

REAL RETURN ON INVESTMENT CALCULATIONS INTRODUCTION

REAL RETURN ON INVESTMENT 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.

The fallout from the current COVID19 virus outbreak is predicted to result in a cut of 4% to 6% in IT spending across global enterprises. While companies are continually investing into "work from home" it is now more important than ever to maximize the return of investment into IT product, solution and service projects that award the highest rate of return to prioritize investments. For each new technology initiative, leaders must build a strong business case that justifies the investment in terms of its expected commercial benefit and value.

Calculating the Real ROI 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 provide a holistic ROI 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 ROI Calculations 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 ROI Calculation methodology and an example of a Real ROI Calculation study result.

Always enjoy life to the fullest!

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REAL ROI
Costs: € 809k
Benefits: € 3.281k
ROI: 306%
Payback: 7 months

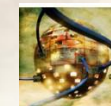
EXAMPLE

€

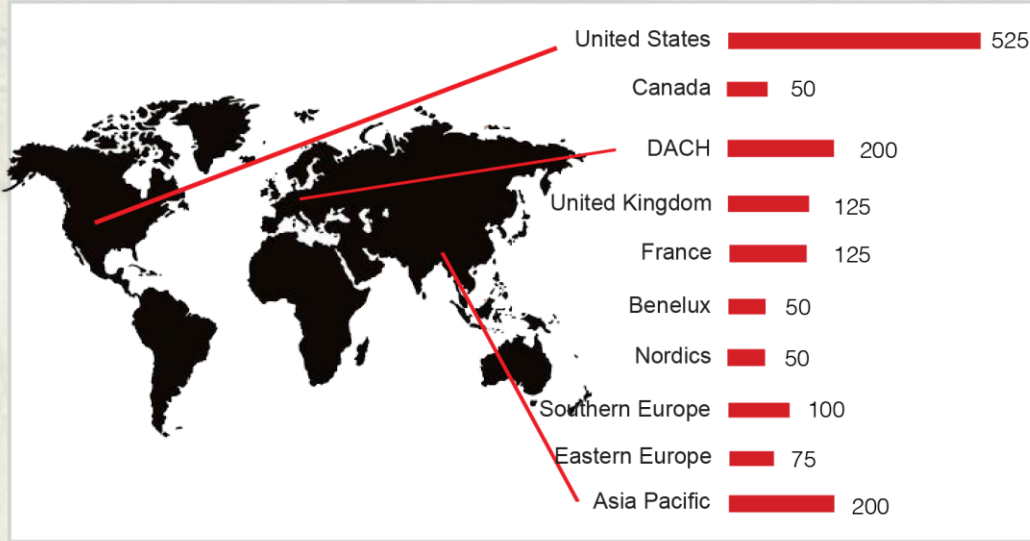


RESEARCH IN ACTION REAL ROI CALCULATIONS

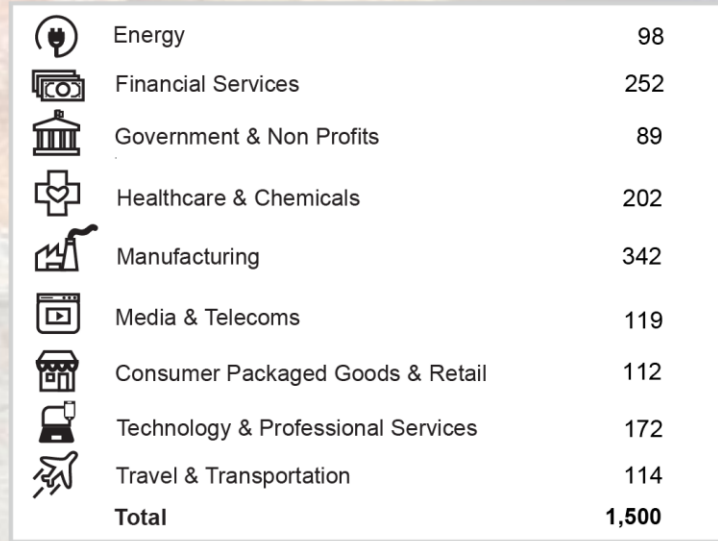
- **Background:** Research In Action performs six major surveys with a total of 10,000+ interviews every year in order to feed our signature Vendor Selection Matrix™ competitive vendor evaluation reports. With 10 years' experience in global survey design and execution targeted at the IT and Marketing 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 as a means 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 takes an approach of statistical validity. Every Real Rol Calculations project we do is specific to the product or service in question. We use a minimum of 30 survey results taken from actual customer implementations or projects for every Rol calculation we undertake. There is no need for risk-adjusting our Real Rol results, because an assessment of the risk factor is already included in the survey results.
- **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 30 customer surveys to gather sufficient data to ensure statistical validity of the resulting Real Rol Calculations report. The report will be available six weeks after the project start.
- **Pricing:** Buyers are granted unlimited external use of the Research In Action Real Rol Calculations report.



COUNTRY BREAKDOWN



INDUSTRY BREAKDOWN



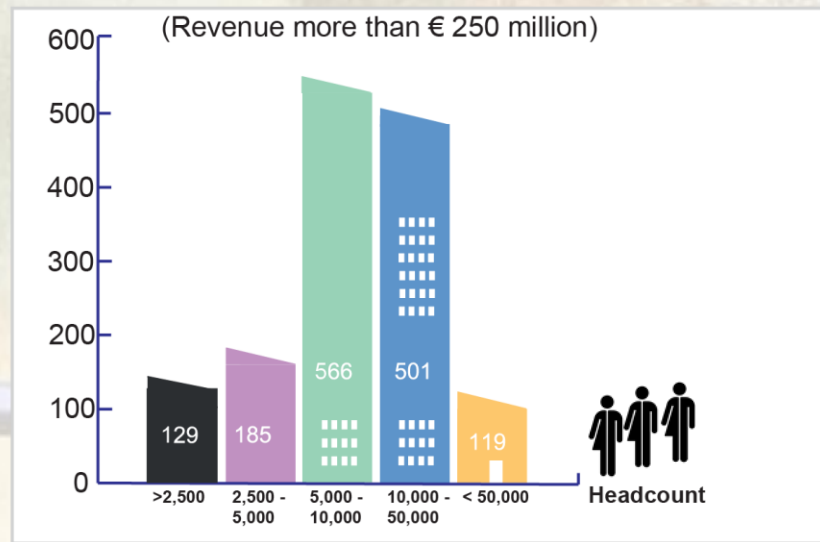
100,000+
Data
Points

1,500
Enterprise
IT Managers

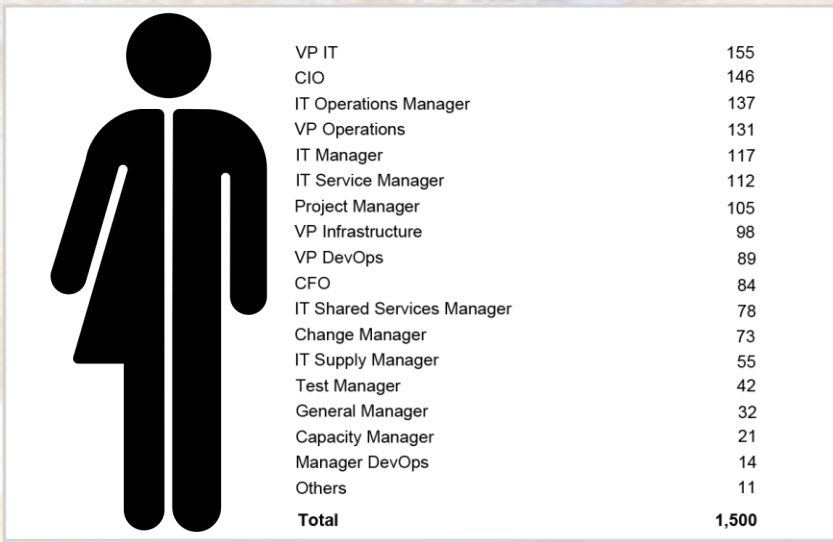
Leading
Vendors

30+
Reports
In 2020/21

COMPANY SIZE BREAKDOWN



JOB TITLE BREAKDOWN



37.5 %
Analyst's
Opinion

62.5 %
Survey
Results

REAL RETURN ON INVESTMENT CALCULATIONS: EXAMPLE PROJECT RESULTS

IT Service Management
Software migration and
upgrade.

	Initial	Year 1	Year 2	Year 3	Total	PV
CUMULATED COSTS	-667.200 €	-717.200 €	-767.200 €	-817.200 €	-817.200 €	-808.631 €
CUMULATED BENEFITS	0 €	1.389.760 €	2.429.520 €	3.469.280 €	3.469.280 €	3.280.883 €
TOTAL	-667.200 €	672.560 €	1.662.320 €	2.652.080 €	2.652.080 €	2.472.252 €
3 year ROI (non-risk adjusted)						306%
Payback period (in months)						Within 12 months

	Initial	Year 1	Year 2	Year 3	TOTAL	PV
Total license cost	400.000 €	- €	- €	- €	400.000 €	400.000 €
Deployment and training costs	260.000 €	- €	- €	- €	260.000 €	260.000 €
Additional HW and SW investment	7.200 €	- €	- €	- €	7.200 €	7.200 €
IT infrastructure maintenance fees	- €	50.000 €	50.000 €	50.000 €	150.000 €	141.431 €
TOTAL COSTS	667.200 €	50.000 €	50.000 €	50.000 €	817.200 €	808.631 €

IT cost avoidance	- €	430.000 €	80.000 €	80.000 €	590.000 €	566.095 €
Infrastructure planning and management cost avoidance	- €	180.000 €	180.000 €	180.000 €	540.000 €	509.150 €
IT infrastructure documentation cost savings	- €	36.000 €	36.000 €	36.000 €	108.000 €	101.830 €
Speeding up provisioning process.	- €	720.000 €	720.000 €	720.000 €	2.160.000 €	2.036.600 €
IT productivity gains	- €	23.760 €	23.760 €	23.760 €	71.280 €	67.208 €
TOTAL BENEFITS	- €	1.389.760 €	1.039.760 €	1.039.760 €	3.469.280 €	3.280.883 €

49,5%
32,2%
0,9%
17,5%
17,3%
15,5%
3,1%
62,1%
2,0%

REAL ROI

Costs: € 809k

Benefits: € 3.281k

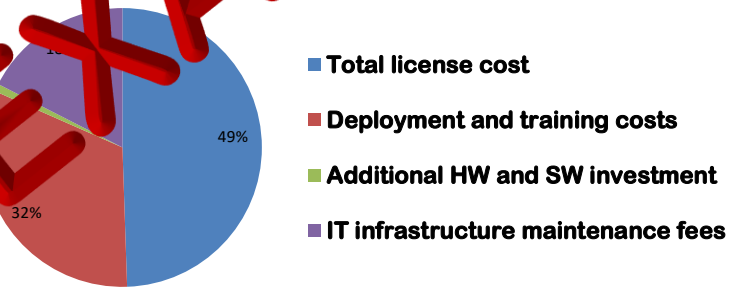
ROI: 306%

Payback: 7 months

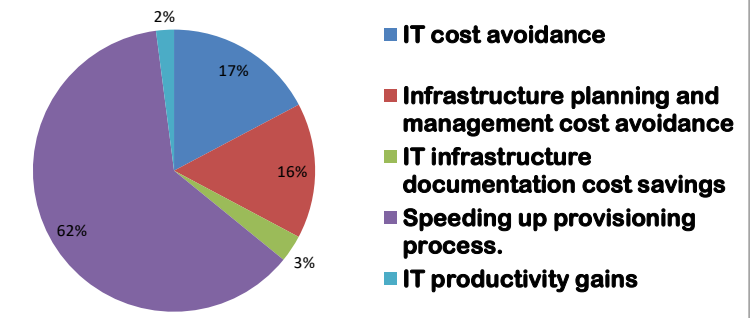
€

EXAMPLE

Costs (Year, Net Present Values)



Benefits (3-Year, Net Present Values)



THE RESEARCH IN ACTION GMBH REAL RETURN ON INVESTMENT CALCULATIONS METHODOLOGY

Real RoI Calculations Disclaimer:

The Research In Action Real RoI Calculations tool uses a primarily survey and interview-based 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 RoI Calculations 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 RoI Calculations 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.



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