

The Total Economic Impact™ Of ActionIQ's Customer Data Platform

Cost Savings And Business Benefits
Enabled By ActionIQ's Customer Data Platform

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Executive Summary

According to Forrester, customer data management solutions foster business agility and innovation by allowing organizations to focus on business outcomes rather than technology challenges. While organizations look to use customer data in virtually every function of the business, enterprises struggle to successfully integrate, transform, curate and aggregate customer data to deliver a comprehensive, 360-degree customer view.¹ ActionIQ empowers enterprises with simple-to-use tools to better leverage customer data.

ActionIQ commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [ActionIQ's Customer Data Platform](#) (CDP). The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of ActionIQ on their organizations. ActionIQ helps improve marketing and customer experience operations by utilizing a centralized customer data platform, democratizing access to customer data, and automating personalized journeys for customers.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using ActionIQ. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single [composite organization](#).

Prior to using ActionIQ's CDP, the customers were either using some form of a customer database with a marketing automation tool or contracting a third party to retrieve relevant data from multiple data repositories. However, prior attempts yielded limited success, with interviewed organizations being unable to provide autonomy for their customer experience professionals and were using poorly curated audiences driven by inconsistent query logic. These impacts not only affected the efficiency of marketing operations, but also data teams tasked with running custom SQL queries.

KEY STATISTICS



Return on investment (ROI)
522%



Net present value (NPV)
\$11.8M



Payback
<6 months

After the investment in ActionIQ's CDP, the interviewed organizations streamlined their technology expenditures, realized improved return on advertising budgets (ROAS) and improved their conversion rate through more targeted, personalized communications. Key results from the investment include making marketing and data ops teams more efficient, increasing ROAS, improving incremental revenue on existing customers, and cost savings from retiring legacy solutions and vendors.

"Now, we essentially just drop the data in place once and it is orchestrated forever."

Head of targeting, multichannel media industry

“ There have been phenomenal increases to the customer experiences and retention because of ActionIQ. We use the Journeys product to introduce customers to the platform, retain them and then, also to win them back and recapture them.”

— Senior manager of marketing operations, streaming industry

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Incremental revenue gains through personalized emails improve conversion rate by 80% and increase average purchase value by 20% after three years.** By linking data sources from different channels and customer touch-points, organizations are able to leverage their granular targeting capabilities enabled by ActionIQ to improve the level of personalization and effectiveness of personalized communications to drive \$5.7 million in incremental revenue over three years.
- **Increased return on ad spend by over 7% with improved targeting.** ActionIQ provides a single view of each customer, allowing organizations to link personas to specific customer data properties to improve targeting and drive more efficient paid advertising spend, generating an additional \$5.3 million in revenue over three years.

- **Efficiency gains for marketing professionals and data analysts driven by automation save \$1.4 million over three years.** With ActionIQ data analysts reduce the number of ad-hoc queries and marketing-related work, saving 40% of their time after 3-years, and marketers are able to more easily leverage self-service and pre-built capabilities saving 25% of their time after three years compared to their previous solution.



Improve ROAS by
7.2%
\$5.3 million

- **Sunset legacy campaign management tools and 3rd party services and reduce management effort saving \$1.6 million over three years.** ActionIQ's intuitive platform and efficacy at data ingestion allowed organizations

to eliminate their previous solution and reduce the time and effort needed for maintenance and management while increasing the amount of data that marketers can leverage.

“If you want to do the whole thing truly buttoned up in an omni-channel way looking at transactions in multiple channels, you need something like ActionIQ that is ingesting data from multiple areas and then activating it across multiple channels.”

Chief customer office, retail industry

- **Training and implementation costs sum to \$65,010 over three years.** These costs include training for both marketing professionals and data analysts, as well as the implementation cost of two full-time employees working on integrating ActionIQ’s IT infrastructure for two months.

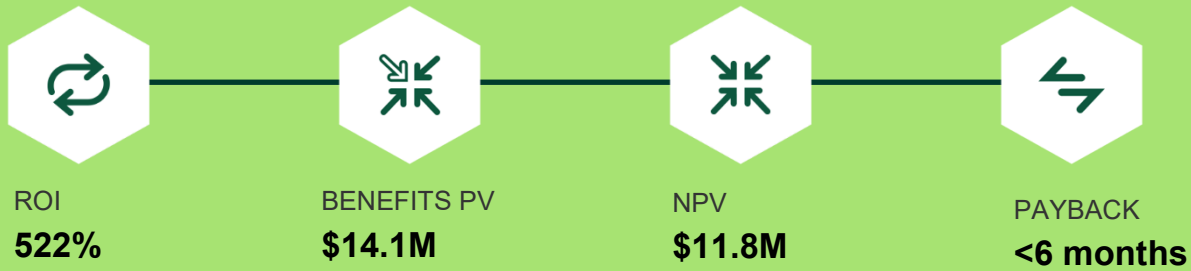
The customer interviews and financial analysis found that a composite organization experiences benefits of \$14.1 million over three years versus costs of \$2.3 million, adding up to a net present value (NPV) of \$11.8 million and an ROI of 522%.

Unquantified benefits. Benefits that are not quantified for this study include:

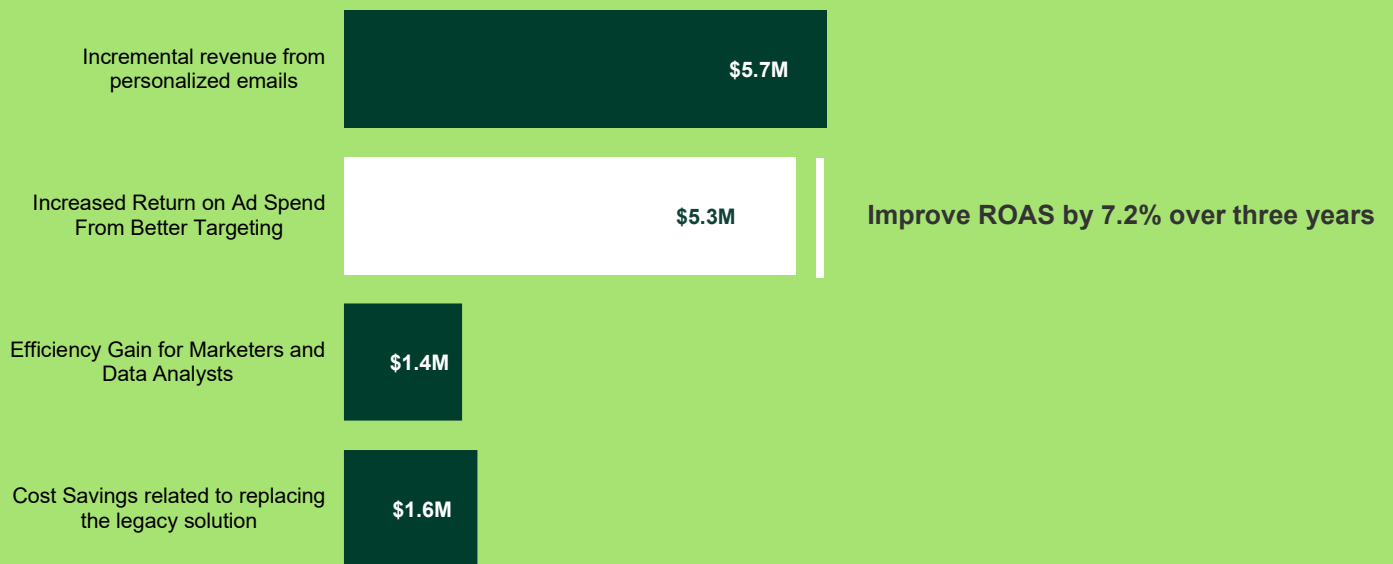
- **Enhancing the creativity of marketing and customer experience professionals.** The additional flexibility enabled by ActionIQ helps marketing and customer experience professionals be more creative in their work, in part because they can now run their analyses faster and more independently.
- **Data ingestion.** A key part of the success with ActionIQ is driven by its ability to ingest data more easily and seamlessly from multiple sources and enable non-technical users to work with the data to improve their campaigns.

Costs. Risk-adjusted PV costs include:

- **Licensing and ongoing support totaling \$2.2M over three years.** Given the size of the composite, ActionIQ’s annual licensing fee is \$700,000. In addition, an initial implementation cost of \$100,000 through either ActionIQ or a partner as well as ongoing service fees at \$100,000 a year are included in this cost.



Benefits (Three-Year)



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 ActionIQ.

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 the ActionIQ's CDP can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by ActionIQ 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 ActionIQ.

ActionIQ 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.

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



DUE DILIGENCE

Interviewed ActionIQ stakeholders and Forrester analysts to gather data relative to the ActionIQ's CDP



CUSTOMER INTERVIEWS

Interviewed four decision makers at organizations using the ActionIQ's CDP 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 the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses 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 ActionIQ CDP Customer Journey

■ Drivers leading to the CDP investment

Interviewed Organizations			
Industry	Region	Interviewee	Revenue
Retail	Global	Chief Customer Officer	\$500M
Retail	Global	VP of Data Technology	\$4.3B
Online media	North America	Senior Manager of Marketing Operations	\$3.4B
Multichannel media	Global	Head of Targeting	\$1.7B

KEY CHALLENGES

The interviewed organizations struggled with common challenges, including:

- **Siloed data stacks across various customer intelligence channels.** Interviewed organizations struggled to connect customer data on disparate platforms. Without a centralized location to collect customer intelligence, several interviewees stated that their organizations were less efficient when targeting customers and relied on third party contractors to aggregate, cleanse, and access their data for them.

The chief customer in the retail industry said, “We’ve always used third-party append data, but when a third-party owns it, you don’t necessarily have that face-to-face relationship with the third-party. Now that we own those relationships, it’s a little easier because we can get snapshots of data for them. For example, we have line of scrubs that we normally sell only through hospital channels. So we recently we got an occupational slice of customer data, because we’re selling medical grade masks, and we were able to quickly put them up on our website so people could get quicker access to them.”

- **Heavy reliance on data analysts to run SQL queries.** When marketing professionals wanted

to target certain customers or build unique audiences, they often had to reach out to data analysts or analysts within the organization to run SQL queries on customer databases. This dependency limited the ability for marketing professionals to do their work autonomously while distracting data analysts from working on other projects at the same time.

“We wanted to expand our capabilities to enable more sequential messaging. That was not easy to do with our previous solution and we have worked with ActionIQ to help develop that functionality to meet our needs.

Head of targeting, multichannel media

The senior manager of marketing operations in online media stated, “Our investment in ActionIQ was also about getting the data in the hands of the marketers too because of the work that we were doing was so SQL-heavy and it was really challenging. It took a long time between having and getting something like an audience created. So, it was also being able to move through that ideation to launching a campaign faster.”

- **Inconsistent query logic and its impact on customer satisfaction and regulatory compliance.** With various data analysts doing ad hoc queries across various customer intelligence databases, interviewed organizations noted that inconsistency in the logic posed several risks. For example, when customers received emails after they had already opted out of communications, it could have a potentially adverse impacts on customer experience and GDPR compliance.

The head of targeting in the multichannel media industry commented, “One of the problems was the consistency of logic and making sure that we were always defining things in the same way. This had downstream impacts when you think about things like governance, making sure that you are consistently excluding people who should not be messaged. When you have many people ad hoc designing that logic, you can have lots of inconsistency which then can lead to various implications with complaints and customer satisfaction and even regulatory problems, so that continues to be a benefit.”

WHY ACTIONIQ?

The interviewed organizations searched for a solution that could:

- **Connect customer intelligence across multiple platforms onto a centralized database.**

The VP of data technology in the retail industry illustrated this point, “The real vision for ActionIQ was starting with our personalization strategy and then being able to tie all of the intelligence that we have on our customer across multiple platforms. So, this cross-channel activity might well have been the primary reason for investing in ActionIQ.”

- **Reduce the maintenance effort required to manage internal distribution endpoints.**

The head of targeting in the multichannel media industry spoke to this benefit, “I would say we have reduced our maintenance effort by FTEs. More specifically, the reduction of effort that we have to put into maintaining all of those internal distribution endpoints, the connective tissue that transfers data from point A over to Facebook or whatever it may be.”

- **Bring organizational data, resources, and control in-house.**

The chief customer office in the retail industry mentioned, “When I began working here, our organization was using a third-party to aggregate, cleanse, and access our data. We had these functional cubes of data that we had on-site, but most of the work was going through the third-party. Basically, they owned the watch and we would call them to find out what time it was.”

“ActionIQ does the heavy lifting for most of our query work and allows our analysts to think more strategically. Anything that can be automated should be automated through ActionIQ, that is our strategy as a group.”

Senior manager of marketing operations, streaming industry

- **Stimulate the creation of a customer-centric culture.**

The chief customer office in the retail industry added, “We wondered whether customer data is going to be more important to organizations or less important in the future? The answer is more important, right? And so our next question was, how do we start building the muscle to deal with it now? Our answer was with ActionIQ.”

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a 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.

This study and the associated model are based on the experiences of interviewed retail and media organizations. While the benefits illustrated in this study should be applicable across all the verticals that ActionIQ serves, organizations in other industries may realize different benefits than those specifically noted in this study.

The composite organization has the following characteristics:

Description of composite. The global, billion-dollar media and multichannel retail company uses omnichannel marketing to target its 50 million subscribers. The business has an international audience, a strong online presence, and commits \$100 million annually to its paid advertising budget. The average purchase value of its products is \$20 and the composite organization sends out 1.4 billion emails to subscribers each year.

Deployment characteristics. The organization replaces its legacy customer interaction management platform with ActionIQ's CDP and trains 20 marketing professionals and 10 data analysts to use the platform. An implementation partner is brought in to integrate the platform and link it to appropriate data ingestion sources. The media and multichannel retail company collects large quantities of data on its current subscribers through various channels and funnels through ActionIQ's platform over time as employees become more comfortable and competent with the technology.

Key assumptions

- **Media / retail industry**
- **Omnichannel marketing**
- **\$100M paid advertising budget**
- **50M subscribers**

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 revenue from personalized emails	\$669,312	\$2,061,481	\$4,535,258	\$7,266,051	\$5,719,575
Btr	Increased Return on Ad Spend From Better Targeting	\$750,000	\$2,079,000	\$3,920,400	\$6,749,400	\$5,345,455
Ctr	Efficiency Gain for Marketers and Data Analysts	\$327,518	\$608,386	\$799,318	\$1,735,223	\$1,401,082
Dtr	Cost Savings related to replacing the legacy solution	\$635,760	\$635,760	\$635,760	\$1,907,280	\$1,581,041
Total benefits (risk-adjusted)		\$2,382,590	\$5,384,627	\$9,890,736	\$17,657,954	\$14,047,153

BENEFIT 1: INCREMENTAL REVENUE FROM PERSONALIZED EMAILS

Improved email personalization enabled by ActionIQ drives incremental revenue. Interviewees were able to improve both conversion rates and average purchase value through better personalization. Personalization can vary widely and includes small improvements like adding a customer name to a message, to highly significant improvements like recommending relevant products or delivering messages at a preferred time, as examples. All of these strategies leverage a customers' specific preferences and purchasing patterns to deliver more relevant and timely content.

- Prior to ActionIQ, organizations struggled to stitch data together across channels and across customer interactions, making seamless customer experiences challenging and decreasing the quality and accuracy of product recommendations, timed messages and other personalization tactics.
- With ActionIQ, interviewed organizations are able to build a single customer view by leveraging

data from multiple interactions and touchpoints. On top of that single customer view, organizations use ActionIQ to uncover insights and design dynamic 1:1 customer journeys, allowing for seamless omnichannel experiences.

- A head of targeting in the multichannel media industry said "Our ability to send data to social channels has expanded because previously we were limited in just doing very basic things. But now we have the full capabilities of all the data just like our other endpoints do. So, every endpoint has the same data, the same audiences and the same capability to send something very rich and specific, which is not a capability we had before."

Improved conversion rates and average order value through personalization

\$5.7 million

Modeling and assumptions. Forrester made the following assumptions for the composite organization.

- The composite organization sends 1.4 billion total emails to customers in Year 1, increasing by 10% year-over-year.
- The percentage of personalized emails starts at 20% and climbs each year as the marketing team builds out their capabilities and workflows on the platform. The definition of a “personalized” email can vary, ranging from including a customer’s name to delivering a specifically timed message to sending unique product recommendations.
- The click-through rate is 1.66% and the conversion rate is 1.5% before ActionIQ. With ActionIQ, the composite organization is able to improve the conversion rate by 50% in Year 1 on personalized emails, climbing to 80% in Year 3 as more emails are personalized.
- Average purchase value for these messages is \$20, improving by 20% with personalization enabled by ActionIQ’s platform.

“My team creates all of this super advanced intelligence of our customers and their propensities to do everything and those are made available for marketing to just choose from and take which ones are effective and build campaigns around them. From the technology side it is a lot easier to inject the intelligence that my team builds into the process of marketing.”

VP of Data Technology, retail industry

- The effectiveness and impact that personalization has on conversion rate and average order value.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$5.7 million.

Risks. Forrester took the following risks into account when calculating this benefit.

- Total reach (number of emails sent annually) and the percentage of personalized emails.

Benefit 1: Incremental Revenue from Personalized Emails

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Reach (total emails sent annually)	Composite	1,400,000,000	1,540,000,000	1,694,000,000
A2	Percent of emails personalized	Composite	20%	40%	70%
A3	Click-through-rate	Benchmark	1.66%	1.66%	1.66%
A4	Conversion rate - pre Action IQ	Benchmark	1.50%	1.50%	1.50%
A5	Conversion rate improvement - with Action IQ	Composite	50%	70%	80%
C6	Purchase conversions prior to Action IQ	$C1 \cdot C2 \cdot C3 \cdot C4$	69,720	153,384	295,264
C7	Purchase conversions after ActionIQ	$C1 \cdot C2 \cdot C3 \cdot (C4 \cdot 1.5)$	104,580	260,753	531,476
A6	Incremental purchases attributed to AIQ	$C7 - C6$	34,860	107,369	236,211
A7	Average purchase value - before ActionIQ	Composite	\$20	\$20	\$20
A8	Increase in average purchase value with AIQ personalization	Composite	20%	20%	20%
At	Incremental revenue from personalized emails	$C8 \cdot C9 \cdot C10$	\$836,640	\$2,576,856	\$5,669,064
	Risk adjustment	↓20%			
Atr	Incremental revenue from personalized emails (risk-adjusted)		\$669,312	\$2,061,485	\$4,535,251
Three-year total: \$7,266,048			Three-year present value: \$5,719,573		

BENEFIT 2: INCREASED ROAS FROM BETTER TARGETING

ActionIQ allows organizations to quickly and easily analyze multiple data sources to build more specific and granular audiences for advertising. By leveraging more data from more sources, marketers have a deeper understanding of their customers' specific preferences and buying patterns, enabling more relevant targeting and improving the efficiency of paid advertising spend.

- Prior to ActionIQ, organizations relied on fewer data sources often spread across multiple

platforms, making it difficult to link customer data and create useful profiles to build insights off of.

- With ActionIQ, organizations are able to identify appropriate audiences for each marketing objective and pair them with the most relevant recommendations and content – across all channels, improving targeting in all channels and subsequently improving return on advertising spend (ROAS).
- A head of targeting in the multichannel media industry said “We have become a lot tighter in targeting because we have more data that’s more

accurate and we have ways to directly validate it.”

- One customer reported a 9% improvement in ROAS after just a few months with ActionIQ.

“It’s allowed us to be much slicker on how we target our media and where we land people and what products we’re trying to present them with to make them happy. Being able to be very targeted and very specific with our spending has paid big dividends.”

Chief customer office, retail industry

Modeling and assumptions. Forrester made the following assumptions for the composite organization.

- Total annual advertising budget is \$100 million, growing by 10% annually.
- Funnel 10% of the paid media budget through ActionIQ in Year 1, increasing by 10% each year as results continue to improve.
- Average ROAS prior to ActionIQ was \$2.50.
- Organizations attributed 75% of this benefit to ActionIQ. The other 25% is attributed to talent, internal processes and other improvements.

Risks. Forrester took the following risks into account when calculating this benefit.

- The percent of total media budget allocated to ActionIQ.
- Ramp-up time associated with an organizations ability to leverage data to improve targeting.
- To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$5.3 million

Benefit 2: Increased Return On Advertising Spend

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Annual online advertising budget	Composite	100,000,000	110,000,000	121,000,000
B2	Percent of paid media budget impacted by ActionIQ	Composite	10%	20%	30%
B3	ROAS without ActionIQ	Benchmark	\$2.50	\$2.50	\$2.50
B4	Increase in ROAS with ActionIQ	Interviews	5.0%	6.30%	7.20%
B5	Improved ROAS with ActionIQ	$B3 * (1 + B4)$	\$2.63	\$2.66	\$2.68
B6	Total ROAS lift enabled by ActionIQ	$(B1 * B2 * B5) - (B1 * B2 * B3)$	\$1,250,000	\$3,465,000	\$6,534,000
B7	Attribution factor	Interviews	75%	75%	75%
Bt	Increased Return on Ad Spend From Better Targeting	$B6 * B7$	\$937,500	\$2,598,750	\$4,900,500
	Risk adjustment	↓20%			
Btr	Increased Return on Ad Spend From Better Targeting (risk-adjusted)		\$750,000	\$2,079,000	\$3,920,400

Three-year total: \$6,749,400

Three-year present value: \$5,345,455

BENEFIT 3: EFFICIENCY GAINS FOR MARKETERS AND DATA ANALYSTS

Automation and a centralized, business-friendly platform help improve efficiency for data analysts and marketers. ActionIQ's ability to compute large quantities of data and produce actionable customer intelligence helps organizations reduce marketing's burden on technical resources. This gives marketers more freedom by standardizing, automating, and enabling self-service capabilities.

- Prior to investing in ActionIQ, interviewed organizations mostly relied on tedious manual processes and ad-hoc emergency requests to build audiences, segment customers, and build campaigns.

“Freeing up analytics resources to analyse marketing data, and for marketers, the ability to access and create audience segments on their own and quickly access and understand the analytics has been huge. It’s one big benefit of ActionIQ.”

Senior manager of marketing operations, streaming industry

- With ActionIQ, these organizations are able to democratize audience building and insight generation to marketers, improving audiences and queries for marketers, improving consistency and reducing the burden on data analysts.
- Marketers are able to work autonomously with a higher degree of confidence because of ActionIQ's simple and intuitive user interface. With less time devoted to building audiences and working with the data analysts, marketers have more time to focus on building quality campaigns for increasingly segmented audiences.

- One way organizations could scale automation was through the use of ActionIQ's Journeys feature, which allows users to design multi-step, dynamic experiences across any channel. A senior manager of marketing operations in the streaming industry said “Journeys is very useful because it allows us to create series-based marketing to new users. So, if someone signs up today, we can say, “Okay, day one when they sign out, we will give them this, day two, day five, day 10, day 12, et cetera.” And we can walk them through the customer journey to get them introduced to the product. Journeys has enabled a significant amount of automation for us.”
- Additionally, the organization can be confident that each team only has access to the data and capabilities that they need by leveraging ActionIQ's user permissions.
- Referencing the previous environment, a VP of data technology in the retail industry said “It was code heavy. I think we had SQL programmers who work in marketing and their entire job was just writing SQL to get email lists cut or create segments in the email file.”



Efficiency gain for marketers

15 - 25%

Modeling and assumptions. For the composite organization, Forrester estimates:

- Eight data analysts and 15 marketers leverage ActionIQ in Year 1 as the composite organization familiarizes itself with the platform and builds out advanced capabilities. After Year 1, the organization onboards 2 additional data analysts and grants access to the entire 30 person marketing team.

- Data analysts are able to save 30% of their time in year 1 from reduced ad-hoc requests from marketers and reduced effort to work with organizational data. This efficiency gain grows in Years 2 and 3 as processes are automated and marketers and data analysts get better at using the platform.
- Marketers experience a 15% efficiency gain in Year 1, improving in Years 2 and 3.
- Both marketers and data analysts benefit from having fewer meetings as a result of the automated processes, and improved ability for marketers to work autonomously.
- The composite organization captures 60% of these efficiency gains for marketers and data analysts. The rest of the time is spent on non-

value adding tasks like getting coffee and chatting with colleagues.

Risks. Forrester took the following risks into account when calculating this benefit.

- The amount of time and effort that data analysts devote to SQL queries and other requests from marketers.
- The extent of automation and usage of ready-baked audiences and standardized queries.
- The productivity capture percentage.
- The ramp-up-time for marketers and data analysts to start experiencing this benefit.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.4 million.

Benefit 3: Efficiency Gains For Marketers And Data Analysts

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Number of data analysts FTEs	Composite	8	10	12
C2	Effort reduction related to ActionIQ	Composite	30%	35%	40%
C3	Average fully burdened salary - data scientist	Composite	\$128,250	\$128,250	\$128,250
C4	Subtotal: Data analyst effort reduction	A1*A2*A3	\$307,800	\$448,875	\$615,600
C5	Number of marketers leveraging previous CDP/working with data and data scientists	Composite	15	30	30
C6	Efficiency gain for marketers	Composite	15%	20%	25%
C7	Average fully burdened salary - marketer	Composite	\$67,500	\$67,500	\$67,500
C8	Subtotal: Marketer efficiency gains	A5*A6*A7	\$151,875	\$405,000	\$506,250
C9	Productivity capture	Composite	75%	75%	75%
Ct	Efficiency gain for marketers and data analysts	(A4+A8)*A9	\$344,756	\$640,406	\$841,388
	Risk adjustment	↓5%			
Ctr	Efficiency gain for marketers and data analysts (risk-adjusted)		\$327,518	\$608,386	\$799,318
Three-year total: \$1,735,223			Three-year present value: \$1,401,082		

BENEFIT 4: COST SAVINGS FROM PRIOR SOLUTION

Eliminate costs associated with previous solutions and reduce the overall maintenance effort for IT. Interviewed organizations were able to sunset previous solutions and reallocate the maintenance work to higher value tasks.

- Prior to ActionIQ, interviewed organizations were using a mix of custom-built systems, SaaS-based customer data solutions, and 3rd party services to ingest, manipulate and analyze data for marketers. Their IT teams were heavily involved in maintaining the data and connections needed, pulling resources away from other value-adding tasks.

“We rarely see any issues with ingestion once we set up the data. Another benefit is the fact that we don’t have to maintain the data endpoints in the same way we used to. The flexibility allows us to use ActionIQ not only for its very obvious purposes of sending data to an endpoint like our email server, but also to places that are internal and can give us quick ways to orchestrate data when we might not have a whole internal service spun up for that yet. There is some nice flexibility there and we are constantly moving data around using ActionIQ.”

Head of targeting, multichannel media industry

- With ActionIQ, organizations were able to eliminate all licenses and costs associated with

past solutions, improving the efficiency of technology expenditures and resource allocation. The ActionIQ platform’s simple management and maintenance allow organizations to reallocate resources to other teams and higher-value tasks.

- A Chief Customer Officer in the retail industry said “We were very reliant on a 3rd party before ActionIQ and a goal of this investment was to bring those skills in-house and start building out our own marketing and analytics capabilities. Initially we hired four new data analysts to work with ActionIQ, and our total cost of the four individuals plus the ActionIQ platform license is still less than the contract we had with the 3rd party. So even without any other benefits, we were able to justify the investment.”

Modeling and assumptions. Forrester made the following assumptions for the composite organization.

- The previous solution cost \$350,000 annually including licensing and any 3rd party costs, and is sunset once ActionIQ is in place.
- There was a team of 4 FTEs managing the previous solution including managing data connections and orchestration.
- ActionIQ requires 75% less labor to maintain the solution and keep it running.

75% reduction in management effort with ActionIQ



Risks. Forrester took the following risks into account when calculating this benefit.

- The cost of the previous solution and an organizations timeline for sunsetting the solution.

- The amount of effort needed to maintain the previous solution.
- The reduction in effort from maintaining ActionIQ.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1.6 million.

Benefit 4: Cost Savings From Previous Solution					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Cost savings from sunseting software	Interviews	\$350,000	\$350,000	\$350,000
D2	Size of engineering team dedicated to administering previous solution (data ingestion, vendor MGT)	Interviews	4	4	4
D3	Reduced effort for solution management with ActionIQ	Interviews	75%	75%	75%
D4	Fully-burdened IT Administrator annual salary	$\$88,000 * 1.35$	\$118,800	\$118,800	\$118,800
Dt	Cost Savings related to replacing the legacy solution	$D1+(D2*D3*D4)$	\$711,680	\$711,680	\$711,680
	Risk adjustment	↓ 10%			
Dtr	Cost Savings related to replacing the legacy solution (risk-adjusted)		\$640,512	\$640,512	\$640,512
Three-year total: \$1,921,536			Three-year present value: \$1,592,859		

UNQUANTIFIED BENEFITS

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

- **Enhancing the agility and speed-to-innovation of marketing and customer experience professionals.** With ActionIQ, interviewed organizations were able to empower marketers and customer experience professionals with the tools that they need to be successful, give them access to more customer data, and free up the time needed to be creative and develop new and interesting ideas and campaigns.
- **Removing technical barriers related to data ingestion, allowing for greater scale and more use-cases.** The speed and simplicity of ingesting new data sources was a standout feature to the interviewed organizations. Previous solutions often spent multiple hours ingesting and orchestrating data, a task that took second-to-minutes with ActionIQ.

A senior manager of marketing operations at an online media company said, “ActionIQ is extremely technologically sound with data ingestion and transformation, anything related to data. They’re a true tech company. They have a bunch of engineers who are so good with data who basically say, ‘Give us whatever data you want and we’ll make it show up the way you want it to in platform.’ It’s pretty remarkable.”

FLEXIBILITY

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

- **Enables a vendor agnostic, best-in-breed approach to marketing technology strategy.** Interviewed organizations appreciated the flexibility of ActionIQ’s platform to fit with their ideal-state technology stack, allowing organizations to leverage the best-fit option

rather than getting locked into one big vendor’s solution.

“There are certain things we would not have been able to do without ActionIQ. Since our data is now so tightly coupled with our analysts and the platform itself, we have more data and so we can just do more things. The platform can unlock the imagination of marketers more and that enables us to do things that really were not even on the menu with our previous solution. I think the speed with which we can do that and the fact we can do it at all does have some sort of non-numeric value that speaks of the platform.”

Head of targeting, multichannel media industry

A head of targeting in the multichannel media industry said “Some solutions have a list of integrations but AIQ allowed us to integrate with anything as long as we could think of a way to save the data and that has really expanded our capabilities and allowed us to generate insights more easily than before.”

A senior manager of marketing operations in the streaming media industry said “ActionIQ allows us to avoid vendor lock-in by enabling us to pick and choose different technologies for different needs. And so, it’s really great allowing us to pick the best-in-class tools all across the board to find what meets our personal needs the best versus having to buy into one super large company.”

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

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	ActionIQ Implementation, licensing, and ongoing support/services	\$105,000	\$840,000	\$840,000	\$840,000	\$2,625,000	\$2,193,956
Ftr	Training and implementation costs	\$55,294	\$3,907	\$3,907	\$3,907	\$67,015	\$65,010
	Total costs (risk adjusted)	\$160,294	\$843,907	\$843,907	\$843,907	\$2,692,015	\$2,258,966

COST 1: LICENSING, IMPLEMENTATION AND ONGOING SUPPORT COSTS

Organizations leveraged ActionIQ services to help with implementation and for ongoing support and enhancements. In addition to licensing costs, organizations leveraged ActionIQ for additional support and services throughout their deployment.

Modeling and assumptions Forrester made the following assumptions for the composite organization.

- ActionIQ provides \$100,000 in implementation support.
- The composite organization spends \$750,000 per year licensing ActionIQ.
- The organization purchases an additional \$100,000 per year in additional support and services from ActionIQ to ensure they are getting the most out of the platform.

Risks. Forrester took the following risks into account when calculating this cost.

- The need for ActionIQ or 3rd party implementation and support services.
- The annual license costs for ActionIQ.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.2 million.

Cost 1: ActionIQ Licensing and Ongoing Support Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Implementation Costs (ActionIQ or partner)	Composite	\$100,000			
E2	ActionIQ Licensing Cost	Composite		\$700,000	\$700,000	\$700,000
E3	Ongoing support/services (ActionIQ or partner)	Composite		\$100,000	\$100,000	\$100,000
Et	ActionIQ Implementation, licensing, and ongoing support/services	E1+E2+E3	\$100,000	\$800,000	\$800,000	\$800,000
	Risk adjustment	↑5%				
Etr	ActionIQ Implementation, licensing, and ongoing support/services (risk-adjusted)		\$105,000	\$840,000	\$840,000	\$840,000
Three-year total: \$2,625,000			Three-year present value: \$2,193,956			

COST 2: IMPLEMENTATION AND TRAINING COSTS

Simple implementation process and training for data analysts and marketers. Interviewed organizations reported a simple implementation with only a couple internal resources needed along with great customer support and effective training materials provided by ActionIQ. Each interviewed organization was implemented and using the platform within 90-days.

“ActionIQ is a very simple tool to use day-to-day compared to SQL or whatever tool people would normally use. I have observed that most people, particularly those who are a little bit more technologically adept, can use it much quicker.”

Senior manager of marketing operations, streaming industry

Modeling and assumptions. Forrester made the following assumptions for the composite organization.

- The composite organization initially trains 20 marketers and 10 data analysts to use the platform. Training takes a total of 8 hours and once completed, employees are permitted to start using the platform.
- There are two employees tasked with implementing ActionIQ, devoting 2-months to the implementation effort.

Risks. Forrester took the following risks into account when calculating this cost.

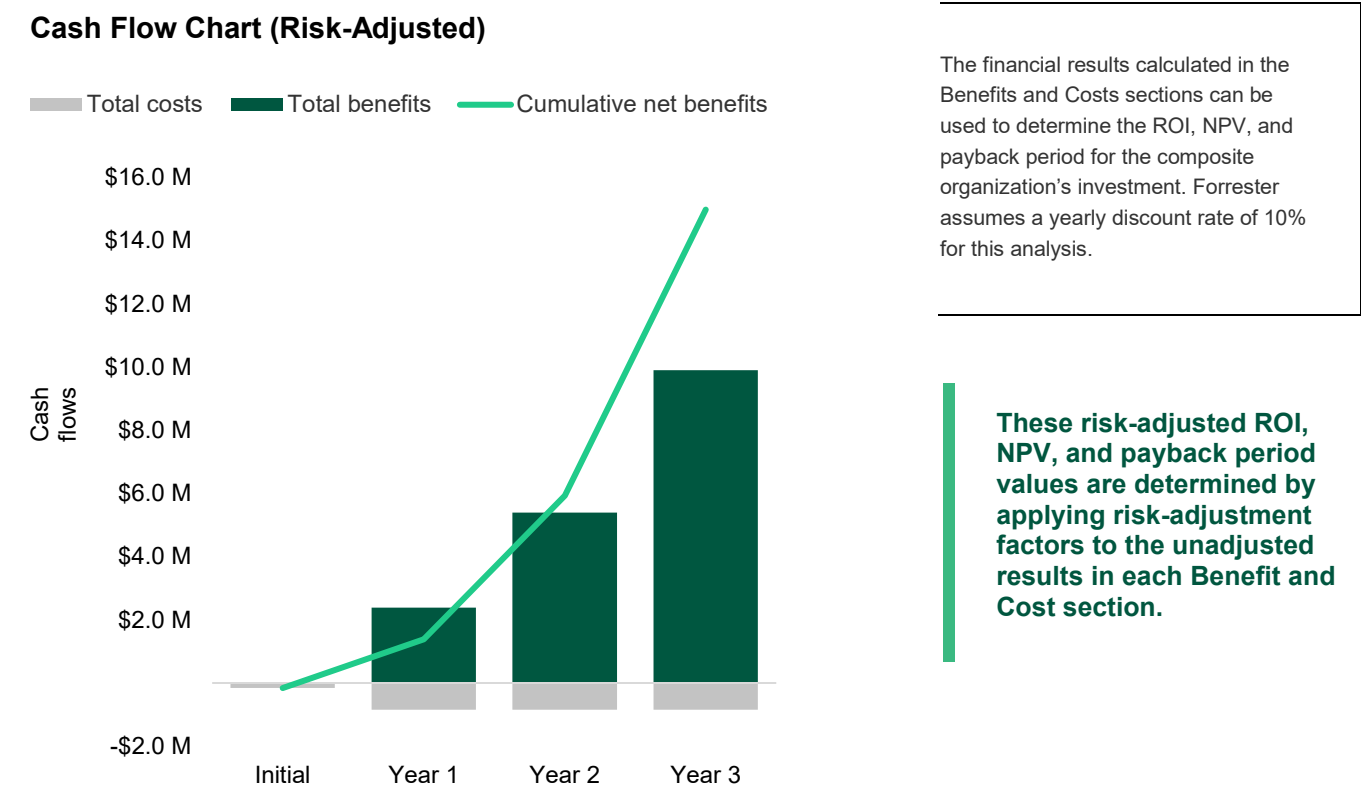
- The number of employees needing training and the amount of training required.
- The effort to effectively implement the platform and set up data sources.
- Average salary for data analysts and marketers.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$68K.

Cost 2: Training and Implementation Costs						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Marketing FTE's requiring training	Composite	20	10	10	10
F2	Data Scientist team requiring training	Composite	10	2	2	2
F3	Training hours per FTE	Composite	8	8	8	8
F4	Average fully burdened salary - marketer (hourly, rounded)	A7/2080	\$32	\$32	\$32	\$32
F5	Average fully burdened salary - data scientist (hourly, rounded)	A3/2080	\$62	\$62	\$62	\$62
F6	Subtotal: Training costs	$(F1 \times F3 \times F4) + (F2 \times F3 \times F5)$	\$10,080	\$3,552	\$3,552	\$3,552
F7	FTE's required for implementation	Composite	2			
F8	Time spent on implementation (months)	Composite	2			
F9	Subtotal: Implementation costs	$F7 \times (D4/12) \times F8$	\$40,187			
Ft	Training and implementation costs	F6+F9	\$50,267	\$3,552	\$3,552	\$3,552
	Risk adjustment	↑10%				
Ftr	Training and implementation costs (risk-adjusted)		\$55,294	\$3,907	\$3,907	\$3,907
Three-year total: \$69,834			Three-year present value: \$67,830			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$160,294)	(\$843,907)	(\$843,907)	(\$843,907)	(\$2,692,015)	(\$2,258,966)
Total benefits	\$0	\$2,387,342	\$5,389,383	\$9,895,481	\$17,672,207	\$14,058,969
Net benefits	(\$160,294)	\$1,543,435	\$4,545,476	\$9,051,574	\$14,980,191	\$11,800,003
ROI						522%
Payback						<6 months

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."



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: Supplemental Material

[Now Tech: Customer Data Management Solutions, Q1 2020](#)

January 8th, 2020 | [Noel Yuhanna](#)

[The Capabilities CDPs Need To Deliver Value For B2C Marketers](#)

January 16th, 2020 | [Joe Stanhope](#), [Stephanie Liu](#)

Appendix C: Endnotes

¹ [Noel Yuhanna](#) “[Now Tech: Customer Data Management Solutions, Q1 2020](#),” **Forrester Research, Inc.**, January 8th, 2020

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