



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## Costs Avoided From Internal Development Time

Kbot customers also saves substantial costs on internal development with Moxie Kbot. Kbot reduces the need for internal development teams to spend time updating code iteratively to produce better customer experiences and conversion outcomes on digital properties. Instead, all engagement through Kbot can be managed and deployed by nontechnical teams, typically from digital product, marketing, or the contact center.

As a customer center director in the eCommerce industry put it: "We do not need to involve our technology team with rules deployment to the site. Once our site was tagged with the Kbot code, the business team can write and enable engagements on the site. All engagements were crafted by nontechnical users without any IT involvement."

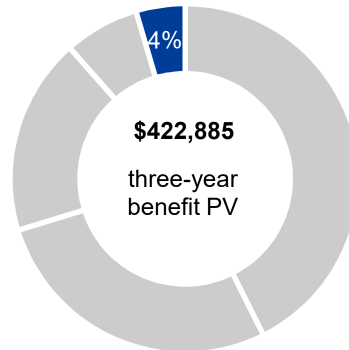
Based on the customer interviews, Forrester estimates that the composite organization has:

- A development project team size of two developers for engagement/conversion updates.
- An average fully burdened hourly developer rate of $78.
- Development weeks saved per year of 12, 36, and 52, respectively, over the three years as Kbot deployment expands across the channel.

The cost savings from decreased reliance on internal development will vary based on:

- Development project team size.
- Fully burdened hourly developer rate.
- Engagement or conversion-related updates run annually.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $422,885.




Costs avoided from internal development time: **4%** of total benefits

**Costs Avoided From Internal Development Time: Calculation Table**

| REF. | METRIC | CALC. | YEAR 1 | YEAR 2 | YEAR 3 |
|---|---|---|---|---|---|
| E1 | Developers needed per project | | 2 | 2 | 2 |
| E2 | Average developer fully burdened hourly rate | | $78 | $78 | $78 |
| E3 | Development weeks saved per year | Interview | 12 | 36 | 52 |
| Et | Costs avoided from internal development time | E1*E2*40*E3 | $74,880 | $224,640 | $324,480 |
| | Risk adjustment | ↓15% | | | |
| Etr | Costs avoided from internal development time (risk-adjusted) | | $63,648 | $190,944 | $275,808 |

## Unquantified Benefits

Organizations noted seeing several benefits from implementing Moxie Kbot that were not quantifiable. These could potentially be quantified in a financial analysis if given the appropriate data and metrics, and are as follows:

- **Ease of implementation.** Interviewed organizations report that getting Kbot live on their digital properties was fast and easy. One organization detailed: "You'll be surprised. If I look at my team's time to implement it, it was probably less than 25 hours. And I'm talking about including training, including everything here." This ease of implementation is at least partly enabled by the inclusion of professional services provided by Moxie in all of Kbot's customer contracts, as detailed in the Analysis Of Costs section below.

- **Increased customer satisfaction.** Organizations also report an increase to their NPS scores after implementing Kbot.[1] One customer revealed seeing an increase in their NPS over the past several years, and that the rate of increase accelerated after implementing Kbot. Organizations also reported that Kbot's contact deflections give contact center employees more time to focus on customer contacts that require a higher touch. Contact deflection then improves the experience of both the customer who no longer needs to make contact as well as the customer who does.

> "Not only is [Kbot] paying for itself, but we strongly believe that it has increased customer satisfaction."
>
> *Global customer experience director, eCommerce*

- **Improved employee satisfaction.** Kbot customers report that employee satisfaction increased with Kbot. Kbot moves the development of organizations' digital engagement solutions away from overburdened developers and puts it in the hands of no-technical employees. This frees developers up to do higher-value work, while empowering nontechnical employees to implement their own engagement solutions. A contact center director from the retail and eCommerce industry shared: "By not needing to make changes to the website our contact center team is able to deploy new engagements based on the promotions from our marketing team or store campaigns with ease. This allows us to be as nimble and execute as frequently as necessary with minimal effort."

- **Diminished use of remarketing solutions.** Because Kbot keeps customers within the sales channel, organizations may find they have less need for post-abandonment remarketing solutions. One organization disclosed that they were relying less on remarketing, which includes email, direct mail, and other follow-up methods, thanks to Kbot. This decreased use led to an unquantifiable amount of cost savings for the organization.

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

- **Strategic value of Kbot to promotions.** Moxie Kbot allows for the near-real-time deployment of new engagements without new code. This allows nontechnical teams to implement promotional initiatives utilizing Kbot, ensuring they are timely and relevant not only to organizational strategy but also to seasonal promotions as well. No additional costs aside from employee time are incurred for these deployments.

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 AS APPLIED TO THE COMPOSITE**

| Total Costs | | | | | | | |
|---|---|---|---|---|---|---|---|
| **REF.** | **COST** | **INITIAL** | **YEAR 1** | **YEAR 2** | **YEAR 3** | **TOTAL** | **PRESENT VALUE** |
| Ftr | Cost of Kbot offers and article views | $0 | $51,750 | $362,250 | $672,750 | $1,086,750 | $851,873 |
| Gtr | Cost of setup and configuration | $36,000 | $0 | $12,000 | $6,000 | $54,000 | $50,425 |
| Htr | Ongoing management costs | $0 | $104,640 | $104,640 | $104,640 | $313,920 | $260,224 |
| | Total costs (risk-adjusted) | $36,000 | $156,390 | $478,890 | $783,390 | $1,454,670 | $1,162,522 |

## Cost Of Kbot Offers And Article Views

Customers reported annual fees associated with both Kbot's offers and article views. Moxie works with their customers to determine how many offers and article views might be needed during the first year. Organizations will often deploy Kbot in only a single business unit, or for a limited use case, during this first year. In the following years, as the use of Kbot expands to additional business units or use cases, the number of offers and article views typically increases.

Forrester estimates for the composite organization include:

- Five hundred thousand (500,000) Kbot offers in Year 1, increasing to 3,500,000 and 6,500,000 in Years 2 and 3, respectively. Moxie suggests customers use of Kbot to engage with 10% of their traffic. Our model achieves this by Year 3.
- Fifty thousand (50,000) Kbot article views in Year 1, increasing to 350,000 and 650,000 in Years 2 and 3, respectively. Moxie recommends the number of article views at 10% of offers.

The cost of Kbot offers and article views will depend on how broadly an organization desires to deploy Kbot over time. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $851,873.

> 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.

> 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 Kbot Offers And Article Views: Calculation Table | | | | | | |
|---|---|---|---|---|---|---|
| **REF.** | **METRIC** | **CALC.** | **INITIAL** | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| F1 | Offers per year | | | 500,000 | 3,500,000 | 6,500,000 |
| F2 | Total cost of offers | | | $30,000 | $210,000 | $390,000 |
| F3 | Article views per year | | | 50,000 | 350,000 | 650,000 |
| F4 | Total cost of article views | | | $15,000 | $105,000 | $195,000 |
| Ft | Cost of Kbot offers and article views | F2+F4 | $0 | $45,000 | $315,000 | $585,000 |
| | Risk adjustment | ↑15% | | | | |
| Ftr | Cost of Kbot offers and article views (risk-adjusted) | | $0 | $51,750 | $362,250 | $672,750 |

## Cost Of Setup And Configuration

Despite Kbot's ease of implementation, organizations still incur costs related to setup and configuration. These costs are either one-time fees or associated with the professional services Moxie provides to ensure that Kbot is deployed properly and that nontechnical teams are trained to deploy Kbot engagements independently. Customers typically order additional professional services hours in Years 2 and 3 as they desire to deploy more complex engagements or stay up to date on their training.

Costs of setup and configuration will vary depending on the professional services hours required by an organization. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $50,425.

**Cost Of Setup And Configuration: Calculation Table**

| REF. | METRIC | CALC. | INITIAL | YEAR 1 | YEAR 2 | YEAR 3 |
|---|---|---|---|---|---|---|
| G1 | One-time cloud production setup fee | | $7,500 | | | |
| G2 | One-time cloud nonproduction setup fee | | $2,500 | | | |
| G3 | Estimate professional services cost per hour | | $250 | | $250 | $250 |
| G4 | Estimated professional services hours | | 80 | | 40 | 20 |
| Gt | Cost of setup and configuration | G1+G2+(G3*G4) | $30,000 | $0 | $10,000 | $5,000 |
| | Risk adjustment | ↑20% | | | | |
| Gtr | Cost of setup and configuration (risk-adjusted) | | $36,000 | $0 | $12,000 | $6,000 |



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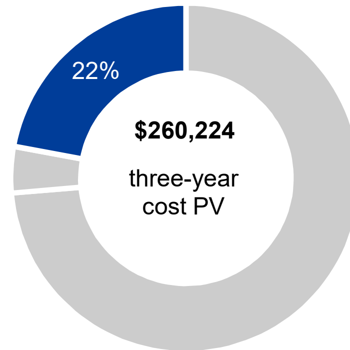
## Ongoing Management Costs

Interviewed organizations reported ongoing management costs associated with Kbot. Some organizations reported a best practice of having a nontechnical employee own and manage Kbot. A head of marketing in the insurance industry stated, “I think you definitely need a user that understands all the rules that are currently firing, and value and look at that on a monthly basis and killing rules and implementing new rules.” Additionally, other nontechnical employees will, from time to time, need to implement Kbot rules for their own lines of business.




Ongoing management costs: **22%** of total costs

Forrester estimates for the composite organization include:

- One user spending 100% of their time on ongoing management of Kbot.
- Three part-time users spending an estimated 3% of their time on Kbot.

The cost of ongoing management will vary based on:

- The choice to have a full-time user-owner or not.
- The number of part-time users in the organization.
- The percentage of time committed by part-time users.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $260,224.

**Ongoing Management Costs: Calculation Table**

| REF. | METRIC | CALC. | INITIAL | YEAR 1 | YEAR 2 | YEAR 3 |
|---|---|---|---|---|---|---|
| H1 | Number of full-time users | Interview | | 1 | 1 | 1 |
| H2 | Total cost of full-time user | | | $80,000 | $80,000 | $80,000 |
| H3 | Number of part-time users | | | 3 | 3 | 3 |
| H4 | Percent of time committed by part-time users | | | 3% | 3% | 3% |
| H5 | Total cost of part-time users | H2*H3*H4 | | $7,200 | $7,200 | $7,200 |
| Ht | Ongoing management costs | H2+H5 | $0 | $87,200 | $87,200 | $87,200 |
| | Risk adjustment | ↑20% | | | | |
| Htr | Ongoing management costs (risk-adjusted) | | $0 | $104,640 | $104,640 | $104,640 |



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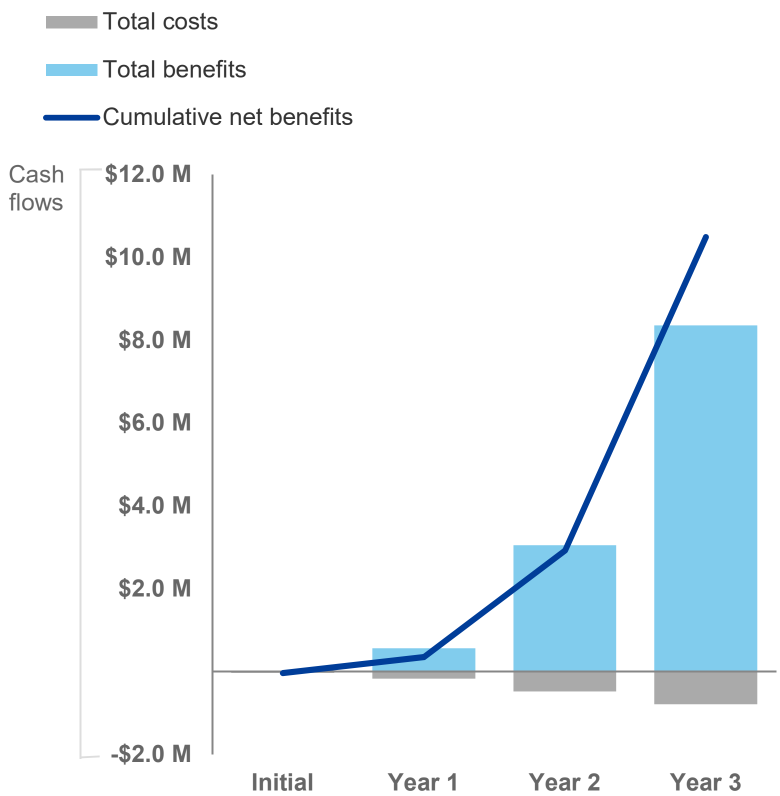
# Financial Summary

**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 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 3 | YEAR 3 | TOTAL | PRESENT VALUE |
|---|---|---|---|---|---|---|
| Total costs | ($36,000) | ($156,390) | ($478,890) | ($783,390) | ($1,454,670) | ($1,162,522) |
| Total benefits | $0 | $562,237 | $3,047,008 | $8,356,121 | $11,965,365 | $9,307,390 |
| Net benefits | ($36,000) | $405,847 | $2,568,118 | $7,572,731 | $10,510,695 | $8,144,868 |
| ROI | | | | | | 701% |
| Payback period | | | | | | <3 months |



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# Moxie Kbot: Overview

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

Moxie's digital guidance technology is designed to provide clarity and simplicity throughout the digital journey. Moxie's guidance solution, Kbot, allows you to proactively engage customers. With Kbot, you can send targeted messaging to struggling users to improve the customer journey in a cost-effective way that eliminates the need for a service center or IT support while increasing conversion rates. Test and tweak messaging with the sophisticated Engagement Mapper and maximize effectiveness and growth opportunities.

Supplement Kbot with Moxie's interactive engagement suite, guaranteeing no question will go unanswered. With three levels of care, Web Self-Service, Live Chat, and Email, your customers can choose their interaction with confidence and avoid escalation to your call center.

# 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

[1] 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.