

FORRESTER®

The Total Economic Impact™ Of Digital.ai Agility

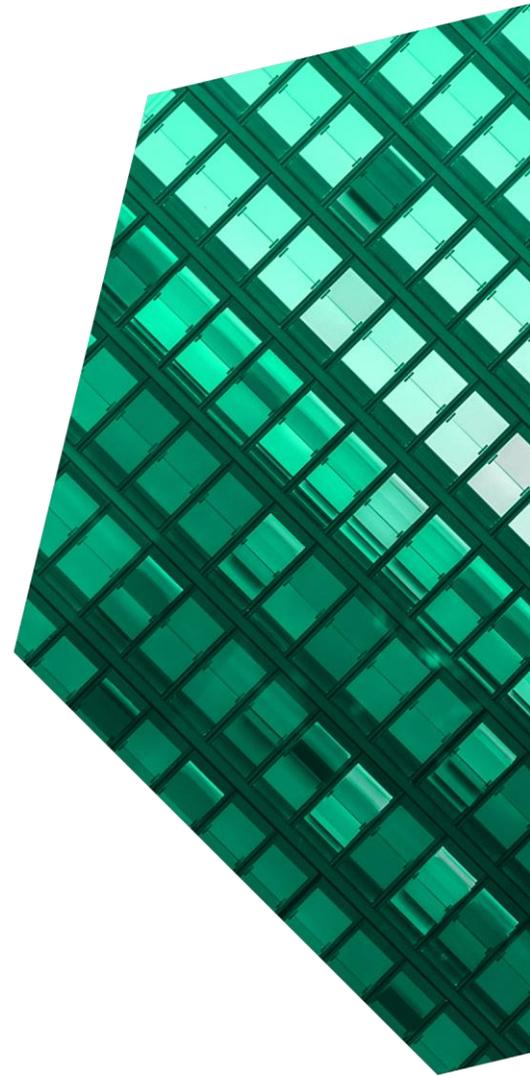
Cost Savings And Business Benefits
Enabled By Agility

MARCH 2022

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Consulting Team: Kris Peterson

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Executive Summary

Digital.ai Agility improves the productivity of developer teams and managers and enables scaled agile software development across the enterprise. Organizations deploying Agility also observed a greater frequency of releases, more opportunity for midcourse corrections, faster business value, improved employee experience, and improved technical quality.

Digital.ai Agility empowers organizations to optimize and scale agile software development across all teams. Agility simplifies the work of development teams and enables the adoption of best-practice frameworks by consolidating activities such as planning, developing, monitoring, and analytics. The solution provides a holistic view within and across teams to give product and program managers insights on how to maximize productivity and throughput.

Digital.ai commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Agility.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Agility on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Agility. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization.

Prior to using Agility, these interviewees noted how their organizations needed a platform in which multiple teams across the enterprise can perform and track all development activities. Legacy solutions did not provide the enterprise-wide transparency needed to understand risks with various workflows, so organizations relied on multiple applications and

KEY STATISTICS



Return on investment (ROI)

312%



Net present value (NPV)

\$10.61M

manual efforts to get work done. These limitations led to low predictability in throughput, inefficient workflows, and an incomplete view of teams' effort levels.

After the investment in Agility, organizations consolidated work efforts in the platform, allowing developers, team leads, product managers, and program managers to focus on their work without switching applications to plan, monitor, and report progress. Key results from the investment include organizations improving the transparency of all developer efforts, the mitigation of emerging risks and delays, and increasing productivity.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increased developer productivity worth \$8.7 million.** Agility gives developers a platform

in which they can plan, perform, and report on their work efforts, avoiding unnecessary disruptions from switching between applications and providing updates to team leads and managers.

Increased developer productivity:

\$8.7 million



- **Increased product and program manager productivity worth \$3.0 million.** Product and program manager tasks are also consolidated in the Agility platform, simplifying their efforts to monitor and manage work within and across teams.
- **Faster time-to-market worth \$2.3 million.** The productivity improvements experienced by Agility users enable organizations to do more with less effort and thrive by scaling agile using best-practice methodologies like the Scaled Agile Framework (SAFe). Interviewees reported reduced risk of delays and product failure, as well as increased throughput, all of which have led to faster time-to-market.

Unquantified benefits. The interviewees told Forrester about additional benefits that are not quantified for this study, which include:

- **Improved employee morale.** Investing in a comprehensive platform simplifies the daily tasks and efforts of employees, improving their experience and satisfaction.
- **Greater opportunity for innovation.** Increasing throughput and frequency of development iterations creates an opportunity for teams and

organizations to innovate, leading to better features and more products.

- **Improved customer experience.** More software updates, better features, and more products ultimately improve the customer experience.

Costs. Risk-adjusted PV costs include:

- **Cost of Agility license fees.** Agility has a simple fee structure of \$350 per user per year. For the composite organization in this study, the cost over three years was \$1.3 million.
- **Cost of training.** Learning the features and functionality of the Agility platform required some time spent away from other work tasks. This cost totals \$2.1 million for the composite organization.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$14.0 million over three years versus costs of \$3.4 million, adding up to a net present value (NPV) of \$10.6 million and an ROI of 312%.

“Last year we had about 220% improvement in throughput. ... The year before, what used to take 128 days to deliver value [is] now down to 68 days. ... We have seen cycle time reduced to [almost] half of what it used to be.”

Director of enterprise agility, financial services



ROI
312%



BENEFITS PV
\$14.02M



NPV
\$10.61M

Benefits (Three-Year)

Increased developer productivity

\$8.7M

Increased product and program manager productivity

\$3.0M

Faster time-to-market

\$2.3M

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Agility.

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 Agility can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Digital.ai 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 study to determine the appropriateness of an investment in Agility.

Digital.ai 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.

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



DUE DILIGENCE

Interviewed Digital.ai stakeholders and Forrester analysts to gather data relative to Digital.ai Agility.



DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Agility to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' 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 decision-makers.



CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analysis related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Digital.ai Agility Customer Journey

■ Drivers leading to the Agility investment

Interviewed Decision-Makers			
Interviewee	Sector	Region	Development Team
Project manager	Aerospace	Headquartered in Europe	300
Lean agile portfolio coach	Financial services	Headquartered in North America	1,500
Director of enterprise agility	Financial services	Headquartered in North America	1,500
Director of the project management office (PMO)	Government	Headquartered in North America	600

KEY CHALLENGES

The interviewees noted how their organizations struggled with common challenges associated with the journey toward scaled agile, including:

- **Inconsistent, siloed adoption of agile practices.** Interviewees told Forrester about a variety of applications and ad hoc methods used to manage within and across teams prior to Agility and that agile practices were not consistent for the enterprise. According to Forrester research, “Scaling agile to enterprise levels is still out of reach for many. ... Agile and Lean require a mindset shift that gets rid of old behaviors consolidated over years of waterfall development. ... To make cultural change really happen, successful teams must drive change through actions, doing their daily work differently.”²
- **Legacy solutions that did not suit enterprise needs.** The project manager at an aerospace organization explained: “[The legacy solution] was not able to manage structured backlog. It was only user stories, and you cannot compile them, and we knew from the beginning ... you cannot have a flat organization of backlog. You need to compile it ... so we could not go for that,

and we decided [we needed] the same tool for all. That's a must.”

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section.

Description of composite. The composite organization has global operations with 1,500 developers, product managers, program managers, and other personnel involved with development efforts. They rely on disparate applications and systems to perform their work.

“[Before Agility], we didn’t have a reasonably good baseline as to how our resources were deployed or how people were used.”

*Director of enterprise agility,
financial services*

Deployment characteristics. The composite organization deploys Agility to all members of the development team in Year 1, consolidating the development work and related monitoring and reporting efforts previously done across multiple applications and systems.

Key assumptions

- **1,500 employees on development team**
- **Reliant on multiple applications and systems to perform and monitor progress**

“[Agility] absolutely provides great transparency and awareness at the portfolio level.”

— Lean agile portfolio coach, financial services

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	Increased developer productivity	\$3,510,000	\$3,510,000	\$3,510,000	\$10,530,000	\$8,728,850
Btr	Increased product and program manager productivity	\$1,190,000	\$1,190,000	\$1,190,000	\$3,570,000	\$2,959,354
Ctr	Faster time-to-market	\$714,000	\$952,000	\$1,190,000	\$2,856,000	\$2,329,932
Total benefits (risk-adjusted)		\$5,414,000	\$5,652,000	\$5,890,000	\$16,956,000	\$14,018,136

INCREASED DEVELOPER PRODUCTIVITY

Evidence and data. Consolidating work and other recurring tasks in a single platform reduces disruptions and time spent on administrative tasks. Agility increases developer productivity by reducing the number of applications used and the need to switch throughout the day. It also reduces or eliminates the need to pause work so developers can report progress to team leads or managers.

- The director of enterprise agility at a financial services organization said: “All the teams literally live in the tool every day, and that is huge. Visibility into work, planning the work, executing the work, and then reporting on the work all happens [in Agility].”
- He added: “We have seen quite a bit of efficiency gains. The throughput increase ... [is] going to result in increased productivity for us. ... Since we are seeing a huge improvement, we are not increasing capacity, which means we are not spending more — but we are getting a lot more done with what we have.”
- The director of the PMO for a government organization explained: “Being able to have very basic things like definition of ‘done,’ definition of ‘success,’ and acceptance criteria defined for the

business [in a way that] everybody understands. [Agility] is good in terms of being able to allow the teams to focus on the actual work itself as opposed to getting bogged down with trying to understand and fill out certain forms or navigate to certain places like the storyboard. You can just drag and drop when things are completed.”

“We have seen tremendous benefits in terms of our ability to deliver more with less, as well as our ability to deliver a lot faster than before.”

Director of enterprise agility, financial services

Modeling and assumptions. To quantify this benefit, Forrester assumes the following:

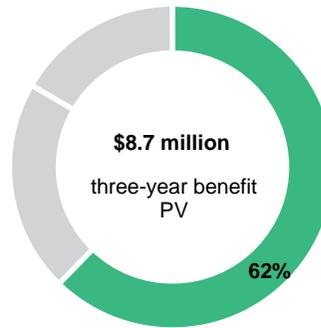
- Developers using Agility save 5% of their time that was previously spent switching between applications and unnecessary interactions with other developers and product and program managers.

- The average fully burdened hourly salary for developers is \$60.
- Fifty percent of the time saved is used on other value-added tasks.

Risks. The value of this benefit can vary across organizations due to differences in:

- The ability of organizations to consolidate planning, development, reporting, and other activities in Agility.
- The availability of additional value-added tasks for developers.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$8.7 million.



Increased Developer Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of developers on Agility	Interviews	1,300	1,300	1,300
A2	Portion of time saved after deployment of Agility	Interviews	5%	5%	5%
A3	Annual hours saved	A1*2000*A2	130,000	130,000	130,000
A4	Developer blended, fully burdened hourly rate	TEI standard	\$60	\$60	\$60
A5	Productivity recapture	Composite	50%	50%	50%
At	Increased developer productivity	A3*A4*A5	\$3,900,000	\$3,900,000	\$3,900,000
	Risk adjustment	↓10%			
Atr	Increased developer productivity (risk-adjusted)		\$3,510,000	\$3,510,000	\$3,510,000
Three-year total: \$10,530,000			Three-year present value: \$8,728,850		

INCREASED PRODUCT AND PROGRAM MANAGER PRODUCTIVITY

Evidence and data. With planning, development, reporting, and other efforts consolidated into the Agility platform, product and program managers are provided the data and tools to more efficiently manage the work of teams across the enterprise. Agility reduces the number of applications and tools used by team leads and management as well as

manual efforts that were previously needed to monitor and report progress.

- When asked if Agility helps his organization manage across teams, the director of enterprise agility at a financial services firm replied: “Absolutely. This is one place I really want to give credit to Agility as a platform. Compared to other solutions I’ve seen, this comes in super handy ... the architecture of Agility is one huge backlog for

the entire enterprise. Now I can go and slice at different levels ... individual business or group business ... service level ... [and] team level. ... If I want to get abstracted data at the service level comprising multiple teams, I can do so. ... All [with] a click of a button, moving up and down the hierarchy within the tool. In some solutions I've seen, this is next to impossible to get [this information] so seamlessly the way we have within Agility.”

- The lean agile portfolio coach at a financial services organization added: “Especially in the remote, virtual environment that we’ve been living in with COVID, there are several key benefits. ... You can easily see who has what dependencies. ... You could have a portfolio kanban, you could have a program-level kanban, and then each of the teams can have their separate workflow. That all works really nice and embeds into a roadmap and a program board just by doing some minimal things. And then having issues and risks — it’s everything centralized in one tool ... and all your metrics and reporting just come out of the box with it.”

Modeling and assumptions. To quantify this benefit, Forrester assumes the following:

- Product and program managers using Agility save 10% of their time that was previously spent on manual processes, switching between applications, and unnecessary interactions with developers and other personnel.
- The average fully burdened hourly salary for product and program managers is \$70.
- Fifty percent of the time saved is used on other value-added tasks.

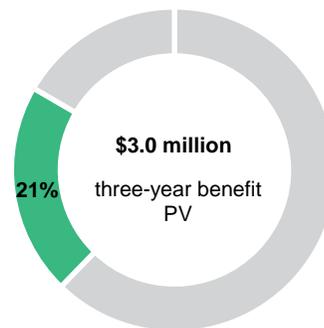
Risks. The value of this benefit can vary across organizations due to differences in:

“The different kanbans, boards, and [other features] absolutely allow you, based off that insight and lean portfolio management approach, [to] make decisions on where to best allocate and move [resources].”

Lean agile portfolio coach, financial services

- The ability of organizations to consolidate planning, development, reporting, and other manager tasks in Agility.
- The availability of additional value-added tasks for product and program managers.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$3.0 million.



Increased Product And Program Manager Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of product and program managers on Agility	Interviews	200	200	200
B2	Portion of time saved after deployment of Agility	Interviews	10%	10%	10%
B3	Annual hours saved	$B1 * 2,000 * B2$	40,000	40,000	40,000
B4	Blended, fully burdened hourly rate	TEI standard	\$70	\$70	\$70
B5	Productivity recapture	Composite	50%	50%	50%
Bt	Increased product and program manager productivity	$B3 * B4 * B5$	\$1,400,000	\$1,400,000	\$1,400,000
	Risk adjustment	↓15%			
Btr	Increased product and program manager productivity (risk-adjusted)		\$1,190,000	\$1,190,000	\$1,190,000
Three-year total: \$3,570,000			Three-year present value: \$2,959,354		

FASTER TIME-TO-MARKET

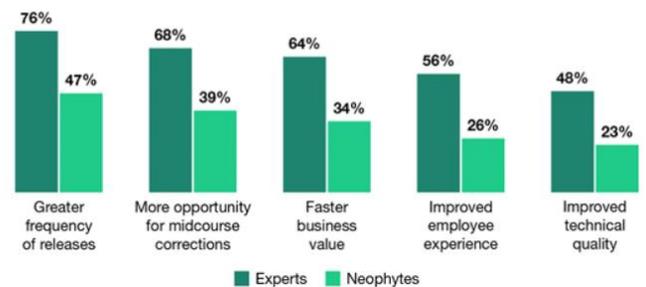
Evidence and data. Interviewees told Forrester that the deployment of Agility was instrumental in their scaled agile journey. They noted a variety of outcomes that they attributed in part to scaling agile and in part to Agility making scaled agile tenable for their organization. Improved business outcomes include reduced cycle time, increased throughput, and reduced time-to-value. These outcomes are consistent with Forrester research on the benefits of agile experienced by neophytes and experts alike, which shows that organizations that are able to become more agile can achieve greater frequency of releases, more opportunity for midcourse corrections, faster business value, improved employee experience, and improved technical quality.³

- When asked about the role of Agility in delivering value faster, the director of the PMO at a government organization attributed “at least 50%” of this benefit to Agility, noting: “[Agility] really freed up the opportunity to work on automation. ... For every hour you don’t spend on a deployment, you can spend that time on

development ... and then you have faster release cycles and smaller, lower-risk releases.”

The director of the PMO estimated that prior to Agility, approximately 10% of releases were automated. He also told Forrester: “We’ve reached about 60% of our portfolios. In the past, it took days [or] hours to get deployments out, and now it takes minutes, if not seconds in some cases.”

“What are the benefits already realized by your business from using Agile?”
(Multiple responses accepted)



Source: “Forester Infographic: The State Of Agile At Scale And Agile Expertise,” Forrester Research, Inc., March 25, 2020.

The director of the PMO provided data to Forrester that shows his organization had 2,800 annual releases on average over the prior two years.

When asked about the value of the faster time-to-market, he compared the cost of manual versus automated deployments: “The average time for deployment manually is 3 to 4 hours [with] a team of about five people. That runs about \$2,000.

With our average automated deployment, it takes is about 3 minutes ... [and] the total cost is about \$32.50.”

- The director of enterprise agility at a financial services organization said: “Predictability [has] improved significantly. ... We have goals every year [to] improve cycle time by 10%, which means we are now able to deliver 10% faster than [before]. We are [also] able to deliver 10% more than [before]. ... We raise that every year. We have a 10% goal, but then we typically deliver or achieve a lot more than 10%.”

He added: “We have improved cycle time. When we started tracking it, we were much higher —we used to take 128 days for building a solution for our customers, which is time-to-value. Now it is actually literally down to 49 days.”

He went on to say: “We used to have one or two products a year in the past. Now we are doing between six [to] 10 a year. ... We are able to launch more new capabilities and more new products in the market.

- The lean agile portfolio coach for a financial services organization said: “Increased visibility is the key — we are able to leverage, to our benefit, getting transparency and our capacity situation into our execution [and] where we are with respect to what we plan to accomplish.”

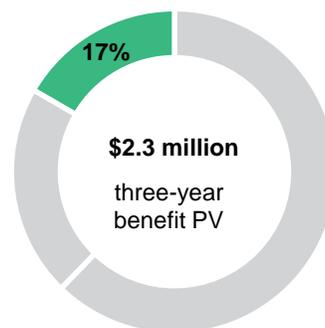
Modeling and assumptions. To quantify this benefit, Forrester assumes the following:

- The composite organization has 2,800 annual application releases with 10% of the releases accelerated.
- In Year 1, the composite organization increases the portion of accelerated released by 30%.
- In Years 2 and 3, an additional 10% of the releases are automated each year, raising the portion of accelerated releases to 60%.
- The average value of an accelerated release and the associated reduction of risk that is achieved by removing manual processes is \$2,000.
- Fifty percent of this benefit is attributed to Agility and its role in enabling the organization to transition to a scaled agile environment.

Risks. The value of this benefit can vary across organizations due to differences in:

- The ability of organizations to implement scaled agile practices and have an additional value-added workflows.
- The ability of organizations to consolidate planning, development, reporting, and other activities in Agility.
- The availability of other value-added tasks for the development team.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$2.3 million



Faster Time-To-Market					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Annual application releases	Interviews	2,800	2,800	2,800
C2	Increase in portion of automated releases	Interviews	30%	40%	50%
C3	Accelerated application releases after deployment of Agility	C1*C2	840	1,120	1,400
C4	Value of accelerated release and reduced risk	Interviews	\$2,000	\$2,000	\$2,000
C5	Portion of benefit attributed to Agility	Interviews	50%	50%	50%
Ct	Faster time-to-market	C3*C4*C5	\$840,000	\$1,120,000	\$1,400,000
	Risk adjustment	↓15%			
Ctr	Faster time-to-market (risk-adjusted)		\$714,000	\$952,000	\$1,190,000
Three-year total: \$2,856,000			Three-year present value: \$2,329,932		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- Improved employee morale.** Interviewees told Forrester that Agility was vital in their journey to scaled agile and that this transformation had a positive impact on employee morale. Investment in technology that simplifies the daily work of employees empowers them to focus an actual development, leading to faster release cycles; smaller, lower-risk releases; and more positive outcomes and wins for the team. The director of enterprise agility for a financial services organization said: “Employee morale overall has increased significantly. ... We have seen significant improvement in our Net Promoter ScoreSM of folks who are following agile, and they speak very highly about how good agile is for them in their lives. ... We also have [an] employee pulse survey, [and] we have been seeing a steady improvement in overall employee pulse scores.”⁴

- Greater opportunity for innovation.** Increasing employee productivity drives more iterations, fostering greater opportunity for innovation and better products. The director of enterprise agility for a financial services organization said: “We are able to launch more new capabilities and more new products in the market.” The director of the PMO for a government organization added that his organization is “able to focus more on feature

“Collaboration [and] the customer service communications with the business — that’s a big benefit having [Agility] in place and having that kind of single lens that everybody can share.”

Director of the PMO, government

delivery than in the past. ... You can focus on the business. You can focus more on the user experience. You can focus on security. ... The quality also increases.”

- **Improved customer experience.** Increasing product updates and features leads to better products and happier customers. The director of enterprise agility for a financial services organization told Forrester that his organization “saw a good 40% jump in customer satisfaction after we transitioned to agile.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Agility and later realize additional uses and business opportunities, including:

- **Consolidate applications and tools.** Agility enables organizations to leverage or integrate other commonly used applications and tools into the platform. The project manager for an aerospace organization said: “You [can] create a

backlog in [a spreadsheet] and then you [can] load it in [Agility]. It’s a very easy interface for anybody not familiar with [Agility]. You can easily import it in [Agility in a] structure that is meaningful for all the rest of the trains and all the supporting functions.”

- **Deploy on-premises or SaaS.** Agility can be deployed as on-premises or software as a service (SaaS) to meet the business requirements of the customer. The director of the PMO for a government organization explained: “We piloted Agility using their software-as-a service platform and then we ended up actually transitioning to an on-prem version of Agility ... [for] security compliance purposes.”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

“We can create value and deliver value in the hands of end users a lot faster.”

— Director of enterprise agility, financial services

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Cost of Agility license fees	\$0	\$525,000	\$525,000	\$525,000	\$1,575,000	\$1,305,597
Etr	Cost of training	\$0	\$1,610,400	\$402,600	\$402,600	\$2,415,600	\$2,099,207
	Total costs (risk-adjusted)	\$0	\$2,135,400	\$927,600	\$927,600	\$3,990,600	\$3,404,804

COST OF AGILITY LICENSE FEES

Evidence and data. Digital.ai offers Agility customers a simple fee arrangement of \$350 per user per year, whether Agility is used as SaaS or installed on-premises.

The director of the PMO for a government organization told Forrester how the pricing of Agility aligns with the organization’s technology business management (TBM) principles: “Licensing is simple and straightforward. Some of the other pricing models that I’ve seen are very convoluted and very hard to track. [As a] fee-for-service organization, it’s really important for us to have a very simplified model for pricing so we can tie in [to specific projects].”

Because we’re trying to adopt TBM principles and be able to track and drill down the cost of IT ... there’s a lot of value in simplifying [the cost structure] for customers like us.”

Modeling and assumptions. Forrester assumes that the composite organization pays \$350 per user per year for 1,500 Agility users.

Risks. Forrester has made no risk adjustment to the cost of license fees as Digital.ai continues to charge this flat rate to all customers.

Results. This quantification yields a three-year, risk-adjusted total PV (discounted at 10%) of \$1.3 million.

Cost Of Agility License Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Cost of Agility license fee per user	Interviews	\$0	\$350	\$350	\$350
D2	Number of users	Composite	0	1,500	1,500	1,500
Dt	Cost of Agility license fees	D1*D2	\$0	\$525,000	\$525,000	\$525,000
	Risk adjustment	0%				
Dtr	Cost of Agility license fees (risk-adjusted)		\$0	\$525,000	\$525,000	\$525,000
Three-year total: \$1,575,000			Three-year present value: \$1,305,597			

COST OF TRAINING

Evidence and data. Interviewees told Forrester that some training time was needed to introduce the platform and scaled agile methods to users and for them to learn how to utilize the features and functionality of Agility.

The director of the PMO for a government organization told Forrester: “We invested in partnerships to train [from the] top down, from our executive leadership attending SAFe training courses and then having multiple training opportunities to train all of our technologists, product owners, and different stakeholders.” He went on to say: “[Agility] doesn’t [have] a long learning curve, and I think from the UI perspective, this is something that anyone can quickly ... figure out without much training or direction.”

Modeling and assumptions. Forrester makes the following assumptions to quantify this cost:

- Users spend 16 hours in Year 1 learning how to use Agility.
- The blended, fully burdened hourly rate for Agility users is \$61.
- Users spend 4 hours in both Years 2 and 3 to learn new features and integrate updates into their workflows.

Risks. This cost can vary across organizations due to differences in the user experience level and familiarity with agile practices.

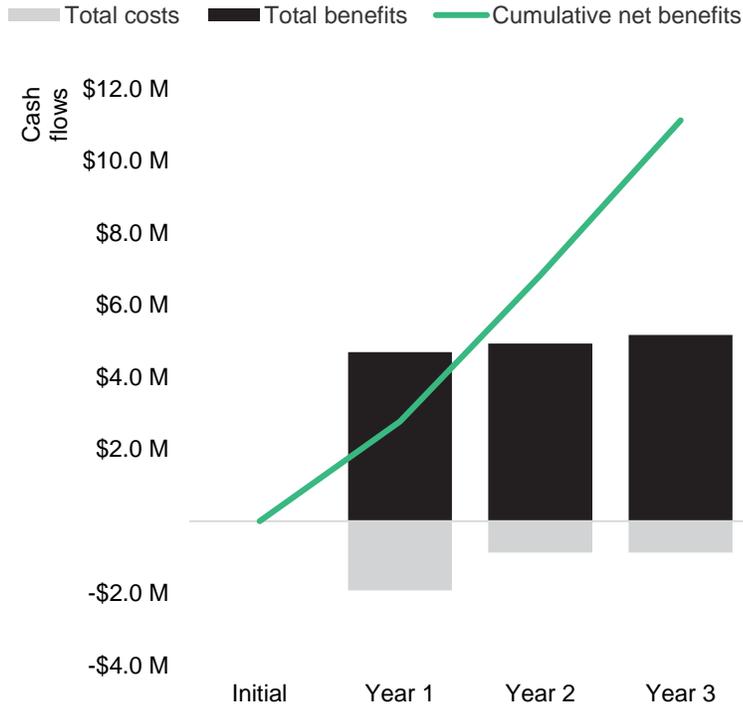
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$2.1 million.

Cost Of Training						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Agility users	Composite	\$0	1,500	1,500	1,500
E2	Average hours spent learning Agility	Interviews	0	16	4	4
E3	Blended, fully burdened hourly rate for Agility users	TEI standard	\$0	\$61	\$61	\$61
Dt	Cost of training	E1*E2*E3	\$0	\$1,464,000	\$366,000	\$366,000
	Risk adjustment	10%				
Dtr	Cost of training (risk-adjusted)		\$0	\$1,610,400	\$402,600	\$402,600
Three-year total: \$2,415,600			Three-year present value: \$2,099,207			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	\$0	(\$2,135,400)	(\$927,600)	(\$927,600)	(\$3,990,600)	(\$3,404,804)
Total benefits	\$0	\$5,414,000	\$5,652,000	\$5,890,000	\$16,956,000	\$14,018,136
Net benefits	\$0	\$3,278,600	\$4,724,400	\$4,962,400	\$12,965,400	\$10,613,332
ROI						312%

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 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.

² Source: "The State Of Agile 2019: Are We At Scale Yet?" Forrester Research, Inc., March 13, 2020.

³ Source: "Forester Infographic: The State Of Agile At Scale And Agile Expertise," Forrester Research, Inc., March 25, 2020.

⁴ Net Promoter, NPS, and the NPS-related emoticons are registered U.S. trademarks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld.

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