

A Forrester Total Economic Impact™
Study Commissioned By Teamwork
January 2020

The Total Economic Impact™ Of Teamwork

Increase Productivity, Realize Efficiencies,
Increase Visibility, And Boost
Collaboration With Teamwork

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Executive Summary

Benefits And Costs



Incremental output:
\$461K



Centralized work management
and collaboration efficiencies:
\$132K



Licensing fees:
\$68K

“There’s no way we could have dealt with the current volume of work without Teamwork.”

Customer experience program consultant, energy

Teamwork is a cloud-based work management software with integrated collaboration capabilities that helps its customers increase productivity and efficiency. It also increases visibility and transparency, ensuring everyone is on the same page and enabling project managers (PMs) to better plan and allocate resources. Teamwork commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) organizations may realize by deploying Teamwork. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Teamwork on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with several years of experience using the tool. Each customer saw rapid adoption of the Teamwork tool, thanks to its ease of use and intuitive interface; furthermore, interviewees highlighted its flexibility, enabling it to address many different user requirements, and thus spreading its use to different departments and teams.

Prior to using Teamwork, the customers typically used spreadsheets, shared folders, and other legacy project management platforms, combining up to six different tools for managing projects. This resulted in wide-scale inefficiencies, missed deadlines, an inability to plan effectively, and even user frustration.

The organizations succeeded in reducing the time employees spent on low-value tasks such as managing emails, status meetings, finding information, and manual reporting, thanks to Teamwork. A single repository for all project documentation, collaboration, and planning and management not only increases productivity, but also improves the employee experience.

Key Findings

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

- › **Incremental team member output: \$461K.** Teamwork users save substantial time through automation of manual workflows and improved communication, which they reallocated to increase their output.
- › **Centralized work management and collaboration efficiencies: \$132K.** Project managers increase efficiency thanks to an effective at-a-glance synthetic view of project status, automation of reminders and reports, and contextual communication with other team members.
- › **Improved visibility and planning: \$100K.** Project managers can more easily track resource use and make data-driven decisions on resource allocation. Furthermore, project managers can quickly identify future busy periods and reallocate resources, tasks, and milestones, accordingly, thereby avoiding both the busier periods of “crunch time” and a potential need for costly outside support.
- › **Cost avoidance of alternative tools: \$17K.** Some interviewees told Forrester that Teamwork enabled organizations to consolidate the five to six different tools and solutions used for project management; this reduces subscription fees for one or more of these tools.



ROI
437%



Benefits PV
\$712K



NPV
\$579K



Payback
9 months

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

› **Improved employee experience.** Interviewees told Forrester that employees feel happier as they are more productive, better able to work effectively, and that product management has grown to be more transparent. One interviewee told Forrester: “We measured NPS before and after adopting Teamwork. Net Promoter Score went from 14 to 58.”¹

› **Collaboration across different time zones.** Teamwork makes it easier for remote global teams to collaborate across different time zones.

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

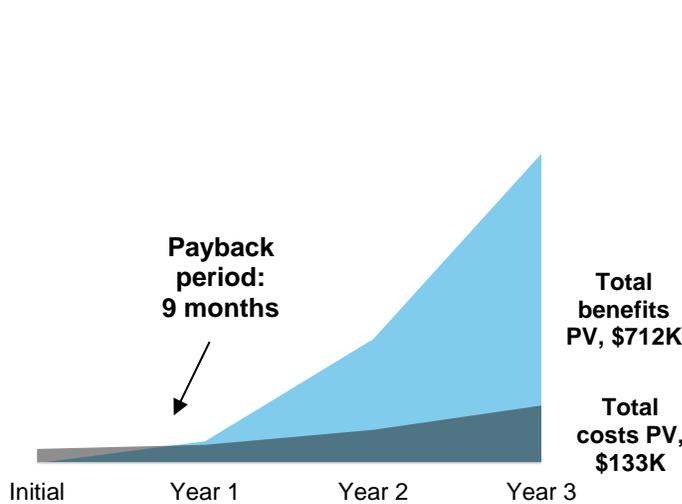
› **Licensing fees: \$68K.** Access to the platform is charged on a per seat, per month basis; the fees increased over time as adoption through the organization grew.

› **Planning and implementation costs: \$33K.** Prior to the launch of the platform, resources are needed for planning, information migration, and technical testing and setup.

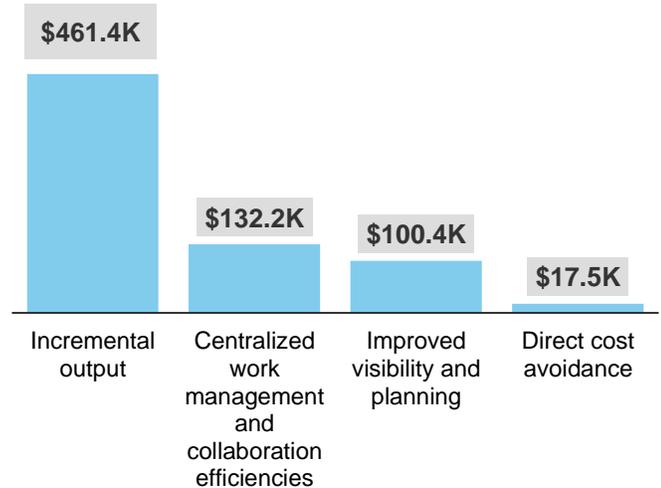
› **Training and administration costs: \$32K.** New users typically require 1 hour of training; some support and administration are also required.

Forrester’s interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of \$712K over three years versus costs of \$133K, adding up to a net present value (NPV) of \$579K and an ROI of 437%.

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 Teamwork Projects.

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 Teamwork Projects can have on an organization:



DUE DILIGENCE

Interviewed Teamwork stakeholders and Forrester analysts to gather data relative to Projects.



CUSTOMER INTERVIEWS

Interviewed four organizations using Projects 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 Teamwork Projects' 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 Teamwork 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 Teamwork Projects.

Teamwork 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.

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

The Teamwork Customer Journey

BEFORE AND AFTER THE TEAMWORK INVESTMENT

Interviewed Organizations

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

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF EMPLOYEES
Healthcare	US	Project manager and administrative coordinator	19,000
Energy	UK	Customer experience program consultant	14,000
Hospitality	US	Strategic account manager	8,000
Food	UK	Project manager	90

Key Challenges

Prior to adopting Teamwork for work management, the organizations told Forrester they were challenged because:

- › **They lacked a single source of truth.** Project management was undertaken in multiple tools, typically via spreadsheets, project management tools, and document-sharing repositories. One interviewee told Forrester: “The solution we were using prior was really just a file management system. Teamwork has a file management system component, but it’s really a cross-collaboration tool. For instance, it tells you how many seconds ago a file was uploaded; so it’s very effective at providing a single source of truth.”
- › **Team members struggled to know the tasks and activities their colleagues were accomplishing/working on.** One of the interviewees told Forrester that because the team was using spreadsheets with multiple tabs, which did not provide a synthetic view of project status, team members did not have any visibility into their teammates’ work and progress, resulting in inefficient workflows and excessive status meetings.
- › **It was difficult to allocate time efficiently.** Due to ineffective project management tools and the lack of visibility into team members’ availability and workflows, project managers struggled to allocate resources efficiently. One of the organizations previously used paper for project management, which, in their words, “limits you in everything, [i.e.] it’s not easy to communicate or have a single or quick view of things; it’s difficult to retrieve information, and collaboration was impossible.” Furthermore, there was a lack of reporting capability, requiring project managers to spend time gathering information when updating their superiors.

“Every project had a separate spreadsheet, it was absolutely impossible to manage them, there were lots of errors and it was very difficult for project managers to keep track of everything. Nobody in the project team was really aware of what others were doing and we had to have lots of team meetings.”

Project manager, food



“They were using five different tools, the structure was very siloed, and the collaboration was not very effective.”

Customer experience program consultant, energy



Solution Requirements

The interviewed organizations searched for a solution that could help track and manage work spanning most types of projects, processes, and

pipelines across various functions in the business. Each organization:

- › **Required several capabilities including project planning, collaboration, and reporting.** Several potential solutions or project management tools were considered before choosing Teamwork. The food industry project manager said: “In order to decide which tool to use we audited several, and we chose Teamwork because everyone liked it instantly. It was our No. 1 choice because of the value the various features bring to us.
- › **Looked for top-class, user-friendliness, and customer experience to boost adoption.** The project manager in the food industry said: “The way we communicate internally is very informal, so a very important element was the possibility to keep communicating that way — the system allows us that. The jargon they use is not ‘project management’ sounding at all. It’s a very user-friendly language.” Interviewees also wanted an intuitive look and feel for ease of adoption amongst employees at different level of technical abilities.
- › **Had high security requirements.** The project manager in healthcare told Forrester: “We had to go through a very extensive review and the company needed to show how the product connects to APIs because there was the possibility that patient information was going to be uploaded in the product. Passing that process was fundamental, there are lots of other software that wouldn’t be able to.”

“Our counterparts in Mexico can now manage projects the way we do. We opened it up to them and they can manage their own project — these people like the ability to see information in real time, so Teamwork really increases their autonomy. The finance team also uses Teamwork Desk to collect invoices.”

Strategic account manager, hospitality



Key Results

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

- › **Enhanced efficiency.** There are a few different ways in which the platform increases efficiency. With all information and updates in the tool, the need for weekly status meetings is avoided. Furthermore, all relevant documentation and communication are within the tool, avoiding the need to search through emails, shared storage folders, or other tools. Notifications and milestone messages can be automated, also saving time. One interviewee told Forrester: “Being able to easily create teams, including vendors, being able to use security networks, keeping everything organized so you find things easily instead of having to scour your emails: these are all core benefits the platform brings to you. You can really utilize it as your workspace.”
- › **Increased collaboration.** The food industry project manager said: “When we were using spreadsheets the situation was really confusing, due to the lack of visibility, and people were starting not to trust each other’s capacity to deliver at standard. We were starting to become a very non-collaborative environment. Now with Teamwork everybody has access to the system, the platform notifies you automatically when there is an update or if a milestone is coming. It’s a truly collaborative system and it’s had a huge impact on employee experience.”

“In order for everybody to adopt the tool, it needed to be user-friendly. So what I really liked about Teamwork was its simplicity. Plenty of video tutorials and opportunities to do swift onboarding and add functionalities with simple clicks.”

Customer experience program consultant, energy



- › **Greater accountability via increased transparency.** The project manager in the healthcare industry told Forrester: “Teamwork sends automatic notifications every time a new file is uploaded. This truly increases transparency and accountability. In addition, it enables project managers to have visibility across all users. The solution is great for any team size, but if I need to qualify my judgement, I would say that it sheds its real light when you have everybody onboard. There is when you really see the benefits of managing, so easily, so much complexity.”
- › **Enhanced productivity via better planning.** The project manager in the hospitality industry told Forrester: “Teamwork really allows faster and higher quality product delivery. Teamwork is the repository for all the projects we run in North America. Our PMO uses the solution to track the product team activity, and plan accordingly.”
- › **Adoption spreading through different departments.** Due to the flexibility of the tool, users can use it in the way that suits them best; as such, it is suitable for a wide range of different user types in different regions, and so is adopted through different teams and departments.

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:

Description of composite. The composite is a medium-sized organization with 2,500 employees. It uses several different tools for project management in different departments, including spreadsheets, shared document sites, and specialist tools. An alternative solution is needed to address the growing issue of inefficiencies, missed deadlines, and misalignments. Teamwork is used in one department in the Year 1 by one project manager, but in Year 2 and Year 3 it is quickly spread to other parts of the business, increasing from 50 users in Year 1, to 250 users in Year 2, and 500 users in Year 3. From Year 2 onwards, the organization stopped subscribing to the specialist tool and was able to reduce some expenditure.

“One of Teamwork’s main strengths is that it helps in avoiding gaps; previously, I would set up via emails and typically forget. Now I have everything under control: the system tells me whether we are on time — and therefore to know when to ask people why we’re late, etc.”

Project manager and administrative coordinator, healthcare



“I showed it to people in Paris and they were won over by the simplicity of the tool . . . and I still have people coming to me about using it.”

Customer experience program consultant, energy



Key assumptions:

- 2,500 employees
- 50 users in Year 1
- 250 users in Year 2
- 500 users in Year 3

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	Incremental output	\$36,750	\$183,750	\$367,500	\$588,000	\$461,377
Btr	Centralized work management and collaboration efficiencies	\$10,533	\$52,667	\$105,333	\$168,533	\$132,240
Ctr	Improved visibility and planning	\$8,000	\$40,000	\$80,000	\$128,000	\$100,436
Dtr	Direct cost avoidance	\$0	\$7,500	\$15,000	\$22,500	\$17,468
	Total benefits (risk-adjusted)	\$55,283	\$283,917	\$567,833	\$907,033	\$711,521

Incremental Output

Interviewees highlighted that Teamwork increased employee output by enabling effective collaboration, eliminating unnecessary meetings and streamlining project-related tasks. Team members using Teamwork can increase their output by:

- › Avoiding weekly status update meetings (of typically 30 minutes plus time for preparation) for the project team. The tool acts as a repository of project information and is a single source of truth. Project managers can quickly see the status of each report and are sent a notification once documents are uploaded. A single source of truth will save time by avoiding duplication of effort, in sorting out multiple versions of a single document, and enabling teams to avoid misalignments.
- › Reducing the time necessary to find, collect, share, and update information. Teamwork enables teams to avoid having to search for documents or relevant links/attachments in emails because all relevant documentation and communication is readily found in the same place.
- › Avoiding the need for team members to send each other milestone notifications; the platform automates this process.

One of the interviewees told Forrester that, “Teamwork saved the company on average ~150 hours over 250 projects per year, which rounds up to one week savings per person.” In the case of the composite organization, it is assumed team members save 1 hour a week on average. Furthermore, the average fully loaded salary for users is assumed to be \$75,000, equivalent to \$42 per hour. A 50% productivity conversion is applied, given that not all time saved will be put back into productive use.

It is possible that there are some organizations that will not benefit to this degree, such as those that already have an efficient project management process in place. Alternatively, the improvement may not be as much as 1 hour per project member per week if the scope of use for the tool is

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 nearly \$1.3 million.



Project team members can make efficiency savings of 1 hour a week on average.

more limited. A 20% risk adjustment has been applied to accommodate for these risks, yielding a three-year, risk-adjusted total PV of \$461K. This represents nearly 65% of the total benefits.

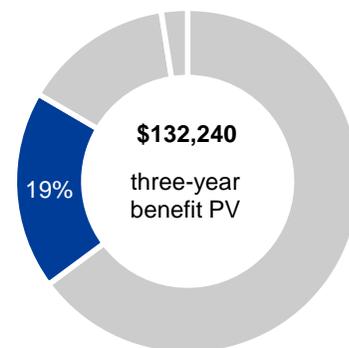
Incremental Output: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of users		50	250	500
A2	Number of users (excluding PMs)	A1-B2	49	245	490
A3	Average number of hours saved/team member/week		1	1	1
A4	Fully loaded hourly rate per person	\$75,000/45/5/8	\$42	\$42	\$42
A5	Number of hours saved	A3*45*A2	2,205	11,025	22,050
A6	Productivity conversion		50%	50%	50%
At	Incremental output	A4*A5*A6	\$45,938	\$229,688	\$459,375
	Risk adjustment	↓20%			
Atr	Incremental output (risk-adjusted)		\$36,750	\$183,750	\$367,500

Centralized Work Management And Collaboration Efficiencies

A primary goal for all the organizations Forrester interviewed is to enable project managers to better serve and lead teams. Teamwork frees project managers from time-consuming tasks such as collecting information about a project across multiple tools and repositories, keeping track of milestones, sending reminders, creating synthetic views, and compiling status reports. Teamwork enables project managers to quickly access an overview of all the most important components of a project, e.g., actions, timeline, task completion, deadlines etc. Furthermore, it enables project managers to automate milestone notifications and reporting.

- › Forrester assumes that project managers save 1.5 hours per week per project, through the avoidance of meetings and their preparation plus more efficiency in finding information and sending notifications.
- › In addition, Forrester also assumes that each project manager saves 0.5 hours per week of time spent on reporting. The tool greatly facilitates the ability to provide an overview of all projects, typically for reporting to higher management.
- › The average fully loaded salary for project managers is assumed to be \$100,000, equivalent to \$56 per hour.

In other organizations, these efficiencies may not be so great, perhaps because project managers were already very efficient, or reporting is not required so frequently. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$132K.



Centralized work management and collaboration efficiencies: 19% of total benefits

“There’s no way we could have dealt with the current volume of work without Teamwork. Consider, for instance, that my colleague went from managing 50 to 60 projects and I went from 70 to 80.”

Project manager, food



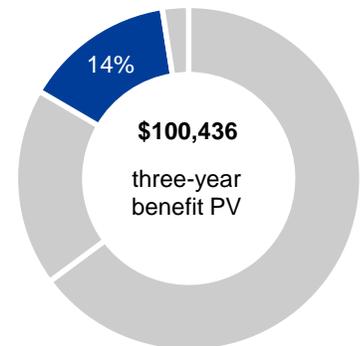
Centralized Work Management And Collaboration Efficiencies: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of users/project manager (PM)	Assumption	50	50	50
B2	Number of PMs	A1/B1	1	5	10
B3	Number of projects per PM	Assumption	10	10	10
B4	PM fully loaded hourly rate	\$100,000/45/5/8	\$56	\$56	\$56
B5	Number of project mgmt. hours saved/PM/week/project		1.0	1.0	1.0
B6	Number of reporting hours saved/PM/month		2.0	2.0	2.0
B7	Total annual PM hours saved	$B2*((B6*12)+(B5*45*B3))$	474	2,370	4,740
B8	Productivity conversion	50%	50%	50%	50%
Bt	Centralized work management and collaboration efficiencies	$B4*B7*B8$	\$13,167	\$65,833	\$131,667
	Risk adjustment	↓20%			
Btr	Centralized work management and collaboration efficiencies (risk-adjusted)		\$10,533	\$52,667	\$105,333

Improved Visibility And Planning

An important benefit highlighted by all the interviewed customers is higher visibility of resource usage and scheduling. Project managers can more easily see if resources are being used efficiently, and therefore can better allocate them. Further, planning is improved because future busy periods are quickly identified, and so resources or milestones can be changed/adjusted accordingly. The result is increased efficiency and higher resource availability.

- › Through better visibility and planning, it is possible for project managers to save 2 hours per month per project, on average.
- › The avoidance of busier periods of “crunch time” can deliver significant savings, particularly if large, important projects are kept on track and delays are avoided. Alternatively, the cost of additional outside help to ensure projects remain on track, typically in the form of professional services, can be avoided by better planning.



Improved visibility and planning: 14% of total benefits

- › One interviewee told Forrester that an extremely user-friendly dashboard provides a synthetic view of a project status, allowing a team to synch up and effectively develop a shared collective view of a project's progress.
- › The average fully loaded salary for users is again assumed to be \$75,000, equivalent to \$42 per hour.

A risk adjustment of 20% is applied to this benefit because the impact could be lower, such as in organizations that already have a good resource tracking and planning capability. The resulting three-year, risk-adjusted PV came to just over \$100K, which is equivalent to 14% of total benefits.

“As a project manager I could not extract a report from a system, I needed to literally go to talk to people. Teamwork has a reporting functionality that improved that situation.”

Customer experience program consultant, energy



Improved Visibility And Planning: Calculation Table

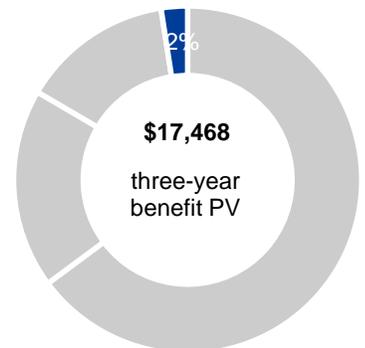
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of hours saved per project/month		2	2	2
C2	Total number of hours saved	$C1*12*B2*B3$	240	1,200	2,400
C3	Hourly rate	$\$75,000/45/5/8$	\$42	\$42	\$42
Ct	Improved visibility and planning	$C2*C3$	\$10,000	\$50,000	\$100,000
	Risk adjustment	↓20%			
Ctr	Improved visibility and planning (risk-adjusted)		\$8,000	\$40,000	\$80,000

Direct Cost Avoidance

Three of the customers deployed Teamwork, in part, because they were previously using multiple tools to manage projects. Not only was this inefficient, it also incurred additional costs. In the composite organization, it is assumed they were using spreadsheets as well as an alternative collaboration/project management tool. In some cases, employees were using tools of their own accord, without the support of IT, incurring not only costs, but also additional risks (related to shadow IT).

- › It is assumed the composite organization would have continued using an alternative tool for half of the users that are on Teamwork. This benefit quantifies the avoidance of this cost.
- › It is assumed that the cost of this alternative tool is \$25 per user per month, but only starts at Year 2, when the tool is used in a team that was using an alternative one.
- › No risk adjustment has been applied, as this benefit is very certain. One customer was previously using a paper-based process, so although it did not benefit from this cost avoidance, the efficiency benefits more than made up for it.

The total value of this cost avoidance is valued at \$7,500 in Year 2, and \$15,000 in Year 3. The growth reflects the growing need for tools to manage projects. Over the three years, the present value comes to nearly \$17.5K, which is equivalent to 2% of total benefits. There could be additional cost savings through reduced email storage costs and reduced use of spreadsheet tools, but it has not been possible to quantify them.



**Direct cost avoidance:
2% 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.

Direct Cost Avoidance: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Number of assets		0	1	1
D2	Cost per asset (seats*monthly cost per seat*12)			\$7,500	\$15,000
D3	Percent captured			100%	100%
Dt	Direct cost avoidance	$D1 * D2 * D3$	\$0	\$7,500	\$15,000
	Risk adjustment	0%			
Dtr	Direct cost avoidance (risk-adjusted)		\$0	\$7,500	\$15,000

Unquantified Benefits

In addition to those quantified above, there were other benefits the interviewees highlighted that are not possible to quantify:

- › While ease of use and flexibility are captured in some of the quantified benefits, it is worthwhile calling them out separately. The training required is minimal and adoption and acceptance of the tool is high, avoiding costs associated with driving adoption and maximizing usage. One interviewee highlighted that some project management tools require several days of training for all users. Flexibility, in terms of its use, means that it can be used in a variety of different ways, and therefore it addresses different user requirements. Interviewees highlighted that adoption of the tool grows across different departments, in large part because it can be adapted for different uses.
- › Employee experience improvement is another benefit that customers highlighted but were not able to quantify. More efficient employees with optimal tools, who are able to effectively collaborate, are more productive. This might result in higher moral, reduced staff turnover, higher discretionary effort, and improved customer experience. One customer reported improved NPS scores in the employee survey following the implementation of Teamwork.
- › Collaboration across remote global teams was a benefit highlighted by some of the customers. While this benefit has been captured to some extent by the increased output, it is worthwhile to highlight that the tool facilitates project teamwork in different time zones.

Flexibility

Teamwork provides a portfolio of different tools which all work together. In addition to the core Teamwork tool, it also provides Chat, CRM, Desk, and Spaces. These platforms can be integrated to deliver additional benefits, although this depends on the software platforms in place and the costs associated with replacing legacy systems. These benefits have not been quantified.

In addition, two of the customers also expected additional benefits from new features and capabilities which are to become available, including document version control, through which users can find solutions to issues and avoid costly mistakes.

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
Etr	Software license fees	\$0	\$5,400	\$27,000	\$54,000	\$86,400	\$67,794
Ftr	Planning and implementation costs	\$33,000	\$0	\$0	\$0	\$33,000	\$33,000
Gtr	Training costs	\$0	\$2,521	\$10,083	\$12,604	\$25,208	\$20,095
Htr	Administrative costs	\$0	\$2,578	\$4,641	\$7,219	\$14,438	\$11,603
	Total costs (risk-adjusted)	\$33,000	\$10,499	\$41,724	\$73,823	\$159,046	\$132,492

Software License Fees

The biggest cost component to Teamwork is the licensing. Teamwork is charged on a per seat, per month basis, and so as the tool is rolled out to more parts of the organization, the license fees increase year over year.

- › In Year 1 there were 50 users, increasing to 250 user in Year 2, and then to 500 users in Year 3.
- › A standard cost per seat, per month price is applied.
- › This results in annual license fees of \$5,400 in Year 1, growing to \$27K in Year 2, and then to \$54K in Year 3.
- › With pricing and costing, there is no uncertainty and therefore no risk adjustments need be applied.

Applying the 10% discount rate results in a three-year, risk-adjusted PV of nearly \$68K, which is equivalent to 51% of the total three-year costs.

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 more than \$938K.

Software License Fees: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Number of seats			50	250	500
Et	Software license fees		\$0	\$5,400	\$27,000	\$54,000
	Risk adjustment	0%				
Etr	Software license fees (risk-adjusted)		\$0	\$5,400	\$27,000	\$54,000

Planning And Implementation Costs

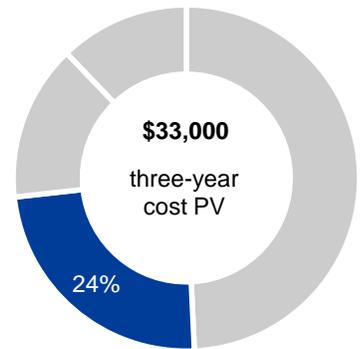
Prior to the launch of the tool, a number of planning and implementation costs were incurred. Although our analysis starts after the vendor selection process has been completed, planning is required in order to organize the rollout, clarify roles and tasks, and minimize disruption.

- › The biggest component of the planning and implementation cost is, in most cases, the migration of existing data to the new platform. In the case of the composite organization, some of the information was residing on an alternative project management platform and some projects were managed on spreadsheets. In the case of one customer, the information was previously held on paper format, and so transitioning the data required more time and resources.
- › There was a need for IT involvement in order to integrate and test the platform prior to launch, particularly to ensure it is secure, but also to integrate single sign-on. They would also be responsible for discontinuing any legacy tools or platforms.

We assume that three FTE resources are needed over a six-week period at three quarters of their time, on average, for the planning and implementation.

- › Two project managers are needed to transfer data to the new tool; they are also tasked with planning and managing the transition.
- › We also assume one IT staff resource is required, as well as some time from someone on the leadership team for oversight and providing approvals.
- › Three-quarters of the time of an FTE over a six-week period equates to 180 hours, assuming 40 hours per week.
- › Assuming an average fully loaded salary rate of \$100,000 for these three FTEs is equivalent to an hourly rate of \$56, assuming 45 weeks per year, 5 days per week, and 8 hours per day.

The biggest uncertainty is the time required to migrate the data from legacy tool(s) into the Teamwork platform. The IT costs might also be higher if, for instance, the security requirements are more stringent, or the legacy infrastructure is more difficult to discontinue. To account for these risks, Forrester moderately adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$33,000. This is equivalent to 24% of the total three-year, risk-adjusted PV costs.



**Planning and implementation costs:
24% of total costs**

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.

Planning And Implementation Costs: Calculation Table

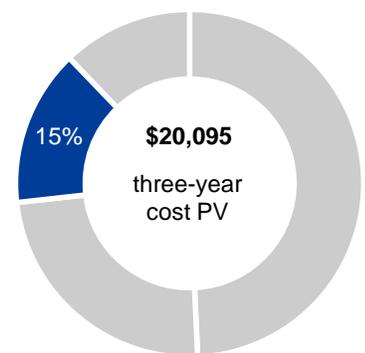
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Number of FTEs		3			
F2	Hourly rate per person	\$100,000/45/5/8	\$56			
F3	Hours/FTE	40 hours/week*75%* 6 weeks	180			
Ft	Planning and implementation costs	F1*F2*F3	\$30,000	\$0	\$0	\$0
	Risk adjustment	↑10%				
Ftr	Planning and implementation costs (risk-adjusted)		\$33,000	\$0	\$0	\$0

Training Costs

There are some training costs incurred from implementing the new project management platform, which relates to new users of the tool, as well as those who are providing this training, as it is done internally in the case of the composite organization. There would be additional training costs if outside help is required.

- › Interviewees shared that the tool is, in general, intuitive and easy to use — and only limited training was required for new users; on average, just 1 hour is required per new user for training.
- › Assuming there are 10 new users in each training group, trainers need to spend 5 hours in Year 1 to train the first 50 users, 20 hours in Year 2, and 25 hours in Year 3.
- › Assuming an average fully loaded annual salary of \$75,000, hourly rates for these users are around \$42.

A moderate 10% risk adjustment was applied in case additional training time might be required, perhaps because such software is less familiar or because more complicated setups or templates have been used. This yields a three-year, risk-adjusted total PV of just over \$20K, which is equivalent to 15% of the total costs.



Training costs: 15% of total costs

Training Costs: Calculation Table

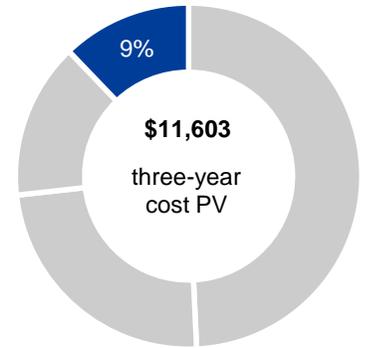
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Number of new users			50	200	250
G2	Hours per user			1	1	1
G3	Average hourly user wage	\$75,000/45/5/8		\$42	\$42	\$42
G4	Trainer hours	Each group is 10 new users		5	20	25
Gt	Training costs	((G1*G2)+(G4))*G3		\$2,292	\$9,167	\$11,458
	Risk adjustment	↑10%				
Gtr	Training costs (risk-adjusted)		\$0	\$2,521	\$10,083	\$12,604

Administrative Costs

The interviews revealed that there are some minimal administration-related tasks associated with operating the tool. These include any vendor interactions and updates, as well as providing support for users such as setting up, changing accounts, and responding to user queries. There are two components to the administration costs:

- › It is assumed that there is a weekly 1 hour requirement for basic administration.
- › In addition, it is assumed there is an additional need of 15 minutes per 100 users to provide support on a weekly basis.
- › The hourly rate of the support resource, providing the administration is assumed to be \$42, IS equivalent to a fully loaded salary of \$75K.
- › A moderate 10% risk adjustment has been applied for the composite, in cases where more support might be required.

Administration costs total a three-year, risk-adjusted PV of nearly \$12K, which is equivalent to just 9% of total costs.



**Administrative costs:
9% of total costs**

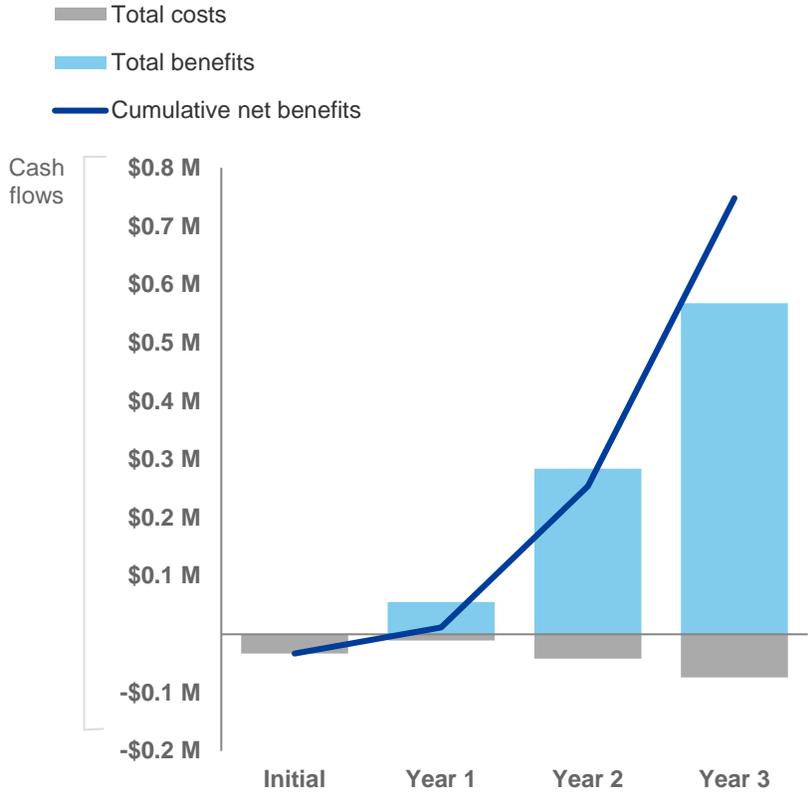
Administrative Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
H1	Number of hours/week admin			1.0	1.0	1.0
H2	Number of hours/week support	30 minutes per 100 users per week		0.3	1.3	2.5
H3	Hourly rate per FTE			\$42	\$42	\$42
Ht	Administrative costs	$(H1+H2)*H3*45$	\$0	\$2,344	\$4,219	\$6,563
	Risk adjustment	↑10%				
Htr	Administrative costs (risk-adjusted)		\$0	\$2,578	\$4,641	\$7,219

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)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$33,000)	(\$10,499)	(\$41,724)	(\$73,823)	(\$159,046)	(\$132,492)
Total benefits	\$0	\$55,283	\$283,917	\$567,833	\$907,033	\$711,521
Net benefits	(\$33,000)	\$44,784	\$242,193	\$494,010	\$747,988	\$579,029
ROI						437%
Payback period						9.0 months

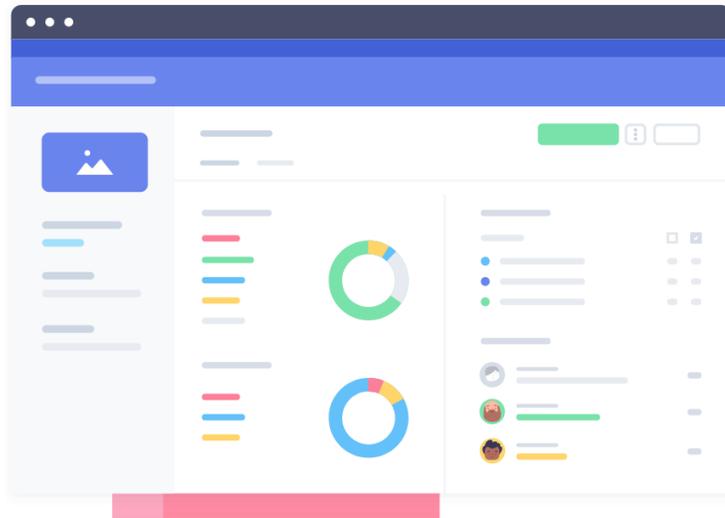
Teamwork: Overview

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

Teamwork is a collaborative work management software, which helps teams become more efficient, productive, and happy. No matter where in the world your team is located, Teamwork helps you to collaborate effectively, hit deadlines, and deliver high-performance results.

Teamwork reduces the complexity of collaboration and makes it easy for everyone to see what they're working on, who they're working with, and what comes next — whatever size your team is. The intuitive, easy-to-use design allows you to manage your projects, your way, by taking care of the everyday details — so you can focus on the work that matters.

And with seamless integration with the rest of the Teamwork suite, you can connect your project management app with your help desk, document collaboration, and CRM tools to create seamless workflows that power your business.



Headquartered in Cork, Ireland, Teamwork has over 20,000 paying customers globally, and includes names such as Disney, Spotify, and Netflix among them. For more go to www.teamwork.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

¹ Source: 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.