

A Forrester Total Economic Impact™
Study Commissioned By Smart
Communications
April 2017

The Total Economic Impact™ Of The Smart Communications Solution

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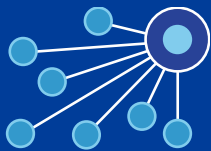
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Executive Summary

Quantified Benefits



IT cost savings:
\$6,401,475



Savings associated with enablement of customer self-service:
\$2,567,778



Savings on postage and paper:
\$7,710,368

Total Quantified Benefits

\$16,679,621
(risk- and PV-adjusted)

Smart Communications helps the world's largest enterprises simplify their customer and business communications — while making those communications do even more.

Smart Communications commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its Smart Communications solution.

Smart Communications is headquartered in London and serves its customers from offices located in North America, Europe, and Asia Pacific. The company offers a range of solutions including SmartCOMM, SmartDX, SmartCORR for Salesforce, and SMARTCaaS for Partners.

The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Smart Communications solution on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed a customer with two years of experience using the Smart Communications solution. Prior to its investment in Smart Communications, the customer *Organization* was using 60 different commercial and homegrown customer communications tools for print and email. In addition, its overall branding was inconsistent across the *Organization*. And it previously took up to six months to send notifications to customers. As we will explain in this study, these and other issues were resolved with the investment in Smart Communications.

Key Findings

Quantified benefits. The interviewed *Organization* experienced the following present value and risk-adjusted quantified benefits (see the Financial Analysis section for more details):

- › **IT cost savings (\$6,401,475).** These savings include the decommissioning of legacy document management systems. Prior to its investment in Smart Communications, the *Organization* was using 60 different commercial and homegrown customer communications and document management tools for print and email. It's in the process of decommissioning 45 of these tools. In addition, there are labor cost savings associated with moving responsibility for managing document templates from the IT department to the business.
- › **Savings associated with enablement of customer self-service (\$2,567,778).** The *Organization* has enabled an online customer self-service capability. The documents most asked for by customers are stored in Smart Communications' central depository and are available for retrieval by customers through the *Organization's* online banking or customer care center. Savings are derived from customers not needing to deal with a live agent either in a branch or on the phone. Before Smart Communications, agents would take the phone call or meet with the customer, print the document, and mail it to the customer.
- › **Savings on postage and paper (\$7,710,368).** The *Organization* reported reductions in copies and mailings, resulting in significant savings in postage and paper associated with its investment in Smart Communications.

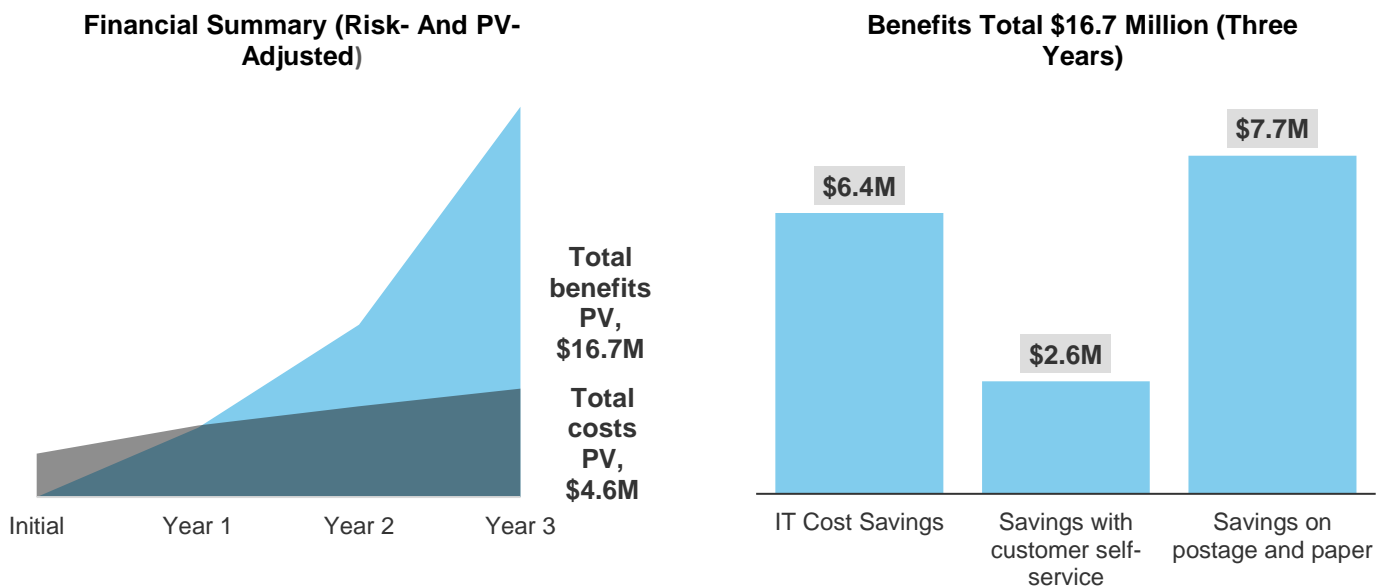
Unquantified benefits. The interviewed *Organization* experienced the following benefits, which are not quantified in this study:

- › **Increased customer satisfaction.** The *Organization* can provide communications based on customer preference, such as a preferred language or communications channel. Furthermore, customer service can respond to customer inquiries more quickly and accurately. And more online customers are opting to receive paperless communications.
- › **Increased customer retention.** The *Organization* is confident that its use of Smart Communications' electronic documents creates a "stickiness" that helps with customer retention and may help with customer acquisition.
- › **Improved brand recognition.** With Smart Communications, the *Organization* was able to establish a consistent look and feel across all of its customer communications. This consistency in all offline and online correspondence helps improve brand recognition.
- › **Reduced exposure to compliance failures.** The *Organization* now has better control over document production. It can now also ensure that the correct regulatory elements, including the right version of legal disclaimers, are used throughout the company's correspondence.

Costs. The *Organization* experienced the following costs, present value and risk-adjusted:

- › **Internal costs to implement and maintain Smart Communications (\$1,186,185).** Implementation costs included hardware, software, labor tasks, and ongoing maintenance support.
- › **Smart Communications and third-party fees (\$3,450,553).** This includes all license fees, professional services, and training.

Forrester's interviews and subsequent financial analysis found that the *Organization* experienced benefits of \$16,679,621 over three years versus costs of \$4,636,738, adding up to a net present value (NPV) of \$12,042,883 and an ROI of 260%. For more details, see the Financial Analysis section.



TEI Framework And Methodology

From the information provided in the interview, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering investing in the Smart Communications solution.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that the Smart Communications solution can have on an organization:

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



DUE DILIGENCE

Interviewed Smart Communications stakeholders to gather data relative to the Smart Communications solution.



CUSTOMER INTERVIEW

Interviewed an *Organization* using the Smart Communications solution to obtain data with respect to costs, benefits, 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 Smart Communications solution'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 Smart Communications 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 the Smart Communications solution.

Smart Communications 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.

Smart Communications provided the customer name for the interview but did not participate in the interview.

The Smart Communications Solution Customer Journey

BEFORE AND AFTER THE INVESTMENT IN SMART COMMUNICATIONS

Interviewed *Organization*

For this study, Forrester conducted in-depth interviews with a Smart Communications solution customer:

- › It is a large financial institution in the United States. It has been using the Smart Communications solution for two years.
- › It has been using the Smart Communications on-premises solution for two years to open up all new account applications for deposits, credit cards, and loans, including disclosures. It also uses the solution for credit card offers and to generate, store, and deliver a large volume of back-office customer notifications, such as no sufficient funds (NSF) documents and overdraft notices for deposit accounts. The *Organization* also uses it for customer self-service document retrieval and to create online credit card offers for its offer management solution and deliver the disclosures to the customers. Note: The *Organization* plans to move its on-premises solution to the Smart Communications software-as-a-service (SaaS) cloud solution. All new projects are deployed on the SaaS solution.
- › It uses one instance of the Smart Communications SaaS cloud solution to facilitate automobile dealer financing. It uses another instance for ad hoc document creation in its front office, branches, and customer care centers.
- › Using Smart Communications, the *Organization* produced about 20 million communications in Year 2 of our analysis. In Year 3, it will produce 80 million communications. Each communication contains between one and 50 pages, making up one to 12 documents.
- › The *Organization* has 10 to 12 design and author users and about 20,000 other users who have access to the Smart Communications solution. It does local printing and high-speed batch printing, creates and saves PDFs for long-term regulatory document retention, and sends email notifications. It will be starting SMS notifications soon.
- › The *Organization's* Smart Communications solution has integrations with the front-office CRM for new and servicing accounts. It also integrates with the back-office deposits, transactions system, online banking platform, and the bank's customer-facing website.
- › Prior to its investment in Smart Communications, the *Organization* was using 60 different commercial and homegrown customer communications tools for print and email. Its long-term goal is to decommission and migrate the functionality of 45 of these tools to the Smart Communications solution and move more toward electronic communications.
- › The *Organization* will continue to expand the Smart Communications functionality to other business areas in the coming years.
- › Forrester conducted in-depth interviews with the *Organization's* vice president, application services manager.

“Smart Communications has been more than a vendor; they’ve been a very good partner. They’ve bent over backwards in a number of situations to help support us in what we need to do to grow and scale the solution within our business.”

Vice president, application services manager, the Organization



Key Challenges And Goals

The *Organization* shared the following issues, drivers, challenges, goals, and opportunities:

- › **Shift from paper and email to electronic and web communications.** Previous to Smart Communications, the *Organization* was using 60 different commercial and homegrown tools for customer communications, which were 100% print and email. Its long-term goal is to decommission and migrate the functionality of 45 of these tools to the Smart Communications solution and move more toward electronic communications. Currently, customer communications is 30% electronic, 10% web, and 60% paper communications.
- › **Reduce the number of customer communication templates.** Across the *Organization*, there were over 6,000 templates. Of these, the *Organization* identified 2,000 to be transitioned to Smart Communications. During a rationalization process, 800 were eliminated, leaving 1,200 templates currently being used for the following: front-office new account applications, disclosures, checks, back-office NSF and overdraft notices, regulatory communications to customers, and electronic communications for online credit and lending activities.
- › **Increase speed-to-market for template changes.** In the past, if the US Federal Reserve Bank changed interest rates, as it often does unannounced, the *Organization* would have to change every template across the 50 states to accommodate each state's unique rules. Today, using Smart Communications, the interest rate change is made in one location, affecting all 50 states (templates), immediately creating new documents on demand for a faster time-to-market response.
- › **Create consistent branding standards across all customer communications.** Previous to using Smart Communications, the *Organization's* overall branding was inconsistent. The templates in the Smart Communications solution facilitate consistent branding, formatting, logos, and fonts across documents, notices, and disclosures.

Forrester question: “Has Smart Communications helped bring more personalization to customer communications?”

CISO Answer: “Yes, we are able to personalize customer communications based on preferences for channel, frequency, and different languages.”

Vice president, application services manager, the Organization



Key Results

The interview revealed several key results attributed to the Smart Communications solution investment:

- › **Consistent enterprise customer communications standards.** Using Smart Communications, the *Organization* now has defined enterprise-level customer communication standards and expectations of how it communicates to all customers. The result is that the branding standards and message and the language level of the communications are consistent across customer communications.
- › **Moving from 100% paper to electronic customer communications.** The *Organization* is moving from paper communications to offering customers what they now expect: the option of receiving communications electronically. At the time of Forrester's interview, of the communications using Smart Communications, 55% was electronic and 45% was paper. In the future, the *Organization* will offer communications based on a customer's language (English, Spanish, or Polish).
- › **Enablement of customer self-service.** The Smart Communications solution enables self-service capabilities for the *Organization's* customers, making documents available through the online banking or customer care center. A customer can go online and retrieve documents instead of calling or visiting a branch. The *Organization* saves branch and call center labor costs and printing and mailing costs.
- › **Faster time-to-customer-communication.** Previously, it took up to six months to send notifications to customers. With Smart Communications, the *Organization* has consistency in branding and reusability of templates. Therefore, it now averages only a month to send notifications, which includes standard change management and approval timelines.
- › **Smart Communications functionality and tools.** The *Organization* is able to take advantage of the following Smart Communications functionality: design tools for its template authoring environment, interactive tools for on-demand templates used by the branch and the customer care centers, and significant batch processing capabilities for back-office customer notifications such as the NSF and overdraft notices. To a lesser degree, it is using the data capture functionality.

"Everything we've seen so far convinces me that Smart Communications will be able to scale. As we continue to grow, we've been able to add on functionality and infrastructure, and it's scaled seamlessly for us."

Vice president, application services manager, the Organization



Financial Analysis

QUANTIFIED BENEFIT AND COST DATA

Total Benefits

| REF. | BENEFIT | YEAR 1 | YEAR 2 | YEAR 3 | TOTAL | PRESENT VALUE |
|---------------------------------------|---|--------------------|--------------------|---------------------|---------------------|---------------------|
| Atr | IT cost savings | \$1,645,125 | \$2,395,125 | \$3,895,125 | \$7,935,375 | \$6,401,475 |
| Btr | Savings associated with enablement of customer self-service | \$363,200 | \$726,400 | \$2,179,200 | \$3,268,800 | \$2,567,778 |
| Ctr | Savings on postage and paper | \$1,250,000 | \$2,500,000 | \$6,000,000 | \$9,750,000 | \$7,710,368 |
| Total benefits (risk-adjusted) | | \$3,258,325 | \$5,621,525 | \$12,074,325 | \$20,954,175 | \$16,679,621 |

IT Cost Savings

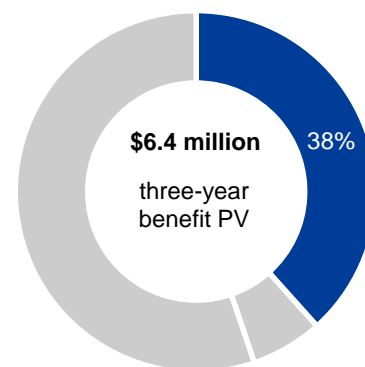
- Elimination of legacy document management systems.** Prior to its investment in Smart Communications, the *Organization* was using 60 different commercial and homegrown customer communications and document management tools for print and email. It's in the process of decommissioning 45 of these tools. So far, it has eliminated costs associated with commercial vendor licenses and support, along with labor to maintain both vendor and homegrown systems. The *Organization* forecasts annual savings to be in the \$5 million to \$7 million range once all 45 tools are decommissioned. To be conservative, Forrester used the savings indicated in row A1 in the table below.
- Projected cost savings managing document templates.** The *Organization* will be moving responsibility for managing document templates from the IT department to the business. Once the business takes over maintenance of the templates, Forrester estimates that the *Organization* will see the three years of savings shown in Row A8 below.

Modeling and Assumptions. The *Organization* uses \$72.50 per hour when allocating IT staff charges and \$18.75 per hour when computing business staff involved with template design and management.

Risks. Forrester considered the following potential risks when assigning a risk adjustment:

- The *Organization* is in the process of decommissioning legacy document management systems and has not yet finished; therefore, Forrester will risk-adjust these estimates by 25%.
- The significant labor savings will likely result in a reduction in staff. Forrester risk-adjusted by 25%, assuming that normal delays in attrition of redundant headcount would result in delays in achieving the savings.
- Readers' IT labor costs may be less than \$72.50, thereby reducing the labor savings benefits.

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 \$16.7 million.



IT cost savings — 38% of total benefits

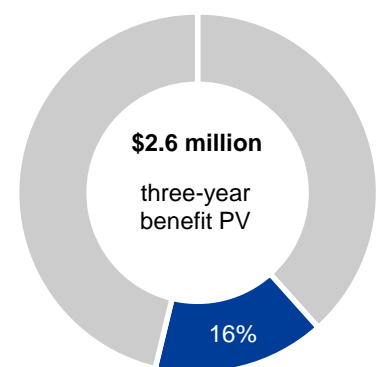
To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year risk-adjusted total PV of \$6,401,475.

| IT Cost Savings | | | | | |
|-----------------|--|---------------------|--------------------|--------------------|--------------------|
| REF. | METRIC | CALC./SOURCE | YEAR 1 | YEAR 2 | YEAR 3 |
| A1 | Elimination of legacy document management systems (licenses, support, labor) | Forecasted savings | \$2,000,000 | \$3,000,000 | \$5,000,000 |
| A2 | Number of document template changes that IT manages | Annual — interviews | 360 | 360 | 360 |
| A3 | IT labor hours to change one document template | Interviews | 10 | 10 | 10 |
| A4 | IT cost per hour | Cost per hour | \$72.50 | \$72.50 | \$72.50 |
| A5 | Total IT cost to manage document templates | A2 * A3 * A4 | \$261,000 | \$261,000 | \$261,000 |
| A6 | Business staff cost per hour | Interviews | \$18.75 | \$18.75 | \$18.75 |
| A7 | Total business staff cost to manage document templates | A2 * A3 * A6 | \$67,500 | \$67,500 | \$67,500 |
| A8 | Savings if business maintains document template management | A5 – A7 | \$193,500 | \$193,500 | \$193,500 |
| At | IT cost savings | A1 + A8 | \$2,193,500 | \$3,193,500 | \$5,193,500 |
| | Risk adjustment | ↓25% | | | |
| Atr | IT cost savings (risk-adjusted) | | \$1,645,125 | \$2,395,125 | \$3,895,125 |

Labor Savings Associated With Enablement Of Customer Self-Service

› **Reduced customer service costs.** The *Organization* has enabled an online customer self-service capability. The documents most asked for by customers are stored in the Smart Communications central depository and are available for retrieval through the *Organization's* online banking or customer care center. Savings are derived from customers not needing to deal with a live agent either in a branch or on the phone. Before Smart Communications, agents would take the phone call or meet with the customer, print the document, and mail or give it to the customer.

With savings of \$4.54 per call or visit and 100,000 to 600,000 annual calls or visits that were replaced with online inquiries, there will likely be a reduction in staff. The table below outlines the calculations and total risk-adjusted savings in row Btr.



Labor savings associated with enablement of customer self-service — 16% of total benefits

Modeling and Assumptions. Forrester assumed an industry average cost savings of \$4.54 per branch visit or call and.

Risks. Forrester considered the following potential risks when assigning a risk adjustment:

- › The significant labor savings will likely result in a reduction in staff. Forrester risk-adjusted by 20%, assuming that normal delays in attrition of redundant headcount would result in delays in achieving the savings.
- › Other organizations may have a slower rollout and adoption of the functionality of the Smart Communications solution.

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.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$2,567,778.

Labor Savings Associated With Enablement Of Customer Self-Service

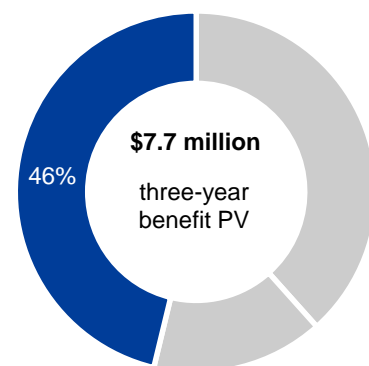
| REF. | METRIC | CALC./SOURCE | YEAR 1 | YEAR 2 | YEAR 3 |
|------------|--|-------------------------|------------------|------------------|--------------------|
| B1 | Number of customer online sessions | Interviews/ Forecast | 1,000,000 | 2,000,000 | 6,000,000 |
| B2 | Percent that replaced branch visit and/or call to customer service | Interviews | 10% | 10% | 10% |
| B3 | Number that replaced branch visit and/or call to customer service | B1 * B2 | 100,000 | 200,000 | 600,000 |
| B4 | Cost (savings) per branch visit or call | Industry average | \$4.54 | \$4.54 | \$4.54 |
| Bt | Labor savings associated with enablement of customer self-service | B3*B4 | \$454,000 | \$908,000 | \$2,724,000 |
| | Risk adjustment | ↓20% | | | |
| Btr | Labor savings associated with enablement of customer self-service (risk-adjusted) | | \$363,200 | \$726,400 | \$2,179,200 |

Savings On Postage And Paper

- › **Reduced postage and paper costs.** The *Organization* reported reductions in copies and mailings, resulting in significant savings in postage and paper associated with its investment in Smart Communications. The unadjusted savings are reflected in row Ctr.

Risks. Since these are actual savings reported by the *Organization*, there's no risk adjustment.

This 0% risk adjustment yielded a total three-year PV of \$7,710,368 for this benefit.



Savings on postage and paper — 46% of total benefits

Savings On Postage And Paper

| REF. | METRIC | CALC./SOURCE | YEAR 1 | YEAR 2 | YEAR 3 |
|------------|---|--------------|--------------------|--------------------|--------------------|
| C1 | Savings on postage and paper | Interviews | \$1,250,000 | \$2,500,000 | \$6,000,000 |
| Ct | Savings on postage and paper | | \$1,250,000 | \$2,500,000 | \$6,000,000 |
| | Risk adjustment | 0% | | | |
| Ctr | Savings on postage and paper (risk-adjusted) | | \$1,250,000 | \$2,500,000 | \$6,000,000 |

Unquantified Benefits

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

- › **Increased customer satisfaction.** The *Organization* can now provide communications based on customer preference, such as a preferred language or communications channel. Customer service can respond to inquiries more quickly and accurately. In addition, more online customers are opting in to receive paperless communications.
- › **Increased customer retention.** The *Organization* is confident its use of Smart Communications' electronic documents creates a "stickiness" that helps with customer retention and may help with customer acquisition.
- › **Improved brand recognition.** With Smart Communications, the *Organization* was able to establish a consistent look and feel across all of its customer communications. This consistency in all offline and online correspondence helps improve brand recognition.
- › **Reduced exposure to compliance failures.** The *Organization* now has better control over document production. It can now ensure that the correct regulatory elements, including the right version of legal disclaimers, are used throughout the company's correspondence.

"Smart Communications has reduced compliance and regulatory risk by having a clear workflow process, sending documents through our risk, compliance, and legal groups that review documents before they go into production."

Vice president, application services manager, the *Organization*



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 the Smart Communications solution and later realize additional uses and business opportunities. The *Organization* is able to quickly bring on new source systems to the Smart Communications solution, thereby enabling two flexibility options that the *Organization* is currently taking advantage of:

- › **Credit card offers.** The *Organization* uses Smart Communications to create online credit card offers, deliver disclosures to customers, and give them electronic signature capabilities.
- › **1099 documents.** Smart Communications enables the availability of online 1099 forms in self-service mode, saving labor and postage.

There are a number of enablers that the *Organization* would not be able to do without Smart Communications. The *Organization* credits the way Smart Communications helped it stand up the solution, enabling it to bring on other source systems and multiple source systems cheaper, better, and faster.

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.

Total Costs

| REF. | COST | INITIAL | YEAR 1 | YEAR 2 | YEAR 3 | TOTAL | PRESENT VALUE |
|------|--|--------------------|--------------------|------------------|------------------|--------------------|--------------------|
| Dtr | Costs to implement and maintain Smart Communications | \$937,500 | \$100,000 | \$100,000 | \$100,000 | \$1,237,500 | \$1,186,185 |
| Etr | Smart Communications vendor costs | \$917,000 | \$1,228,396 | \$898,000 | \$898,000 | \$3,941,396 | \$3,450,553 |
| | Total costs (risk-adjusted) | \$1,854,500 | \$1,328,396 | \$998,000 | \$998,000 | \$5,178,896 | \$4,636,738 |

Internal Costs To Implement And Maintain Smart Communications

Implementation costs. The following hardware, software, and labor tasks are included in the initial \$750,000 startup costs:

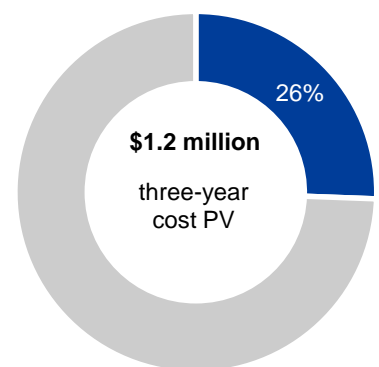
- › The *Organization* needed to stand up additional hardware, including virtual I/O servers. It invested in a FileNet server that stores the documents, a platform that delivers the emails, a business rules engine that manages business rules, and the reuse of existing technologies. It also used several software tools and invested in labor to build this framework solution that included integrations with Smart Communications and other internal systems.
- › The *Organization* pays a third party \$80,000 per year to maintain the Smart Communications solution.

Risks. Forrester considered the following potential risks when assigning a risk adjustment:

- › The costs to other organizations may be greater considering the variable cost of hardware, software, and labor in the marketplace.
- › Third-party maintenance is an annual contract, and costs could very well increase.

Forrester adjusted this benefit upward by 25%, yielding a three-year risk-adjusted total PV of \$1,186,185.

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 organization expects risk-adjusted total costs to be a PV of \$4.6 million.



Costs to implement and maintain Smart Communications — 26% of total costs

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 Costs To Implement And Maintain Smart Communications Solution

| REF. | METRIC | CALC./SOURCE | INITIAL | YEAR 1 | YEAR 2 | YEAR 3 |
|------------|---|--------------|------------------|------------------|------------------|------------------|
| D1 | Initial project development: hardware, software, labor | Interviews | \$750,000 | 0 | 0 | 0 |
| D2 | Ongoing labor to maintain the Smart Communications solution (third party) | Interviews | | \$80,000 | \$80,000 | \$80,000 |
| Dt | Internal costs to implement and maintain the Smart Communications solution | D1 + D2 | \$750,000 | \$80,000 | \$80,000 | \$80,000 |
| | Risk adjustment | ↑25% | | | | |
| Dtr | Internal costs to implement and maintain the Smart Communications solution (risk-adjusted) | | \$937,500 | \$100,000 | \$100,000 | \$100,000 |

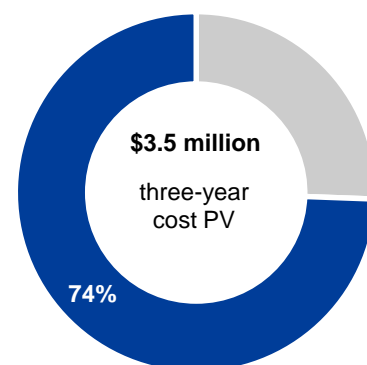
Smart Communications And Third-Party Fees

According to the *Organization*, it incurred vendor fees in the following categories:

- › **On-premises perpetual license and support.** The *Organization* uses the Smart Communications on-premises solution to open all new account applications for deposits, credit cards, and loans, including disclosures. It also uses the solution for credit card offers and to generate, store, and deliver a large volume of back-office customer notifications, such as NSF documents and overdraft notices for deposit accounts. The *Organization* also uses it for customer self-service document retrieval and to create online credit card offers for its offer management solution to deliver the disclosures to customers.
- › **SaaS license subscription.** It uses one instance of the Smart Communications SaaS cloud solution to facilitate automobile dealer financing. It uses another instance for ad hoc document creation in its front office, branches, and customer care centers.
- › **Professional services.** Smart Communications engaged a third party to help with implementation services.
- › **Train the trainer.** Smart Communications conducted formal training to key *Organization* staff who would become internal trainers themselves (train the trainer).

Risks. Forrester did not risk-adjust the Smart Communications and third-party fees, as these were actual fees charged. Readers of this study may experience different fees due to variable discounts offered by Smart Communications.

This 0% risk adjustment yielded a three-year risk-adjusted total PV of \$3,450,553.



Smart Communications and third-party fees — 74% of total costs

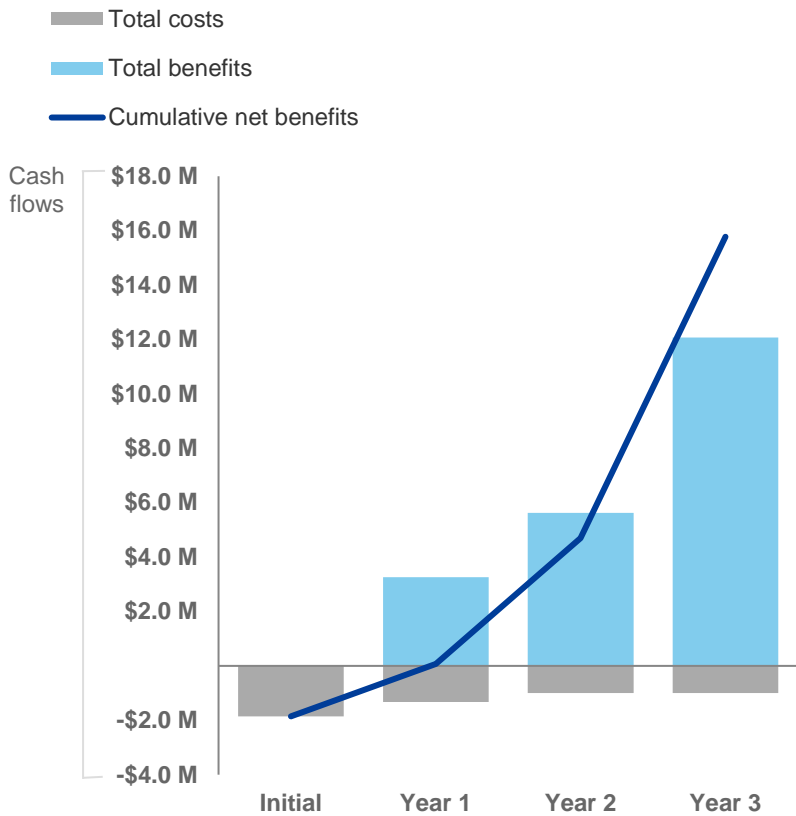
Smart Communications And Third-Party Fees

| REF. | METRIC | CALC./SOURCE | INITIAL | YEAR 1 | YEAR 2 | YEAR 3 |
|------------|--|----------------------|------------------|--------------------|------------------|------------------|
| E1 | On-premises perpetual license and annual support | Smart Communications | \$917,000 | \$202,000 | \$202,000 | \$202,000 |
| E2 | SaaS license subscription | Smart Communications | \$0 | \$696,000 | \$696,000 | \$696,000 |
| E3 | Professional services (third party) | Smart Communications | \$0 | \$264,216 | \$0 | \$0 |
| E4 | Train the trainer | Smart communications | \$0 | \$66,180 | \$0 | \$0 |
| Et | Smart Communications and third-party fees | E1+E2+E3+E4 | \$917,000 | \$1,228,396 | \$898,000 | \$898,000 |
| | Risk adjustment | 0% | | | | |
| Etr | Smart Communications and third-party fees (risk-adjusted) | | \$917,000 | \$1,228,396 | \$898,000 | \$898,000 |

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 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 | (\$1,854,500) | (\$1,328,396) | (\$998,000) | (\$998,000) | (\$5,178,896) | (\$4,636,738) |
| Total benefits | \$0 | \$3,258,325 | \$5,621,525 | \$12,074,325 | \$20,954,175 | \$16,679,621 |
| Net benefits | (\$1,854,500) | \$1,929,929 | \$4,623,525 | \$11,076,325 | \$15,775,279 | \$12,042,883 |
| ROI | | | | | | 260% |
| Payback period (months) | | | | | | 12 |

The Smart Communications Solution: Overview

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

Smart Communications helps the world's largest enterprises simplify their customer and business communications — while making those communications do even more.

We call it scaling the conversation.

In 2004, Smart Communications pioneered the new generation of customer communications management (CCM) solutions, and today it's still the only cloud/hybrid-cloud solution in the industry. Smart Communications customers rely on its team for the undivided attention of a company 100% focused on enterprise CCM. Smart Communications' simplification of template management puts much more control in the hands of the user. That's why more than 300 global brands — many in the world's most highly regulated industries — rely on Smart Communications to scale the conversation.

The Smart Solution

You need a way to scale the conversation. And that means you need a solution with three things:



UNDIVIDED ATTENTION

With Smart Communications, you get the only company who's 100% focused on enterprise CCM. This means you can count on your solution to be here tomorrow, and to continue improving and innovating day after day, year after year — because we are spending all of our time, energy, and investment on CCM.



EXCEPTIONAL USABILITY

No one does more to simplify template management and put control back in the hands of the business user. Say goodbye to coding and hello to simple drag-and-drop design. With easy to use interfaces for real-time previews, approvals, and editing, you can stop playing the waiting game and free up IT.



TRUE CLOUD CAPABILITIES

We give you true cloud capabilities and everything that comes with them. This means you significantly reduce costs, respond faster, and scale operations effectively — without sacrificing security or compliance.

Smart Communications offers a range of solutions, including SmartCOMM, SmartDX, and SmartCORR for Salesforce: To learn more about Smart Communications and its suite of solutions, visit www.smartcommunications.com.

SMARTCOMM™

Personalized.

Our flagship product, SmartCOMM is the choice of hundreds of companies to create, manage and deliver personalized customer communications that align with the customer journey.

SMARTDX™

Trade Simplified.

All of the G15 investment banks and some of the world's largest energy and commodity companies trust SmartDX to help them simplify trade and relationship documentation for all market participants, across all asset classes and product types.

SMARTCORR™ for salesforce

Seamless Control.

An altogether better way to engage customers and increase business productivity. SmartCORR for Salesforce allows you to work seamlessly within and leverage data from the Salesforce environment.

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.