# REAL RETURN ON INVESTMENT CALCULATIONS<sup>™</sup> INTRODUCTION

## THE REAL ROI CALCULATIONS<sup>™</sup> METHODOLOGY

## **Research In Action**

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RESEARCH IN ACTION independent research & consulting

# FOREWORD

Every year, Research In Action surveys 10,000+ enterprise IT and business decision makers in order to gain insights on strategy, investments and ongoing challenges of technology innovation in the IT and Marketing Automation realm. These surveys give us access to a wealth of direct and unfiltered feedback from the buyers. It also helps us to understand how buying decisions are made in today's business environment.

With IT budgets to increase in 2022, various IT Automation investment categories should be carefully evaluated. While the focus will continue towards security and remote workforce projects, we believe that investments priorities must be placed towards IT automation. For example, improvements or adoption within ITSM, ESM, AIOps, VSM and Observability are just a few examples which reduce manual work and improve the quality of applications and services serving employees and customers alike. There will be competition to invest into such topics across the leadership team and therefor solid RROI will be essential to prioritize which investment will yield the desired outcomes.

REAL ROI Costs: € 809k Benefits: € 3.281k ROI: 306% Payback: 7 months Calculating the Real Return on Investment (Rol) for any IT project is based on the value propositions of the project which are intended to add value in unique ways which then are compounded and subtracted from to the costs.

To get a holistic Rol picture for such projects, Research In Action is providing a unique study which is based on a proven methodology working with customer survey data and interviews to understand the true value of a specific IT Automation solution, product or service.

These Research In Action Real Rol Calculations<sup>™</sup> will benefit decision makers to understand the return of investment before acquiring solutions which all play a key role in driving revenue growth.

The following slides will show you our Real Rol Calculations<sup>™</sup> methodology and an example of a Real Rol Calculations<sup>™</sup> study result.

You only live once (YOLO)!

**Eveline Oehrlich** 

Research In Action GmbH Alte Schule 56244 Hartenfels Germany

Eveline Oehrlich Research Director +49 151 40158054 eoehrlich@researchinaction.eu





## **OUR MARKET IMPACT OVER 12 MONTHS**

#### Members In Our Survey Panel

125,000 IT Automation 90,000 Marketing Automation

#### 10,000+ Active Enterprise Survey Participants

all with budget responsibility



#### 30 Research Reports Published

400+ vendors evaluated 14,000 views per report (average)

15 Press Releases

2,000 views per press release (average)

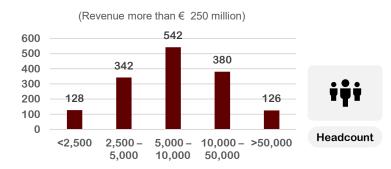
Vendor Selection Matrix™: The right mix makes all the difference 63% customer evaluations + 37% analyst's judgement = 100% success



## OUR SURVEY DEMOGRAPHICS: IT AUTOMATION



#### **Company Size Breakdown**



#### **Industry Breakdown**

() Energy	95
C Financial Services	255
🗰 Government & Non Profit	90
🔁 Life Sciences	200
🗹 Manufacturing	350
🛅 Technology, Media & Telecoms	200
Consumer Packaged Goods & Retail	110
Professional Services	100
🛒 Travel & Transportation	100
Total	1,500

#### Job Title Breakdown

VP IT Infrastructure	155	Chief Operations Officer	55
IT Manager	150	VP Technology	50
VP IT	135	Business Executive	40
Chief Information Officer	125	Sourcing and Vendor Management	37
IT Operations Manager	121	VP IT Financial Management	35
VP Service Desk	107	VP Enterprise Architecture	34
Chief Digital Officer	85	Project Manager	32
Chief Technology Officer	66	VP Application Development	27
Project Management Office	64	VP DevOps	25
VP IT Shared Services	62	Chief Financial Officer	20
VP Operations	60	Chief Sales Officer	15
		Total	1,500

All Research in Action surveys are gender neutral and 100% confidential.

#### 100,000+

**Data Points** 

#### **1,500** Enterprise Managers

**37%** Analyst's Opinion

63% Survey Results

#### The Vendor Selection Matrix™ Evaluation Methodology:

The basis of our competitive vendor evaluation reports is always an extensive buyer survey.

We then select those vendors which achieved the best evaluations scores from the buyers but disregard those with fewer than 15 evaluations.

The final matrix scores are a combination of the survey results, vendor input and analyst's opinion.



# **RESEARCH IN ACTION REAL ROI CALCULATIONS™**

- Background: Research In Action performs six major surveys with a total of 10,000+ interviews every year in order to feed our signature Vendor Selection Matrix<sup>™</sup> competitive vendor evaluation reports. With 10 years' experience in global survey design and execution targeted at the IT and Marketing professional budget holders, Research In Action is uniquely qualified to support vendors in today's prime market challenges.
- Purpose: The current economic crisis is changing the way buyers research and select products, solutions and services. Rol calculations to justify investments are quickly becoming a mandatory part of a project lifecycle. However, most Rol calculations are either unnecessary complex or based on very few data points.
- Concept: The Research In Action Real Rol Calculations<sup>™</sup> methodology takes an approach of statistical validity. Every Real Rol Calculations<sup>™</sup> project we do is specific to the product or service in question. We use a minimum of 25 survey results taken from actual customer implementations or projects for every Rol calculation we undertake.
- Process: One Research In Action analyst will be assigned to the vendor for the project. The vendor then nominates five customers for personal in-depth interviews with the Research In Action analyst. In addition, Research In Action will perform a minimum of 25 customer surveys to gather sufficient data to ensure statistical validity of the resulting Real Rol Calculations<sup>™</sup> report. The report will be available six weeks after the project start.



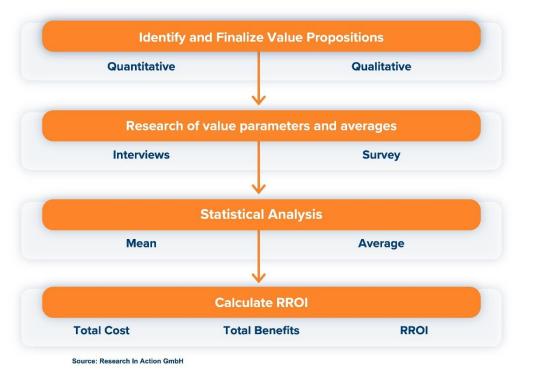
## KEY STEPS AS PART OF THE REAL ROI CALCULATIONS<sup>™</sup> METHODOLOGY AND PROJECT

- 1. Background for the project. Research In Action first establishes key value propositions, which the vendor states as part of a solution briefing. These value propositions create the baselines for the calculation justifications and are used to define the survey questions.
- 2. The concept of Real Rol Calculations<sup>™</sup>. The Research In Action Real Rol Calculations<sup>™</sup> methodology takes an approach of statistical validity. Every Real Rol Calculations<sup>™</sup> project done is specific to the product or service in question. Research In Action use a minimum of 25 survey results taken from actual customer implementations or projects for every Real Rol Calculations<sup>™</sup> project.
- **3. Due diligence of value drivers.** The Research In Action analyst establishes a value proposition model from the value drivers of the studied vendor. The vendor confirms and approves the value drivers before the next step. This then serves as the baseline for the next steps of customer survey and customer personal in-depth interviews on the achieved actual values.
- 4. Customer interview to augment study details and refine survey questions. The vendor nominates 2 to 3 customers for personal in-depth interviews with the Research In Action analyst. Within these interviews, customers are being asked to answer questions within the value proposition model in terms of quantifiable and unquantifiable benefits and costs. The purpose of this phase is to explore additional value propositions or confirm the already established ones. Interview partners and their statements are treated anonymously within the study report.
- 5. Fielding of an independent survey. Following the customer interviews, Research In Action performs a minimum of 25 customer surveys to gather sufficient data to ensure statistical validity of the resulting Real Rol Calculations<sup>™</sup> report. The survey includes questions detailing average numbers across the different value propositions.
- 6. Real Rol Calculations<sup>™</sup> model preparation. Based on the data collected from the independent survey and the customer interview and intake of standard cost data from the vendor, Research In Action constructs a financial model which reflects the Real ROI Calculations<sup>™</sup> results. These details are then inserted into the report.
- 7. Real Rol Calculations<sup>™</sup> report. The resulting written report of the study provides the key findings across quantified, unquantified benefits and the cost details.



## REAL RETURN ON INVESTMENT CALCULATIONS: PROCESS AND EXAMPLE RESULTS

#### **High Level Process Flow**



#### **Example Calculations (Matrix42)**

Benefits	Initial	Year 1	Year 2	Year 3	Total	<b>Total Net Present Value</b>
Savings of other software licence costs	280.000 €				280.000 €	280.000 €
Maintenance savings Savings during implementation and maintenance of end-point devices	0€	56.000 €	56.000 €	56.000 €	168.000 €	152.502 €
Audits	0€	16.059 €	16.059 €	16.059 €	48.178 €	43.734 €
Updates	00	652.028 €	652.028 €	652.028 €	1.956.084 €	1.775.634 €
Patches	0€	196.744 €	196.744 €	196.744 €	590.231 €	535.782 €
Major Upgrades	0€	465.764 €	465.764 €	465.764 €	1.397.292 €	1.268.391 €
Various application installations	0€	447.350 €	447.350 €	447.350 €	1.342.051 €	1.218.246 €
Savings in general due to improved scalability within organization						
Centralized team savings	0€	188.335 €	188.335 €	188.335 €	565.004 €	512.882 €
Decentralized team savings	0€	262.362 €	262.362 €	262.362 €	787.087 €	714.477 €
Savings due to improved incident management for end-point devi						
Labor savings related to all end-point related incidents	0€	163.296 €	163.296 €	163.296 €	489.888 €	444.696 €
Labor savings related to end-point security related incidents	0€	163.296 €	163.296 €	163.296 €	489.888 €	444.696 €
Savings due to improved workflows and processes across a varie of roles and functions						
Savings due to self-service	0€	118.215 €	118.215 €	118.215 €	354.644 €	321.928 €
Savings during on-or-offboarding of employees	0€	194.670 €	194.670 €	194.670 €	584.010 €	530.135 €
Totals	280,000 €	2,924,119 €	2.924.119 €	2.924.119 €	9.052.358 €	8.243.102 (

	Initial	Year 1	Year 2	Year 3	Total	Net Present Value
Total Cost	-691.275 €	-201.825€	-201.825€	-201.825€	-1.296.750 €	-1.240.895€
Total Benefits	196.000 €	2.046.884 €	2.046.884 €	2.046.884 €	6.336.651 €	5.770.172 €
TOTAL	-495.275€	1.845.059 €	1.845.059€	1.845.059 €	5.039.901 €	4.529.277 €
3 Year ROI (Risk Adjusted)						365%
Payback Period						Within 12 months



# RESEARCH IN ACTION REAL ROI CALCULATIONS<sup>™</sup> PRICING

- Background. The standard Real Rol Calculations<sup>™</sup> result is presented in form of a .pdf document but can also be part of a Webinar.
- **Standard Package:** € 40,000.

One Real Rol Calculations<sup>™</sup> report for unlimited external use.

• Full Package: € 50,000.

Standard Package plus static, editable and customizable .xls Real Rol Calculations™ model.

• **Premium Package:** € 70,000.

Full Package plus interactive, streamlined and ease to use .xls Real Rol Calculations™ model.

• Sales Enablement Platinum Package: Priced Individually.

Premium Package plus interactive Web-based Real Rol Calculations<sup>™</sup> model and customized report for 2 users and sales enablement support for 12 months to be used by your (pre)sales team in customer engagements.



# THE RESEARCH IN ACTION GMBH REAL RETURN ON INVESTMENT CALCULATIONS METHODOLOGY

### **Real Rol Calculations™ Disclaimer:**

The Research In Action Real Rol Calculations<sup>™</sup> tool uses a primarily survey and interviewbased methodology for comparative cost/benefit analysis. Research In Action GmbH does not endorse any vendor, product or service depicted in our research publications, and does not advise technology users to select only those vendors with the highest ratings. The information contained in this research has been obtained from both enterprise as well as vendor sources believed to be reliable. Research In Action offers the Real Rol Calculations<sup>™</sup> tool, survey results and reports "As Is" with all potential inaccuracies and faults. Research In Action GmbH disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. In no event shall Research In Action be liable for any damages related to the use or inability to use the Research In Action Real Rol Calculations<sup>™</sup> tool.

### **About:**

Research In Action GmbH is a leading independent information and communications technology research and consulting company. The company provides both forward-looking as well as practical advice to enterprise as well as vendor clients.

## CONTACT



Eveline Oehrlich, Research Director +49 151 40158054 eoehrlich@researchinaction.eu



#### **RESEARCH IN ACTION**

independent research & consulting

Research In Action GmbH Alte Schule 56244 Hartenfels Germany

Office: +49 2626 291251 Fax: +49 2626 2248904 Email: info@researchinaction.eu



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