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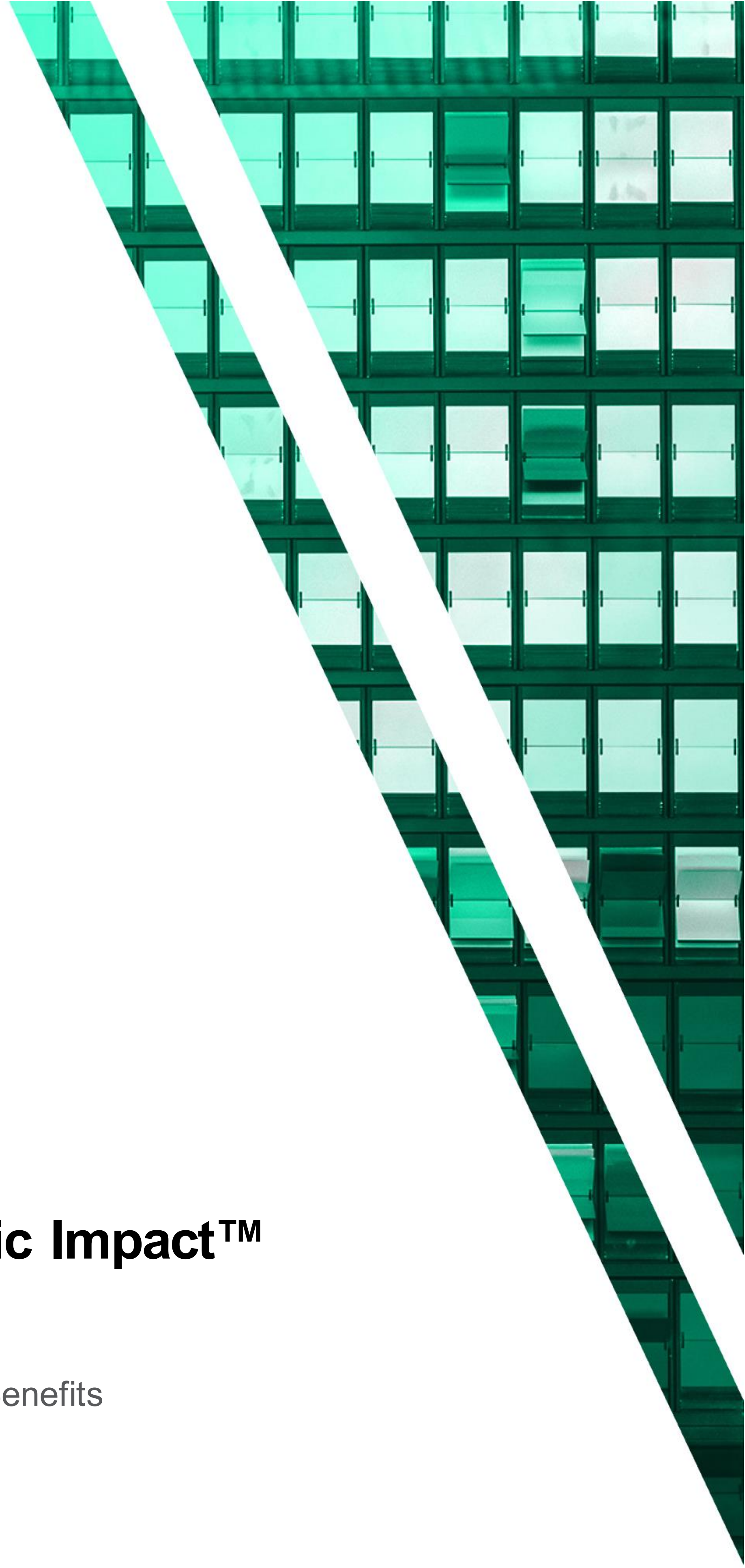

The Total Economic Impact™ Of Oto CRM

Cost Savings And Business Benefits Enabled By Oto CRM

MARCH 2022

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY OTO

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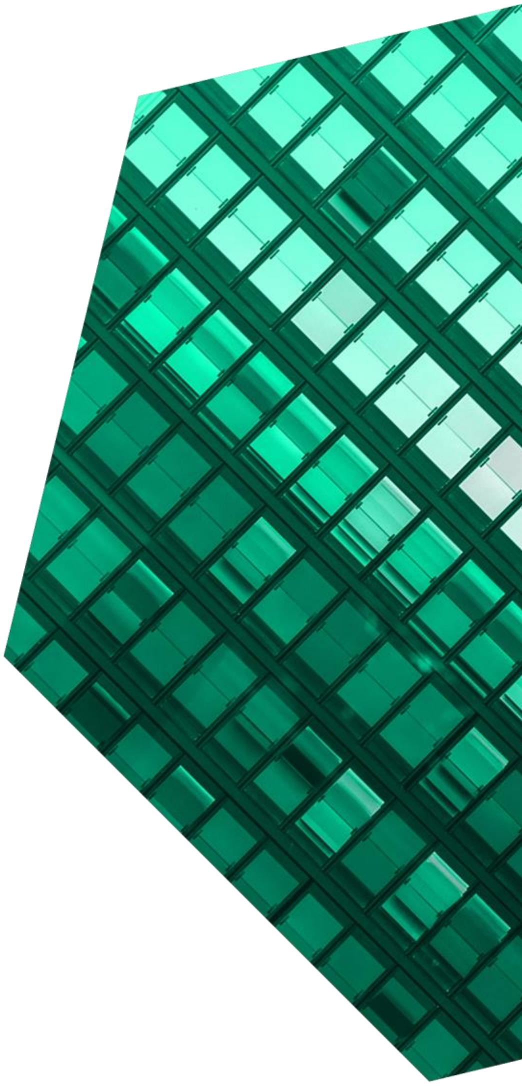


ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

The retail industry's move away from a single-channel approach has been amplified by the impact of the COVID-19 pandemic. Many retailers already have their online strategies in place, but it is the position of their offline and physical stores contributions that needs attention. As retail moves online, it is important to not lose emphasis on the significant role offline channels play. Investing into alignment of retail omnichannel approaches have shown how merging multichannel strategies are more relevant in creating more universal customer experiences.

Oto CRM centralizes online and offline consumer sales interaction and behavior data, and it provides physical stores and store sales agents more alignment of the organization's overall omnichannel strategy. Its AI technology provides store sales agents with intelligence to engage with customers, and it provides transparency of the customer journey to the business to monitor sales traffic and customer retention levels both in-store and online.

Oto commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Oto CRM.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Oto CRM on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four Brazil-based decision-makers with experience using Oto CRM. For the purpose of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite enterprise organization using the conversion rate of US$1 = BRL$5.657.

Before using Oto CRM, the e-commerce and offline strategies of the interviewees' organizations were misaligned, and decision-makers had no real process or controls for tracking sales agents' engagements and performances related to interactions. This also caused concern about potential penalties tied to breaches of data privacy and nonconsenting customer contact engagements that sales agents conducted without the knowledge of the organizations' marketing team. Prior attempts at aligning processes or monitoring customer engagement were very manual, and they heavily relied on the input of customers or sales agents and yielded limited success. During the initial stages and height of the COVID-19 pandemic, aligning omnichannel strategies (especially physical stores strategies) became a top priority for retail organizations to remain in business.

Interviewees said that after investing in Oto CRM, their organizations now have more transparency in their customers' journeys and interactions, and the organizations have more readily available insights and analyses about their organizations' offline performances. This enabled improved omnichannel approaches with more streamlined customer experiences. And another key benefit came from having the oversight to have secure protocols in

KEY STATISTICS

Return on investment (ROI)
304%

Net present value (NPV)
$1.92M

place to avoid potential data-privacy breaches caused from sales agents engaging with nonconsenting customers.

Increase in appropriate customer contact reach

Before	After
150%	**300%**

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Gross revenue increase attributed to Oto.** Interviewees said Oto provided retail store sales agents with capabilities that empowered and encouraged them to increase and close more sales. Oto supplied insights and AI technology matching suggestions enabled sales agents to better engage with customers, strengthen relationships, and increase their overall customer reaches. For the composite organization, the increase in reach of interacting with more-appropriately matched customers by 150% to 300% increases sales conversions by around 8% each year. This leads to a three-year, risk-adjusted financial benefit of $1.4 million. 20% of the organization's revenue is attributable to Oto.

- **Cost avoidance from compliance breach.** Before investing in Oto, interviewees' organizations were subject to a total revenue penalty of 2% for data security breaches. This was a huge issue for companies that had no control or oversight into their sales agents' personal engagements with customers, and it could involve contacting nonconsenting customers. Interviewees said Oto allowed their retail organizations to implement protocols around engagement initiations that could be tracked and observed on the platform using only customer consenting contact lists. This helps sales agents to only contact appropriately listed consenting customers and to avoid any potential breaches in data privacy and security rules. The composite organization avoids paying the associated penalty fines and saves almost $1 million per year in this area.

"Customers who buy through Oto connections tend to spend more each time than the ones who don't."
Marketing and CRM oversight manager, leisure

> **We have 'Oto-matized' a lot. In the past, we didn't have many strategies for our stores. Sales agents would manually input information into the store system to find their best customers to contact.**
>
> — Marketing and CRM oversight manager, leisure

- **Annual cost equivalent of hours saved.** Interviewees said their organizations saw time savings for sales agents and retail staff administrators of between 1 and 3 hours per week. Time they usually spent on manual tasks and processes was cut short by Oto's automation and AI technological capabilities. This time-saving efficiency enabled the organizations and their workers to focus more on improving closing sales, engaging better with customers instead of manually filtering, and searching for contacts and data to interact with their customers. The composite organization sees a financial benefit worth $255,200.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Improved insights and transparency to influence decision-making**. The additional customer intelligence helped the interviewees' organizations to make more informed decisions about opening new stores or custom marketing campaigns based on customer appetites and feedback gained from sales agents' interactions and real-time responses. This led to improved, streamlined, and personalized customer experiences.

- **Continuation of physical stores operations during lockdown restrictions.** The pandemic left many retailers struggling to operate, and it forced some retailers to close. When many retailers' organizations operated only online, decision-makers welcomed having the ability to utilize physical stores and staff as part of their omni strategies. It meant employees had peace of mind and jobs could be kept.

- **Improved sales morale.** The interviewees noted that before investing in Oto, some of their organizations' sales staff felt excluded in the companies' overall strategies and they were often overlooked because their performance couldn't be compared equally with the online strategy. Oto bridged the gap so the organizations could not only recapture the customer journey but also better measure the impact of sales agents' efforts. Encouraging sales teams to track their engagements and overall performance meant the teams felt valued and like they were part of the business strategy again — especially during times of restrictions on physical retail due to the pandemic.

Costs. Risk-adjusted PV costs include:

- **Software license fees.** The subscription cost for the Oto CRM platform service varies depending on the size and requirements of the organization. The composite organization pays a monthly subscription per store, which leads to a risk-adjusted present value cost $192,000 over three years.

- **Third-party implementation and managed services per-store costs.** Each interviewee said their organization experienced third-party enterprise implementation costs that included initial efforts around IT integration and data preparation with other existing CRM systems that were used in other areas of the business (for e-commerce lines). Because they already had these existing subscriptions, they paid an additional fee, to which the composite company also pays $8,700 to integrate Oto CRM. The composite organization pays additional enterprise managed service fees of $65,000 each year associated with an enterprise third-party CRM to include the Oto integration per store. Because the composite would have inccurred these costs with the addition of any CRM app for an enterprise level company, Forrester attributed

If a customer is visiting our website and [they] leave an order in our checkout phase, the store is prompted to contact this customer [and] notify them that the store has these clothes in its storage so the customer can go there and try [them] on. We know many customers go to the website and choose something, but [they] can be afraid to buy clothing in case it won't fit. So, for us, this is a way in. And that's something [with which] Oto is bringing us a lot of return.

— Marketing and CRM oversight manager, leisure only a proportion of it to Oto. Interviewees said their organizations paid a wide range of costs associated with third-party integrations, but the composite holds a subscription with an existing CRM and endures the above costs.

- **Dedicated management and training time costs.** Interviewees organizations initially had at least one full time equivalent (FTE) internal employee to manage the implementation with the IT team along with the integration of Oto CRM and company data. The composite considers it necessary to retain another internal FTE to stay on as business development managers or lead strategists to maximize sufficient and appropriate usage of Oto CRM in line with the omnichannel vision of the retail business. For the composite, this amounts to a total present value cost of $165,000 during three years. Oto CRM does not charge for any training, but interviewees said their organizations spent time training management and sales agents on the Oto CRM system.
- **Third-party ongoing managed service fees (brand).** Interviewees' organizations also paid enterprise managed service fees associated with their existing third-party CRM providers for including the Oto integration across their brands and organizations. This is a cost that the composite organization would have inccurred with the addition of any CRM app for an enterprise-level company, so Forrester attributed only a proportion of the cost to the Oto investment. The composite is subject to a cost of $81,200 over three years.
- **Up-front Oto implementation and hardware costs.** Implementation and hardware costs can be significant if an organization opts to invest in mobile-device hardware or provisions for sales agents to expense their own personal devices and data usage for work and customer interaction. For the composite organization, this amounts to a three-year risk-adjusted present value of $8,300 for data preparation, IT implementation, and hardware setup costs.

"One of our main costs with Oto was the risk itself because of the data privacy law, but also, [that] sales agents from the stores [used] their own cell phones to make calls and to send messages to customers."
Marketing and CRM oversight manager, leisure

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $2.56 million over three years versus costs of $634,000, adding up to a net present value (NPV) of $1.92 million and an ROI of 304%.

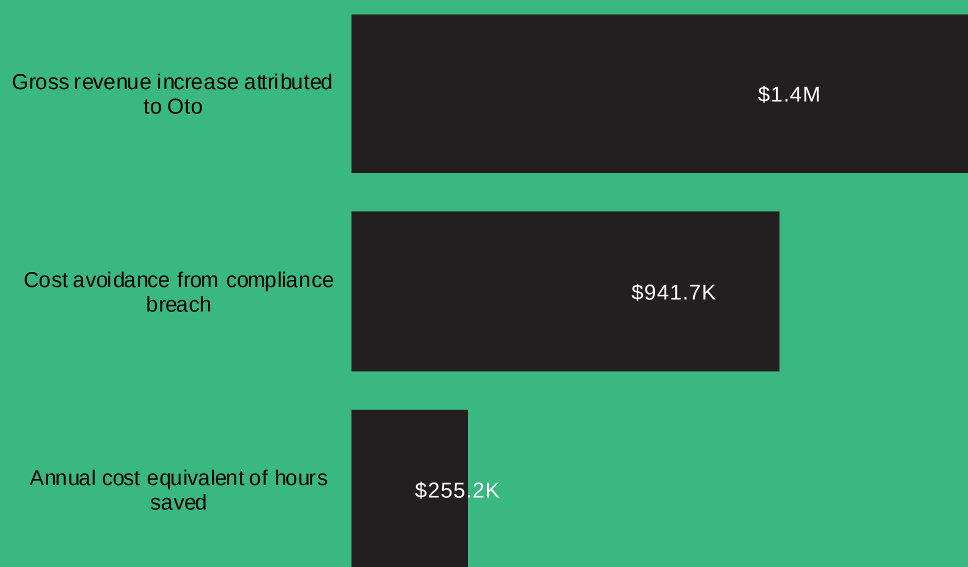
ROI
304%

BENEFITS PV
$2.56M

NPV
$1.92M

PAYBACK
<6 months

Benefits (Three-Year)



- Interviewees said the biggest benefit their organizations experienced was an increase in gross revenue attributed to Oto CRM from the improvement in quality and increased engagement it allowed customer store sales agents in leveraging customer interaction and building better service offerings for customers.
- The second biggest benefit experienced was the potential cost avoidance of penalties from a breach in data security and privacy rules.
- The streamlined and automated process of using Oto CRM also led to more productive sales staff, which saved on costs for headcount.

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Oto CRM.

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 Oto CRM can have on an organization.

DUE DILIGENCE

Interviewed Oto stakeholders and Forrester analysts to gather data relative to Oto CRM.

DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Oto CRM to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

Designed a composite enterprise organization based on characteristics of the interviewees' 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 decision-makers.

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides 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 Oto 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 study to determine the appropriateness of an investment in Oto CRM.

Oto 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.

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

The Oto CRM Customer Journey

Drivers leading to the Oto CRM investment

Interviewed Decision-Makers

Interviewee	Industry	Region	Total revenue	Store sales employees
Marketing and CRM oversight manager	Leisure	Brazil	$5.3M	140
Head of sales and marketing	Brand reselling	Brazil	$212M	1,800
CRM marketing manager	Fashion	Brazil	$1.77B	200
Founder/CEO	Fashion and lifestyle	Brazil	$35M	250

KEY CHALLENGES

The interviewees noted how their organizations struggled with common challenges, including:

- **Misalignment of online and physical store strategies.** Each interviewee highlighted how their organizations wanted to align the physical store strategies of the business with their online strategies. However, a lack of technological ability and data insights proved to be a barrier to this.
- **Lack of process and transparency on sales agents' activities and performance.** Prior to the investment, the interviewees' organizations either had very manual processes of recording their physical store sales agents' activities and performance or they had no processes whatsoever. They also heavily relied on the input of customers or sales agents in being able to measure performance.

We didn't have any specific customer-contact strategy happening in the stores. Some stores were consulting our sales program, and then they were having access to some of our clients' data. That was something we were very concerned about because of the new law that was implemented here in Brazil last year relating to privacy of data.

— Marketing and CRM oversight manager, leisure

Lack of control of sales agents' engagements with nonconsenting customers and exposure to breaching data privacy laws. Interviewees said their organizations had no transparency over sales agents' interactions with customers. As the organization had no control of the list of customers who would be contacted by sales agents, it could not ensure the extra level of security that only consenting customers would be contacted by their sales team. This meant that the organizations were vulnerable to potential consumer data compliance breaches and having to pay large financial penalties.

"We had no data to support us in a strategic way. We were not playing the game in a strategic way. So, basically, it's like we were doing nothing ."
Founder/CEO, lifestyle and fashion

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Help them tackle and avoid breaching data security and privacy rules.
- Improve their retail omnichannel strategy alignment.
- Capture and centralize customer intelligence and leverage it to offer better customer experiences.
- Offer further insights into their physical stores and sales teams' performance and activities.
- Keep their physical stores in operation.

> **"Oto had the most features and things that we believe were necessary to take us to the next step in terms of relationship-building with customers in terms of their experience."**
> *Founder/CEO, lifestyle and fashion*

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a large Brazilian retail brand with a large customer base and that generates a total gross revenue of $495 million. Of the 7,500 employees spread across many business divisions, approximately 250 are FTE general sales agents across 175 physical store units who communicate with customers daily. There are some instances in which Oto CRM usage will fall into the back office and store/regional management categories for more strategic and analytical purposes.

Deployment characteristics. The composite organization is also a customer of the Oto CRM app parent company and has been using the Oto CRM app for more than a year. The organization uses the various features of the app to engage with its consenting customer contact list, as well as with the data and analytics to assess the success performance of its employees, campaigns, and the omnichannel business strategy. The composite deploys the Oto CRM app during the COVID-19 pandemic.

Key assumptions

- **Brazilian enterprise-level retail company**
- **$495M annual gross revenue**
- **250 FTE sales agents**
- **175 store units**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits							
Ref.	**Benefit**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Gross revenue increase attributed to Oto	$0	$546,975	$546,975	$546,975	$1,640,925	$1,360,246
Btr	Cost avoidance from compliance breach	$0	$378,675	$378,675	$378,675	$1,136,025	$941,709
Ctr	Annual cost equivalent of hours saved	$0	$102,600	$102,600	$102,600	$307,800	$255,151
	Total benefits (risk-adjusted)	$0	$1,028,250	$1,028,250	$1,028,250	$3,084,750	$2,557,106

GROSS REVENUE INCREASE ATTRIBUTED TO OTO

Evidence and data. The interviewees reported that Oto equipped retail store sales representatives with the intelligence to engage customers and have better conversations. This led to an increase in the value of sales by an average of 5% and also to closing more sales, which therefore generated more revenue. One interviewee said Oto CRM enabled their organization's sales agents to increase their reach by 150% to 300% on their customer bases, and all four interviewees said the resulting sales conversions also increased by 6% to 8%.

Modeling and assumptions. Based on the customer interviews, Forrester modeled the financial impact for the composite organization applying the following assumptions:

- 8% sales uplift due to increased and improved sales and customer interaction.
- 5% uplift in average customer spend value each year.
- 20% attribution of Oto's impact on overall sales revenue generated each year.

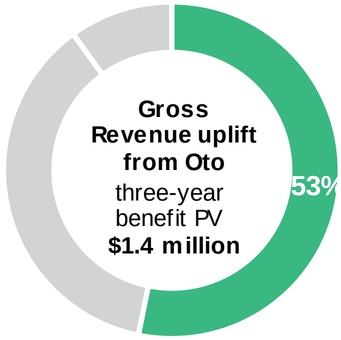
"Before [using Oto CRM], customer interactions were very manual. The automation offered by Oto enables our sales agents to connect with many more customers now."
CRM and marketing manager, fashion

"Conversion is quicker because customers are already on their mobile phones, and they can just click links to the website. So, the conversion rates increase this way. Since starting with Oto, our conversion rate has increased to around 6%. Some strategies have an even better conversion rate."
Marketing and CRM oversight manager, leisure

Risks. Risk factors that could impact this benefit area include:

- The strategy applied to leverage Oto, which influences the level of engagement and adoption of the solution.
- The size and region of the company and overall initial revenue.
- The operating margins of a company.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.4 million.



Gross Revenue Increase Attributed To Oto

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Gross revenue	Composite	$495,000,000	$495,000,000	$495,000,000
A2	Sales increase due to sales agent interaction and conversions	Interviews	8%	8%	8%
A3	Increase in AOV due to sales agents' interactions and conversions	Interviews	5%	5%	5%
A4	Retail operating margin	Assumption	5%	5%	5%
A5	Proportion revenue attributed to Oto	Assumption	20%	20%	20%
A6	Proportion revenue increase attributed to Oto	A1*(A2+A3)*A4*A5	$643,500	$643,500	$643,500
At	Gross revenue increase attributed to Oto	A6	$643,500	$643,500	$643,500
	Risk adjustment	↓15%			
Atr	Gross revenue increase attributed to Oto (risk-adjusted)		$546,975	$546,975	$546,975
	Three-year total: $1,640,925			**Three-year present value: $1,360,246**	

COST AVOIDANCE FROM COMPLIANCE BREACH

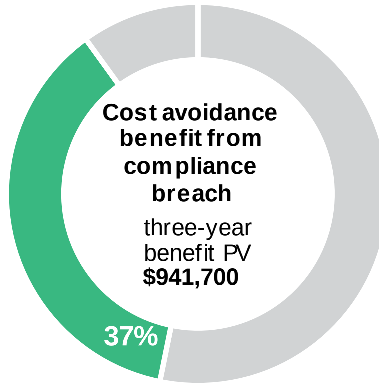
Evidence and data. Prior to investing in Oto, the interviewees' organizations in the vendor region were vulnerable to penalties on breaches of data security. This was a huge concern for companies that had no control or oversight into their sales agents' engagements with customers over other mediums, which continues to be a wide trend in Brazilian retail. Some agents could be contacting nonconsenting customers, and this exposed the organizations to large penalties of up to 2% of their overall revenues. Oto allowed retailers to implement protocols around engagement initiations that could be controlled and tracked over the platform using only consenting customer contact lists. This ensured sales agents only contacted appropriately listed customers and that the organizations could avoid paying fines for potential breaches in data privacy rules.

Modeling and assumptions. Based on the customer interviews, Forrester modeled the financial impact for the composite organization with:

- Regulated 2% gross revenue penalty fine for the vendor region for breach of consumer data privacy regulations.
- Assumed 85% reduction in risk (originally 30% risk of breach) of LGPD consumer data breach due to Oto investment.

Risks. As a large part of the onus of being able to track and control the sales agents' engagements was now being managed, it didn't take away the full control of potential data breaches in data privacy.

Results. Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $941,700.



Assumed compliance risk reduced by

85%

Cost Avoidance From Compliance Breach					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Gross revenue	A1	$495,000,000	$495,000,000	$495,000,000
B2	Penalty from LGPD breach (percent of revenue)	Assumption	2%	2%	2%
B3	Risk of LGPD breach pre-Oto	Assumption	30%	30%	30%
B4	Risk of LGPD breach reduced due to Oto	Assumption	85%	85%	85%
B5	Risk of breach after Oto	B3*(1-B4)	4.5%	4.5%	4.5%
Bt	Cost avoidance from compliance breach	(B1*B2)*B5	$445,500	$445,500	$445,500
	Risk adjustment	↓15%			
Btr	Cost avoidance from compliance breach (risk-adjusted)		$378,675	$378,675	$378,675
	Three-year total: $1,136,025		**Three-year present value: $941,709**		

ANNUAL COST EQUIVALENT OF HOURS SAVED

Evidence and data. The interviewees each confirmed that physical stores' sales teams and retail admins saved 1 to 3 hours per week with Oto. Time that was usually spent on manual tasks and processes such as researching relevant intelligence to engage with customers or building and tracking sales pipelines and monitoring performance progress was cut short by Oto's automation and AI capabilities. This efficiency enabled the organizations and sales teams to focus more on improving their closing sales and customer connections.

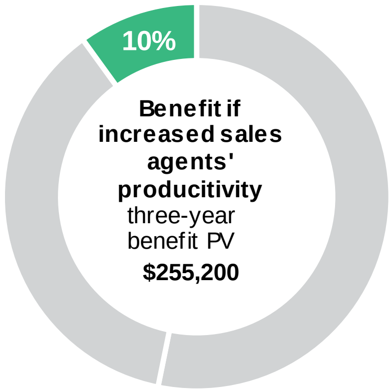
Modeling and assumptions. Based on the customer interviews, Forrester modeled the financial impact for the composite organization with the following:

- The average market rate for an entry-level retail sales agent, is $3 per hour.
- Each agent works 48 weeks per year.
- 250 FTE store sales agents save an average of 3 hours per week on tasks with Oto.

"Processes were very manual before [using Oto CRM]. Now, Oto has made sales agents' downtime more productive."
Head of sales and marketing, Product reselling platform

Risks. The amount of cost saving can vary depending on the differences in admin and tasks required by the company's sales agents associated with this process. The capabilities of sales agents would also affect the time saved.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $255,200.



Annual Cost Equivalent Of Hours Saved

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of FTE sales agents	Composite	250	250	250
C2	Hourly cost per sales agent	TEI Standard	$3	$3	$3
C3	Number of hours per week saved	Interviews	3	3	3
Ct	Annual cost equivalent of hours saved	C1*C2*C3*48	$108,000	$108,000	$108,000
	Risk adjustment	↓5%			
Ctr	Annual cost equivalent of hours saved (risk-adjusted)		$102,600	$102,600	$102,600
	Three-year total: $307,800		**Three-year present value: $255,151**		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Improved data insights and performance transparency**. The additional level of customer coverage and intelligence on customer shopping behaviors presented the interviewees' organizations with better detail to help them make more savvy investment decisions, such as choosing regions in which to open new physical stores or customized marketing campaigns. This was based on customer appetites and feedback gained from sales agents' interactions and real-time responses. It meant that the organizations could be smarter with their marketing and sales approaches and custom strategies. Tied in with the continuous use of the Oto AI technology, this offers a better, more streamlined and personalized customer-service experience.

- **Improved sales force morale.** The interviewees' noted that before their organizations' Oto investments, their sales teams felt excluded in the companies' overall strategies and were often overlooked because their performance couldn't be compared in equal alignment to their e-commerce strategy. With more customers researching online before they buy and moving toward an online approach in general, retail/shopping sales agents have to work harder to justify their activity and impact. Oto bridges this gap so the customer journey can not only be recaptured and won, but it also better measures the impact of sales agents' efforts. By encouraging sales teams to use the Oto features and track their engagements and overall performance meant they felt more valued and empowered and like they were part of the omni business again. One interviewee said their organization's sales team rated Oto as a seven out of 10 in the value it brought to them.

- **Continuation of physical stores operations during lockdown restrictions.** The COVID-19 pandemic left many retail businesses struggling to operate, and it forced some to close. With many retailers' organizations operated only online, decision-maker welcomed having the ability to utilize physical stores and staff as part of their omni strategies. It meant employees had peace of mind, jobs could be kept, and there was an improvement in being able to share sales strategies across two or more channels in a more aligned manner.

> **"For us as managers, I think Oto mainly offers the ability to track the effort. I think it's brilliant ."**
> *Founder/CEO, lifestyle and fashion*

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Oto CRM and later realize additional uses and business opportunities, including:

- **Having the ability to develop more informed investment strategies and decisions from Oto data insights.** Each interviewee said the information Oto CRM showed from capturing and recording data from the sales agents allowed their marketing and strategy teams to implement targeted sales campaigns a lot more efficiently. They said it offered the ability to better predict customer behavior; to scale their businesses faster; and to provide a more consistent, customized, and streamlined customer experience as the retail industry evolves. The insights from Oto CRM also enabled the organizations to be more investment-ready by having more coverage of key intelligence and stats to supply to their investors.

“Oto has given us the power to be investment-ready. We have the information set up, and everything already is in place.”
Founder/CEO, lifestyle and fashion

- **Having an additional sales channel for the company to sell through.** In addition to their websites, social media, physical stores, email campaigns, interviewees said they see potential in Oto CRM becoming another sales medium to target and liaise with their customers.
- **Having the compliant storage of customer data and engagements normally kept with the individual sales agent.** Interviewees said they recognize Oto CRM as a tool for their physical stores (and therefore their organizations) to capture and retain unique customer intelligence obtained by their sales teams. Prior to using Oto, this intelligence would be lost by the business if sales agents left the company. Using Oto allows employees to keep and utilize the knowledge that other sales agents acquire.
- **Having the ability to readily integrate with many well-known systems and platforms.** Oto CRM integrates with many systems, so the aspect of technology infrastructure evolving and working together when a company grows is easier with Oto. As a company evolves and needs to scale up, Oto can be implemented quickly with new store growth. Oto also reduces the potential need for further multiple systems and platforms in the future. Subsequently, this gives organizations an easier way to govern and manage the systems across the business in the future.

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

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Dtr	Oto software license fees	$0	$77,175	$77,175	$77,175	$231,525	$191,923
Etr	Third-party implementation costs and managed service store fee's	$9,548	$71,418	$71,418	$71,418	$223,801	$187,153
Ftr	Dedicated management and training time equivalent costs	$19,635	$58,464	$58,464	$58,464	$195,027	$165,026
Gtr	Total third-party ongoing managed service fees (brand)	$0	$32,648	$32,648	$32,648	$97,944	$81,191
Htr	Hardware and Implementation labor costs	$8,301	$0	$0	$0	$8,301	$8,301
	Total costs (risk-adjusted)	$37,484	$239,705	$239,705	$239,705	$756,598	$633,594

OTO SOFTWARE LICENSE FEES

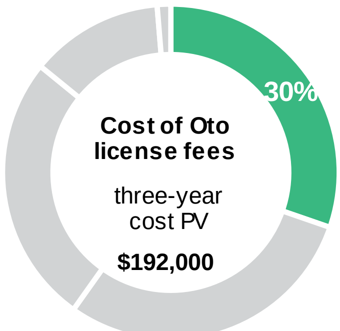
Evidence and data. Interviewees said their organizations' Oto CRM subscription fees ranged depending on their specific requirements. Each of the organizations uses the basic level of subscription.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite pays a monthly subscription of $35 per month per store.
- The composite has 175 stores.
- This leads to a present value cost of $192,000 over three years.

Risks. The cost will vary depending on the organization's size, strategy, and requirements.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $192,000.



Oto Software License Fees

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	License fees per store	Interviews		420	420	420
D2	Number of units per store	Composite		175	175	175
Dt	Oto software license fees	D1*D2	$0	$73,500	$73,500	$73,500
	Risk adjustment	↑5%				
Dtr	Oto software license fees (risk-adjusted)		$0	$77,175	$77,175	$77,175
	Three-year total: $231,525			**Three-year present value: $191,923**		

THIRD-PARTY IMPLEMENTATION COSTS AND MANAGED SERVICES PER STORE FEES

Evidence and data. Each interviewee said their organization experienced one-off third-party enterprise implementation costs because they already had existing subscriptions with other system offerings (for their e-commerce lines) into which Oto CRM needed to be implemented. These additional integration and management fees per store were not a direct cost that came from Oto CRM. However, each interviewee said this accounted for just less than 30% of their organization's overall costs.

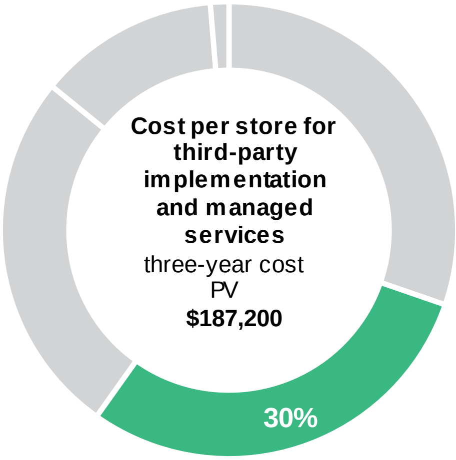
But it is important to note that they would have incurred this cost with the addition of any CRM app. And there is a wide range in the costs associated with the integration of Oto CRM with other third-party systems, and this entirely depends on the third-party provider.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- An initial $12,400 charge for Oto CRM integration with the company's' third-party systems.
- An approximate $530 ongoing third-party managed service fee for the composite's 175 stores.
- Forrester attributed 70% of these costs to Oto CRM.

Risks. This cost will vary depending on a company's available existing systems and requirements. The variations in these costs can depend on the size and requirements of the company's' third-party CRM system provider for the Oto integration.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $187,200.



Third-Party Implementation Costs And Managed Services Per Store Fees						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Third-party implementation setup fee	Interviews	$12,400			
E2	Third-party managed service fees per store	Interviews		530	530	530
E3	Number of stores	Composite	175	175	175	175
E4	Proportion attributed to Oto	Assumption	70%	70%	70%	70%
Et	Third-party implementation costs and managed services per store fees	(E1+(E2*E3))*E4	$8,680	$64,925	$64,925	$64,925
	Risk adjustment	↑10%				
Etr	Third-party implementation costs and managed services per store fees (risk-adjusted)		$9,548	$71,418	$71,418	$71,418
	Three-year total: $223,801			**Three-year present value: $187,153**		

DEDICATED MANAGEMENT AND TRAINING TIME EQUIVALENT COSTS

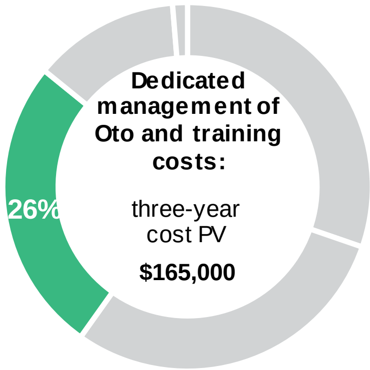
Evidence and data. Each interviewee reported that it was beneficial to have at least one FTE manage the implementation with the IT team and the integration of Oto CRM and company data for the duration of the implementation. They added another internal FTE (e.g., business development manager or lead strategist) after deployment to maximize the use and distribution of Oto CRM in line with the omnichannel strategy of the retail business. One interviewee said it would be good to have two business and product engagement delegates: 1) one to oversee the business data insights and to work on customer experience and sales strategy and how best to use the Oto, and 2) another to manage the production and employee adoption and distribution to focus on trainings and employee performance with the support of their internal CRM or ecommerce teams. Oto CRM does not charge for training, however each interviewee said their organization spent time training management (e.g., senior employees and deputies) and FTE sales agents on the Oto CRM system.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite organization’s sales staff includes 250 FTEs.
- Two levels of managers per store are trained on Oto for an initial 3 hours and an average of 2 hours per semester (four months) each subsequent year.
- Overall headcount remains constant throughout the three-year term.
- Any training following the initial implementation is to replace new starters or related to refreshers/performance.
- The composite uses one internal project manager at a standard market hourly rate of $10 during the seven-week implementation.
- The composite uses one business development manager at a standard market hourly rate of $14 to manage the strategy and product during the remaining years.

Risks. These dedicated management costs for a nominated employee to be full time responsible for the Oto platform are completely optional and can vary depending on a company's size, strategy, and requirements. The costs associated with training length would also vary depending on the size of the team or team members' abilities to be trained.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $165,000.



Dedicated Management And Training Time Equivalent Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of FTEs to manage Oto	Interviews	1	1	1	1
F2	Fully burdened hourly rate per person	TEI Standard	$10	$14	$14	$14
F3	Time spent managing Oto (hours)	Interviews	280	1,920	1,920	1,920
F4	Total dedicated management costs	F1*F2*F3	$2,800	$26,880	$26,880	$26,880
F5	Number of FTE sales agents	Composite	250	250	250	250
F6	Fully burdened hourly cost per sales agent	TEI Standard	$3	$3	$3	$3
F7	Time for sales agents training (hours)	Interviews	3	2	2	2
F8	Total cost of sales agents training	F5*F6*F7	$2,250	$1,500	$1,500	$1,500
F9	Managers to be trained	Composite	350	350	350	350
F10	Fully burdened average hourly rate of manager	TEI Standard	$13	$13	$13	$13
F11	Time for manager training (hours)	Interviews	3	6	6	6
F12	Total cost manager training	F9*F10*F11	$13,650	$27,300	$27,300	$27,300
Ft	Dedicated management and training time equivalent costs	F4+F8+F12	$18,700	$55,680	$55,680	$55,680
	Risk adjustment	↑5%				
Ftr	Dedicated management and training time equivalent costs (risk-adjusted)		$19,635	$58,464	$58,464	$58,464
	Three-year total: $195,027			**Three-year present value: $165,026**		

TOTAL THIRD-PARTY ONGOING MANAGED SERVICE FEES (BRAND)

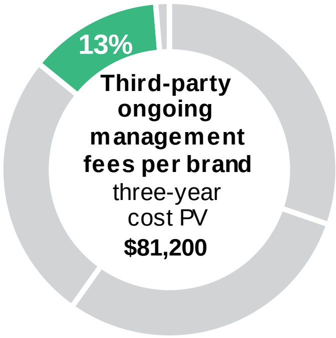
Evidence and data. Each interviewees' organization experienced ongoing third-party enterprise managed service costs because they already had existing enterprise subscriptions with other system offerings (for their other lines) with which Oto CRM needed to integrate. These additional integration fees were not a direct cost of Oto CRM, but each interviewee said it accounted for 13% of their organizations' overall costs. The organizations would incur this cost with the addition of any CRM app.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- Oto charges the composite approximately $3,500 per month for ongoing third-party managed service fees for its 175 stores.
- Forrester attributed 70% of these costs to Oto CRM.

Risks. There are variations in these costs due to the size and requirements of the company's existing third-party CRM system management fees.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $81,200.



Total Third-Party Ongoing Managed Service Fees (Brand)

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Third-party managed service fees (brand)	Interviews		$42,400	$42,400	$42,400
G2	proportion attributed to Oto	Assumption		70%	70%	70%
Gt	Total third-party ongoing managed service fee's (brand)	G1*G2	$0	$29,680	$29,680	$29,680
	Risk adjustment	↑10%				
Gtr	Total third-party ongoing managed service fees (brand) (risk-adjusted)		$0	$32,648	$32,648	$32,648
	Three-year total: $97,944			**Three-year present value: $81,191**		

HARDWARE AND IMPLEMENTATION LABOR COSTS

Evidence and data. Each interviewee also accounted for internal implementation (labor) costs for a small IT team, spending time around IT integration. A further 200 hours of labor was spent on data preparation by a CRM/strategy team. There exists a wide range in the costs associated with implementation that varies depending on the available IT resources, IT infrastructure, size, and maturity of the company as well as its requirements and strategies.

Another optional indirect Oto cost incurred was on physical hardware spend. If an organization opted to invest in mobile device hardware or provisioned for sales agents to expense against claims of their own personal devices and data usage for their work-related tasks around customer interaction, these are also costs that would also need to be considered.

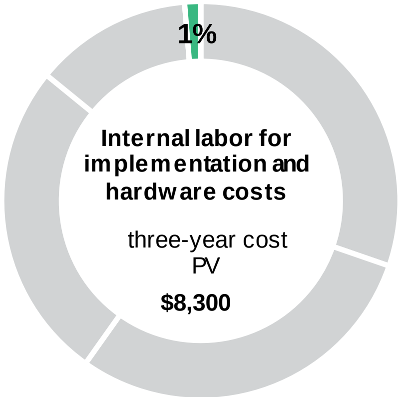
Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite requires 30 new devices to be used across all stores.
- Each device costs an average of $180.
- This leads to a total one-off hardware cost of $5,400 being incurred in the initial year of implementation.
- A total labor cost of $1,666 comes from internal IT teams spending time during the 7-week implementation and accounted for 85% of their overall time during this period.
- $840 is attached to the 200 hours of effort required for the data preparation tasks during the seven-week period by the company's CRM and strategy team for the Oto CRM implementation.

"The biggest challenge was the integration of data. It depends on the maturity of a company, though, because some companies have a more mature data set [and] some companies [have] less."
Founder/CEO, lifestyle and fashion

Risks. These costs can vary depending on a company's resources, the abilities of IT and CRM teams, and the time taken for Oto-related implementation tasks. The choice and cost of hardware incurred vary depending on the company's scope and requirements for hardware devices and use of their implementation in line with their business strategy.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $8,300.

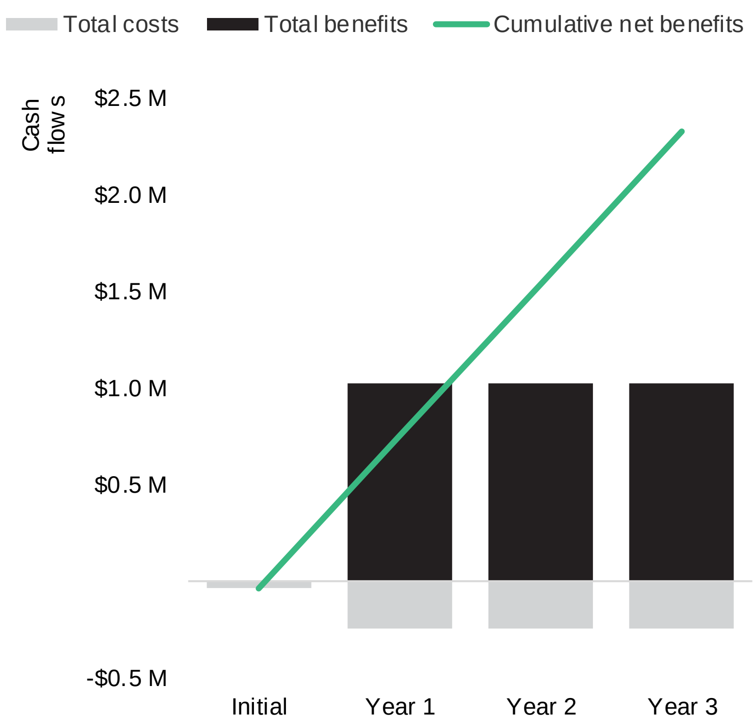


Hardware And Implementation Labor Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
H1	Hardware costs per device	Interviews	$180			
H2	Number of units	Interviews	30			
H3	Total hardware costs	H1*H2	$5,400			
H4	Average total hourly cost of company IT team	Interviews	$7			
H5	Proportion of IT team time contributing to implementation	Interviews	85%			
H6	Average time of labor (weeks)	Interviews	7			
H7	Cost of IT team for implementation	(H4*(H6*5*8))*H5	$1,666			
H8	Average hourly rate of CRM/strategy team member	Interviews	$4			
H9	Time per week CRM/strategy team spends on data implementation (hours)	Interviews	30			
H10	Cost of CRM/strategy team spends on data implementation	H6*H8*H9	$840			
Ht	Hardware and Implementation labor costs	H3+H7+H10	$7,906	$0	$0	$0
	Risk adjustment	↑5%				
Htr	Hardware and Implementation labor costs (risk-adjusted)		$8,301	$0	$0	$0
	Three-year total: $8,301		**Three-year present value: $8,301**			

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 Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($37,484)	($239,705)	($239,705)	($239,705)	($756,598)	($633,594)
Total benefits	$0	$1,028,250	$1,028,250	$1,028,250	$3,084,750	$2,557,106
Net benefits	($37,484)	$788,546	$788,546	$788,546	$2,328,152	$1,923,512
ROI						304%
Payback						<6 months

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

Appendix B: Endnotes

[1] 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.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