The Total Economic Impact™ Of The KPISOFT Platform

Cost Savings And Business Benefits Enabled By KPISOFT

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Benefits And Costs – 3 Years (present value and risk-adjusted)

Incremental profit from agent productivity improvements:
$1,350,035

Report generation and usage savings:
$590,070

KPISOFT costs:
$546,339

Executive Summary

KPISOFT provides an artificially intelligent, enterprise performance management (EPM) platform that provides real-time performance awareness. KPISOFT empowers everyone in the enterprise with highly contextual, personalized, actionable insights to drive performance.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed a customer with about a year of experience using KPISOFT. The interviewed *Company* is a Fortune 500 global insurance provider with about 10,000 agents. The KPISOFT platform facilitates the tracking and monitoring of teams' and individuals' key performance goals and metrics; sending personalized insights to team members to motivate them and increase sales performance.

Prior to its investment in KPISOFT, the *Company* was using a reporting portal that took individual account managers a long time to access, causing the performance data to always be stale — the *Company* could not rely on this data for actionable insights.

Key Findings

Quantified benefits. The interviewed *Company* experienced the following risk-adjusted present value (PV) quantified benefits:

› **Incremental profit from improvements in agent productivity, $1,350,035.** Increased agent performance, engagement, and productivity resulted in incremental revenue and higher profitability. Over three years annual insurance premiums increased by 32.8% resulting in higher net profit.

› **Report generation and usage savings with KPISOFT, $590,070.** KPISOFT enabled the interviewed *Company* to substantially reduce the amount of time and effort required to create agent scorecards and other performance reports. In addition, sales managers and executives saved time analyzing the more accurate reports and generating insights to benefit the business.

Unquantified benefits. The interviewed *Company* experienced the following benefits, which were not quantified for this study:

› KPISOFT allows the *Company* to use gamification to motivate sales agents. It pushes real-time, daily sales data and performance results to individual agents, showing them how well they are doing and ranking them against their peers. This also helps to re-engage and motivate inactive agents to be more productive.

› With real-time sales data to review, agents are more likely to provide feedback on how to improve the reporting, benefiting the whole reporting process.

Costs. The interviewed *Company* experienced the following PV costs:

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**ROI
255%**

**Benefits PV
$1.9 million**

**NPV
$1.4 million**

**Payback
<6 months**

› **Internal deployment/management costs and KPISOFT fees, $546,339.** The *Company* incurred implementation labor costs, as well as ongoing application management labor, and KPISOFT development and software license fees.

Forrester's interview with the *Company* and subsequent financial analysis found that it experienced benefits equal to 3.5 times its investment. Benefits were $1,940,105 over three years versus costs of $546,339, adding up to a net present value (NPV) of $1,393,766, an ROI of 255% and a very quick payback period of under six months.

Benefits (Three-Year)
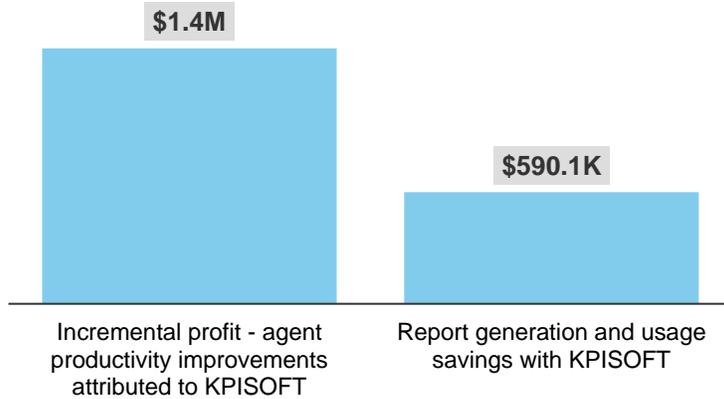
$1.4M

$590.1K

Incremental profit - agent productivity improvements attributed to KPISOFT

Report generation and usage savings with KPISOFT

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TEI Framework And Methodology

From the information provided in the interview, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering an investment in KPISOFT.

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 KPISOFT can have on an organization:

DUE DILIGENCE
Interviewed KPISOFT stakeholders to gather data relative to KPISOFT.

CUSTOMER INTERVIEW
Interviewed an organization using KPISOFT to obtain data with respect to costs, benefits, flexibility, and risks.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organization.

CASE STUDY
Employed four fundamental elements of TEI in modeling KPISOFT's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

> The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by KPISOFT 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 KPISOFT.

KPISOFT 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.

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

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The KPISOFT Customer Journey

BEFORE AND AFTER THE KPISOFT INVESTMENT

Interviewed *Company*

The interviewed *Company* is a Fortune 500 global insurance provider with about 10,000 agents in various branches and locations. Forrester interviewed the general manager of life insurance and the digital customer marketing manager. The *Company* sought an EPM solution that would drive long-term value creation by aligning corporate goals with that of employees' KPIs. It sought to achieve both strategic value and shareholder value by improving employee engagement through democratization of performance management.

Key Challenges

The interviewed *Company* shared the following challenges and drivers it faced prior to its investment in KPISOFT:

> › **Sales managers struggled to increase engagement and productivity across the sales organization.** The general manager explained, "Since 95% of our business comes from our agents, if we can get them to be more engaged and comfortable with our process, then that would be a big win." However, the *Company* struggled to increase engagement across its part-time and full-time agents. The top 10% of agents generate 40% of the revenue. The traditional methods of increasing engagement were not working at the *Company*; activities such as sending out memos was an outdated form of communication and not everyone read them. The interviewed *Company* sought to find an EPM solution that would improve the way it communicated with its sales teams which would in turn increase the engagement and productivity of sales agents.

> › **Generating sales reports was a highly manual and error-prone process.** Previously, creating sales performance reports was a highly manual and labor-intensive process. "Before, reports would be manually generated in spreadsheets," noted the general manager. He explained that there were two full-time FTEs dedicated to the process of creating these reports. The *Company* wanted a solution that would reduce the time and effort associated with creating sales reports, and to significantly increase the quality and timeliness of those reports. It also sought to enhance the efficiency of sales managers and executives in analyzing the more accurate reports and generating insights to benefit the business.

> › **Provide a single source of truth to empower sales managers and increase trust among sales agents.** Because the *Company* relied on manual sales reports in spreadsheets, it was difficult to ensure that everyone was on the same page. Management meetings would turn into discussions about which report version was the most recent and accurate, leaving little time to discuss how to drive revenue and improve performance.

> "We find the KPISOFT team to be very proactive in their efforts to understand our business needs. They even meet with our agents to better understand their issues. KPISOFT has been a very good partner."
>
> *General manager, insurance company*

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Meanwhile, sales managers faced numerous issues with the legacy sales reporting spreadsheets. First, errors within reports could degrade the trust or motivation among sales agents. The general manager explained: "We had instances where there were mistakes [in sales reports] that upset some of our top performers. Correcting those mistakes and communicating correct results to agents was a very time-consuming and emotionally draining process. Since 40% of the *Company's* revenue comes from the top 10% of agents, it is vital that the *Company* keep those agents motivated and happy."

› **Communicating with agents across various offices was difficult and time-consuming.** The general manager explained that, "Communicating with our agents across multiple branches and geographies was very time-consuming." The *Company* had a goal of providing accurate and real-time reporting data to all agents and managers across all offices.

Solution Requirements

The interviewed *Company* searched for a solution that could:

› Help improve agent sales performance resulting in incremental insurance premiums and profits.

› Reduce the cost, improve the quality, and automate the process of generating performance reports.

Key Results

The customer interviews revealed several key results from the KPISOFT investment including:

› **Increased employee performance, engagement, and productivity resulting in additional revenue, higher profitability, and enhanced customer experiences.** With KPISOFT, the *Company* created an accurate single data source that's used to communicate sales agents' performance and what each needs to do in order to succeed. The results were increased agent engagement and productivity, which produced incremental revenue and profits.

› **Enhanced employee experience — resulting in higher motivation, morale and satisfaction, and lower employee turnover**. By reducing the errors in sales reports and making it easier for sales agents to understand their performance, the *Company* has been able to increase trust among sales agents. The gamification of sales performance through daily leader boards and color-coding metrics has further encouraged agents to be more engaged. This increase in morale has contributed to increases in productivity and in lower turnover rates.

› **Digital transformation.** Its investment in KPISOFT allows the *Company* to more rapidly advance its digital transformation and culture enhancement change efforts via KPISOFT augmented analytics.

› **Cost and time savings for both IT and business teams with the replacement of manual reporting processes**. KPISOFT's automated reporting features has enabled the *Company* to reduce the time required to create performance reports by 88%.

"Our investment in KPISOFT has increased engagement, productivity, and absolutely increased our revenue."

General manager, insurance company

"Our biggest impact has been that a sales manager can now see team performance at a glance, for all the key KPIs and act on it. They don't have to wait for a weekly report. They get updates every day."

General manager, insurance company

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- › **Improved decision making based on daily performance data and reports.** The increased quality and more frequent reporting updates have enabled sales managers to better motivate their teams. The general manager explains the impact: "A branch manager can now pinpoint which agent or team is behind target and which agent or team is ahead of the target. Sales managers are now able to say, 'Okay, how can we help you improve?'"

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Analysis Of Benefits

QUANTIFIED BENEFIT DATA

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Incremental profit from agent productivity improvements	$272,650	$571,900	$837,900	$1,682,450	$1,350,035
Btr	Report generation and usage savings	$237,276	$237,276	$237,276	$711,828	$590,070
	Total benefits (risk-adjusted)	$509,926	$809,176	$1,075,176	$2,394,278	$1,940,105

Incremental Profit From Agent Productivity Improvements

By making it easier for sales agents to understand their goals and easier for managers to coach and motivate their sales teams, the *Company* is experiencing a significant increase in sales agent productivity.

In total, the *Company* projects premium growth rates of 10.7% to 32.8% over a three-year period attributable to using KPISOFT.

As we risk-assess this benefit for readers, Forrester assumes that sales team productivity improvements and resulting incremental profits will vary across companies, countries, and industries. Specific risk considerations include:

› Variable sales agent adoption rates over time.

› Variability in net profit margins for individual companies.

› The relative ineffectiveness of readers' legacy reporting systems.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $1,350,035.

This amount represents the incremental profit from agent productivity improvements as a result of ever-increasing annual premium growth rates attributed to using KPISOFT. Premium growth rates start at 10.7% in the first year and increase to a 32.8% annual growth in premiums in the third year.

> The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the interviewed organization expects risk-adjusted total benefits to be a PV of more than $1.9 million.

$1.4 million

three-year benefit PV

70%
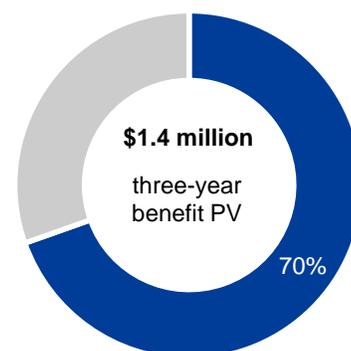
Incremental profit — agent productivity: **70%** of total benefits

> Impact risk is the risk that the business or technology needs of the *Company* may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

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| Incremental Profit From Agent Productivity Improvements: Calculation Table					
REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
A1	Annualized premiums before KPISOFT	Interviews	$38,400,000	$38,400,000	$38,400,000
A2	Annualized premiums attributed to using KPISOFT	Interviews	$42,500,000	$47,000,000	$51,000,000
A3	Growth in annual premiums attributed to using KPISOFT	A2/A1	10.7%	22.4%	32.8%
A4	Incremental premiums attributed to using KPISOFT	A2-A1	$4,100,000	$8,600,000	$12,600,000
A5	Net profit margin – insurance industry	Industry average	7.0%	7.0%	7.0%
At	Incremental profit from agent productivity improvements	A4*A5	$287,000	$602,000	$882,000
	Risk adjustment	↓5%			
Atr	Incremental profit from agent productivity improvements (risk-adjusted)		$272,650	$571,900	$837,900

Report Generation And Usage Savings

The *Company's* reporting challenges hampering its sales and growth potential. Sales managers and agents were receiving spreadsheet sales data on a weekly or monthly basis. These reports had to be reconciled and validated for accuracy before being distributed to sales managers and company executives. This was a very time-consuming process as evident in the data table below. The primary goal for the *Company* was to automate the process of creating agent scorecard and other reports. Using KPISOFT, the *Company* was able to reduce the time spent on creating and distributing reports by 88%. In addition, sales managers and executives saved time analyzing the more accurate reports and generating insights to benefit the business.

As we risk-assess this benefit for readers, Forrester assumes time savings from generating and using reports will vary across readers environments with:

› The number and frequency of reports being generated.

› Existing efficiencies in generating reports.

› The fully loaded compensation of analysts and sales managers.

To account for these variances, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $590,070.

30%

$590,070

three-year benefit PV
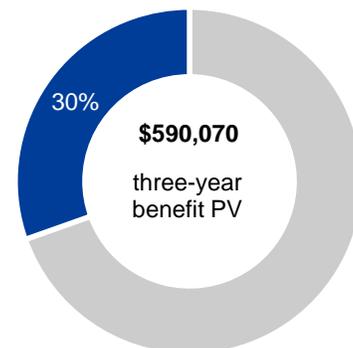
Report generation and usage savings: **30%** of total benefits

Report Generation And Usage Savings: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
B1	Agent scorecard reporting – hours before KPISOFT	Interviews	1,200	1,200	1,200
B2	Financial results reporting – hours before KPISOFT	Interviews	1,680	1,680	1,680
B3	Executive reporting – hours before KPISOFT	Interviews	744	744	744
B4	Total reporting hours before KPISOFT	B1+B2+B3	3,624	3,624	3,624
B5	Agent scorecard reporting – hours using KPISOFT	Interviews	120	120	120
B6	Financial results reporting – hours using KPISOFT	Interviews	120	120	120
B7	Executive reporting – hours using KPISOFT	Interviews	192	192	192
B8	Total report generation – hours using KPISOFT	B5+B6+B7	432	432	432
B9	Total report generation – hours saved using KPISOFT	B4-B8	3,192	3,192	3,192
B10	Average cost per hour – reporting analysts	Industry average	$45.00	$45.00	$45.00
B11	Report generation savings using KPISOFT	B9*B10	$143,640	$143,640	$143,640
B12	Total sales managers and executives' hours saved analyzing reports and generating business insights	Interviews	2,000	2,000	2,000
B13	Average cost per hour – sales managers and executives	Industry average	$60.00	$60.00	$60.00
B14	Report usage savings for sales managers and executives with KPISOFT	B12*B13	$120,000	$120,000	$120,000
Bt	Report generation and usage savings	B11+B14	$263,640	$263,640	$263,640
	Risk adjustment	↓10%			
Btr	Report generation and usage savings (risk-adjusted)		$237,276	$237,276	$237,276

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Unquantified Benefits

The interviewed *Company* experienced the following benefits, which were not quantified for this study:

› KPISOFT allows the *Company* to use gamification to motivate sales agents. It pushes real-time, daily sales data and performance results to individual agents, showing them how well they are doing and ranking them against their peers, and showing them how much they are earning. This helps to re-engage and motivate inactive agents to be more productive.

› With real-time sales data to review, agents are more likely to provide feedback on how to improve the reporting. Feedback has included suggestions on better formatting of the data and pointing out that KPI data does not fit on the mobile screen. Improvements are made based on agent feedback.

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are scenarios in which a customer might choose to implement KPISOFT and later realize additional uses and business opportunities, including:

› The ability to use KPISOFT to communicate product upsell and cross-sell incentives to agents, encouraging them to expand insurance offerings to customers.

› With KPISOFT, it will be easier to manage future agent and management re-organizations, with the system re-aligning agent and management relationships and continuing to track individual agent performance as agents change managers and departments.

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

"Gamification and democratization have made the sales process more fun, more simple, and more rewarding for our agents. This has contributed to increased productivity and profits."

General manager, insurance

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

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Analysis Of Costs

QUANTIFIED COST DATA

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Ctr	Internal deployment and management costs, and KPISOFT fees	$112,135	$174,600	$174,600	$174,600	$635,935	$546,339
	Total costs (risk-adjusted)	$112,135	$174,600	$174,600	$174,600	$635,935	$546,339

Internal Deployment/Management Costs And KPISOFT Fees

The *Company* incurred the following costs with KPISOFT:

› Internal labor to plan and deploy KPISOFT of $20,000.

› KPISOFT fees for one-time development costs of $92,135.

› Annual KPISOFT license fees of $54,600.

› Ongoing time and effort to manage the KPISOFT application and relationship of $120,000 annually.

As we risk-assess these costs for readers, most of the expenses were fixed quotes from KPISOFT, so we did not be risk-adjust the costs. The three-year total costs are a PV of $546,339.

> The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the interviewed organization expects risk-adjusted total costs to be a PV of $546,339.

> Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

Internal Deployment/Management Costs And KPISOFT Fees: Calculation Table

REF.	METRIC	CALC./SOURCE	INITIAL	YEAR 1	YEAR 2	YEAR 3
C1	Internal labor to plan and deploy KPISOFT	Interviews	$20,000	$0	$0	$0
C2	KPISOFT fees for one-time development costs	KPISOFT	$92,135	$0	$0	$0
C3	KPISOFT annual software license fees	KPISOFT	$0	$54,600	$54,600	$54,600
C4	Ongoing time and effort to manage the KPISOFT application and relationship	1 FTE fully loaded	$0	$120,000	$120,000	$120,000
Ct	Internal deployment/management costs and KPISOFT fees	C1:C4	$112,135	$174,600	$174,600	$174,600
	Risk adjustment	0%				
Ctr	Internal deployment/management costs and KPISOFT fees (risk-adjusted)		$112,135	$174,600	$174,600	$174,600

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Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)

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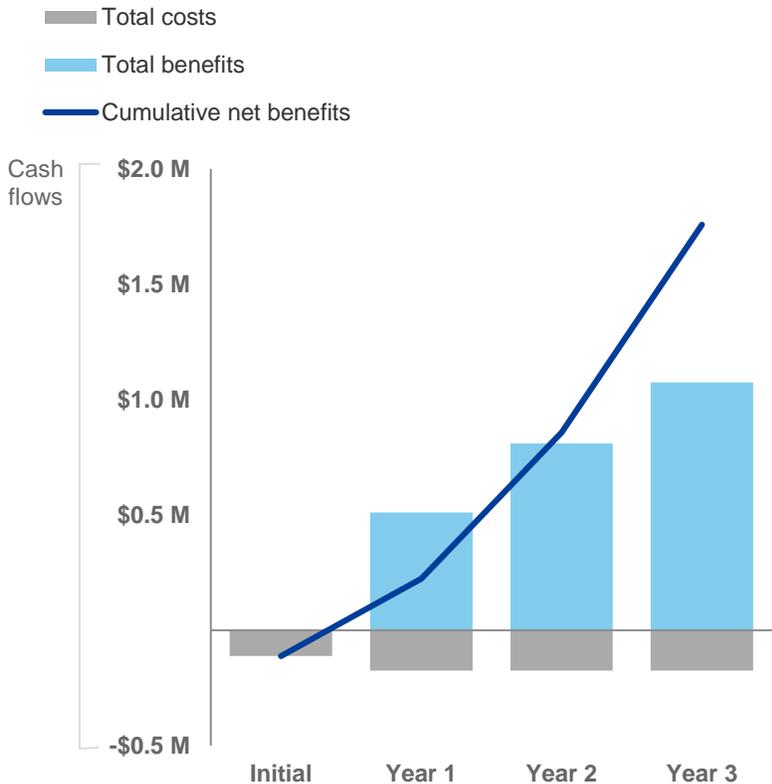
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the interviewed organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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 Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($112,135)	($174,600)	($174,600)	($174,600)	($635,935)	($546,339)
Total benefits	$0	$509,926	$809,176	$1,075,176	$2,394,278	$1,940,105
Net benefits	($112,135)	$335,326	$634,576	$900,576	$1,758,343	$1,393,766
ROI						255%
Payback period						<6 months

If risk-adjusted costs, benefits, and ROI still demonstrate a compelling business case, it raises confidence that the investment is likely to succeed because the risks that threaten the project have been taken into consideration and quantified. Assuming normal success at mitigating risk, the risk-adjusted numbers should more closely reflect the expected outcome of the investment.

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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.

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KPISOFT: Overview

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

KPISOFT, incorporated in 2008, is a cloud-based, mobile-first intelligent performance assistant. A leader in the enterprise performance management (EPM) platform services domain. KPISOFT's executive team is comprised of leading experts in cloud technology, enterprise software, culture change, and management consulting.

Headquartered in the US, and with KPISOFT leadership team members strategically located in some of the top tech-savvy markets around the globe, the team is revolutionizing enterprise performance for clients across all industries. These include insurance, telecommunications, manufacturing, retail, transportation and logistics, chemicals, pharmaceuticals, healthcare, education, and government agencies. Example use-cases include:

› **Insurance** – Drive channel sales by pushing actionable data-driven insights to agents & agency leaders.

› **Telecom** – Elevate Net Promoter Score (NPS) by delivering behavior changing insights to field service employees powered through a nudge framework.

› **Banking** – Improve branch performance by leveraging goal science, rewards and analytics.

› **Professional services** – Increase margins by acting on AI recommended plan for resource allocations and utilizations.

Key features of KPISOFT include:

› KPISOFT automatically tracks and analyses key metrics in an enterprise.

› KPISOFT delivers automated and personalized machine-generated insights to employees.

› Insights are curated based on consumption preferences by each employee to ensure they are highly contextual and actionable.

› KPISOFT platform enables enterprises to embrace performance practices required to succeed in a mobile-first digital world by using principles of gamification, data democratization, and social collaboration.

KPISOFT customers share the following goals:

› Real-time performance awareness.

› Automated and personalized insights for everyone.

› Engage in frequent data-rich performance conversations.

› Collaborate in real-time.

› Focus on what matters most.

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