The Total Economic Impact™ Of Microsoft 365 Teamwork Solutions

Improved Business Outcome And Lower Costs

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ABOUT FORRESTER CONSULTING

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Benefits And Costs

Improved collaboration and information sharing and more efficient meetings saved users' time (varies based on role):

up to 3.2 hours per user per week

Other collaboration solution and on-premises support costs were reduced (three-year PV total):

$1,358,263

Percent of survey respondents who felt "real-time communication accelerates collaboration":

88%

Executive Summary

Microsoft provides a wide range of cloud-based solutions to improve collaboration and digitally transform businesses. Within Office 365 and Microsoft 365, teamwork solutions include Teams, Skype for Business, SharePoint, Yammer, Office apps (co-authoring, @mentions) and Presence), and Outlook (email, calendar and search). Increasing adoption and usage of these solutions can help companies improve business outcomes, such as faster time-to-market, reduced operating costs, and increased revenues. Mobile workers especially benefit from these solutions. Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying these collaboration solutions. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Microsoft 365 teamwork solutions on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six customers and surveyed another 80 with experience using the teamwork solutions. Prior to using these solutions, customers typically used a mix of on-premises Microsoft and other vendor solutions that did not have as much functionality and were costly to manage. This meant that employees were not as effective and efficient as they could be, and many business processes took longer to complete.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed and surveyed, and those benefits have been applied to a composite organization with 5,000 Microsoft 365 teamwork solution users (4,000 knowledge workers and 1,000 firstline workers):

› **Core business processes were sped up.** Companies provided numerous examples of business processes which were streamlined to improve business outcomes. The two examples included in this study are: (1) more efficient warehouse operations, at 12,500 fewer hours; and (2) reduced product development effort, at 10.25% faster. Over three years, the total savings were worth $307,142.

› **The 3,000 knowledge workers who regularly collaborate on document creation and review and/or need regular access to other people's work saved 1.81 hours per week.** The tightly integrated teamwork solutions enable workers to effectively collaborate in real time. Over three years, the total savings with a 75% productivity reduction were worth more than $5.8 million.

› **For the 500 users who are decision makers, their time-to-decision became 12.75% faster.** Decision makers can easily get the people and documented information they need in real time to make better decisions faster. In addition to the time savings, faster decision making can speed up time-to-market and create other competitive advantages. Over three years, the total time savings with a 75% productivity reduction were worth $347,197.

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> › **Three thousand knowledge workers saved 1.41 hours per week from more efficient and effective online meetings.** Interviewed and surveyed customers reported that users saved time because the intuitive nature of the Teams and Skype for Business solutions eliminated the 5 to 10 minutes typically needed to get started; and this allowed for ad hoc meetings to get started faster. Also, people did not have to walk to teleconference rooms for an online meeting when they could efficiently schedule meetings using Outlook calendar functions. Over three years, the total savings with a 75% productivity reduction were worth more than $5.1 million.

> › **Moving to cloud-based collaboration tools eliminated 20 hours of downtime.** The previous, on-premises teamwork solutions experienced planned and unplanned downtime, which had a dramatic effect on the organization with business processes being slowed down or coming to a complete halt. By being in the Microsoft cloud this downtime is eliminated. Over three years, the time savings (which is a proxy for business damage or lost revenue) with a 75% productivity reduction were worth more than $2.2 million.

> › **An additional 76 trips per year were replaced with online meetings because of better adoption and usability of the collaboration tools.** Companies have previously reduced unnecessary travel with other webconferencing tools. For some companies, additional trips can be eliminated through better user adoption of online meeting tools. Over three years, the total savings were worth $112,116.

> › **With the Microsoft 365 teamwork solutions, companies could reduce many other collaboration software and hardware solutions.** Interviewed and surveyed companies reported that they could reduce a combination of webconferencing, long-distance, mobile phone, and on-premises technology solution and support costs (support savings are shown in the Costs section of the study) by switching to the Microsoft platform from a mix of spot solutions. Over three years, the total savings were worth $647,023.

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

> › **Employee satisfaction improved because of access to modern collaboration tools.** Companies reported that employees feel more empowered when using the Microsoft 365 teamwork solutions such as Yammer. This engagement with other employees increases their sense of belonging.

> › **End user security and compliance are greatly improved.** Interviewed companies reported that they have better IT security built into teamwork solutions and no longer use or rely on risky shadow IT services for activities such as instant messaging. This also helped to streamline compliance activities, i.e., GDPR was called out as one area where compliance has been made to be easier.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

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**ROI
98%**

**Benefits PV
$14.6 million**

**NPV
$7.3 million**

**Payback
13 months**

› **Internal implementation effort in both the initial period and Year 1 totaled $1.1 million.** The teamwork solutions were rolled out as part of a full Microsoft 365 implementation. The initial implementation lasted eight months, with seven full-time equivalent (FTE) resources working on the project. In the subsequent year, three FTEs continued to work on both the SharePoint migrations and the adoption of Teams-focused workspaces.

› **Professional deployment and managed services over the study's life cycle totaled $2.8 million.** Professional services were used to stand up and configure the solutions and integrate with other systems. The professional services partner brought best practices and templated solutions to speed up the deployment time. There were also ongoing services to migrate and manage SharePoint sites and to deploy new teamwork features within Microsoft 365.

› **An additional $460,388 was spent on IT and end user training.** Over the life of the study, 70 man-days of training were required for the IT organization; 1.5 FTEs were responsible for creating end user training materials and providing "training the trainer" training.

› **Ongoing management of teamwork solutions totaled $746,802.** Two FTEs (down from four who were managing the on-premises solutions) were responsible for managing the teamwork solutions and rolling out new features as they became available. There is a corresponding time savings from not having to manage on-premises solutions which is discussed in the Benefits section of the study.

› **Seventy-five percent of the license costs were allocated to the teamwork solutions, totaling nearly $2 million.** The teamwork solutions in Microsoft 365 sit within the Office 365 part (as opposed to Enterprise Mobility + Security [EM+S] or Windows 10). Therefore, Office 365 license costs were included, and 75% of those costs were allocated to teamwork-related benefits versus other solutions components such as security. Four thousand knowledge workers were on the Office 365 E3 license which costs $20 per month. One thousand firstline workers used the Office 365 E1 license at a cost of $8 per month.

› **Incremental bandwidth to handle increased video traffic and ADFS servers were required, totaling $228,497 in additional IT spend.** Better user adoption meant that more videoconferences and voice over IP (VoIP) calls were taking place than with previous solutions. Additionally, there was increased access to documents in the cloud. Active directory federation servers (ADFS) were also deployed to streamline system accesses and business processes.

Forrester's interviews with six existing customers, along with a survey of 80 other companies, and subsequent financial analysis found that an organization based on the composite experienced PV benefits of $14.6 million over three years versus PV costs of $7.4 million, adding up to a net present value (NPV) of $7.3 million and an ROI of 98%.

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Microsoft 365 Teamwork Solution Benefits And Costs*

Improved business processes	$307,142
Collaboration and information time savings	$5,884,213
Faster time to decision	$347,197
Efficient and effective meetings	$5,106,390
Reduced teamwork solution downtime - lost productivity	$2,238,167
Fewer overnight trips	$112,116
Eliminated collaboration solution costs	$647,023
($228,497)	Additional technology costs
($1,969,587)	Allocated Office 365 license costs
($746,802)	Ongoing solution management
($460,388)	Training
($2,813,829)	Deployment and managed services
($1,163,067)	Internal deployment effort

Axis: ($5,000,000) $0 $5,000,000 $10,000,000

*Risk-adjusted, present value

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TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Microsoft 365 teamwork solutions.

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 Microsoft 365 teamwork solutions can have on an organization:

DUE DILIGENCE
Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to teamwork solutions.

CUSTOMER INTERVIEWS
Interviewed six organizations and surveyed 80 more using Microsoft 365 teamwork solutions 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 Microsoft 365 teamwork solutions' impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Microsoft 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 Microsoft 365 teamwork solutions.

Microsoft 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.

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

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The Collaboration Customer Journey

BEFORE AND AFTER THE MICROSOFT 365 TEAMWORK SOLUTION INVESTMENT

Interviewed Organizations

For this study, Forrester conducted six interviews with teamwork solution customers. Forrester also used information from 30 other customer interviews conducted for earlier Microsoft 365 and Office 365 studies, as well as a survey of 80 other customers, in creating the financial model. The customers specifically interviewed in this phase include the following:

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF USERS
Mining	European HQ with global operations	IT architect	120,000
Financial services	US HQ with global operations	Vice president, IT	12,000
Entertainment	US HQ with global presence	Data and privacy director	3,000
Construction	Europe	CIO	52,000
Precision instruments	US HQ with global operations	Senior manager, intranet solutions	73,500
Consumer products	European HQ with global operations	IT architect, end user computing	12,000

Key Challenges

The interviewed and surveyed companies expressed several challenges with their previous collaboration and communication solutions which are reflected in the composite organization. Below are examples shared by these companies.

› **Supporting global growth was nearly impossible with on-premises solutions.** Many of the interviewed companies were growing rapidly either organically or through acquisition. Providing a modern workplace with the needed collaboration tools proved too time consuming and costly. One interviewee said, "We acquired a company that almost doubled our size. We couldn't support that let alone our future growth with the collaboration solutions we had in place."

› **An increased competitive landscape meant companies needed to innovate better and faster.** Many industries are being disrupted by new entrants and new business models. Additionally, new technologies are compressing timeframes. This means that companies need to improve collaboration to increase agility and innovation.

› **Companies moving to a mobile- and cloud-first model were particularly hampered by their previous collaboration solutions.** Companies want their employees to be more productive regardless of place and time. Some of the most valuable employees are the ones who are the most mobile, e.g., executives and sales. In the past, they were also the most disconnected which reduced productivity and hurt the business. "Our CIO adopted a cloud-first strategy to get all infrastructure out of our house; also, our on-premises solutions did not work well on smartphones. Now we have multidevice portability, and the solutions work on any phone."

> "Modern communication and collaboration tools like Office 365 are essential for new working relationships and models."
>
> *VP, financial services*

> "We couldn't even do simple things like co-author a document or easily share files with an external partner. Now I can get an idea to my colleagues and it can be acted upon faster."
>
> *IT architect, consumer products*

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> › **Security and compliance was a very large concern.** Improving end user security was very important for reducing the number of successful attacks. The Microsoft 365 teamwork solutions (and broader Microsoft 365 suite) come with a range of security features, thereby eliminating the IT risks that come with not having the latest patches. "Moving to the cloud makes us more aware of where we have risks and gives us better control of identities. Previously, we struggled to keep up with security."

Key Results

The interviews revealed that key results from the teamwork solutions investment include:

> › **Increased collaboration and worker efficiency.** All the interviewed and surveyed companies reported an improved collaboration and a corresponding increase between productivity and time savings. Mobile workers especially benefited from the teamwork solutions with better access to email, scheduling, and documents on their mobile phones. They were also better connected to coworkers via Skype for Business. Examples of increased collaboration and efficiency are explored throughout the Benefits section of this study.

> › **Better employee cohesion and cultural uniformity in geographically disparate companies.** Interviewees and survey respondents at companies with locations around the world reported that employees had a better sense of common goals when working together due to "face-to-face" time and real-time communication. This was especially true for companies that were growing through merger and acquisition.

> › **Better compliance with IT security and document retention requirements.** Interviewees provided examples of better IT security and document retention compliance. One interviewee said: "Different design specification documents are tied to a specific communication, so we can easily refer back to them. It has also helped us with statutory retention requirements." Compliance is also improved because information and systems are more tightly integrated. GDPR compliance was called out by interviewees as a regulation where the Office 365 teamwork solutions really helps.

> › **Reduced solution costs.** Consolidating onto a single platform means that multiple, incumbent solutions can be eliminated. Additionally, the amount of IT support required is reduced. This is explored further in the Benefits section of this study.

Composite Organization

Based on the interviews and survey, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the six companies that Forrester interviewed and the eighty surveyed companies, and it 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:

> "Teams' focused workspace is the center of all our success. It is the gateway to SharePoint and other tools. We don't think about them differently anymore."
>
> *IT architect, consumer products*

> "What we have won from this migration was being able to support growth without jeopardizing infrastructure because Microsoft takes care of it."
>
> *CIO, construction*

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Description of composite. The composite organization is a European headquartered company with a global presence. The vast majority of workers are in Europe and North America. There are some sales offices as well as local teams in South America and Asia that work with partners. In total, there are 7,000 employees, of which 5,000 use the Microsoft 365 teamwork solutions. In this group there are 4,000 knowledge workers and 1,000 firstline workers (in logistics, distribution, and customer-facing roles). The remaining 2,000 employees did not need daily use of teamwork solutions and currently have basic access to email via kiosks.

Deployment characteristics. The teamwork solutions were deployed as part of a broader adoption of Microsoft 365. Knowledge workers are on Microsoft 365 E3 licenses and the firstline workers are on E1 licenses. Previous SharePoint, Exchange, and Skype for Business on-premises installations were all migrated to the cloud. Teams, Yammer, co-authoring with Office apps, and Presence were added.

Key assumptions
4,000 knowledge users
1,000 firstline users

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Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE ORGANIZATION

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Improved business processes and outcomes	$57,330	$161,637	$161,637	$380,603	$307,142
Btr	Collaboration and information sharing time savings	$1,441,452	$2,898,920	$2,898,920	$7,239,291	$5,884,213
Ctr	Faster time-to-decision	$85,419	$170,839	$170,839	$427,097	$347,197
Dtr	Efficient and effective meetings	$1,697,710	$2,258,274	$2,258,274	$6,214,258	$5,106,390
Etr	Reduced teamwork solution downtime — lost productivity	$900,000	$900,000	$900,000	$2,700,000	$2,238,167
Ftr	Fewer overnight trips	$0	$64,600	$64,600	$129,200	$112,116
Gtr	Reduced collaboration solution costs	$258,750	$261,000	$261,000	$780,750	$647,023
	Total benefits (risk-adjusted)	$4,440,660	$6,715,269	$6,715,269	$17,871,199	$14,642,248

Improved Business Processes And Outcomes

Microsoft 365 teamwork solutions improve how employees work together and alongside partners, suppliers, and customers. It also makes individuals more efficient and effective. In addition to general time savings, which are discussed later in the study, these solutions help streamline and transform business processes thereby improving business outcomes. From the interviews and survey, Forrester heard the following examples:

› "Collaboration with external partners creating products for us is easier and faster compared to using an FTP solution."

› One company reported that discovering business insights with Power BI and sharing them with the teamwork solutions saved 50,000 hours of warehouse labor each year.

› "Skype for Business has definitely helped out our time-to-market."

› The survey showed that, prior to deploying these teamwork solutions, the average internal management coordination cost to bring a new feature or minor change to market was a conservative $78,458. Now, respondents noted their organizations were able to reduce this by an average of 10.25%.

> 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 more than $14.6 million.

> "Yammer helps for lead sharing and closing deals faster. Things move from a lead to an opportunity, to closing faster. One person said that they generated $1.9 million in new opportunities because of these tools."
>
> *Sr. manager, precision instruments*

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For the composite organization financial analysis Forrester included the warehouse and product development examples and assumes that:

› Total warehouse labor savings from Power BI insights were 12,500 hours per year (scaled down to reflect the composite size). Twenty percent of the benefits were attributed to communicating these insights across the organization and adopting them for local use using the teamwork solutions. This benefit began in Year 2 after employees were more familiar with Power BI and the teamwork solutions.

› The fully loaded cost of warehouse workers is $19.78 per hour.

› Fifteen product development efforts per year were streamlined by using the teamwork solutions, primarily SharePoint via Teams and Skype for Business.

› The $78,458 cost per project was reduced by 10.25%. Fifty percent of this benefit was realized in Year 1.

There are many other business processes that can be streamlined and transformed, and the reader is encouraged to consider specific opportunities for their organization. Those processes are likely to significantly deliver more financial benefits and improved business outcomes than the two examples included here.

This benefit may be lower depending on which processes are being transformed with modern collaboration solutions. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $307,142.

> "On the sales side, we have been able to define solutions for customers and get quotes out faster. This is because of Skype and Presence."
>
> *CIO, manufacturer*

> 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.

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Improved Business Processes And Outcomes: Calculation Table					
A1	Warehouse activity savings (hours)			12,500	12,500
A2	Warehouse savings attributed to collaboration	A1*$19.78*20%		$49,450	$49,450
A3	Number of product development efforts		15	15	15
A4	Product development cost savings	A3*$78,500*10.25% (50% realized in Year 1)	$60,347	$120,694	$120,694
At	Improved business processes	A3*A4	$60,347	$170,144	$170,144
	Risk adjustment	↓5%			
Atr	Improved business processes (risk-adjusted)		$57,330	$161,637	$161,637

Collaboration And Information Sharing Time Savings

Companies reported significant time savings in collaboration activities through better interactions using Teams, Skype for Business, and Yammer as well as time savings from accessing other people's work using SharePoint and then co-authoring documents in Office apps. Modern attachment in Outlook allows users to attach documents synched to the cloud, eliminating version control issues and creating the co-authoring opportunity. Users can also use Teams, Outlook, and Yammer to easily create Groups within Microsoft 365 (previously the IT department needed to do this) which saves collaboration and information sharing time. Mobile workers benefited greatly from having better access to company applications, information, and work colleagues from their mobile phones. Taken all together, these capabilities free up time to work on additional value-add activities and removes user frustration. From the interviews, Forrester learned:

› "We have encouraged people to use [Teams] on their mobile devices. Others can see if colleagues are available via Presence, which is a huge benefit."

› "These solutions encourage people to communicate more. People were hesitant to collaborate before because it was difficult. Skype becomes a system of engagement in which people are willing and want to use the tools to work better together."

› "It is much easier to find information when it is in the collaboration platform. Each person on my team saves two to three hours per week. I can also see what other people are working on which is very useful."

› "The Microsoft Teams platform with messaging can keep a thread going. Persistent chat is so much better than email threads. It means I can find or request information without disturbing them with a phone call or email."

› "Using IM instead of scheduling a meeting saves lots of time. My team saves at least 50% of their time because we make full use of the collaboration tools and have built automation on top of them. The rest of the organization is probably one quarter of that, which would be about a half a day per week."

› "We integrated SharePoint with Yammer, and most of our savings come from those tools."

In the survey, Forrester found:

› Respondents said that they previously spent 10.05 hours per week on "real-time co-authoring, development, and review of documents" and that the collaboration tools reduced that by 17.2%.

› Employees using Yammer saved an additional 21.83 minutes per day on average in gathering information and completing work.

For the composite organization, Forrester assumes that:

› Of the 4,000 knowledge workers, 3,000 of them are regularly involved in co-authoring and jointly reviewing documents.

› The survey findings of 10.05 hours spent on document collaboration and development and 17.2% time savings were used. Half of this benefit is realized in Year 1 as workers get used to distributed real-time co-authoring.

"All groups across the US are now able to collaborate with each other. Working on the same document at the same time has a real benefit."

Survey respondent

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- An average organization-wide knowledge worker fully burdened cost (including all benefits and taxes) of $94,900 a year ($44.63 per hour based on 2,080 hours) was used in this and the subsequent benefit calculations.

- Only 25% of this benefit was realized as a productivity adjustment because not all time saved translates into additional, value-add work.

The size of this benefit may be smaller depending on what proportion of users are involved in co-authoring and collaboration, what tools were used before, and if collaborators are spread across multiple locations. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $5,884,213.

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Collaboration And Information Sharing Time Savings: Calculation Table					
B1	Number of affected workers		3,000	3,000	3,000
B2	Weekly time savings (hours)	10.5 hours*17.2% (rounded) [50% in Year 1]	0.90	1.81	1.81
B3	Total reduced time	B1*B2*52 weeks*$45.63	$6,406,452	$12,884,087	$12,884,087
B4	Productivity capture		25%	25%	25%
Bt	Collaboration and information time savings	B3*B4	$1,601,613	$3,221,022	$3,221,022
	Risk adjustment	↓10%			
Btr	Collaboration and information time savings (risk-adjusted)		$1,441,452	$2,898,920	$2,898,920

Faster Time-To-Decision

Companies also reported that workers' decision making was improved due to teamwork tools. Workers could more quickly contact and communicate with fellow employees and gather all the information they need to make decisions more efficiently. From the interviewed companies, Forrester learned:

- "Decisions are made faster and better. There is no fear that someone doesn't understand what others are telling them."

- "More important than the time saved is the work that comes out of the meetings. People don't have to recheck things or have separate meetings before drawing conclusions. It is hard to quantify, but these solutions definitely improve the quality of the work."

- In addition, the survey showed that on average, employees arrive at decisions 12.75% faster.

For the composite organization, Forrester assumes that:

- Five hundred users are regularly involved in decision-making activities that require gathering information from and consulting with colleagues.

- One hour per day is spent on decision-making discovery, and this is reduced by 12.75%. Fifty percent of this is achieved in Year 1 as employees become more comfortable working with these new solutions.

"When I look at these solutions, I see some areas of innovation that resonate very well. They help us connect with even more people and get even faster decision making from wherever they are."

Survey respondent

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› The same $44.65 hourly fully burdened cost and 25% capture rate was used.

The benefit that readers' organizations might realize depends on how many users are engaged in similar decision-making activities. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $347,197.

Faster Time-To-Decision: Calculation Table					
REF	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of affected workers		500	500	500
C2	Weekly time savings (hours)	5.0 hours*12.75% (rounded) [50% in Year 1]	0.32	0.64	0.64
C3	Total reduced time	C1*C2*52 weeks*$45.63	$379,642	$759,283	$759,283
C4	Productivity capture		25%	25%	25%
Ct	Faster time-to-decision	C3*C4	$94,910	$189,821	$189,821
	Risk adjustment	↓10%			
Ctr	Faster time-to-decision (risk-adjusted)		$85,419	$170,839	$170,839

Efficient And Effective Meetings

Interviewed and surveyed companies said that using the teamwork solution makes meetings more efficient. Prior to the meeting, users can check peers' availability and easily schedule meetings using Outlook. At the start of a meeting, the intuitive nature and integration of the Skype for Business and Teams solutions would save groups' time when they would otherwise struggle to log in and begin discussing agenda items. The rest of the meetings are also more efficient because users can easily share Office documents and other tools and better understand subtleties through the use of videoconferencing.

More importantly, the meetings are more effective as employees are able to achieve the desired outcomes and agenda items. In the interviews, Forrester learned the following:

› "People are doing a lot more collaboration. In the past, they would book a conference room or email spreadsheets. Now they can just share a desktop or a spreadsheet with collaborators to work on together in real-time. These ad hoc meetings are critical to our business success."

› "Our meetings start much faster. We no longer are waiting around for 5 minutes at the start of every meeting. We typically have 20 people in our meetings, so it really adds up."

› "Skype saves me at least 20% of my day. Across the organization, I would say the average is 10%. For every 10 people, it's like getting an extra person."

In addition, Forrester learned how the teamwork solutions had an impact on survey respondents:

"We do a lot of calls with external people, and Skype saves us a lot of time. Now I have a single solution for all my communication needs. I easily save 10 minutes on every meeting."

IT architect, mining

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- Prior to the implementation, respondents spent an average of 10.23 hours per week on in-person meetings. They saw a decrease of 13.82% in time spent on in-person meetings, as "Skype enables you to conduct meetings from anywhere, anytime to get work done."

- Survey respondents found that users saved an average of 24.65 minutes per day due to improved communications and knowledge sharing with the teamwork solutions.

- Sixty-two percent of survey respondents said that using global phone systems with Phone System improved employee productivity.

For the financial model, Forrester made the following assumptions:

- Three thousand of the 4,000 knowledge workers regularly participate in online meetings and realize the efficiency gains.

- The survey results of saving 13.82% on a total of 10.23 hours of in-person meetings were used. Seventy-five percent of these savings were recognized in Year 1, as users became used to working with a new paradigm and culture.

- The same $44.65 hourly fully burdened cost and 25% capture rate was used.

Time saved depends on several factors including: how many meetings typically take place; the company's meeting culture; what communication and collaboration solutions were being used previously; and if people are spread across many locations. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $5,106,390.

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Efficient And Effective Meetings: Calculation Table					
D1	Number of affected workers		3,000	3,000	3,000
D2	Weekly time savings (hours)	10.23 hours*13.82% (rounded) [75% in Year 1]	1.06	1.41	1.41
D3	Total reduced time	D1*D2*52 weeks*$45.63	$7,545,377	$10,036,775	$10,036,775
D4	Productivity capture		25%	25%	25%
Dt	Efficient and effective meetings	D3*D4	$1,886,344	$2,509,194	$2,509,194
	Risk adjustment	↓10%			
Dtr	Efficient and effective meetings (risk-adjusted)		$1,697,710	$2,258,274	$2,258,274

Reduced Teamwork Solution Downtime — Lost Productivity

Interviewees reported on the implications of experiencing downtime with their previous, on-premises collaboration solutions. Some examples included:

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> › "After a one-hour shutdown, 25% of workers will completely stop working. Each worker cost €100 per hour. If I save one day of downtime per year, that pays for my whole Office 365 subscription."

> › "Our legacy SharePoint environment used to go down all the time because it was end-of-life. It is a business-critical application, and if it goes down productivity instantaneously starts to drop. This includes customer service and product development workflows. If all that goes down, everything comes to a completed standstill."

> › "The vast majority of our employees rely on automated workflows in SharePoint. Outages used to cause a 25% loss of productivity across the board, and we have between five and seven outages, lasting at least four hours, every year."

For the financial model, Forrester made the following assumptions:

› All 5,000 users are affected by downtime.

› There are 20 fewer hours of downtime per year (five events multiplied by four hours).

› A blend of knowledge and firstline workers at a $40.00 hourly fully burdened cost was used with the same 25% capture rate.

This benefit will vary depending on the use and reliability of other previous collaboration solutions. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $2,238,167.

> "We have had no downtime since going to the cloud. We used to have two to three days per year. When you don't have email for one day, you just get crazy."
>
> *CIO, construction*

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Reduced Teamwork Solution Downtime — Lost Productivity: Calculation Table					
E1	Number of affected workers		5,000	5,000	5,000
E2	Company-wide average fully burdened cost (hourly)	(4,000 knowledge users and 1,000 first-line users)	$40.00	$40.00	$40.00
E3	Reduced collaboration solution downtime	5 events*4 hours	20	20	20
E4	Reduced downtime productivity loss	C1*C2*C3	$4,000,000	$4,000,000	$4,000,000
E5	Productivity capture		25%	25%	25%
Et	Reduced teamwork solution downtime — lost productivity	C4*C5	$1,000,000	$1,000,000	$1,000,000
	Risk adjustment	↓10%			
Etr	Reduced teamwork solution downtime — lost productivity (risk-adjusted)		$900,000	$900,000	$900,000

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Fewer Overnight Trips

Due to the use of other online webconferencing solutions, companies have been able to significantly cut their travel budgets. Some respondents said that they could reduce travel even further through the better adoption of Microsoft 365 teamwork solutions, especially Microsoft Teams and Yammer. Forrester learned that:

› "Skype has helped to further reduce travel; this means that people can do their jobs without the associated pain of having to worry about the logistics of a domestic or international trip."

› "The [Microsoft 365] collaboration tools have cut down on our face-to-face meetings. This saves a lot of time and money."

› "Our company instituted a no-travel policy for cost reductions. All of the collaboration tools made the ban less painful."

› "We now send fewer people to internal conferences. We can send one representative to live-blog from it and others can communicate in real time to get their questions answered."

› The survey showed that a company the size of the composite organization eliminates 76 overnight trips per year.

For the composite organization, Forrester assumes that:

› Seventy-six one-night trips were eliminated at an average cost of $1,000.

› Starting in Year 2, this benefit began to be realized as workers became comfortable with the long-distance collaboration and the associated change of culture.

If travel has been cut to the point where very little more can be done to satisfy the needs of cross-location collaboration, this benefit may be lower or not realized. To account for this risk, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $112,116.

> "We now see people using these collaboration tools across all offices around the world. Teams split between Singapore, Mexico, and Europe can work more closely together without traveling."
>
> *It architect, consumer products*

Fewer Overnight Trips: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
F1	Number of avoided trips			76	76
F2	Average cost			$1,000	$1,000
Ft	Fewer overnight trips	E1*E2		$76,000	$76,000
	Risk adjustment	↓15%			
Ftr	Fewer overnight trips (risk-adjusted)			$64,600	$64,600

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Reduced Collaboration Solution Costs

The interviews and survey revealed that companies can reduce or eliminate many cost types associated with their previous collaboration solutions by moving to the integrated Microsoft solution from a portfolio of spot solutions. This includes: on-premises hardware and maintenance costs; eliminating other solutions' licensing and maintenance; reducing telephony charges (mobile and long distance); and reducing IT support effort. Some specific examples include:

› "We've employed a lot of new people which has brought the constraints of available office space and parking at our main office building. So, IT was tasked with finding a way for people to easily work from different locations and home offices. [Microsoft 365] has been ideal for that, and it means we don't need to worry about the infrastructure. As long as there is an internet connection, they can do their job and have access to all the data they need."

› "Skype has become our corporate communication channel and all our field agents are now using it. We have dramatically decreased our mobile roaming expenses by at least 70%."

› "We have eight FTEs managing our collaboration solutions globally. If we stayed on-premises, we would have needed 12 people to maintain the servers and disk systems."

› "If I had kept 50,000 users on-premises, the upgrade would have been a nightmare and probably would have cost around €1 million."

› "I used to have five people supporting our old on-premises SharePoint environment. It consisted of seven servers and six TB of data."

› "We used to have 6,000 file shares and 12,000 home drives on-premises. That's all gone away."

› "We built a training portal using SharePoint. In the past we would have needed subscriptions for a learning management system (LMS). We eliminated that, which is saving us hundreds of thousands of dollars per year between licenses and headcount to manage it."

› "We are saving $50,000 to $100,000 per year on our previous video hosting solution alone."

› "All the maintenance costs associated with collaboration solutions go away because it's in the cloud."

› "We use Skype Meeting Broadcast to broadcast, record, and ad hoc translate our town hall meetings. This saves us money because in the past we would have hired a TV company to produce events."

› "We didn't need to renew a license for a SharePoint plugin which saves us $100,000 per year."

Specific savings from survey respondents included:

› Phone System, on average, reduced traditional telecom hardware and software costs by 16.61%.

› Telephone usage charges, such as long distance and mobile, decreased by 17.24%.

IT support costs for collaboration solutions fell by 14%.

For the composite organization, Forrester included the following benefit categories and assumptions. The organization:

> "To support all of our collaboration initiatives without the Microsoft ecosystem probably would have meant doubling my team."
>
> *Senior manager, precision instruments*

- Saves $200,000 for an on-premises collaboration solution refresh and upgrades, along with 20% ongoing maintenance.

- Saves $75,000 per year beginning Year 2 on third-party solutions replaced with SharePoint.

- Replaced previous webconferencing solutions, saving $125,000 per year. Fifty percent of this benefit is realized in Year 1 as previous solutions are phased out.

- Spends $50,000 less on long-distance and mobile phone calls by moving them to Teams. Fifty percent of this benefit is realized in Year 1 as people get used to using Teams more.

- Two IT FTEs who were responsible for managing the on-premises collaboration infrastructure are moved into new responsibilities. This savings is included in the ongoing management cost in the Costs section of the study.

The size of this benefit depends greatly on which solutions were previously in place. It will also be affected by the number of locations and geographic reach. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $590,244.

Reduced Collaboration Solution Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
G1	Eliminated on-premises hardware	Maintenance 20%	$200,000	$40,000	$40,000
G2	Business tools replaced with SharePoint			$75,000	$75,000
G3	Eliminated webconferencing solution	(50% in Year 1)	$62,500	$125,000	$125,000
G4	Reduced telephony costs	(50% in Year 1)	$25,000	$50,000	$50,000
Gt	Eliminated collaboration solution costs	G1+G2+G3+G4	$287,500	$290,000	$290,000
	Risk adjustment	↓10%			
Gtr	Eliminated collaboration solution costs (risk-adjusted)		$258,750	$261,000	$261,000

Unquantified Benefits

There were two other large benefit areas that companies shared with Forrester, but which could not be reliably quantified for the study: increased employee satisfaction and improved IT security and compliance. Some of the security benefits may depend on the E5 license which the composite organization did not use. Below are samples of what interviewees shared.

Improved Employee Satisfaction

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- "Employees were very happy to have all of the new functionality in SharePoint Online. Overall, everyone is happy with the collaboration solutions."

- "The collaboration tools they use now are like the ones they use in their personal, daily life. The workforce is coming to expect a solution like this. It is nice not to have to argue with them about why they can't easily do certain things at work that they can do outside of work."

- "We did a survey after each deployment. The solutions consistently scored an eight out of 10."

- "This has reduced end user frustration. New employees used modern services at home or within other companies. They also want better self-service capabilities. Now they can create their own SharePoint or Teams sites instead of waiting on IT. Things are now more user lead, and corporate IT makes sure it is all secure."

- "We have seen a massive increase in employee engagement. Yammer helps breakdown walls."

- "These solutions are especially useful for acquisitions. In the past, they would continue on kind of the way they were without much significant change. Now they are able to see the bigger whole that they are a part of, and this makes collaboration happen more often."

Improved IT Security And Compliance

- "Now people know we have a standard collaboration solution and are more likely to use it. We are always trying to detect unauthorized solutions and warn them that they are not in compliance."

- "Everyone is using ADFS to connect to the Microsoft solutions and for other corporate authentication. This strengthens our security."

- "I feel more protected in Microsoft's data center than having to host email and documents myself."

- "Audit is happy that these solutions integrate with their audit tools."

- "The security team has done a very good job using Yammer to drive awareness. The functionality in Exchange Online to report on phishing is a significant upgrade from when we were on-premises."

- "We had a lot of data leaks before and now there's a strong need for digital rights management (DRM). Also, privacy is very important. For example, nurses can now send emails with student information that only the intended person can read."

- "Because of GDPR, our goal is to have all unstructured data in the cloud. This is one of the reasons we are moving to cloud-first — one single search for all data."

- "By using Exchange Online Protection and Advanced Threat Protection, we can see malware campaigns being removed from our email with Safe Attachments."

- "We can now better monitor identity risks such as people signing in from unknown places. We are more protected on end user identity and on devices since everything is on ATP."

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to utilize Microsoft 365 teamwork solutions and later realize additional uses and business

"The Microsoft collaboration solutions empower employees. They are now more on the cutting edge which increases pride, engagement, and thoughtfulness."

Sr. manager, precision instruments

"[Microsoft 365] collaboration solutions definitely help us with GDPR compliance. Otherwise nothing would be indexed, and we couldn't find it."

IT architect, consumer products

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opportunities.

As discussed above, these solutions make businesses inherently more agile, as demonstrated in the reduced time-to-decision and benefits of faster product development times. Interviewed companies are also rolling out existing features to more locations and users and adding new features as they become available. New SharePoint and Teams sites continue to be rolled out. Many companies are still evaluating Phone System and Calling Plan solutions, as well as Cloud PBX, which can deliver additional benefits in the future. None of these future, potential benefits were included in the financial analysis.

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

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Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE ORGANIZATION

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Htr	Internal deployment effort	$734,067	$471,900	$0	$0	$1,205,967	$1,163,067
Itr	Deployment and managed services	$929,280	$1,089,440	$566,720	$566,720	$3,152,160	$2,813,829
Jtr	Training	$103,400	$143,550	$143,550	$143,550	$534,050	$460,388
Ktr	Ongoing solution management	$0	$300,300	$300,300	$300,300	$900,900	$746,802
Ltr	Allocated Microsoft license costs	$0	$792,000	$792,000	$792,000	$2,376,000	$1,969,587
Mtr	Additional technology costs	$67,100	$64,900	$64,900	$64,900	$261,800	$228,497
	Total costs (risk-adjusted)	$1,833,847	$2,862,090	$1,867,470	$1,867,470	$8,430,877	$7,382,170

Internal Deployment Effort

Deployment of the teamwork solutions is typically done as part of a broader Office 365 or Microsoft 365 implementation. Therefore, some of the costs shown here could be allocated across a larger deployment that would also have additional benefits.

Interviewed companies reported a wide range of time and effort to rollout the teamwork solutions, and the main variable was the number of users and locations. For the 5,000-user composite organization, the initial implementation lasted eight months and required seven FTE resources to work on the project. This phase consisted of standing up the solutions and completing early deployments. In the following year, three FTEs continued to work on SharePoint migrations and adoption of Teams-focused workspaces.

The internal effort to deploy the teamwork solutions will vary based on the size of the organization and which solution components are being used. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $1,163,067.

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 more than $7.3 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.

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Internal Deployment Effort: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1
H1	Number of months		8	12
H2	Number of FTEs		7	3
H3	IT fully burdened monthly salary	$143,000/12 months	$11,917	$11,917
Ht	Internal deployment effort	H1*H2*H3 (rounded)	$667,333	$429,000
	Risk adjustment	↑10%		
Htr	Internal deployment effort (risk-adjusted)		$734,067	$471,900

Deployment And Managed Services

Similar to internal effort, the amount of reported professional services varied widely based on company size and the teamwork solutions being deployed. For the composite organization, professional services were used to help stand up and configure the solutions and integrate with other systems. The professional services partner brought best practices and templated solutions to speed up the deployment time.

There were also ongoing deployment services to migrate SharePoint sites and to deploy new teamwork features within Microsoft 365. Additionally, there was a managed services contract to manage existing SharePoint sites from the partner's offshore support center.

The amount of professional services required will depend on the teamwork solutions being deployed, the overall size of the organization, and internal IT skills and spare capacity to take on the work. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $2,813,829.

Deployment And Managed Services: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
I1	Number of months	=H1	8	12	12	12
I2	Number of FTE consultants		4.0	3.0	1.5	1.5
I3	Monthly cost per FTE	$1,200*22 workdays	$26,400	$26,400	$26,400	$26,400
I4	SharePoint managed services		$0	$40,000	$40,000	$40,000
It	Deployment and managed services	I1*I2*I3+I4	$844,800	$990,400	$515,200	$515,200
	Risk adjustment	↑10%				
Itr	Deployment and managed services (risk-adjusted)		$929,280	$1,089,440	$566,720	$566,720

Training

For the composite organization, the IT department needed training on managing and using the teamwork solutions. Training was provided by:

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1) an external professional services organization; and 2) by users attending Microsoft conferences. Forrester assumed that each day of training cost $300 on average. There is a smaller amount of ongoing training that takes place to keep up on the new teamwork solutions being added in Microsoft 365.

There was also a need for end user training: 1.5 FTEs were responsible for creating company-specific training content, setting up a learning portal in SharePoint, and providing "training the trainer" training to local champions. This is an ongoing effort to make sure that users are comfortable using all the new teamwork solutions being rolled out as part of Microsoft 365.

The amount of training required depends on the IT team size and its existing knowledge of Microsoft solutions, as well as how many users need to be trained. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $460,388.

Training: Calculation Table						
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
J1	Number of IT user training days		30	10	10	10
J2	Cost per day		$300	$300	$300	$300
J3	End user training	1.5 FTE*$85,000 (pro-rated in initial period)	$85,000	$127,500	$127,500	$127,500
Jt	Training	J1*J2+J3	$94,000	$130,500	$130,500	$130,500
	Risk adjustment	↑10%				
Jtr	Training (risk-adjusted)		$103,400	$143,550	$143,550	$143,550

Ongoing Solution Management

As discussed in the Benefits section, the amount of effort required to support the cloud-based teamwork solutions is less than what was required for the previous heterogenous, on-premises solution mix. The remaining effort consisted of two FTEs for supporting and configuring teamwork solutions, setting up and managing user accounts, and rolling out new solution components. Some of the interviewed companies chose to use managed services from a Microsoft partner for these activities, but the in-house scenario was included in the financial analysis.

The level of ongoing support required varies based on the number of users and locations, as well as the solution components in use. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $746,802.

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Ongoing Solution Management: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
K1	Number of FTEs supporting previous solutions			4	4	4
K2	Number of reduced FTEs			2	2	2
K3	Annual fully burdened salary			$143,000	$143,000	$143,000
Kt	Ongoing solution management	(K1-K2)*K3		$286,000	$286,000	$286,000
	Risk adjustment	↑5%				
Ktr	Ongoing solution management (risk-adjusted)			$300,300	$300,300	$300,300

Allocated Microsoft License Costs

The various solutions that comprise the teamwork solutions are part of the broader Office 365 and Microsoft 365 solutions. Some are also available stand alone, but most typically the solutions are deployed as part of a larger effort. The teamwork solutions sit within the Office 365 part of Microsoft 365. Therefore, even though the composite organization is using Microsoft 365, Forrester used Office 365 licenses because minimal benefits associated with Windows 10 or EM+S were included. For the financial analysis, Forrester assumed that 75% of the benefits and costs associated with the Office 365 piece are closely tied to teamwork and collaboration, so 75% of the license costs were included. There were 4,000 Office 365 E3 licenses and 1,000 E1 licenses. For simplicity, the number of users is held constant over the life of the study.

Since list prices were used, no risk adjustment was made. The three-year total PV of $1,969,587.

Allocated Microsoft License Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
L1	Number of Office 365 E3 licenses			4,000	4,000	4,000
L2	Annual license cost	$20*12 months		240	240	240
L3	Number of Office 365 E1 licenses			1,000	1,000	1,000
L4	Annual license cost	$8*12 months		96	96	96
L5	Total Office 365 license costs	L1*L2+L3*L4		1,056,000	1,056,000	1,056,000
Lt	Allocated Microsoft license costs	L5*75%		$792,000	$792,000	$792,000
	Risk adjustment	0%				
Ltr	Allocated Microsoft license costs (risk-adjusted)			$792,000	$792,000	$792,000

Additional Technology Costs

The composite organization required additional bandwidth for the increased video and voice traffic and the upload and retrieval of

documents in the cloud. The composite organization added ADFS servers to streamline authentication and single sign-on. The amount of additional bandwidth required depends on existing bandwidth, the number of locations, and the extent to which high bandwidth solutions such as videoconferencing are used. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $227,497.

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
Additional Technology Costs: Calculation Table						
M1	Incremental bandwidth	$4,500*12 months (pro-rated in Initial period)	$36,000	$54,000	$54,000	$54,000
M2	ADFS servers	maintenance at 20%	$25,000	$5,000	$5,000	$5,000
Mt	Additional technology costs	M1+M2	$61,000	$59,000	$59,000	$59,000
	Risk adjustment	↑10%				
Mtr	Additional technology costs (risk-adjusted)		$67,100	$64,900	$64,900	$64,900

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Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

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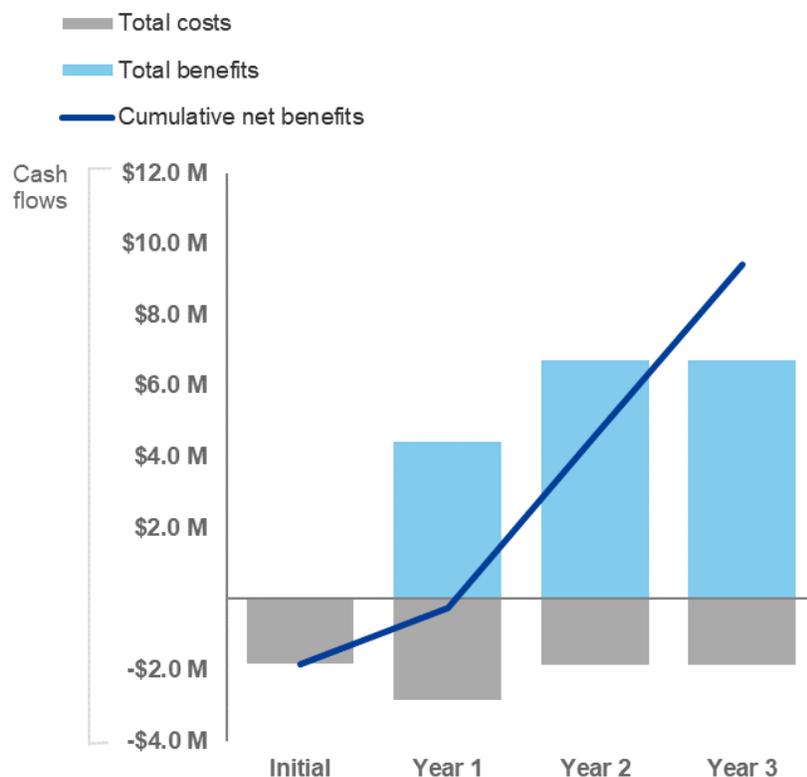
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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)

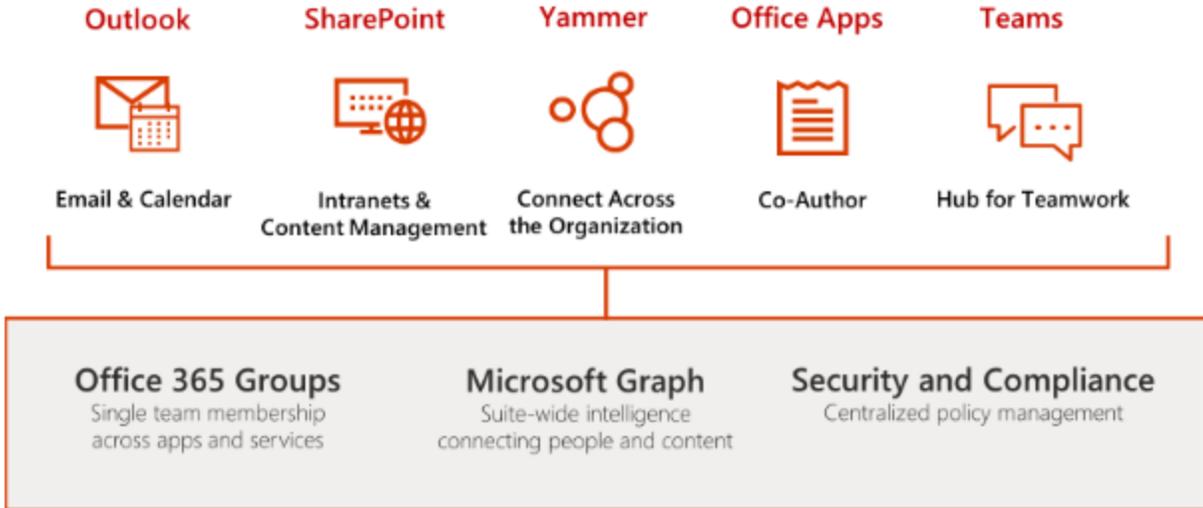|	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($1,833,847)	($2,862,090)	($1,867,470)	($1,867,470)	($8,430,877)	($7,382,170)
Total benefits	$0	$4,440,660	$6,715,269	$6,715,269	$17,871,199	$14,642,248
Net benefits	($1,833,847)	$1,578,570	$4,847,799	$4,847,799	$9,440,322	$7,260,078
ROI						98%
Payback period						13 months

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Microsoft 365 Teamwork Solutions: Overview

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

The nature of teamwork today is incredibly diverse. Teams come in all different shapes and sizes. Teams can have two people or two thousand. Projects can last for two days or two years. Team members can be local or spread across the globe, it can include vendors and contractors along with full-time employees. Microsoft 365 is designed to be a universal toolkit for teamwork to give you the right tools for the right task, along with common services to help you seamlessly work across applications.

Microsoft offers the broadest and deepest set of apps and services that make collaborating on docs, sharing files and working seamlessly wherever a person wants, across their devices even easier, and Microsoft Teams offers a centralized hub for teamwork that gives individuals the ability to interact and work together in a personalized and engaging way.

Microsoft 365: Universal Toolkit for Teamwork

Outlook	SharePoint	Yammer	Office Apps	Teams
Email & Calendar	Intranets & Content Management	Connect Across the Organization	Co-Author	Hub for Teamwork

Office 365 Groups
Single team membership across apps and services

Microsoft Graph
Suite-wide intelligence connecting people and content

Security and Compliance
Centralized policy management

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Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

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