

A Forrester Total Economic Impact™
Study Commissioned By iAdvize
January 2019

The Total Economic Impact™ Of ibbü by iAdvize

A Financial Case Study Based On The
Experience Of A Fast-Growing Online
Retailer Based In Europe

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Executive Summary

Main Benefits for the interviewed retailer

A visitor who engages with an ibbü expert ...



...is on average **3.25 times** more likely to make a purchase



... spends on average **12%** more per order



...is on average **2.2 times** more likely to make a repeat purchase



"ibbü does not only allow us to optimize our call center volumes and improve our customer service but the chats also generate additional sales. Basically, the service is not just paying for itself but generates incremental revenue for the company."

*Head of customer service,
online retailer*

Technology is bringing a fundamental change in how consumers engage with brands. Marketers can leverage these new technologies to create authentic conversations while meeting their customer's needs when, where, and how they want it. Through deeper conversations, marketers can uncover the needs of their customers faster, increase conversion rates, and improve the buying experience. But quality conversations can be hard to achieve, not to mention expensive, and companies don't always know if it's worth it.

iAdvize commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying their service called ibbü. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of ibbü on their organizations through the quality and scalability of the conversations they can achieve.

ibbü is a service delivered by iAdvize. iAdvize provides a conversational marketing platform that allows brands to connect customers or prospects in need of advice with experts who are available 24/7 via real-time messaging. Ibbü gives brands access to a community of experts in a specific topic to provide their visitors with higher-quality customer service and support conversations even when their professional agents are not available. For a more detailed overview of ibbü, please refer to page 12.

To better understand the benefits, costs, and risks associated with investing in conversations via ibbü, Forrester interviewed a fast-growing European online-retailer with more than a year of experience using ibbü.

Key Findings

Quantified benefits. The interviewed organization expects to experience the following quantified benefits over the course of three years:

- › **Uplift in average conversion rate.** ibbü experts provide guidance and reassurance to prospective customers even after regular business hours and during week-ends. The interviewed retailer states that the experts are culturally close to their buyers which facilitates a good conversation and builds trust. This has an impact on the average conversion rate and generates incremental revenue for the company. The incremental profit (at an average profit margin of 10%) due to an increased conversion rate has an estimated three-year risk-adjusted present value (PV) of €4.9 million for the interviewed merchant.
- › **Uplift in average order value.** The interviewed merchant also finds that ibbü chats have a positive impact on the average order value. ibbü experts guide visitors through the product offerings and, for example, might propose additional merchandise to purchase. In the case of the interviewed retailer, a customer who has engaged with an ibbü expert spends on average 12% more than a customer who has not, resulting in incremental revenue. The incremental profit due to an increased average order value has an estimated three-year risk-adjusted PV of approximately €853,000 in this case.

Uplift in repeat purchases. The interviewed retailer reports that the ibbü chat solution receives very high customer satisfaction scores. This has an impact on customer retention and loyalty. A visitor who engages with an ibbü expert is 2.2 times more likely to come back to the site and



ROI
64%



Benefits PV
€7.2 million



NPV
€2.8 million



Payback
< 6 months

make another purchase, resulting again in incremental revenue for the company. The associated, incremental profit has an estimated three-year risk-adjusted PV of approximately €664,000.

- › **Customer support cost savings.** The ibbū chats now preempt a certain number of customer phone inquiries and email requests meaning that the merchant needs less resources in its near-shore contact center. For the interviewed organization, the associated cost savings have an estimated three-year, risk-adjusted PV of approximately €752,000.

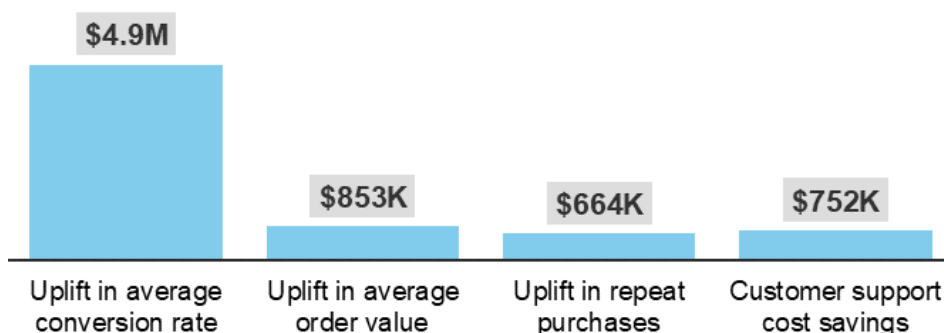
Costs. The interviewed organization expects to incur the following risk-adjusted PV costs:

- › **Technology costs.** These costs represent the fees for the iAdvize platform. They include an annual fixed fee and variable fees per chat. Based on expected volumes of pre-sales and customer support chats, they have been estimated to have a three-year, risk-adjusted PV of approximately €752,000
- › **Conversation costs.** The compensation of the ibbū experts represents about 80% of the total costs. The retailer pays the experts a fixed fee per customer service chat and a variable sales commission on each pre-sales chat that results in a completed transaction. Based on the expected volumes over the three years of the analysis, the conversations costs have an estimated, risk-adjusted PV of approximately €3.5 million.
- › **Initial setup and ongoing operational costs.** These costs account for the internal efforts with regards to the initial setup and incremental ongoing operations to support the ibbū community, monitor the quality of service, and perform other related administrative and governance tasks. In total, these costs have an estimated three-year risk-adjusted PV of €107,000 for the interviewed merchant.

Forrester's interview with an existing customer and subsequent financial analysis found that the interviewed organization expects to experience benefits of €7.2 million over three years versus costs of €4.4 million, adding up to a net present value (NPV) of €2.8 million and an ROI of 64%. Note that the benefits only take into account the profit from the incremental sales revenues. Over the three years, the total, risk-adjusted incremental revenues have an estimated PV of €64.4 million.

With a predicted number of chats increasing from 400,000 in Year 1 to 1.8 million in Year 3, the average benefit per ibbū chat increases from €2.81 in Year 1 to €2.84 in Year 3 whereas the average cost per ibbū chat decreases from €1.88 to €1.67 in the same period of time.

Benefits (Three-Year)



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

TEI Framework And Methodology

From the information provided in the interview, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering using ibbū by iAdvize.

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 ibbū by iAdvize can have on an organization:



DUE DILIGENCE

Interviewed iAdvize stakeholders and Forrester analysts to gather data relative to the iAdvize solution.



CUSTOMER INTERVIEW

Interviewed one organization using ibbū to obtain data with respect to costs, benefits, and risks.



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

Employed four fundamental elements of TEI in modeling ibbū'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 iAdvize 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 ibbū by iAdvize.

iAdvize 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.

iAdvize provided the customer name for the interview but did not participate in the interview.

The ibbü Customer Journey

BEFORE AND AFTER THE IBBÜ INVESTMENT

Interviewed Organization

For this study, Forrester interviewed the head of customer service at a fast-growing online retailer based in Europe.

Key Challenges

Prior to deploying ibbü, the entire customer service was run locally by a small team creating the following challenges for the organization.

- › **Scaling up customer service efficiently.** Given the rapid growth of the business, the company was looking for a scalable and flexible solution to respond to the ever-increasing number of customer pre-sales questions and post-sales inquiries without having to necessarily hire new internal agents.
- › **Providing customer support at extended business hours and week-ends.** Before the introduction of ibbü, the customer service could only be reached Mondays through Fridays between 10am and 4pm. To better serve its customers, the company was exploring ways to extend the coverage in a cost-efficient manner.
- › **Increasing conversion rates.** As for every online retailer, increasing the conversion rate is a primary focus. The interviewed organization estimates that approximately half of the incoming customer questions are pre-sales related – customers looking for guidance and reassurance.

Key Results

Following a successful proof-of-concept with iAdvize in 2017, the company decided to deploy the ibbü service. It started in its home country and extended the service to four other countries in 2018. At the time of the interviews, the company was still ramping up the number of ibbü experts in each region. The interviews revealed that key results from the ibbü investment include:

- › **Increased sales revenues.** The interviewed retailer reports that the quality conversations with ibbü experts generate incremental revenue for the company. Customers who had been assisted by an ibbü expert are on average more likely to convert, have a higher average order value, and are more likely to return to the site.
- › **Reduced call center volumes.** At the same time of introducing ibbü, the company also started leveraging an outsourced near-shore contact center for responding to customer phone and email inquiries in addition to its internal customer service team. As the ibbü chats pre-empt a part of the customer questions, it relieves the internal agents and the organization needs less resources in the outsourced contact center.
- › **High customer satisfaction scores.** Customers indicate that they are very pleased with the new chat service with average customer satisfaction scores between 92% and 93%.

“When I first joined the company, we ran our whole customer service internally, but this was not sustainable given the rapid growth of our business.”

Head of customer service, online retailer



“Our initial objectives [for the investment in ibbü] were to unburden our agents, anticipate growth, and increase the number of customer contacts that can be made without having to hire new agents.”

Head of customer service, online retailer



“We ran some value tests with iAdvize and soon realized that the incremental benefits of ibbü were superior to the costs of the solution - meaning that we would gain money with each [ibbü] chat.”

Head of customer service, online retailer



Analysis Of Benefits

QUANTIFIED BENEFIT DATA

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Uplift in conversion rate	€ 756,000	€ 1,944,000	€ 3,499,200	€ 6,199,200	€ 4,922,885
Btr	Uplift in average order value	€ 131,040	€ 336,960	€ 606,528	€ 1,074,528	€ 853,300
Ctr	Uplift in repurchase rate	€ 101,920	€ 262,080	€ 471,744	€ 835,744	€ 663,678
Dtr	Customer support cost savings	€ 135,000	€ 270,000	€ 540,000	€ 945,000	€ 751,578
Total benefits (risk-adjusted)		€ 1,123,960	€ 2,813,040	€ 5,117,472	€ 9,054,472	€ 7,191,441

Uplift in conversion rate

The largest financial impact of the ibbü service on the interviewed retailer is the uplift in the average conversion rate. ibbü experts provide guidance and reassurance to prospective customers. The interviewed retailer states that the experts are culturally close to their buyers which facilitates a good conversation and builds trust. In addition, ibbü experts are engaging in chats even after regular business hours and during week-ends.

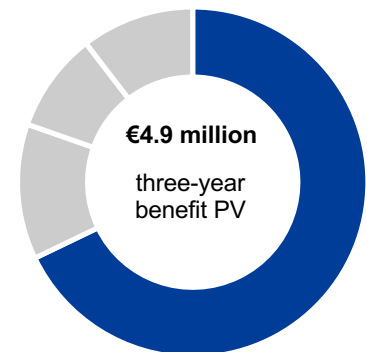
iAdvize has measured this impact for the interviewed organization and provided supporting data that was taken in October and November 2018. The data shows that a visitor who engages with an ibbü expert is on average 3.25 times more likely to make a purchase than a visitor who presents a similar profile (i.e. triggered an invitation to chat) but did not chat.

For the business case of the interviewed organization, Forrester assumes:

- › Following the expected ramping of the ibbü service including the international expansion, the number of ibbü pre-sales chats increases from 350,000 in Year 1 to 1.62 million in Year 3.
- › The average conversion rates with and without ibbü that are used in this analysis had been measured by iAdvize in October and November 2018. A customer who triggered an invitation but did not use the chat converted at 4% on average whereas a customer who actually engaged with an ibbü expert converted at 13% on average.
- › The average order value without the influence of ibbü is €300.
- › The average profit margin is 10%.

The volume of ibbü chats is based on forecasted numbers and the difference in the average conversion rate is based on measurements that were taken in one country by iAdvize in October and November of 2018. To take into account the uncertainty of these assumptions and extrapolations, Forrester risk-adjusted this benefit down by 20%. The total risk-adjusted present value for the uplift in average conversion rate is approximately €4.9 million over three years.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the interviewed organization expects risk-adjusted total benefits to be a PV of approximately €7.2 million.



**Uplift in conversion rate:
69% of total benefits**

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.

Uplift in conversion rate: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Expected number of ibbü chats (pre-sales)	interview	350,000	900,000	1,620,000
A2	Average conversion rate (without ibbü)	measured by iAdvize (Oct/Nov 2018, rounded)	4.00%	4.00%	4.00%
A3	Average conversion rate (with ibbü)	measured by iAdvize (Oct/Nov 2018, rounded)	13.00%	13.00%	13.00%
A4	Number of incremental orders (due to ibbü)	$A1 \times (A3 - A2)$	31,500	81,000	145,800
A5	Average order value (without impact of ibbü)	measured by iAdvize (Oct/Nov 2018, rounded)	€ 300.00	€ 300.00	€ 300.00
A6	Incremental annual revenue due to increased number of orders	$A4 \times A5$	€ 9,450,000	€ 24,300,000	€ 43,740,000
A7	Average profit margin	assumption	10.0%	10.0%	10.0%
At	Uplift in average conversion rate	$A6 \times A7$	€ 945,000	€ 2,430,000	€ 4,374,000
	Risk adjustment	↓20%			
Atr	Uplift in average conversion rate (risk-adjusted)		€ 756,000	€ 1,944,000	€ 3,499,200

Uplift in average order value

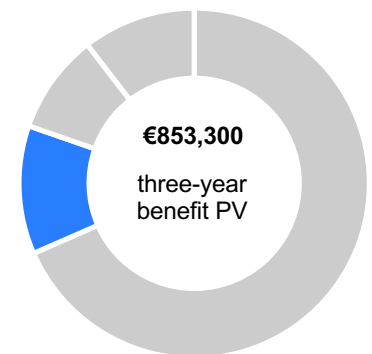
In addition to the increase in conversion rate, the interviewed retailer also noted an uplift in the average order value. ibbü experts guide visitors through the product offerings and might propose a different, better suited but maybe slightly more expensive product or additional merchandise for example. For pre-sales related chats, the interviewed organization chose to pay ibbü experts a commission on the transaction amount rather than a flat fee per chat; ibbü experts are thus incentivized not only to convert but also to upsell.

iAdvize has measured this uplift for the interviewed organization. The data shows that a visitor who engages with an ibbü expert spends on average €36 more than a visitor who presents a similar profile (i.e. triggered the invitation to chat) but did not chat.

For the business case of the interviewed organization, Forrester assumes:

- › The expected number of orders following an ibbü chat are based on the expected number of ibbü pre-sales chats and the average ibbü conversion rate.
- › The average order value for transactions done following an ibbü chat has been measured by iAdvize and amounts to €336. This corresponds to an uplift of €36 (or 12%) per order.
- › The average profit margin is 10%.

Finally, similar to the first benefit, Forrester risk-adjusted this benefit down by 20% to account for uncertainty of the estimations and extrapolations, resulting in a risk-adjusted total present value for this benefit of approximately €850,000 over three years.



Uplift in average order value: 12% of total benefits

“The nice thing about ibbü is that the experts are culturally close to our buyers which facilitates building a connection, creates trust, and improves the conversation.”

Head of customer service, online retailer



Uplift in average order value: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Expected number of ibbū chats (pre-sales)	A1	350,000	900,000	1,620,000
B2	Average ibbū chat conversion rate	A3	13%	13%	13%
B3	Expected number of orders (done with ibbū)	B1*B2	45,500	117,000	210,600
B4	Average order value (without impact of ibbū)	A5	€ 300.00	€ 300.00	€ 300.00
B5	Uplift in average order value (in %)	measured by iAdvize (Oct/Nov 2018, rounded)	12.0%	12.0%	12.0%
B6	Incremental revenue per ibbū order	B4*B5	€ 36.00	€ 36.00	€ 36.00
B7	Incremental revenue due to increased average order value	B3*B6	€ 1,638,000	€ 4,212,000	€ 7,581,600
B8	Average profit margin	assumption	10.0%	10.0%	10.0%
Bt	Uplift in average order value	B7*B8	€ 163,800	€ 421,200	€ 758,160
	Risk adjustment	↓20%			
Btr	Uplift in average order value (risk-adjusted)		€ 131,040	€ 336,960	€ 606,528

Uplift in repeat purchases

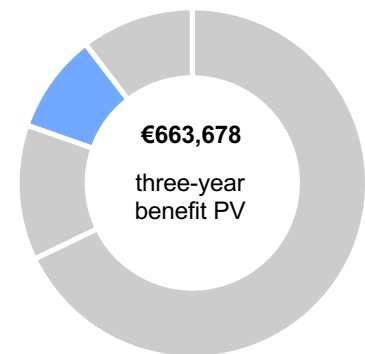
The interviewed retailer reported that their customers are very happy with the chat solution with average customer satisfaction scores between 92% and 93%. This has an impact on customer retention and loyalty.

iAdvize has measured the impact of increased repeat purchases for the interviewed organization during the months of July to September 2018. The data shows that a visitor who engages with an ibbū expert is 2.2 times more likely to come back to the site and make another purchase; he then makes 9% more purchases on average and has a 26% higher average order value.

For the business case of the interviewed organization, Forrester assumes:

- › The expected number of orders following an ibbū chat are based on the expected number of ibbū pre-sales chats and the average ibbū conversion rate.
- › Based on iAdvize's measurements about repeat purchases for the interviewed merchant and spread across the number of ibbū orders, each ibbū order generates on average an incremental revenue of €28 due to incremental repeat purchases.
- › The average profit margin is 10%.

Similar to the first two benefits, Forrester risk-adjusted this benefit down by 20% to account for uncertainty of the estimations and extrapolations, resulting in a risk-adjusted total present value for this benefit of approximately €660,000 over three years.



Uplift in repeat purchases: 9% of total benefits

Uplift in repurchases: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Expected number of ibbū chats (pre-sales)	A1	350,000	900,000	1,620,000
C2	Average ibbū chat conversion rate	measured by iAdvize (Oct/Nov 2018, rounded)	13.00%	13.00%	13.00%
C3	Estimated number of orders (done with ibbū)	C1*C2	45,500	117,000	210,600
C4	Incremental revenue per order due to repeat purchases	measured by iAdvize (July-Sept 2018, rounded)	€ 28.00	€ 28.00	€ 28.00
C5	Incremental revenue due to repeat purchases	C3*C4	€ 1,274,000	€ 3,276,000	€ 5,896,800
C6	Average profit margin		10.0%	10.0%	10.0%
Ct	Uplift in repeat purchases	C5*C6	€ 127,400	€ 327,600	€ 589,680
	Risk adjustment	↓20%			
Ctr	Uplift in repeat purchases (risk-adjusted)		€ 101,920	€ 262,080	€ 471,744

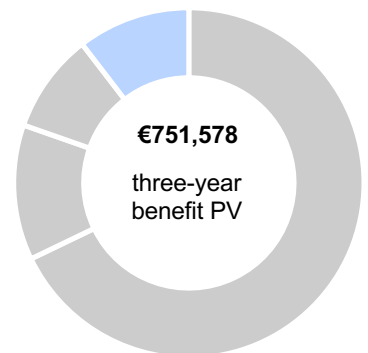
Customer support cost savings

The initial objective for the interviewed organization for the investment in ibbū was to disencumber the customer service agents and to better anticipate the growth of the business. At the same time as the introduction of the ibbū service, the company also started leveraging a near-shore contact center to respond to customer phone inquiries and email requests. However, due to the volume of customer questions that now get answered by ibbū experts, the interviewed organization estimates that it requires less contact center agents and therefore saves money. While not all visitors who now chat would have contacted the customer service via email or by phone, the company believes that it would have been the case for between 20% to 30%.

For the business case of the interviewed organization, Forrester assumes:

- › Due to the deflection of customer phone and email contacts towards the new chat solution, the interviewed organization avoids hiring five full-time agents in Year 1, five more in Year 2, and 10 more in Year 3.
- › The average fully-loaded annual cost of a customer service agent at the near-shore contact center is €30,000.

Forrester risk-adjusted this benefit down by 10% to account for uncertainties of the estimations and extrapolations, resulting in a risk-adjusted total present value for these cost savings of approximately \$750,000 over three years.



Customer support cost savings: 10% of total benefits

Customer support: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Estimated number of agents avoided hiring (cumulated)	Estimation	5.0	10.0	20.0
D2	Average fully-loaded salary rate (near-shore)	Assumption	€ 30,000	€ 30,000	€ 30,000
Dt	Customer support cost savings	D1*D2	€ 150,000	€ 300,000	€ 600,000
	Risk adjustment	↓10%			
Dtr	Customer support cost savings (risk-adjusted)		€ 135,000	€ 270,000	€ 540,000

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. The flexibility to scale is already included in this forward-looking, three-year analysis. However, there are multiple scenarios in which a customer might choose to implement ibbü and later realize additional uses and business opportunities. At the time of the interview, the organization was for example investigating the following options:

- › **Using the chat solution throughout the company.** The company was thinking about giving access to the chat platform to every employee and to encourage them to chat with customers a couple of hours per month. While the primary goal of this initiative is more educational in nature, it will foster the creation of a more customer centric culture within the company.
- › **Leveraging chatbots.** The iAdvize platform allows organizations to build their own chatbots. This allows businesses to automate conversations with customers and handle the more simplistic questions without the need for human interaction. This automation will free up retailer's customer service personnel so that they can focus on more value-add tasks.

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

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	Technology costs	€ 0	€ 146,000	€ 308,000	€ 486,000	€ 940,000	€ 752,412
Etr	Conversation costs	€ 0	€ 559,000	€ 1,379,000	€ 2,483,000	€ 4,421,000	€ 3,513,366
Ftr	Setup and ongoing operations	€ 3,000	€ 42,000	€ 42,000	€ 42,000	€ 129,000	€ 107,448
	Total costs (risk-adjusted)	€ 3,000	€ 747,000	€ 1,729,000	€ 3,011,000	€ 5,490,000	€ 4,373,226

Costs Incurred Deploying And Using ibbü

This section lists the incremental costs that the interviewed organization expects to incur over the three years of the analysis based on the following current and forecasted chat volumes.

EXPECTED NUMBER OF IBBÜ CHATS	YEAR 1	YEAR 2	YEAR 3
Pre-sales chats	350,000	900,000	1,620,000
Customer service chats	50,000	100,000	180,000
Total	400,000	1,000,000	1,800,000

The costs fall into the following three categories:

- › **Technology costs.** These costs represent the fees for the iAdvize platform. They include an annual fixed fee, a variable fee per customer service chat and a commission fee per successful pre-sales chat. Based on current and expected chat volumes over the three years of the analysis, the expected technology costs have a total present value of approximately €752,000 for the interviewed organization.
- › **Conversation costs.** The compensation of the ibbü experts represents the largest expense. The interviewed organization chose to pay experts a fixed fee of €2 per customer service chat and a variable commission of 3% for each successful sale influenced by a pre-sales chat. Based on expected volumes of customer service chats and sales influenced by ibbü experts and an average order value of €336, the total conversation costs have been estimated to approximately €3.5 million (PV) over the three years of this analysis.
- › **Initial setup and on-going operations.** The interviewed organization reported that it only took 20 days to get the ibbü service up and running in their case. On an ongoing basis, the retailer spends an average of 20 hours per week supporting the ibbü experts, monitoring the quality of service, and other related governance activities. For the interviewed organization, the initial setup and ongoing operational costs have a present value of approximately €107,000.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the interviewed organization expects risk-adjusted total costs to be a PV of approximately 4.4 million euros.



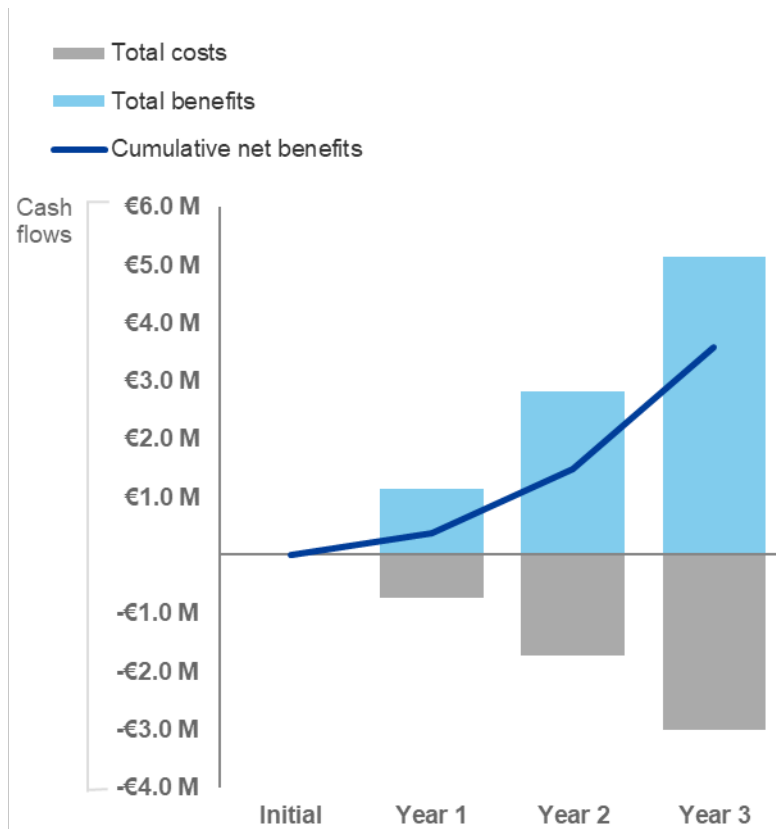
The interviewed organization got ibbü up and running within 20 days

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.

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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



These risk-adjusted ROI, 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	(€ 3,000)	(€ 747,000)	(€ 1,729,000)	(€ 3,011,000)	(€ 5,490,000)	(€ 4,373,226)
Total benefits	€ 0	€ 1,123,960	€ 2,813,040	€ 5,117,472	€ 9,054,472	€ 7,191,441
Net benefits	(€ 3,000)	€ 376,960	€ 1,084,040	€ 2,106,472	€ 3,564,472	€ 2,818,215
ROI						64%
Payback period						< 6 months

ibbü by iAdvize: Overview

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

ibbü is a service powered by iAdvize. iAdvize is a conversational marketing platform that allows more than 1,500 brands worldwide to make their customer experience authentic. iAdvize connects customers or prospects in need of advice with experts who are available 24/7 via real-time messaging.

ibbü gives brands access to a community of savvy enthusiasts experts in a specific topic (sports, cooking, gardening, video games, etc.) to provide their visitors with customer service when their professional agents are not available, in the evening and at weekends. This way, consumers who need help get answers to their questions 24/7 and ibbü experts get paid for sharing tips and best practices based on their authentic experience.

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.