A Forrester Total Economic Impact™
Study Commissioned By Adobe
December 2018

The Total Economic Impact™ Of Adobe Experience Cloud

Transforming Into An Experience-Driven Business With Adobe Experience Cloud

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Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Executive Summary

Business Benefits

Financial growth:
$22.6 million

Operational productivity gains:
$6.3 million

Cost savings:
$6.2 million

Increase in Net Promoter Score:
14%

Growing digital expectations and competition for empowered consumers and business buyers is forcing organizations to invest in new capabilities that enable them to optimize the value of their customer interactions. Businesses across every industry are looking to digital experience technologies in order to deliver contextually relevant and personalized digital content, with 51% of global software decision makers revealing that they are increasing spend on digital experience solutions over the next 12 months.[1] These investments in experience are well-founded: An analysis of major brands' financial performance across 18 industries using Forrester's Customer Experience Index (CX Index™) has shown per-customer annual revenue increases as high as $104 from a one-point improvement in CX score.[2] Despite the evidence, only 14% of CX professionals say the benefit of investing in CX is well-established in their firm.

Adobe commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study to examine the potential return on investment (ROI) enterprises may realize by adopting Adobe Experience Cloud and transforming into an experience-driven business. Adobe Experience Cloud — consisting of Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Campaign, Adobe Advertising Cloud, Adobe Target, and Magento Commerce Cloud — is an integrated cloud platform that serves as the foundation for delivering experiences across marketing, analytics, advertising, and commerce.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed nine customers across seven industries with an average of nearly five Adobe Experience Cloud products implemented, above average product adoption scores, and years of experience using these solutions within their marketing, customer experience, and analytics functions.

Prior to using Adobe Experience Cloud, interviewed organizations struggled to get a 360-degree view of their customers using disparate, homegrown and third-party marketing and digital experience technologies that were poorly integrated. Furthermore, organizations had no way to empirically test what impacted the customer experience, thereby leading to organizational gaps in what stakeholders knew would help to engage, convert, and retain customers across the customer life cycle.

Key Findings

The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the interviewed customers, as realized by the composite organization built for this study. Similar to Adobe customers interviewed for this study, the composite organization has an above average Adobe product adoption score using multiple Adobe Experience Cloud solutions including Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Campaign, Adobe Advertising Cloud, and Adobe Target. For a full description of the composite organization used in this analysis, please see the Composite Organization Description section of this study.

Financial growth: Interviewed organizations leveraged Adobe Experience Cloud to drive CX transformation that resulted in the following superior business results across the customer life cycle:

Three-Year Analysis

ROI
242%

Benefits PV
$35.1 million

NPV
$24.8 million

Payback (after go-live)
7 months

NPV per employee
$1,656

- **A 14% year-over-year (YOY) growth in new unique visitor site traffic by Year 3 of the analysis.** Organizations drove significant improvements in customer acquisition and brand engagement metrics by leveraging behavioral analytics to optimize sites for organic search and using lookalike modeling and advertising retargeting to identify, activate, and engage new high value customer segments. Furthermore, improved content velocity and effectiveness using Adobe Experience Manager helped drive earned media traffic growth. Over three years, the uplift in profit from increased traffic for the composite organization totaled a PV of just under $5 million.
- **A 25% increase in web and mobile conversion rates.** Interviewees built a testing culture, enabling them to deliver personalized and optimized messaging, promotions, and content to targeted audiences at scale. Collectively, these capabilities improved customer engagement and lead quality, ultimately resulting in incremental closed business. For the composite organization, Adobe Experience Cloud drove a 25% increase in conversion rate by Year 3 of the analysis, generating a PV of over $11 million in incremental profit over the three-year analysis.
- **A 10% uplift in average order values over three years through improved targeting and messaging to high value segments.** Using Adobe Audience Manager to identify and activate high value audiences and a combination of Adobe Target and Adobe Experience Manager to provide consistent, highly personalized omnichannel engagement, the composite organization was able to grow average order values by 10%, generating a PV of $3.7 million in additional profit over three years.
- **A 10% YOY growth in loyalty program membership and a 60% three-year increase in upselling loyalty program members.** Adobe Experience Cloud helped organizations exceed expectations for customer experience metrics, improving customer engagement and helping drive loyalty and rewards program membership growth. Improved loyalty program membership in turn enabled organizations to personalize each loyal members' experience on the website using Adobe Target, helping drive upselling and repeat purchase metrics. Loyalty program membership growth and improved upselling conversion rates generated a PV of over $2.8 million in additional profit for the composite organization over three years.

Operational productivity gains: Interviewees boosted customer digital engagement and streamlined marketing, customer insights, digital analytics, and experience team business processes using Adobe Experience Cloud. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the interviewed organizations:

- **Repurposed 2.5 FTE analyst and digital marketing resources to testing and personalization activities.** By streamlining several formerly manual, labor-intensive data analysis, reporting, segmentation, and multivariate testing activities, the composite organization was able to save time and refocus the equivalent of 2.5 FTE analyst and digital marketing resources to personalization and cross-channel optimization.

"We can attribute $20 million in incremental revenue from the personalization that we've done over the last nine months, based on a one-million-dollar investment in the Adobe platform."

VP, eCommerce and digital marketing hospitality

- **Web, mobile, and product page content changes that would take nearly a week could be implemented in hours using Adobe Experience Manager**. By consolidating redundant content management systems (CMS) and leveraging Experience Fragments in Adobe Experience Manager to propagate content changes across channels, organizations increased content velocity. In addition, Adobe Experience Manager helped marketing to implement content changes in a fraction of the time of their legacy systems without the involvement of IT. Over three years, the efficiencies from content management totaled a PV of over $370,000.
- **Marketing used Adobe Campaign to build campaigns in half the time it took with their legacy tools.** Using Adobe Campaign, Adobe Experience Manager, and Adobe Target, organizations reduced campaign execution time from at least five weeks to two-and-a-half weeks. Over three years, the efficiencies from faster campaign execution totaled a PV of $3.9 million.
- **A 40% reduction in contact center call volumes from self-service customer care.** Organizations were able to empower customers with contextually relevant self-service digital content that helped resolve customer service requests faster, improving the customer experience and reducing contact center call volumes. Over three years, customer care center calls were reduced by 40%, saving the composite organization a PV of $1.7 million.

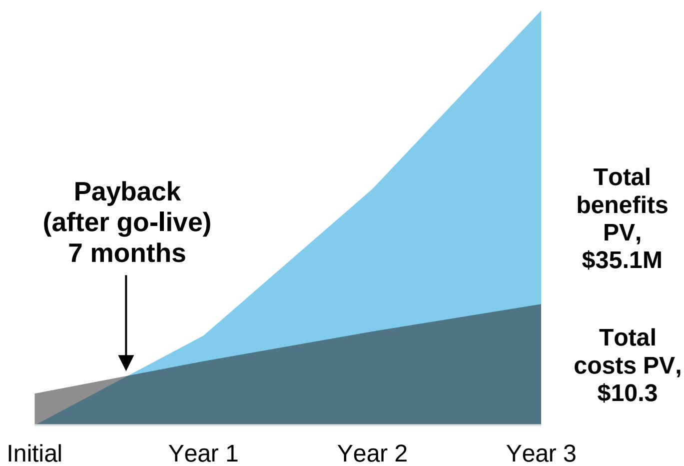
Customer acquisition and technology cost savings: Organizations were able to retire and consolidate legacy content management and analytics tools, saving both technology and IT administration time and labor. Furthermore, organizations accrued a variety of media, agency, and customer acquisition cost savings by bringing audience management in-house and optimizing their campaign and media spend. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the interviewed organizations:

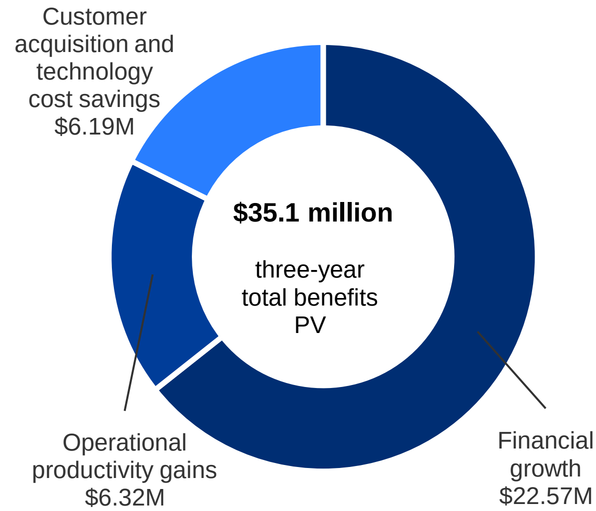
"Our conversion rates have improved dramatically . . . we went from less than 1% of new contacts converting to an MQL and now we're at 8%. Our conversion rate from MQL to SQL went from less than 1% to 10%.

Director, marketing and communications technology

- **Customer retention improved by 2% saving nearly $1.5 million in customer replacement costs.** Organizations were able to avoid unnecessary customer acquisitions costs by improving customer retention and improving brand loyalty. Over three years, total savings from improved customer retention totaled a PV of $1.5 million.
- **A 2.5% reduction in customer acquisition and agency costs freed up capital of CX transformation.** In-house advertising suppression, retargeting, audience management, and personalization capabilities using Adobe Advertising Cloud, Adobe Target, and Adobe Audience Manager reduced customer acquisition costs while concurrently limiting reliance on outside agencies, saving the composite organization a PV of just under $2.7 million over three years.
- **Over $2 million in cost savings from the retirement of legacy technologies.** Organizations eliminated poorly integrated and redundant content management systems and analytics tools. For the composite organization, this saved a PV of just over $2 million in technology and people costs over three years.

Financial Summary





Costs. The interviewed organizations experienced the following risk- and present-value adjusted costs, which have been included in the financial analysis for the composite organization:

- **Adobe software licensing costs.** Software licensing and other fees paid to Adobe for use of Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Campaign, and Adobe Advertising Cloud, which totaled a PV of $2.6 million over the three-year analysis.
- **Professional and managed services fees.** These are engagement fees paid to professional services firms to assist with the initial proof-of-concept, full implementation, and ongoing management and maintenance of Adobe Experience Cloud solutions, which totaled a PV of $3.6 million over the three-year analysis.
- **Internal resource costs.** These are internal resource costs to support and manage the initial proof-of-concept and full implementation of Adobe Experience Cloud solutions. In addition, this cost category includes the ongoing analytics, digital marketing, testing, personalization, IT administration, and development resources required to manage and harness the full capabilities of Adobe Experience Cloud. These costs totaled a PV of just under $3.6 million over the three-year analysis.
- **Training costs.** These are the training costs for new and existing Adobe power and self-service users. Training costs totaled a PV of over $460,000 over the three-year analysis.

Forrester’s interviews with nine existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of $35.1 million over three years versus costs of $10.3 million, adding up to a net present value (NPV) of $24.8 million and an ROI of 242%.

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering adopting Adobe Experience Cloud.

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 Adobe Experience Cloud can have on an organization:

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

DUE DILIGENCE
Interviewed Adobe stakeholders and Forrester analysts to gather data relative to Adobe Experience Cloud.

CUSTOMER INTERVIEWS
Interviewed nine organizations using Adobe Experience Cloud 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 Adobe Experience Cloud'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.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Adobe 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 Adobe Experience Cloud.

Adobe 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.

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

The Customer Journey To Adobe Experience Cloud

BEFORE AND AFTER THE ADOBE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted nine interviews with current Adobe Experience Cloud customers. Interviewed customers had the following characteristics:

INDUSTRY	REGION	INTERVIEWEE(S)	ADOBE PRODUCTS
Airline	Global	Head of user experience and optimization	Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Campaign, Adobe Ad Cloud, Adobe Target
Hospitality	North America	VP, eCommerce and digital marketing	Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Ad Cloud (pilot)
Financial services	North America	VP, director of architecture and strategy	Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Ad Cloud, Adobe Campaign (pilot)
Telecommunications	North America	› Senior data analyst › Group product manager, practice lead	Adobe Analytics, Adobe Audience Manager, Adobe Target, Adobe Campaign
Technology	Global	› Director, marketing and communications › Director, web applications	Adobe Analytics, Adobe Experience Manager, Adobe Target
Education	APAC	VP, people and advancement	Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Campaign
Healthcare	North America	Chief digital officer	Adobe Analytics, Adobe Experience Manager, Adobe Target, Adobe Campaign
Airline	North America	Director, digital solutions	Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Campaign
Financial services	North America	› Director, marketing technology platforms › Digital analytics manager › Digital analytics architect	Adobe Analytics, Adobe Experience Manager, Adobe Target

Key Challenges

Before adopting Adobe Experience Cloud, interviewees spoke of several common challenges and pain points affecting their customer experience, growth, and profitability.

Growing customer digital interactions and expectations. With the number of digital customer/brand interactions only growing, organizations continually struggled to understand and monitor their customer's evolving preferences and behaviors across an ever-growing array of digital channels and customer touchpoints.

- **Poorly integrated enterprise marketing stacks inhibited reliable 360-degree customer profiles across the customer journey.** In order to attain some of the customer intelligence, advanced segmentation, personalization, targeting, testing, and campaign delivery capabilities required to offer a differentiated customer experience, interviewees adopted a variety of poorly integrated tools that inhibited a unified view of the customer. One organization had six content management systems, each of which required IT resources and outside managed services. Others had multiple channel-specific analytics tools that generated conflicting views of their customer's brand interactions. None of this was conducive with gaining a holistic understanding of the customer and their needs.

"We wanted to create holistic profiles of our customers, so we could deliver contextually relevant, personalized experiences to them. But our people and technologies didn't talk to each other, and different teams in the organization had conflicting data. There was no single source of truth."

Head of user experience and optimization, airline

- **Poor visibility into the effectiveness of their marketing dollar.** Echoing the sentiment of the late great John Wanamaker (proprietor of America's first department store) one interviewee responded by saying, "I know that half of my marketing dollar works, I just don't know which half."[3] Organizations wanted to take a data-driven and forensic approach to determining which channels and experiences to invest in to drive improvements in customer satisfaction and marketing ROI.

- **The need to shift away from a one-size-fits-all marketing approach.** Even with web analytics in place, companies struggled mightily to deliver unique and personalized offers and messaging to customers. According to the VP of eCommerce and digital marketing at a hospitality company: "Every [customer] got one experience, the exact same experience. Whether you had bought a $45 room last week or a $10,000 suite this week, you are getting the promotion for the $45 room again." As such, organizations were leaving money on the table while leaving their most loyal customers with a sour taste in their mouths.

- **Desire to become customer-centered and experience-led.** Interviewees' piecemeal digital experience stacks weren't only expensive and difficult to maintain, they propagated a culture where technology and business processes were built by the business and for the benefit of the business. Organizations wanted to standardize on a modern digital experience stack that could put the customer in the center of every business decision.

"Our ambition is to become a student-centered and experience-led institution. Our legacy technologies were anchored in a very different perspective developed by administrators, for administrators, and to their benefit."

VP, people and advancement, education

Key Results

The interviewees revealed the following key results and business outcomes from their investments in Adobe Experience Cloud, including:

- **Optimized customer journeys that put the customer first, not operational convenience.** One organization was able to completely re-engineer its 12-step enrollment process down to four steps, reducing customer attrition through the funnel by 11% and reducing customer service center call volumes by 50% during peak season.
- **Elimination of expensive legacy technologies and manual business processes.** Organizations ripped and replaced multiple redundant analytics and content management systems from their environments, savings millions and freeing up marketing and IT resources to drive personalization and optimization across the enterprise. Furthermore, content management and campaign execution process inefficiencies were reduced by 50% or more, improving content and campaign velocity.
- **Business performance uplifts across the customer life cycle.** From the discovery to the engagement stage of the customer journey, organizations saw significant business performance improvements. As quantified later in this study, interviewees' investments in customer experience paid dividends in the form of higher brand engagement, increased conversion rates, larger average transaction sizes, and better customer retention.
- **Improved customer experience and engagement.** The business impacts discussed in this study are very much related to improvements in customer experience. While many organizations still struggle to measure customer experience on an ongoing basis, one interviewee saw a 14% increase in Net Promoter Score while another saw its customer satisfaction score grow from two to four stars, out of five.

"When we migrated everything over to Adobe Experience Manager, we immediately saw a 20% boost in customer engagement. We really attributed that to the platform and getting everything centralized on one domain, enabling a unified search across our community and main site for the first time."

Director of digital marketing platforms, technology services

Composite Organization Description

Based on the interviews, Forrester constructed a TEI framework, a composite company profile, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the nine companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

- The composite organization has $4 billion in annual revenue and 15,000 employees.
- Prior to adopting Adobe Experience Cloud, the organization had:
  - Multiple analytics tools for each of its three brands.
  - Multiple content management systems, all of which required heavy IT involvement.
  - No data management platform (DMP) in place.
  - Very limited personalization and testing capabilities across a set of disjointed and poorly integrated tools.

- Prior to adopting Adobe Experience Cloud, the organization had an average annual site traffic of 48 million visitors, an average conversion rate of 1.55% on site visits, an average order value of $100, and an average operating profit margin of 20%. Seventy percent of traffic comes from the web and thirty percent comes from mobile.
- Following a brief RFP process, the organization selected Adobe Experience Cloud. To implement the solutions, the organization engaged Adobe professional services to conduct a proof-of-concept and full implementation over a nine-month period.
- Similar to the interviewed customers, the composite organization had an above average Adobe product adoption score. Notably, interviewees for this study had a 58% higher product adoption score than the average Adobe customer.
- The organization has 85 active users at go-live, inclusive of both power users and the more occasional self-service users.

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits

BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Financial growth	$5,033,652	$9,662,401	$13,327,748	$28,023,801	$22,574,837
Operational productivity gains	$2,365,507	$2,593,906	$2,694,894	$7,654,306	$6,318,898
Technology, media, and customer acquisition cost savings	$930,000	$2,744,075	$4,091,594	$7,765,669	$6,187,360
Total benefits (risk-adjusted)	$8,329,159	$15,000,382	$20,114,236	$43,443,777	$35,081,095

Financial Growth

Organizations interviewed for this study made significant CX investments in order to transform into experience-driven businesses. One of the key outcomes of these investments is undeniably revenue and profit growth. For instance, Forrester Analytics' Customer Experience Index (CX Index™) finds that hotels in the upscale hospitality industry can increase revenue by $332 million annually with just a one-point increase in their CX Index Score.[4] For manufacturers of mass-market cars in the automotive industry, the same one-point increase in their CX Index Score can drive $873 million in additional annual revenue.

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 composite organization expects risk-adjusted total benefits to be a PV of just under $35.1 million.

As seen in the following chart, organizations interviewed for this study drove top- and bottom-line growth by driving increases in net new site traffic, conversion rates, average transaction sizes, customer loyalty, and upselling.

Financial Growth (Risk-Adjusted): Calculation Table

REF.	METRIC	RISK ADJUSTMENT	YEAR 1	YEAR 2	YEAR 3
Atr	Profit growth from increased site traffic	10%	$1,193,875	$1,954,536	$3,053,835
Btr	Profit growth from increased conversion rate	10%	$2,851,200	$4,376,506	$6,438,096
Ctr	Profit growth from increased average order value	10%	$812,160	$1,776,851	$1,983,010
Dtr	Profit growth from improved customer loyalty	20%	$176,417	$1,554,509	$1,852,808
	Financial growth	Atr+Btr+Ctr+Dtr	$5,033,652	$9,662,401	$13,327,748

Profit Growth From Increased Site Traffic

Interviewees' legacy digital experience technology stacks inhibited successful execution of their go-to-customer strategies. At the top of the marketing and sales funnel, growth in traffic and lead volumes were hindered by slow and mistargeted campaign execution, ineffective and stale content, and poorly designed web experiences. All of this negatively impacted outbound campaign effectiveness and inbound traffic increases across earned, paid, and organic channels.

14%

Increase In Site Traffic

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Using Adobe Experience Cloud, organizations were able to better define target segments, manage omnichannel campaigns, personalize content and messaging, and optimize the customer experience. Specifically, interviewees used rich behavioral analytics in Adobe Analytics to guide site optimization for organic search; lookalike modeling to identify, define, and activate high-value segments; and advertising retargeting to drive lead volumes through paid channels. Furthermore, organizations improved content velocity, relevancy, and effectiveness using Adobe Experience Manager, growing site traffic volume and improving click-through rates from earned and social channels. Collectively, these new capabilities helped drive YOY site traffic increases.

In modeling the impact of Adobe Experience Cloud and a heightened focus on experience in driving site traffic growth, Forrester made the following assumptions from our research:

- The composite organization has a baseline average of 48 million unique site visits per year prior to implementing Adobe Experience Cloud. In order to not double count benefits, Forrester only calculated the impact of new traffic, inclusive of the conversion rate and average order value increases relevant to these new visitors.
- As seen in row A2 of the chart below, after adopting Adobe Experience Cloud, the organization saw a 7% increase in traffic in Year 1. As the organization grew its optimization, retargeting, and content creation capabilities over the subsequent years, the organization saw YOY traffic growth of 10% and 14% in years 2 and 3, respectively.
- The organization has a blended (web and mobile), post-Adobe conversion rate that ranges from 1.88% to 1.95% over the three-year analysis, which accounts for the 21% to 25% increase in conversion described in detail in the next benefit category.
- The composite organization has a post-Adobe average order value of $105 in Year 1 and maintains a gross profit margin of 20%.

"For us, the most direct measurable impact has been our web traffic. In the 18 months since moving to Adobe, we're up over 30% on our site traffic."

Director, marketing and communications technology

Impact risk is the risk that the business or technology needs of the organization 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.

Increases in site traffic will vary across organizations and industries depending on before-state digital maturity, current level of site and experience optimization capabilities, and the presence, institutional adoption, and integration of comprehensive digital experience and marketing technologies. To account for this variability, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of just under $5 million.

Profit Growth From Increased Site Traffic: Calculation Table

REF	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Baseline unique site visitors before adopting Adobe Experience Cloud (per year)	A1 prior year+A3prior year	48,000,000	51,360,000	56,496,000
A2	YOY growth in site traffic using Adobe Experience Cloud		7%	10%	14%
A3	Increase in site traffic	A1*A2	3,360,000	5,136,000	7,909,440
A4	Post-Adobe conversion rate (blended)		1.88%	1.92%	1.95%
A5	Post-Adobe average order value		$105	$110	$110
A6	Profit margin		20%	20%	20%
At	Profit growth from increased site traffic	A3*A4*A5*A6	$1,326,528	$2,171,706	$3,393,150
	Risk adjustment	↓10%			
Atr	Profit growth from increased site traffic (risk-adjusted)		$1,193,875	$1,954,536	$3,053,835

Profit Growth From An Increase In Conversion Rate

⬆ 25%

Increase in conversion rate

Further down the sales and marketing funnel, interviewees were keenly focused on embracing an empirical testing culture that would enable them to deliver optimized messaging, promotions, and content to targeted audiences. Interviewees invested heavily in rebuilding and optimizing their sites using Adobe Experience Manager and implementing keyword-specific landing pages and promotions to reduce bounce rates and cart abandonment rates. These investments helped interviewees leverage behavioral analytics to implement behavioral tracking, progressive profiling, contextual nurturing, personalization, and continuous campaign and content improvement. In combination, these capabilities delivered higher customer engagement, higher lead quality, and ultimately more closed business, driving a 25% increase in conversion rate by Year 3 of the analysis.

For the composite organization, Forrester assumes that:

- The organization has a baseline average of 48 million unique site visitors per year prior to adopting Adobe Experience Cloud. As seen in row B2 of the chart below, previous year traffic increases from the use of Adobe Experience Cloud are factored into the current year, post-Adobe average annual unique site visit figure.
- Seventy percent of this traffic is through the web and thirty percent is through mobile.
- Prior to adopting Adobe Experience Cloud, the composite organization had an average conversion rate of 1.55%.
- After implementing the Adobe Experience Cloud, the composite organization saw an increase in average conversion rate to 1.88% in Year 1, an overall 21% increase relative to the before state. By Year 3 of the analysis, the organization grew its conversion rate across web and mobile to 1.95% of total visits, a more than 25% increase over the baseline.
- Forrester used the pre-Adobe average order value of $100 in order to not double count this benefit category and used a 20% gross margin.

Conversion rates can be impacted by myriad of outside factor, and uplifts will vary depending on the current optimization of your digital experience. To account for this, Forrester risk-adjusted this benefit category downward by 10%, yielding a three-year risk-adjusted total PV of just over $11 million.

> "Our personalization strategy has shown us that students who were served a personalized page, versus a generic page, were approximately 100% more likely to go through to the next part of that journey."
>
> *VP, people and advancement, education*

Profit Growth From An Increase In Conversion Rate: Calculation Table					
REF	**METRIC**	**CALC.**	**YEAR 1**	**YEAR 2**	**YEAR 3**
B1	Average annual unique site visitors before adopting Adobe Experience Cloud		48,000,000	48,000,000	48,000,000
B2	Average annual unique site visitors after adopting Adobe Experience Cloud (minus current year increase)	A1 prior year+A3 prior year	48,000,000	51,360,000	56,496,000
B3	Average conversion rate across web and mobile (blended) before Adobe Experience Cloud		1.55%	1.55%	1.55%
B4	Increase in conversion rate across web and mobile traffic (average)		21.29%	24.00%	25.81%
B5	Average conversion rate across web and mobile after adopting Adobe Experience Cloud	B2*(1+B3)	1.88%	1.92%	1.95%
B6	Increase in closed business using Adobe Experience Cloud	(B2*B5) -(B1*B3)	158,400	243,139	357,672
B7	Average order value (pre-Adobe)		$100	$100	$100
B8	Profit margin		20%	20%	20%
Bt	Profit growth from an increase in conversion rate	B6*B7*B8	$3,168,000	$4,862,784	$7,153,440
	Risk adjustment	↓10%			
Btr	Profit growth from an increase in conversion rate (risk-adjusted)		$2,851,200	$4,376,506	$6,438,096

Profit Growth From An Increase In Average Order Value

To drive business performance improvements at the buy stage of the customer life cycle, interviewees used: 1) Adobe Audience Manager to identify, build, and activate high value audiences and 2) Adobe Target and Adobe Experience Manager to pursue these segments with highly personalized omnichannel content and messaging. By using Adobe Experience Cloud to attract, nurture, and convert higher-value segments through personalization and continuous improvement of nurturing campaigns, the composite organization experienced a 10% increase in average order values.

↑ 10%

Increase in average order value

In modeling the magnitude of this benefit, Forrester assumes that:

- The organization has a baseline average of 48 million unique site visitors per year prior to adopting Adobe Experience Cloud. As seen in row C1 of the chart below, previous year increases in traffic from the use of Adobe Experience Cloud are factored into the current year, post-Adobe average annual unique site visit figure.
- The organization has a blended, post-Adobe conversion rate ranging from 1.88% to 1.95% between years 1 and 3, which accounts for the increase in conversion rate described in the previous benefit category.
- Following the adoption of Adobe Experience Cloud, the composite organization saw a 10% increase in its average order values, equating to $10 per order. Only half, or 5%, of this increase is realized during Year 1 of the analysis.
- The composite organization has a gross profit margin of 20%.

The magnitude of this benefit will vary significantly depending on each organization's digital and customer experience maturity levels prior to adopting the Adobe Experience Cloud. Specifically, organizations with a robust data management platform (DMP) usage and sophisticated omnichannel personalization and contextual engagement strategies might see less room for improvement in average order values. Lastly, conversion rates, average order values, and profit margins can be impacted by a variety of industry, regional, and company-level factors. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of just under $3.7 million.

Profit Growth From An Increase In Average Order Value: Calculation Table

REF	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Average annual unique site visitors after adopting Adobe Experience Cloud (minus current year increase)	$A1_{\text{prior year}}+A3_{\text{prior year}}$	48,000,000	51,360,000	56,496,000
C2	Post-Adobe conversion rate from visits to closed business (blended)		1.88%	1.92%	1.95%
C3	Baseline average order value		$100	$100	$100
C4	Increase in average order value (%)		5%	10%	10%
C5	Increase in average order value ($)	C3*C4	$5	$10	$10
C6	Profit margin		20%	20%	20%
Ct	Profit growth from increased average order values	C1*C2*C5*C6	$902,400	$1,974,278	$2,203,344
	Risk adjustment	↓10%			
Ctr	Profit growth from increased average order values (risk-adjusted)		$812,160	$1,776,851	$1,983,010

Profit Growth From Improved Customer Loyalty

A number of interviewees were aggressively investing in the acquisition of net new loyalty and rewards program members. By collecting and tracking robust behavioral data on these known customers and audiences across channels and touchpoints, organizations could make better informed, data-driven marketing decisions across the customer journey. Optimization efforts around the customer experience helped drive new loyalty program membership up 15% YOY at one interviewed hospitality company.

Growth in loyalty program membership in turn enabled organizations to personalize each loyal customer's onsite experience using Adobe Target, helping drive upselling and repeat purchases. Forrester made the following assumptions in quantifying the magnitude of this benefit:

- The organization has a baseline average of 48 million unique site visitors per year prior to adopting Adobe Experience Cloud. As seen in row D2 below, previous year increases in traffic from the use of Adobe Experience Cloud are factored into the current year, post-Adobe average annual unique site visit figure.
- Ten percent of total unique visitors join the customer loyalty program. Annual loyalty program membership grows at 10% YOY after adopting Adobe Experience Cloud, as seen in row D2 in the chart below.

"We continue to invest in our differentiation which is our data and we use this data to become the leading data-driven loyalty program in the industry. We've seen 15% YOY growth in loyalty member acquisition.

VP, eCommerce and digital marketing, hospitality

- The organization experienced a 1.14 percentage point increase in its upselling conversion rate, growing from 1.86% to 3%, an increase of over 60%, for loyalty program members following its adoption of the Adobe Experience Cloud. This improvement is realized only in years 2 and 3 due to the implementation period and learning curve.
- The composite organization has a post-Adobe average order value of $105 in Year 1, growing to $110 in years 2 and 3. The organization maintains a gross profit margin of 20%.

The ability to accrue loyalty program membership growth and to improve upselling conversion rates can be impacted by a variety of outside factors, including the presence of incentives and discounting. Furthermore, this benefit may be less relevant to organizations without customer loyalty and rewards programs. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a PV of over $2.8 million in additional profit over three years.

Profit Growth From Improved Customer Loyalty: Calculation Table

REF	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Loyalty program members without Adobe		4,800,000	4,800,000	4,800,000
D2	Loyalty program members with Adobe	(A1+A3) *10% (10% YOY growth In years 2 and 3)	5,136,000	5,649,600	6,214,560
D3	Conversion rate without Adobe		1.86%	1.86%	1.86%
D4	Conversion rate with Adobe		1.86%	3.00%	3.00%
D5	Pre-Adobe average order value		$100	$100	$100
D6	Post-Adobe average order value		$105	$110	$110
D7	Profit margin		20%	20%	20%
Dt	Value from customer loyalty conversion increase	((D2*D4*D6) - (D1*D3*D5))*D7	$220,522	$1,943,136	$2,316,010
	Risk adjustment	↓20%			
Dtr	Value from customer loyalty conversion increase (risk-adjusted)		$176,417	$1,554,509	$1,852,808

Operational Productivity Gains

Interviewees boosted customer digital engagement and automated manual marketing, customer insights, digital analytics, and experience team business processes related to personalization, testing and experimentation, advanced segmentation, analytics and reporting, and content creation and management. As seen in the following chart, organizations interviewed for this study accrued operational productivity gains from analyst and digital marketing efficiencies, content management and campaign time savings, and from self-service customer care capabilities.

Operational Productivity Gains (Risk-Adjusted): Calculation Table

REF.	METRIC	RISK-ADJUSTMENT	YEAR 1	YEAR 2	YEAR 3
Etr	Analyst and digital marketing staff repurposed to business priorities	15%	$0	$134,729	$230,787
Ftr	Annual content management and campaign efficiencies	15%	$1,674,307	$1,767,977	$1,772,907
Gtr	Savings from self-service customer care capabilities	10%	$691,200	$691,200	$691,200
	Operational productivity gains	Etr+Ftr+Gtr	$2,365,507	$2,593,906	$2,694,894

Analyst And Digital Marketing Resources Repurposed To Business Priorities

While Adobe Experience Cloud introduced a variety of new customer experience-enhancing capabilities, many interviewed customers accrued efficiency gains from faster and more automated business processes. Many of these efficiencies were seen in the marketing operations and digital marketing function around data analysis, reporting, lead scoring, audience management, marketing performance management, and multivariate testing. Specifically, automation of formerly labor-intensive reporting and multivariate testing activities enabled interviewees to repurpose 2.5 FTE analyst and digital marketing resources to personalization and cross-channel optimization initiatives.

> "Last year we ran ten different activities for optimization on our legacy testing platform. This year, we tripled the number using testing automation within Adobe Target."
>
> *Head of user experience and optimization, airline*

For the composite organization, Forrester assumes that:

- The organization repurposed 2.5 FTE analyst and digital marketing resources to testing and personalization activities by Year 3 of the analysis. No savings are realized in the first year of the analysis.
- Average fully burdened salaries for junior data analyst and digital marketing manager resources can be found in rows E3 and E4, respectively, in the chart below.

Salaries will vary across regions and industries and the actual resource savings accrued by readers will depend on the level of marketing and CX process automation that currently exists within their organizations. To account for this variability, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $284,740.

Analyst And Digital Marketing Resources Repurposed To Business Priorities: Calculation Table

REF	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
E1	Number of junior data analysts repurposed (in FTEs)		0.0	0.5	0.5
E2	Number of digital marketing resources repurposed to personalization and targeting		0.0	1.0	2.0
E3	Junior data analyst fully loaded salary		$90,992.20	$90,992.20	$90,992.20
E4	Digital marketing manager fully loaded cost		$113,009.00	$113,009.00	$113,009.00
Et	Analyst and digital marketing staff savings	(E1*E3) +(E2*E4)	$0	$158,505	$271,514
	Risk adjustment	↓15%			
Etr	Analyst and digital marketing staff savings (risk-adjusted)		$0	$134,729	$230,787

Content Management And Campaign Efficiencies

Interviewees indicated that content changes across web, mobile, and product pages could take a week using their legacy, fragmented content management systems. Using Adobe Experience Manager, content changes that would take nearly a week could be implemented in hours. Notably, interviewees pointed to Experience Fragments in Adobe Experience Manager, and its ability to propagate content changes across channels, as a key enabler in increasing content velocity. In addition, interviewees indicated that Adobe Campaign enabled them to build campaigns in a fraction of the time relative to their legacy tools.

Build campaigns in ½ the time

For the composite organization, Forrester assumes that:

- The composite organization implements between 50 and 100 product releases, product page improvements, and complete web refreshes, per year.
- The organization saves between 36 and 38 hours of time in implementing each content change, with these savings increasing over time as users familiarize themselves with the capabilities of Adobe Experience Manager. Content changes previously needed to be made by an IT administrator at a fully burdened hourly rate of $58.
- The organization launches five category-level campaigns per month using eight resources at a weekly fully burdened salary of $1,554.
- For each campaign, the organization saves two and a half weeks.
- The magnitude of this benefit will vary depending on existing content and campaign management sophistication and technology environment. To account for this variability, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $4.3 million.

"From a content velocity perspective, work flows that would previously take a week can now be done in 30 minutes using Adobe Experience Manager — things like setting up a new product page, for example. With the ability to tie into our taxonomy and everything else, the speed that we're able to deliver is multiples faster than we could ever do before."

Director, marketing and communications, technology

Content Management And Campaign Efficiencies: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
F1	Annual number of product releases, product page improvements, and website refreshes		50	100	100
F2	Number of hours saved per digital asset content change		36	37	38
F3	IT administrator hourly salary		$58	$58	$58
F4	Content management time savings	F1*F2*F3	$104,400	$214,600	$220,400
F5	Category-level campaigns launched per month		5.0	5.0	5.0
F6	Number of working weeks saved using Adobe Experience Cloud		2.5	2.5	2.5
F7	Number of resources per campaign (multi-disciplinary)		8	8	8
F8	Average full loaded weekly salary (blended team)		$1,554	1,554	1,554
F9	Annual campaign savings	F5*F6*F7*F8*12	$1,865,373	1,865,373	1,865,373
Ft	Content management and campaign efficiencies	F4+F9	$1,969,773	$2,079,973	$2,085,773
	Risk adjustment	↓15%			
Ftr	Content management and campaign efficiencies (risk-adjusted)		$1,674,307	$1,767,977	$1,772,907

Savings From Self-Service Customer Care Capabilities

Today, 40% of online adults prefer self-service rather than speaking to a live person over the phone for customer service.[5] As such, organizations are making investments in creating improved digital content and self-service digital channels to enable customers to resolve customer service and care issues without interacting with a representative over the phone. For businesses, this means lower customer care costs and an improved customer experience.

Interviewees for this study leveraged Adobe Experience Manager to build and deliver contextually relevant self-service digital content that helped resolve customer service requests faster, improving the customer experience and reducing contact center call volumes.

For the composite organization, Forrester assumes that:

- 10,000 customer care and support calls are received per month.
- The organization reduces contact center call volumes by 40% from self-service customer care. Several organizations saw reductions upwards of 50%.
- Average labor costs per call totaled $16.

Each organization's ability to route customers to self-service digital channels will vary depending on the technical and digital aptitudes of their clientele. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $1.7 million.

40% reduction in contact center call volumes

> "This year we saw a 50% reduction in call volumes for complaints or questions about how to get to the next stage of the enrollment process. What this enables us to do is deploy more agents for outbound activity . . . ."
>
> *VP, people and advancement, education*

Savings From Self-Service Customer Care Capabilities: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
G1	Number of customer care and support calls, per year	10,000 per month * 12 months	120,000	120,000	120,000
G2	Percentage of customer care requests deflected to digital		40%	40%	40%
G3	Number of calls deflected to digital channels	G1*G2	48,000	48,000	48,000
G4	Labor costs per call		$16	$16	$16
Gt	Savings from self-service customer care capabilities	G3*G4	$768,000	$768,000	$768,000
	Risk adjustment	↓10%			
Gtr	Savings from self-service customer care capabilities (risk-adjusted)		$691,200	$691,200	$691,200

Customer Acquisition And Technology Cost Savings

Organizations were able to retire and consolidate legacy content management and analytics tools, saving both technology and IT administration time and labor. Furthermore, organizations accrued a variety of media, agency, and customer acquisition cost savings by bringing audience management in-house and optimizing their campaign and media spend. Customer acquisition and technology cost savings for the composite organization can be seen in the following table.

Customer Acquisition And Technology Cost Savings: Calculation Table					
REF.	**METRIC**	**RISK-ADJUSTMENT**	**YEAR 1**	**YEAR 2**	**YEAR 3**
Htr	Cost savings from improved customer retention	15%	$0	$608,532	$1,316,051
Itr	Marketing, media, and agency cost efficiencies	20%	$480,000	$1,120,000	$1,760,000
Jtr	Cost avoidance from legacy systems	10%	$450,000	$1,015,543	$1,015,543
	Customer acquisition and technology cost savings	Htr+Itr+Jtr	$930,000	$2,744,075	$4,091,594

Cost Savings From Improved Customer Retention

Given the high costs associated with replacing a loyal customer who defects to a competitor, interviewees were hyper-focused on improving customer retention and growing share of wallet with existing customers. Adobe Experience Cloud customers who were interviewed for this study identified improved customer retention as a key benefit of their investments in becoming an experience-driven business. In fact, the Forrester Consulting Thought Leadership Paper titled, "The Business Impact Of Investing In Experience", found that experience-driven businesses that invest broadly in CX and embrace best practices across people, process, and technology pillars saw a 1.7x improvement in customer retention relative to their non-experience-driven peers.[6] The interviewed organizations saw customer retention improvements as high as a 5%.

2% increase in customer retention by Year 3

For the composite organization, Forrester assumes that:

- The organization improved retention of net new customers from the previous year by 2% by Year 3 of the analysis, as seen in row H2 in the chart below.
- Per-customer acquisitions costs, which decreased over time due to the media and customer acquisition cost savings explained in the next benefit category, ranged between $78.42 and $80.00 over the three-year analysis.

While Forrester notes that the value of a retained customer is much higher than the acquisition cost used in this calculation, interviewees were unable to provide revenue uplift figures associated with retained customers at the time of the interviews. Given that customer acquisition costs will vary significantly across industries and may be influenced by myriad outside factors, Forrester adjusted this benefit downward by 15%, yielding a total three-year PV savings from improved customer retention of $1.5 million.

Cost Savings From Improved Customer Retention: Calculation Table					
REF.	**METRIC**	**CALC.**	**YEAR 1**	**YEAR 2**	**YEAR 3**
H1	Net new customers acquired, per year		902,400	987,139	1,101,672
H2	Increase in customer retention		0%	1%	2%
H3	Customer acquisition costs		$80.00	$79.34	$78.42
Ht	Cost savings from improved customer retention	$H1_{\text{Previous year}}$ *H2*H3	$0	$715,920	$1,548,296
	Risk adjustment	↓15%			
Htr	Cost savings from improved customer retention (risk-adjusted)		$0	$608,532	$1,316,051

Reduction in Customer Acquisition And Agency Costs

Forrester Analytics' Global Business Technographics® Marketing Survey reveals that business-to-consumer (B2C) marketers allocate 26% of their budget to programs and media, making it the largest line item in their budgets.[7] Unsurprisingly, marketers interviewed for this study were keenly interested in improving the efficiency of their marketing and media expenditures in an effort to reduce and contain their customer acquisition costs.

Using Adobe Audience Manager and Adobe Target, the interviewed organizations enabled advertising suppression and advertising retargeting to reduce customer acquisition costs. Furthermore, by bringing audience management in-house, interviewees reduced their reliance on outside agencies. Notably, several organizations saw media efficiencies and savings north of 10% of total media spend from their investments in Adobe Experience Cloud.

In modeling the customer acquisition and agency cost savings accrued using these Adobe technologies, Forrester makes the following assumptions:

- The organization saved $1.2 million in customer acquisition costs by Year 3 of the analysis from improved advertising retargeting and advertising suppression.
- The organization saved $1 million in outside agency costs by Year 3.

Media efficiencies and agency cost savings will vary depending on how well optimized each organization's media budget is prior to adopting Adobe Experience Cloud along with each organization's reliance on outside agencies. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of just under $2.7 million over three years.

Customer acquisition and agency cost savings:

2.5% of spend by Year 3

Reduction In Customer Acquisition And Agency Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
I1	Net new customers acquired, per year		902,400	987,139	1,101,672
I2	Customer acquisition costs		$80.00	$79.34	$78.42
I3	Reduction in customer acquisition costs ($)		$600,000	$900,000	$1,200,000
I4	Reduction in agency spend, per year		$0	$500,000	$1,000,000
I5	Reduction in marketing costs (%)		0.8%	1.8%	2.5%
It	Marketing, media, and agency cost efficiencies	I3+I4	$600,000	$1,400,000	$2,200,000
	Risk adjustment	↓20%			
Itr	Marketing, media, and agency cost efficiencies (risk-adjusted)		$480,000	$1,120,000	$1,760,000

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Cost Savings From Sunsetting Legacy Technologies

Virtually all interviewees identified their legacy, poorly integrated technology stack as a key inhibitor to their CX transformation initiatives. After adopting Adobe Experience Cloud, several interviewees were able to rip and replace redundant legacy content management systems and web analytics tools, enabling them to save licensing costs. Additionally, interviewees saved on a variety of professional service expenses and IT administration labor costs required to manage and maintain these technologies over time.

To account for variance in reported saving ranges, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of just over $2 million in technology and people costs savings over three years.

"After picking Adobe Experience Manager as our platform, we estimate savings of about $2.5 million just in licensing cost, people cost, and the opportunity we would gain from consolidating onto one system."

Chief digital officer, healthcare

Cost Savings From Sunsetting Legacy Technologies: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
J1	Cost savings from retirement and consolidation of legacy content management systems		$500,000	$500,000	$500,000
J2	Staff managing and administering legacy web tracking tools		$0	$628,381	$628,381
Jt	Cost savings from sunsetting legacy technologies	J1+J2	$500,000	$1,128,381	$1,128,381
	Risk adjustment	↓10%			
Jtr	Cost savings from sunsetting legacy technologies (risk-adjusted)		$450,000	$1,015,543	$1,015,543

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
Ktr	Adobe software licensing costs	$0	$1,050,000	$1,050,000	$1,050,000	$3,150,000	$2,611,195
Ltr	Professional and managed service costs	$2,244,000	$550,000	$550,000	$550,000	$3,894,000	$3,611,769
Mtr	Internal resource costs	$422,946	$1,261,594	$1,261,594	$1,261,594	$4,207,727	$3,560,342
Ntr	Training	$0	$145,278	$182,769	$239,005	$567,052	$462,688
	Total costs (risk-adjusted)	$2,666,946	$3,006,872	$3,044,363	$3,100,599	$11,818,779	$10,245,994

Adobe Software Licensing Costs

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 composite organization expects risk-adjusted total costs to be a PV of under $10.3 million.

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.

Interviewees paid Adobe software licensing and other fees for use of Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Campaign, Adobe Advertising Cloud, and other Adobe Experience Cloud workloads. Exact licensing fees varied across interviewees. Adobe licensing costs and associated fees will vary based on the following:

- Number of active customers in your database and the number of channels you are running campaigns in.
- Annual, contractual data volume commitments and any data overage fees beyond the initial commit rate.
- The level of advanced analytics tooling required by your organization.

To account for variability in reported licensing costs, these costs were risk-adjusted upward by 5%. These costs yielded a three-year risk-adjusted total PV which totaled $2.6 million.

Adobe Software Licensing Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Kt	Adobe software licensing costs		$1,000,000	$1,000,000	$1,000,000
	Risk adjustment	↑5%			
Ktr	Adobe software licensing costs (risk-adjusted)		$1,050,000	$1,050,000	$1,050,000

Professional And Managed Service Costs

While several interviewees leaned primarily on their internal resources to pilot and deploy Adobe Experience Cloud, the majority of interviewees either worked with Adobe Professional Services or an Adobe partner to assist with the proof-of-concept and full implementation of the Adobe stack. Pilots and proofs-of-concept often took several months and leveraged several internal resources across IT, marketing, and lines of business. While the majority of customers interviewed for this study tended to adopt components of Adobe Experience Cloud gradually over time, several were able to stand up and integrate the majority of workloads over a nine- to twelve-month period.

In almost all circumstances, interviewees leveraged managed services on an ongoing basis to continue to optimize their Adobe Experience Cloud implementations. In addition, these managed services helped augment existing staff skill sets around personalization, targeting, tagging, and audience management. Forrester used the following assumptions to model professional and managed services costs for the composite organization:

- Forrester estimates that the total duration of the implementation for Adobe Experience Cloud took nine months, including Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, and Adobe Campaign.
- The organization paid $40,000 for the proof-of-concept, and $2,000,000 for the full implementation, system integration, development, and testing services for all the Adobe solutions listed above.
- The organization spends $500,000 annually on managed services and staff augmentation services.

The following factors may affect the actual Adobe services costs and timelines incurred by other organizations:

- Size and complexity of the organization's web, mobile, and data environment.
- Tagging structure and product hierarchy complexity.
- Need for custom development work.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $3.6 million.

Professional And Managed Service Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
L1	Proof-of-concept		$40,000			
L2	Professional and managed services		$2,000,000	$500,000	$500,000	$500,000
Lt	Professional and managed service costs	L1+L2	$2,040,000	$500,000	$500,000	$500,000
	Risk adjustment	↑10%				
Ltr	Professional and managed service costs (risk-adjusted)		$2,244,000	$550,000	$550,000	$550,000

Internal Resource Costs

Organizations interviewed for the study dedicated a multi-disciplinary team of analysts, journey and experience managers, personalization and targeting leads, developers, and IT administrators to support and manage the initial proof-of-concept and fully implement Adobe Experience Cloud. Beyond the initial implementation, organizations dedicated FTE resources with backgrounds in analytics, digital marketing, testing, personalization, IT administration, and web development to manage the solutions and harness all of the capabilities of Adobe Experience Cloud.

In modeling internal resource costs for the composite organization, Forrester makes the following assumptions:

- The organization dedicated a full-time data engineer, scrum master, analyst, and customer experience manager for nine months to work in collaboration with the Adobe professional services provider during the initial implementation period.
- Over the three-year analysis, the organization dedicated a total of eight FTEs to managing, supporting, and augmenting Adobe Experience Cloud workloads and evangelizing the use of data to guide customer experience improvements, growth decisions, and marketing resource allocation. Specific FTE resources dedicated to Adobe Experience Cloud include the following:
  - Two FTE analytics resources.
  - Two FTE digital marketing resources.
  - Two FTE multivariate testing and personalization resources.

- Two FTE IT administration and development resources.

Internal resource costs will vary depending on the seniority and skill sets of the staff allocated to the implementation, management, administration, and ongoing development of Adobe Experience Cloud. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of just under $3.6 million.

Internal Resource Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
M1	Internal resources for implementation		$367,779			
M2	Ongoing analytics resources			$218,083	$218,083	$218,083
M3	Digital marketing resources			$226,018	$226,018	$226,018
M4	Testing and personalization leads			$267,800	$267,800	$267,800
M5	IT administrators and developers			$385,137	$385,137	$385,137
Mt	Internal resource costs	M1+M2+M3+ M4+M5	$367,779	$1,097,038	$1,097,038	$1,097,038
	Risk adjustment	↑15%				
Mtr	Internal resource costs (risk-adjusted)		$422,946	$1,261,594	$1,261,594	$1,261,594

Training Costs

Interviewees indicated that they make initial and ongoing investments in training new hires and current staff members on how to effectively use Adobe Analytics, Adobe Audience Manager, Adobe Experience Manager, Adobe Target, Adobe Campaign, Adobe Advertising Cloud, and other Adobe Experience Cloud workloads in their daily roles. Our model assumes that the composite organization allocates eight hours per quarter for training everyday users, or power users, on the Adobe stack. Self-service users, who were typically occasional users of Adobe Analytics and Adobe Experience Manager, required Adobe certification, spending two days studying and training for the certification exam.

Training requirements will vary depending on the existing skill sets of staff. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of slightly over $460,000.

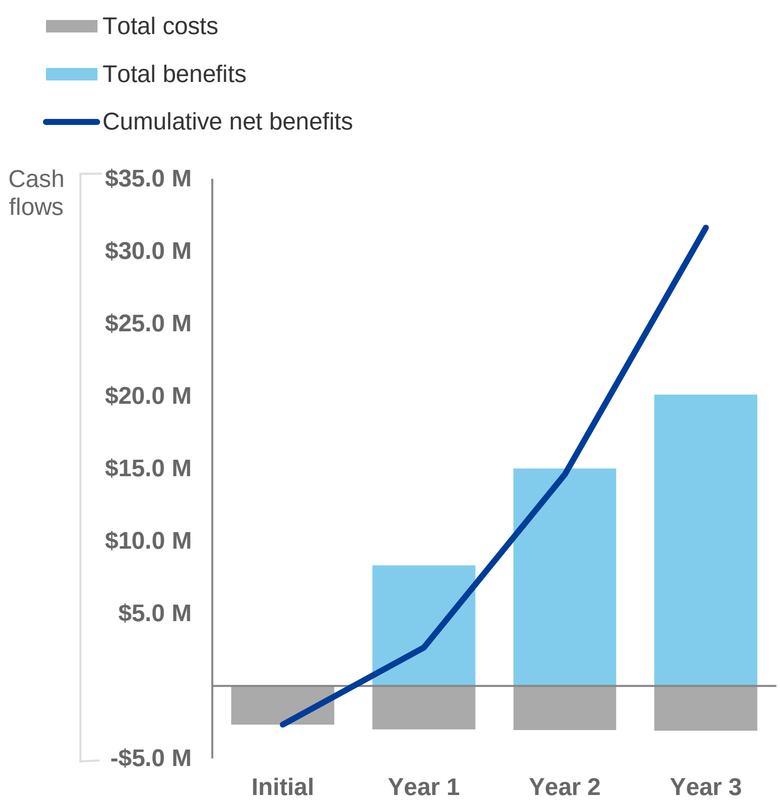
Training Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
N1	Number of Adobe power users		70	90	120
N2	Number of self-service users added, per year		15	15	15
N3	Training hours per year, power users		32	32	32
N4	Training hours per year, self-service users		16	16	16
N5	Average blended hourly salary for trained employees		$53.25	$53.25	$53.25
Nt	Training costs	(N1*N3*N5)+ (N2*N4*N5)	$132,071	$166,154	$217,278
	Risk adjustment	↑10%			
Ntr	Training costs (risk-adjusted)		$145,278	$182,769	$239,005

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($2,666,946)	($3,006,872)	($3,044,363)	($3,100,599)	($11,818,779)	($10,245,994)
Total benefits	$0	$8,329,159	$15,000,382	$20,114,236	$43,443,777	$35,081,095
Net benefits	($2,666,946)	$5,322,288	$11,956,019	$17,013,637	$31,624,998	$24,835,101
ROI						242%
Payback period						7 months

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Adobe Experience Cloud: Overview

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

Adobe Experience Cloud provides enterprise customers with tools to deliver holistic experiences to their customers — from the design and creation of content to measurement, delivery, and commerce. It is the starting point for designing and delivering personalized experiences that *drive business results*. Adobe Experience Cloud helps every business become an Experience Business and accomplish Customer Experience Management by making it possible to make, manage, measure, mobilize, and monetize those experiences — all from one integrated cloud. Whether your focus is B2B or B2C, Adobe Experience Cloud is an integrated customer experience management offering that provides the products and services required to deliver amazing customer experiences every time.

Within Experience Cloud, you'll find:

› **Marketing Cloud –** Integrated set of industry-leading solutions that frees marketers to craft digital experiences that differentiates the brand story, connects with customers on a personal level, and proactively engages them in the moments that matter to the customer and the business, and does this fluidly across B2C and B2B customers.

› **Advertising Cloud –** The first independent, cross-channel advertising platform that delivers both brand and performance campaign management across any screen in any format.

› **Analytics Cloud –** Customer intelligence engine that powers businesses enabling them to move from insights to action in real time.

› **Commerce Cloud –** Modern commerce platform built for today's experiences, extending beyond the web shopping cart to every shoppable experience, including email, mobile, in-store, and marketplaces.

› **Creative Cloud Enterprise –** World's best and most complete creative apps and services designed to create amazing content that's integrated into experience creation and delivery.

› **Document Cloud Enterprise –** Most comprehensive tools for digitizing your entire workflow so that you can go from idea to execution immediately.

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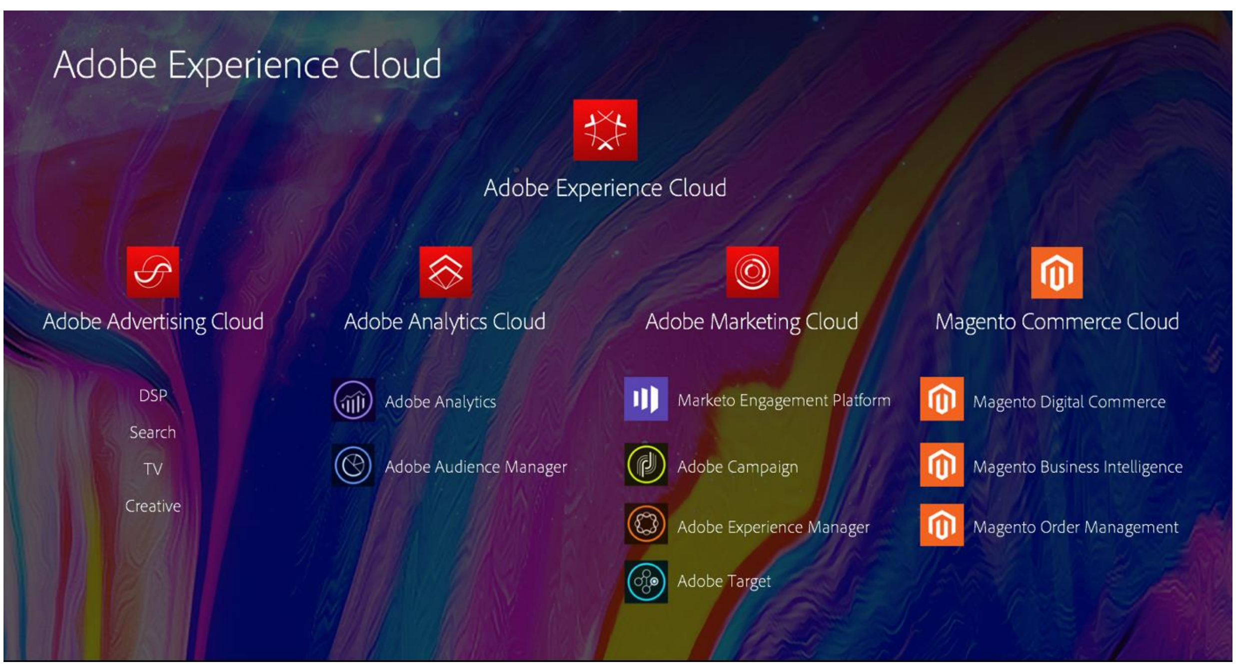

Appendix A: Total Economic Impact

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.

Appendix B: Endnotes

[1] Source: "Forrester Analytics: Web Content Management Systems Forecast, 2017 To 2023 (Global)," Forrester Research, Inc., November 15, 2018.
[2] Source: "How Customer Experience Drives Business Growth, 2018," Forrester Research, Inc., September 21, 2018.
[3] Source: "Who Made American?" PBS, September 30, 2004 (https://www.pbs.org/wgbh/theymadeamerica/whomade/wanamaker_hi.html).
[4] Source: "The ROI Of CX Transformation," Forrester Research, Inc., June 19, 2017.
[5] Source: "How AI Will Transform Customer Service," Forrester Research, Inc., June 16, 2017.
[6] Source: "The Business Impact Of Investing In Experience," a commissioned study conducted by Forrester Consulting on behalf of Adobe, April 2018.
[7] Source: Forrester Analytics Global Business Technographics® Marketing Survey, 2017.