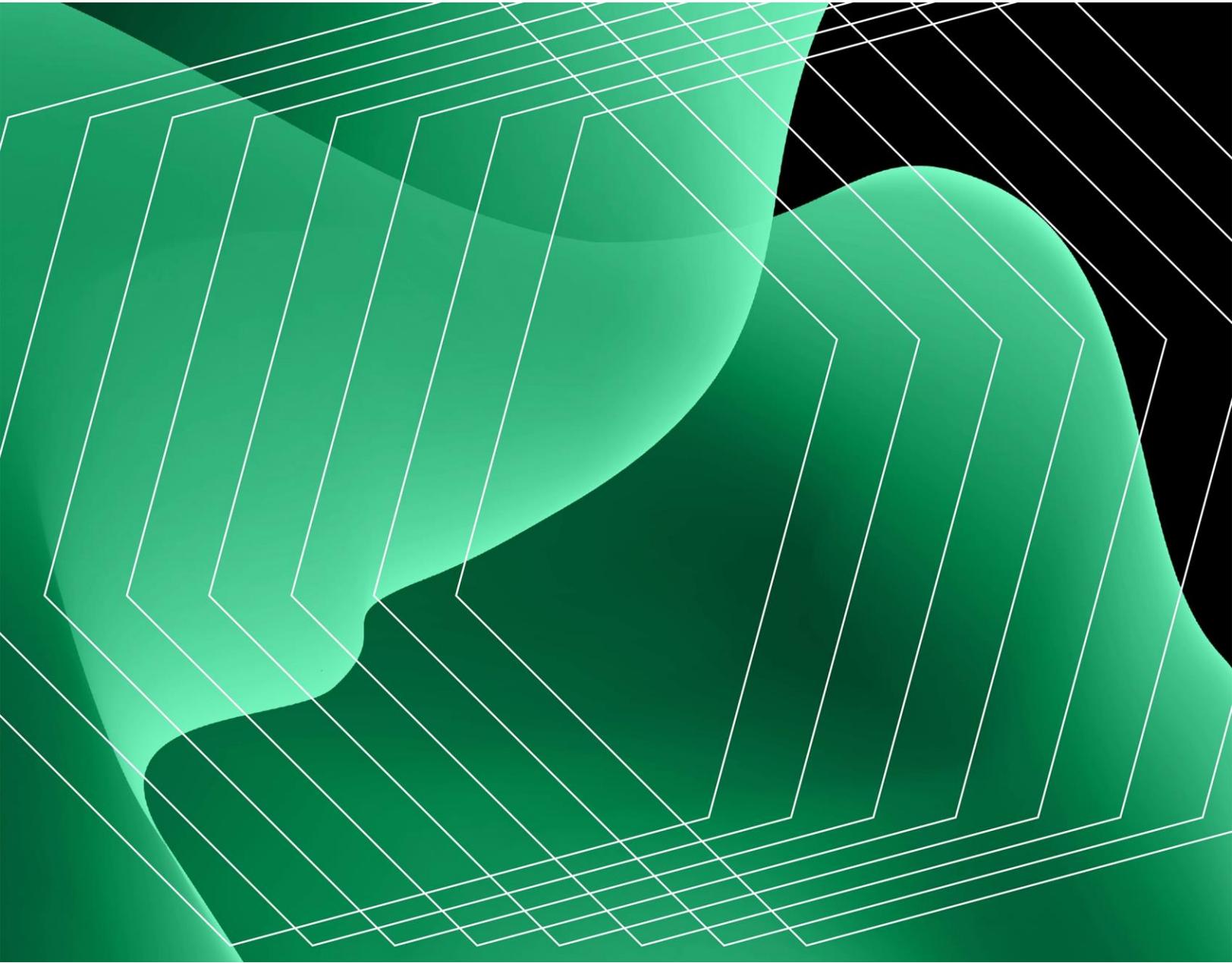# The Total Economic Impact™ Of Docusign CLM

Cost Savings And Business Benefits Enabled By Docusign CLM

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

Executive Summary

The rise of globalization has greatly expanded the number of commercial and business relationships between organizations while also transforming the nature of them.[1] Agreements outline the terms, duties, and responsibilities of each party, covering aspects such as products, pricing, task delegation, and accountability in case of issues. Contract lifecycle management (CLM) solutions provide tangible business benefits by streamlining the entire contract lifecycle, from the initial drafting stage through negotiation, revisions, signing, implementation, management, and renewal.

Docusign CLM automates the entire contracting lifecycle to make the process easier, faster, and less risky. It provides an end-to-end solution from pre-signature activities (e.g., document generation, collaboration, workflow orchestration) to post-signature management with an intelligent and searchable repository, obligation management, reporting, and analytics.

Docusign commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Docusign CLM.[2] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Docusign CLM on their organizations.

Return on investment (ROI)
449%

Net present value (NPV)
$3.01M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives with experience using Docusign CLM. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a global B2B

organization with $1 billion in revenue. The organization has over 5,000 employees and runs more than 3,500 contracts per year through its CLM system.

Interviewees said that before adopting Docusign CLM, their organizations struggled with manual contract management processes that were inefficient, lacked visibility and version control, and were prone to human error. The absence of a centralized system for securely storing and tracking contracts led to difficulties in managing renewals, which caused delays, unfavorable contract terms, and missed auto-renewals. These limitations wasted employees' time because they had to manually create reports, and they also increased contract errors that ultimately resulted in higher contract value leakage. Contract value leakage that occurs before or after a contract is signed can result in financial losses due to the actual value received not meeting expectations, which can affect revenue, opportunities, and employee morale over time. Common causes include poor contract quality, high contracting costs, performance failures, scope disagreements, and inefficient contract management. Interviewees expressed the need for a solution that could integrate across teams, streamline processes, and enhance visibility and compliance throughout the entire contract lifecycle.

Interviewees reported that after the investment in Docusign CLM, their organizations saw significant improvements in efficiency, transparency, and compliance across contract management processes. They experienced faster contract execution times, enhanced ability to manage and track contracts and amendments, and improved negotiation leverage with vendors by utilizing historical contract data. Interviewees reported utilizing the AI functionality of Docusign CLM+ to uncover contract data and insights to improve business decisions instead of having to hire additional resources to manually comb through documents. Finally, interviewees said the system enabled better risk management through error detection and correction, which led to potential cost savings by avoiding contractual mistakes and ensuring contracts align with organizational policies and legal requirements.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Nearly $2.4 million in employee efficiency gains due to faster contracting time.** Docusign CLM automates capabilities for the composite organization such as centralizing the contract lifecycle process and offering customizable templates and automated workflows to eliminate manual tasks and speed up the contract creation, review, approval, and signing phases. The integration of Docusign CLM with other business systems such as CRM minimizes the composite's data entry errors, and it contributes to faster, more accurate contracting. The composite experiences a 90% reduction in contract generation time, saving more than $2.3 million over three years.

- **Increased profit of $508,000 due to accelerated revenue.** By implementing Docusign CLM, the composite experiences increased contract volumes, accelerated deal closures, improved contract terms, and enhanced customer relationships that ultimately drive revenue growth. Docusign CLM brings scalability and efficiency to the composite organization, allowing for faster contract processing. It also enables a one-meeting close sales strategy that improves the composite's customer relationships by reducing the time it takes to finalize contracts. Additionally, Docusign CLM facilitates quicker renewal processes by automating standard contract language, which affords the composite's teams more time to focus on larger accounts with nonstandard language. Finally, AI functionality within Docusign CLM provides the composite with visibility to surface previous deal data to leverage for stronger negotiations.

- **Nearly $296,000 in risk reduction due to improved contract quality and compliance.** Docusign CLM significantly improves the composite organization's contract management processes, centralizes version control, enhances contract visibility, performs automated risk assessments, and generates automated renewal reminders. The system reduces errors that previously cost the composite about 5% of sold revenue due to incorrect pricing. With Docusign CLM, the composite improves its contract realization rate by 85%. By standardizing contracts and integrating with enterprise systems, Docusign CLM ensures data consistency and accuracy for the composite, which helps it reduce discrepancies

and prevent revenue leakage. Moreover, Docusign CLM aids the composite in compliance and audit processes, ensuring it can efficiently manage contracts during audits, litigation, or corporate restructuring and thereby enhancing operational efficiency and risk management.

- **More than $511,000 in avoided contract value leakage due to error reduction and improved decision-making.** Contract value leakage occurs due to inefficiencies in contract management, poor negotiation, or unclear terms, which can lead to lost revenue or benefits. Using Docusign CLM, the composite organization successfully navigates force majeure challenges during a major winter storm, ensuring the prioritization of contracts without further risk exposure. Additionally, the composite's procurement group improves operations by digitizing 1,700 renewal contracts in eight months, enhancing visibility, budget management, and negotiation processes. This transformation allows the composite to make better strategic decisions while focusing on renegotiation and understanding the impact of expenditures on ROI. The results of these insights allow the composite organization to save more than $511,000 over three years.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Seamless integration with existing business applications.** An interviewed head of CRM systems in the software industry said integrating Docusign CLM with their organization's CRM system saved at least two days of manual data entry in post-contract processing by auto-populating fields based on contract data. They said this allowed employees who previously entered contract data to take on more strategic business roles.

- **Single view of the contract for procurement.** An interviewed systems analyst at a government agency said that with Docusign CLM, the procurement process facilitates tracking of contract details from intake form to payment. They highlighted the structured intake form that guides users through the process, ensuring accuracy and replicability of contracts. Additionally, the interviewee mentioned that having the ability to track the cost of contracts and any subsequent amendments enables comprehensive reporting and integration with the finance system for seamless contract data flow and purchase order generation.

- **Faster time to value.** An interviewed COO in financial services said Docusign CLM facilitates faster time to value for their firm by allowing it to adapt and scale more efficiently. They said that with Docusign CLM integrated, their company can implement changes and enhancements quickly, which is crucial for a growing business constantly experimenting with its go-to-market strategies. The COO specifically mentioned that adding distribution partners is faster and smoother due to Docusign CLM.

- **Frictionless customer experience.** Various interviewees said Docusign CLM improves the customer experience by streamlining processes and reducing friction. They explained that Docusign CLM's automation capabilities enable faster quote generation and approval, which saves sales representatives valuable time. Additionally, they said Docusign CLM's integration with Salesforce and automated document uploading save significant time for both sales teams and clients while providing a seamless transition for clients to implement the product. They also said having the ability to control and track communications and contract revisions enhances professionalism and customer satisfaction.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Nearly $307,000 in fees paid to Docusign.** The composite incurs direct costs of Docusign CLM, such as annual license fees and fees for integrating with Salesforce. In addition to licensing fees, the composite pays fees for Salesforce integration and ongoing support from Docusign.

- **Internal implementation and training costs of $226,000.** The composite incurs costs for deploying and implementing Docusign CLM, including the cost of dedicating two employees for six months to manage the process. In addition, the composite utilizes Docusign professional services or implementation partners to assist with creating complex workflows and rules within the platform.

- **Ongoing management costs of $139,000.** The composite organization incurs additional expenses related to supporting Docusign CLM on an ongoing basis. It requires up to 1.8 FTEs who spend approximately 500 hours annually on ongoing support, which includes all aspects of managing the relationship with Docusign CLM. Examples of ongoing support include expanding use cases, building new workflows, and performing change management.

The representative interviews and financial analysis found that a composite organization experiences benefits of $3.68 million over three years versus costs of $671,000, adding up to a net present value (NPV) of $3.01 million and an ROI of 449%.

Decrease in contract generation labor hours with Docusign CLM

90%

"Sending a contract via Docusign CLM reduces risk because, instead of it being prepared manually, you're using the accurate source data, which removes the risk of putting the wrong thing in front of the client. It makes it a lot more efficient, and it's a very simple experience for them. They get told you're going to see an email from Docusign, they get it, [and] they sign it."

COO, FINANCIAL SERVICES

Return on investment (ROI)

449%

Benefits PV

$3.68M

Net present value (NPV)

$3.01M

Payback

<6 months

Benefits (Three-Year)

Efficiency from faster contract lifecycle	$2.4M
Increased profit from improved contract processes	$508K
Improved contract quality and compliance	$296K
Reduced contract value leakage	$511K
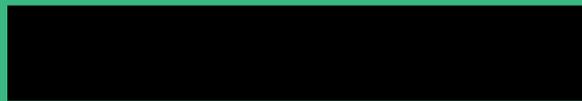
TEI FRAMEWORK AND METHODOLOGY

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

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 Docusign CLM can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Docusign 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 Docusign CLM.

Docusign 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.

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

Due Diligence
Interviewed Docusign stakeholders and Forrester analysts to gather data relative to Docusign CLM.

Interviews
Interviewed six representatives at organizations using Docusign CLM to obtain data about costs, benefits, and risks.

Composite Organization
Designed a composite 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 interviewees.

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.

The Docusign CLM Customer Journey

Drivers leading to the Docusign CLM investment

Interviews			
Role	**Industry**	**Region**	**Annual Revenue**
Senior director of enterprise applications	Telecommunications	US	$275M
Head of CRM systems	Software	Europe	$770M
IT program manager	Information technology	Global	$7.9B
COO	Financial services	US	$80M
Commercial manager	Oil and gas	Global	$300B+
Systems analyst	Government	US	$1.4B

KEY CHALLENGES

Interviewees said that before implementing Docusign CLM, manual contract management processes, lack of visibility and control over contracts, and inefficiencies in collaboration and approval processes were time-consuming. They noted how their organizations struggled with common challenges, including:

- **Lack of visibility and version control.** Interviewees said their organizations faced difficulties in tracking the status of contracts and having a centralized view of all contract-related information. The head of CRM systems at a software organization described the challenges of a rapidly growing company and trying to establish processes at the same time: "We had so many changes happening, but [we] also wanted a stable process and a unique place to store our contracts. We

wanted to give our go-to-market team a tool that would be connected to Salesforce. But the contracts needed to be stored in another tool for privacy reasons. We wanted to track the documents because the legal team was using a lot of templates, and we wouldn't know if they had the latest version update. We didn't know what the sales team had sent to the customer and what the customer sent back. We wanted to ensure we gave transparency to everybody inside our company."

With contracts being handled in isolated systems and no unified repository, the lack of visibility across the organization made it difficult to track document versions and statuses. The goal was to find a solution that not only stored contracts securely and separately from Salesforce due to privacy concerns but one that also offered visibility across teams and improved the contract management process.

- **Inefficient manual processes leading to delayed deals.** Many interviewees highlighted the significant time spent on manual contract management processes, and they said the administrative burden associated with manually drafting, sending, tracking, and storing contracts was a significant challenge. These manual processes were not only time-consuming, but they also led to delays in the business and introduced the opportunity for errors.

- **Human errors.** The manual management of contracts introduced the risk of errors due to miscommunication, incorrect data entry, and the difficulty of tracking contract changes and approvals. The systems analyst in government raised concerns about human error causing unintended contract obligations in their agency's previous manual processes before implementing Docusign CLM. They discussed the inefficiencies and potential for mistakes inherent in manual contract management processes in which documents could be misplaced, entered incorrectly, or lost: "We constantly had items landing on the chief procurement officer's desk, and he would question their origin and purpose. Sometimes these mistakes would even slip through to the payment stage, resulting in us being legally obligated to honor the signed contract."

- **Difficulty managing contract renewals.** Interviewees noted that before implementing Docusign CLM, managing contract renewals via spreadsheets was

nearly impossible. The head of CRM systems at the software organization described the impact of missing contract renewal deadlines: "Procurement previously tracked renewal dates in a spreadsheet. But if a vendor contract wasn't recorded, the business requester would come to them saying: 'Hey, my contract is expired. I want to negotiate new terms.' But, because we'd been cut off from the product after our contract expired, we lost our negotiation position. We'd end up with bad terms and the highest price because the vendor wouldn't negotiate."

"Our highly configurable product determines the content of your contract. Previously, it took a lot of administrative time to manually input these details when the data could have easily been rules-based and extracted directly from our CRM. Therefore, the investment in [Docusign] CLM reduced the time spent per deal."

COO, FINANCIAL SERVICES

> "Before we had Docusign CLM, the manual intervention the contracts team had to do typically took about on average of three days, but that was a lot of waiting. The actual time once the contracts team had it for them to create took them roughly 2 hours to get something created because it was a lot of manual typing [and] a lot of data entry. Now, they can review it and do QC (quality control) on it in 5 minutes."
>
> SENIOR DIRECTOR OF ENTERPRISE APPLICATIONS, TELECOMMUNICATIONS

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 six interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The global B2B organization provides sales and customer support for its products, and it generates $1 billion in revenue annually. The organization has global operations and more than 5,000 employees. The company runs more than 3,500 contracts per year through its CLM system, and it spends more than $50 million per year on vendor contracts. The average contract value of its products is $75,000. Of the contracts created within the CLM system, the company wins 50% of those deals.

Deployment characteristics. After a six-month implementation period, the composite organization begins using Docusign CLM in Year 1. The initial rollout covers the sales and legal teams, followed by procurement. The deployment scales as the organization

is equipped to handle partner business and more contract types. The implementation includes all geographies and channels.

Key Assumptions

$1 billion in revenue

5,000 employees

Wins 20% of sales contracts created and sent via Docusign CLM

$75,000 average contract value price

80,000 total contracts stored in CLM

4,700 total new contracts generated per year

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Efficiency gains from faster contracting time	$930,378	$961,290	$967,472	$2,859,139	$2,367,128
Btr	Increased profit due to accelerated revenue	$197,400	$207,480	$209,496	$614,376	$508,323
Ctr	Reduced risk due to improved contract quality and compliance	$114,909	$120,777	$121,951	$357,637	$295,902
Dtr	Reduced contract value leakage due to reduced errors and improved decision-making	$140,000	$210,000	$280,000	$630,000	$511,195
	Total benefits (risk-adjusted)	$1,382,687	$1,499,547	$1,578,919	$4,461,152	$3,682,548

EFFICIENCY GAINS FROM FASTER CONTRACTING TIME

Evidence and data. Many interviewees expressed frustration with their organizations' time-consuming and error-prone manual contract management processes, and they said the administrative burden of manually drafting, sending, tracking, and storing contracts caused delays in business operations. Interviewees explained that Docusign CLM streamlined the contract lifecycle process for their organizations through automation and centralized document management. They said that by providing customizable templates, automated workflows, and digital signature capabilities, Docusign CLM eliminated manual tasks and accelerated the creation, review, approval, and signing phases of contracts. They also said the platform improves compliance and reduces errors with features like version control, audit trails, and automated alerts for critical milestones and that its ability to integrate with other business systems reduced data entry errors and promoted more cohesive operational ecosystems.

Interviewees reported the following:

- The COO from the financial services firm noted that the time spent per deal went from about 75 minutes to about 5 minutes. This is a 93% reduction in the time required to prepare, review, and complete contracts.

- The head of CRM systems in the software industry said their firm was able to reduce its overall contract creation and review process by 94% — from as much as two weeks to as little as 5 hours. In addition, they described how during the QA process, each approver would re-read documents in their entirety before signing, which often raised questions and caused delays in getting them answered. The interviewee said: "[With Docusign CLM,] we put the watermark of the departments, [and] everybody that approves [gets] this sticker now saying the document has been approved already by the chief legal officer. Each approver sees the legal watermark and knows the contract has been through the process with four eyes on it. They don't read through anymore. So, what previously took more than 2 hours, now they just sign."

- The senior director of enterprise applications in the telecommunications industry said Docusign CLM created a 57% reduction in touches for their organization's legal team: "The time savings are driven around red lines. We have seen improvements in the number of touches each contract requires. In the past, our average red line took seven touches. Now, with having streamlined workflows in [Docusign] CLM, we're down to about three." Additionally, they said that by creating these efficiencies, FTEs once responsible for data entry have transitioned to more strategic positions.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite flows an average of 2,000 new sales documents through Docusign CLM per year.

- In Year 1, the composite manages 500 renewal contracts through Docusign CLM.

- The average percentage of total sales contracts retained and won year-over-year is 50%.

- Before using Docusign CLM, it took an average of 1.5 hours to create a new sales contract.

- Docusign CLM saves the composite 90% of the time previously spent generating a new sales contract, therefore saving 1.4 hours per contract.

- Before using Docusign CLM, the composite spent 5 hours validating and finalizing each contract.

- Docusign CLM saves the composite 70% of time previously spent validating and finalizing each contract, therefore saving 4 hours per contract.

- The composite's procurement department generates 100 contracts per year.

- Before using Docusign CLM, the composite's procurement department spent an average of 40 hours per contract researching terms, pricing, and other liability clauses in contracts.

- Docusign CLM saves the composite 80% of time previously spent researching business terms for procurement contracts, therefore saving a total of 3,200 hours.

- Using Docusign CLM saves the composite a total of 14,650 hours.

- The average fully burdened hourly compensation for a legal, contract, or sales employee is $92 per hour.

- The composite's productivity recapture rate is 50%.

Risks. Decreased turnaround time and cost of contracts will vary based on:

- The total number of contracts completed annually.

- The types and sizes of contracts produced.

- The reduction in contract turnaround time.

- The percentage of contract turnaround time spent working on contracts.

- The average hourly cost of each FTE who is part of the contract review cycle.

- The amount of productivity able to be recaptured.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2.4 million.

90%

Decrease in labor costs to generate a contract

70%

Decrease in legal labor costs validating and finalizing each contract

80%

Decrease in procurement labor costs spent researching business terms for vendor contracts

"Docusign CLM+ has been helpful for us to understand specific clauses in our agreements that make them [attractive for my organization to sell]. We've been able to accelerate that work without bringing on two to four contractors to specifically go through and manually review agreements on a full-time basis."

COMMERCIAL MANAGER, OIL AND GAS

"We're not adding more people to do manual processes to do manual contracting that we had to do before [Docusign] CLM. Freeing up their time with [Docusign] CLM has allowed them to take on more roles and responsibilities."

SENIOR DIRECTOR OF ENTERPRISE APPLICATIONS, TELECOMMUNICATIONS

"Before we went live with Docusign CLM, it would take roughly 2 hours for a typical sales order to go through. We literally had each person start and stop a timer when their task got to them, and we got it down to 10 minutes."

SENIOR DIRECTOR OF ENTERPRISE APPLICATIONS, TELECOMMUNICATIONS

Efficiency Gains From Faster Contracting Time

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Contracts stored in Docusign CLM	Composite	80,000	80,000	80,000
A2	New sales contracts created with Docusign CLM	A1*5%	4,000	4,000	4,000
A3	Existing renewal contracts managed by Docusign CLM	Composite	700	940	988
A4	Subtotal: Total number of contracts	A1+A2	4,700	4,940	4,988
A5	Average percentage of contracts retained and won	Composite	20%	20%	20%
A6	Total revenue-generating contracts	A4*A5	940	988	998
A7	Average time spent generating new sales contracts prior to using Docusign CLM (hours)	Interviews	1.5	1.5	1.5
A8	Average decrease in contract generation labor with DocuSign CLM	Interviews	88%	88%	88%
A9	Time saved generating new sales contracts (hours)	A7*A8	1.3	1.3	1.3
A10	Average time spent on contract validating and finalizing contracts prior to using Docusign CLM (hours)	Interviews	5	5	5
A11	Average decrease in contract validation and finalization with Docusign CLM	Interviews	70%	70%	70%
A12	Time saved per contract in contract validation and finalization with Docusign CLM (hours)	A10*A11	4	4	4
A13	Subtotal: Average time saved in contract generation and finalization (hours)	A1*A8+A3*A11	21,730	22,570	22,738
A14	Total procurement contracts generated	Composite	120	120	120
A15	Average time per contract spent researching terms, pricing, and other liability clauses in contracts prior to using Docusign CLM (hours)	Interviews	40	40	40
A16	Average decrease in time spent researching terms, pricing, and other liability clauses in contracts prior to using Docusign CLM	Interviews	74%	74%	74%
A17	Subtotal: Time saved researching business terms for procurement contracts (hours)	A13*A14*A15	3,552	3,552	3,552
A18	Total time saved with Docusign CLM (hours)	A12+A16	25,282	26,122	26,290
A19	Average hourly compensation for a legal, contract, or sales employee	TEI standard	$92	$92	$92
A20	Productivity recapture rate	TEI standard	50%	50%	50%
At	Efficiency gains from faster contracting time	A18*A19*A20	$1,162,972	$1,201,612	$1,209,340
	Risk adjustment	↓20%			
Atr	Efficiency gains from faster contracting time (risk-adjusted)		$930,378	$961,290	$967,472

Three-year total: $2,859,139	Three-year present value: $2,367,128

INCREASED PROFIT DUE TO ACCELERATED REVENUE

Evidence and data. While the direct impact of Docusign CLM on win rates and revenue varied among interviewees' organizations because of how they leverage the tool, the interviewees provided compelling evidence that implementing Docusign CLM contributed to accelerating the volume of contracts and deal closures. This improved contract terms, enhanced customer relationships, and ultimately drove revenue growth.

- The senior director of enterprise applications at the telecommunications organization said: "Docusign helped us scale. When we went online with CPQ (configure, price, quote), we used [our vendors'] out-of-the-box quote templates, and I needed a developer to code the contract if we wanted to add a new product or service. When the contracts team has a new product post-CLM, they give my team the documents. It takes us a day to upload it and set the rules, and we're good to go. We can scale much faster, which is critical because we have grown via acquisition."

- The IT program manager at an information technology organization shared how Docusign enabled a one-meeting close sales strategy, and they emphasized the positive impact on customer relationships: "We want to quote and present a contract in that first meeting. This is something we hadn't been able to do prior to [Docusign] CLM. Before, if a customer needed a contract, sales needed to find the document and get it written up and reviewed. It didn't go back to the customers until two weeks later. Now, if we can turn it around in that first meeting, we can get those deals. That is the real benefit."

- The same interviewee talked about how Docusign CLM allowed their organization to manage renewal contracts for smaller clients with little friction: "We're able to turn around renewals very, very quickly. We're capturing good data that indicates when it's time for those renewals, and [we] start engaging the customer far ahead of time, so we don't see a disruption in business."

- The head of CRM systems in the software industry said that by using standardized contract language, their team gained more time to spend working on larger accounts that generate more revenue for the organization. They explained that the organization leveraged details captured from previous deals in similar industries to bring in new sales contracts or to negotiate from a stronger position.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- With Docusign CLM, the composite organization increases the number of revenue-generating contracts per year by 7%.

- The composite organization has an average contract value of $75,000 per year.

- The composite attributes 50% of the credit for the revenue increase to Docusign CLM.

- The composite's profit margin is 10%

Risks. The increase in revenue from improved contract process efficiency will vary based on:

- The percentage increase in revenue-generating contracts completed annually.

- The average value of revenue-generating contracts.

- The organization's operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $508,000.

7%

Increase in revenue-generating contracts per year

"Having a well-integrated solution like [Docusign] CLM makes it so that we're constantly able to implement our changes with a faster time to value."

COO, FINANCIAL SERVICES

"I measure benefit in time to value. I think that we are about 20% faster at getting new partnerships stood up because of our investment into Docusign CLM."

COO, FINANCIAL SERVICES

Increased Profit Due To Accelerated Revenue					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total revenue-generating contracts	A5	940	988	998
B2	Increase in revenue-generating contracts with Docusign CLM	Interviews	7%	7%	7%
B3	Average revenue per contract	Composite	$75,000	$75,000	$75,000
B4	Docusign CLM attribution	Interviews	50%	50%	50%
B5	Additional revenue	B1*B2*B3*B4	$2,467,500	$2,593,500	$2,618,700
B6	Operating margin	Composite	10%	10%	10%
Bt	Increased profit due to accelerated revenue	B5*B6	$246,750	$259,350	$261,870
	Risk adjustment	↓20%			
Btr	Increased profit due to accelerated revenue (risk-adjusted)		$197,400	$207,480	$209,496
	Three-year total: $614,376		Three-year present value: $508,323		

REDUCED RISK DUE TO IMPROVED CONTRACT QUALITY AND COMPLIANCE

Evidence and data. Interviewees reported that Docusign CLM significantly contributed to reducing errors in pre-signature contract management processes by automating approval workflows, providing a centralized platform for version control, and enhancing the visibility and tracking of contracts. They said Docusign CLM minimized human errors common in manual processes because it can auto-populate contract data from integrated CRM systems, pre-approved legal phrases, and contract language. Interviewees explained that the system has the ability to standardize contracts and integrate with other enterprise systems, ensuring consistency and accuracy in contract data and further reducing discrepancies. Additionally, they said using templates and automated workflows expedited the contract creation and review processes while also ensuring the use of pre-approved language and terms. This decreased the likelihood of drafting errors. Finally, interviewees said Docusign CLM allowed their companies to improve compliance by providing timely audit records.

- One interviewee described how errors impacted their organization's bottom line: "We were making mistakes that cost us about 4% of revenue sold because we were putting in the wrong pricing, which probably would have only worsened. I

estimate that we could probably only collect 95% of income because of contracting mistakes, and [Docusign] CLM fixed that."

- The senior director of enterprise applications at the telecommunications organization said: "With [Docusign] CLM, you're taking out the manual aspect of contracts. [If] someone types an extra zero, it could be a huge thing in a legally binding contract. The customer ends up signing a contract with ridiculous pricing."

  The interviewee also described how Docusign CLM mitigates risk during the redlining process: "Having the redlining be automated and flow through [Docusign] CLM and having the approved redline library of different clauses and terms has helped reduce risk."

- The IT program manager in the information technology industry provided examples where Docusign CLM helped support their organization with compliance issues and a clean audit trail. They said: "If we're being audited, we need to demonstrate that we have a contract for these sales. We are time-constrained and need to pull those contracts quickly. … When we are in litigation, We may sell to a broad corporate entity that has many franchises, so we'll have lots of contracting parties and we pull hundreds of contracts that might be supporting the litigation event." They also said, "Another example of risk mitigation was when we separated into two companies, we needed to find all the contracts that had assignment clauses to figure out which entity they belonged with."

  The examples this interviewee provided have financial consequences (e.g., fines for noncompliance, missed opportunities in a court case) if not identified and responded to in a timely manner.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Before using Docusign CLM, the composite organization experienced errors in 5% of its contracts.

- With Docusign CLM the composite organization experiences an 85% reduction in errors.

- The average labor cost per error is $66.

- The labor cost savings for correcting errors is $3,506.

- Before using Docusign CLM, the composite could only collect on 95% of the $93 million it processed per year.

- With Docusign CLM, the composite collects 97% of this revenue.

- The composite has an operating margin of 10%.

Risks. The financial benefits from improved contract quality and compliance will vary based on:

- The number of errors the organization experienced before using Docusign CLM.

- The number of errors the organization experiences with Docusign CLM.

- The organization's average contract value.

- The organization's operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $296,000.

85%

Reduction in errors with Docusign CLM

"Errors usually occur by fat-fingering or miscommunication. Because our contracts are all in one place, it's very concise. We're able to determine the cause, we're able to see the error, and we're able to correct the error, which is very important. Before [Docusign] CLM, the contract was on a piece of paper and you just really, really hoped that somebody read Section 6 on Paragraph 5. But force a very, very specific workflow where people are looking at very, very specific sections of documents, and someone — usually legal — catches it."

COMMERCIAL MANAGER, OIL AND GAS

Reduced Risk Due To Improved Contract Quality And Compliance

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Revenue-generating contracts processed with Docusign CLM	A5	940	988	998
C2	Rate of errors before using Docusign CLM	Composite	5%	5%	5%
C3	Reduction in errors with Docusign CLM	Interviews	85%	85%	85%
C4	Average labor cost per error	Interviews	$66	$66	$66
C5	Subtotal: Labor costs saved with Docusign CLM	Interviews	$2,637	$2,771	$2,798
C6	Revenue processed through Docusign CLM	(C1*B3)	$70,500,000	$74,100,000	$74,820,000
C7	Percent of revenue collected before using Docusign CLM	100%-C2	95%	95%	95%
C8	Percent of revenue collected with Docusign CLM	Interviews	97%	97%	97%
C9	Operating margin	Composite	10%	10%	10%
C10	Subtotal: Avoided profit loss due to revenue leakage	(C8-C7)*C6*C9	$141,000	$148,200	$149,640
Ct	Reduced risk due to improved contract quality and compliance	C5+C10	$143,637	$150,971	$152,438
	Risk adjustment	↓20%			
Ctr	Reduced risk due to improved contract quality and compliance (risk-adjusted)		$114,909	$120,777	$121,951
	Three-year total: $357,637		Three-year present value: $295,902		

REDUCED CONTRACT VALUE LEAKAGE DUE TO REDUCED ERRORS AND IMPROVED DECISION-MAKING

Evidence and data. Contract value leakage refers to the loss of potential revenue or benefits due to inefficient contract management processes, ineffective negotiation strategies, or unclear contract terms. The impact of contracting mistakes become evident post-contract signature and can occur when organizations fail to maximize the value of their contracts, miss out on opportunities for renewals or upsells, or struggle to enforce contractual obligations.

Interviewees said that in addition to improving contract negotiation position and understanding renewal obligations, interviewees described scenarios in which their organizations leveraged Docusign CLM+ to identify and understand their risks, liabilities,

and contractual obligations. For example, interviewees said using Docusign CLM+ helped identify contract issues related to force majeure.

- The commercial manager in the oil and gas industry said that when a winter storm brought a prolonged hard freeze to parts of their organization's territory, it needed to quickly understand how to respond and which contracts to prioritize. They said: "We had significant long-term power outages. We had oil and gas wells that weren't able to produce, and we needed to look at a storm event as a prolonged force majeure. We were able to quickly generate a specific set of queries related to the winter storm to understand where we had clear force majeure rights as we thought about gas or oil sales and what agreements we could interrupt without penalty and which agreements with the limited supplies we had … to keep flowing. This gave us confidence that we were walking down the right path and not further exposing ourselves."

- The senior director of enterprise applications discussed how their organization's procurement group was impacted by Docusign CLM: "We have uploaded 1,700 renewal contracts in eight months. We have automations we send three months ahead when a contract has to be renewed or if we have the right to terminate the contract so we can start negotiating early. It was a huge change for the procurement team because now they don't keep [spreadsheets] or hidden documents on the G drive. From a visibility perspective, we can measure the budget, which department is spending more, and who they are spending it with. We know how many contracts they have in negotiation, [and] we have approval processes built in. Procurement spends more time in the negotiation now. Because of the visibility of having all contracts in one place, we can share with executives more details about which contracts have expired, which products were purchased that didn't have good return on investment, and which business requester was responsible for it. We gained a lot of visibility for renegotiation in that sense with the procurement team."

- The IT program manager in information technology talked about how their organization went from a standard master agreement to more than 100 standard contracts in its Docusign CLM tool: "We have the capability to see if you're quoting a particular product and make sure that we're presenting the right standard contract. When sales uses the tool, we're seeing a reduction in revenue

leakage. For those who choose to work around the tool, they may pull the previous customer contract but not realize it's out of date. We are realizing the benefits where people are using the tool."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite spends $50 million in vendor contracts annually.

- Before using Docusign CLM, 5% of the composite's contracts experienced value leakage.

- As the composite adopts Docusign CLM, it reduces leakage by 10% in Year 1 and then by an additional 5% per year.

Risks. Reduced contract value leakage will vary by the following factors:

- The total annual vendor spend.

- The type and size of the contract produced.

- The percentage of contracts containing addressable overspend.

- The percentage of value achieved by better contract terms and decision-making.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $511,000.

"We had a couple of examples where we had been in discussions with companies, and they would come with a position that said, 'Hey, you know what? We never do this,' or 'That's against our policy.' But it was maybe a position that we thought was important in terms of how language reads in an agreement or what rights are prescribed in agreement. Because of Docusign CLM and the ability to look across all of our business's contracts, we were able to query [the company] to understand where they incorporated, for example, gross negligence language, and where they have agreed to that with us in the past. It allowed us to move a material term in a contract more in the direction that we would like that lines up with our principles and our practices."

COMMERCIAL MANAGER, OIL AND GAS

Reduced Contract Value Leakage Due To Reduced Errors And Improved Decision-Making					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Total vendor spend	Composite	$50,000,000	$50,000,000	$50,000,000
D2	Percentage of contracts containing addressable overspend	Composite	5%	5%	5%
D3	Average cost reduction per contract	Interviews	10%	15%	20%
D4	Docusign CLM attribution	Interviews	70%	70%	70%
Dt	Reduced contract value leakage due to reduced errors and improved decision-making	D1*D2*D3*D4	$175,000	$262,500	$350,000
	Risk adjustment	↓20%			
Dtr	Reduced contract value leakage due to reduced errors and improved-decision making (risk-adjusted)		$140,000	$210,000	$280,000
	Three-year total: $630,000		**Three-year present value: $511,195**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Seamless integration with existing business applications.** The COO discussed how their integrated contract lifecycle solution enabled business growth. They said: "What [Docusign] CLM does well is the way that it integrates the experience into eSignatures. [It] makes it so that it's very easy. [Using] both together enabled us to make a very efficient deployment of that capability. I think the [Docusign] CLM products being well integrated to other technical platforms like Salesforce and eSignatures enabled us to very quickly deploy a capability that resulted in a 70% reduction in drop-offs of contracts."

  The head of CRM systems in the software industry described how their organization's integration between Docusign CLM and its CRM system has increased post-contract labor savings: "The best part of our integration with [our CRM system] is after the contract is signed, we have done a massive automation in [our CRM system], which, before, people would spend two or three days to fill out the information — or longer if someone was on PTO. Now, all of the contract

information is auto-populated based on the data of the contract, and there is no human intervention needed. This was a massive change in how we operate after contracts have been signed." The interviewee also said the team was able to transition the employees who previously performed manual data entry to more strategic roles.

- **Single view of the contract for procurement.** The systems analyst in government said procurement has improved their agency's ability to trace contract details from intake form to payment: "[Docusign] CLM gives us accurate and replicable contracts because the intake form is a guided interview that takes you through the process. We also track the cost of the actual contract. If I had a contract for $250,000 that magically became $2.5 million, I know that because of the history of it being entered on the intake form. I have trackability. Throughout a project, we link any amendments to a contract. Now, because of reporting in [Docusign] CLM, we can do cost [and] time tracking and track project-level detail [to see] the total contract. On the back end, we've built an integration to make the contract data flow into our finance system of record. Once the contract is fully executed, we write those attributes into our [finance] system, and then we can write purchase orders against the contract. We have beginning-to-end trackability now."

- **Faster time to value.** The COO of the financial services firm discussed how Docusign CLM enabled their business to scale: "Having a well-integrated solution like [Docusign] CLM makes it so that we're constantly able to implement our changes with a faster time to value. Our business is constantly changing. If you're a growing business that's scaling, you are constantly experimenting with your go-to-market motion and what is going to ultimately drive the outcomes you need as a business. Other projects like adding distribution partners, for example, go faster because of [Docusign] CLM. Contracting and customized agreements are so integral for our business. Having a solution that enables us to quickly deploy changes, enhancements, and new capabilities in a creative way is part of the reason we're able to achieve certain levels of growth."

- **Frictionless customer experience.** Interviewees described how [Docusign] CLM helped their organizations improve their customer-facing interactions:

o The senior director of enterprise applications in telecommunications said: "One of the most important areas I would say is around the automation that we've been able to put into place, getting quotes out to customers so much faster, and really providing our users with that frictionless user experience. Now, a sales rep can go in, create their quote, get their quote approved, then trigger off their contract to be sent out, and they don't have to do anything else. It's saving sales [employees] — who are not the most technical users — so much time. Providing sales a frictionless user experience has been a huge, huge ROI for us."

o The COO in financial services talked about how their organization leverages integration to save time for its sales team while driving clients forward in the process in a seamless way: "When a client signs an agreement, three things happen. One is that it automatically pushes a bunch of data back to Salesforce to automatically close the opportunity, which I would quantify saves sales 5 minutes of time. An even bigger deal to us [is that] we were spending about 20 minutes uploading all of the agreements to the right place on our platform, but we've now automated document uploading, which shaved another 20 minutes off per plan. As for the client experience, they get a registration invitation, kicked off by [Docusign] CLM, to take the next steps to implement the product. So, while they're already in the moment of working with us, they are immediately taken to that next step."

o The head of CRM systems at the software organization said: "Imagine when you are negotiating with your client, and you send a version they previously reviewed, and they say: 'Hey, I already red-lined this. Why didn't you review it?' [Docusign] CLM eliminates this bad experience because what is sent to the customer is controlled. We're more professional because if the customer has questions about past communications, we can check the logs, and it's very easy to show them the steps. Or, if a contract started with one client contact and then transitioned to another, we can help connect the dots now, because it's in the contract."

40%

Reduction in contracts that require negotiation

FLEXIBILITY

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

- **Potential for savings hidden in contracts with Docusign CLM+.** The commercial manager for the oil and gas company said: "We're using Docusign CLM+ as a repository for nearly 600,000 agreements that we're doing intelligent queries on. We're able to pull information out quickly and draw deeper insights than we might otherwise. We asked ourselves, 'How many times might we miss a decision choice?' For the agreements we have, for every thousand agreements, if there's a 1% improvement in the error rate of choices we're making on those agreements, how could we quantify that? Seventy-five percent to 90% of the time it's going to be a savings on a small choice yielding a $5,000 to $10,000 savings. Ten percent of the time it's going to be bigger with $250,000 to $500,000 or more of potential savings. Docusign CLM+ helps us think about those potential savings that exist."

- **Expanded use of AI tools.** Interviewees reported their organizations plan to utilize Docusign CLM to identify and understand nonstandard contracts and to extract crucial data from them. Docusign CLM uses a combination of artificial intelligence (AI) technologies, including natural language processing, machine learning, and rules-based logic, to help find, filter, and analyze agreements from across the enterprise. The systems analyst in government said Docusign CLM acts as a "digital paralegal" that efficiently reviews documents to ensure they align with city standards and rates their compliance for easy lawyer review, thereby expediting the contract review process.

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
Etr	Licensing and Salesforce integration	$0	$87,569	$131,353	$157,623	$376,545	$306,589
Ftr	Implementation and training	$202,368	$15,840	$7,920	$3,456	$229,584	$225,910
Gtr	Ongoing management	$0	$39,600	$59,400	$71,280	$170,280	$138,645
	Total costs (risk-adjusted)	$202,368	$143,009	$198,673	$232,359	$776,409	$671,144

LICENSING AND SALESFORCE INTEGRATION

Evidence and data. Interviewees said their organizations experienced direct costs associated with their investments in Docusign CLM, including annual license fees and fees for Salesforce integration. Annual licensing fees vary by the number and type of users. For example, users with full rights over the Docusign CLM platform can design and participate in workflows while users with view-only rights pay a reduced fee for their access level.

In addition to licensing, interviewees' organizations paid additional fees for Salesforce integration annually. The COO of the financial services firm said: "The reason we chose Docusign [CLM] had a lot to do with the Salesforce integration, the document-generation side of the equation, and the brand recognition where our customers who are signing wanted a known brand that they would recognize as legitimate."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite has a total of 180 Docusign CLM users for all three years.

- The composite pays $51,390 in total licensing fees for Docusign CLM in Year 1, $77,085 in Year 2, and $92,502 in Year 3.

- The composite pays $10,278 for Salesforce integration.

- The composite pays $11,306 for ongoing support from Docusign.

Risks. The total cost of licensing and Salesforce integration fees will vary with:

- The total number of users.

- The percentage breakdown of full, standard, and view-only users.

- The amount and type of ongoing Docusign support the organization requires.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $307,000.

Licensing And Salesforce Integration						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Total users	Composite	0	100	150	180
E2	Cost of licensing fees	Composite	$0	$51,390	$77,085	$92,502
E9	Cost of Salesforce integration	Composite	$0	$10,278	$15,417	$18,500
E10	Cost of ongoing Docusign support	Composite	$0	$11,306	$16,959	$20,350
Et	Licensing and Salesforce integration	E2+E3+E4	$0	$72,974	$109,461	$131,352
	Risk adjustment	↑20%				
Etr	Licensing and Salesforce integration (risk-adjusted)		$0	$87,569	$131,353	$157,623
	Three-year total: $376,545			Three-year present value: $306,589		

IMPLEMENTATION AND TRAINING

Evidence and data. Interviewees said their organizations experienced costs related to the deployment and implementation of Docusign CLM. They described a six-month process for deployment and implementation that required two employees to dedicate 50% of their time to manage it. Interviewees said their organizations used Docusign

professional services or implementation partners to assist with building more complicated workflows and rules within the Docusign CLM platform, and they also described working well with Docusign's support team during the deployment and implementation process. Interviewees also described ongoing efforts to leverage the capabilities of Docusign CLM+ and the need to continue educating employees about how to use it.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Two FTEs dedicate 50% of their time over six months to deployment and implementation.

- The fully burdened hourly rate for an employee involved in deployment and implementation is $66.

- The composite pays $100,000 for professional services during the initial period.

- Two hours to train 100 employees in the first year, 50 in year two and 30 in year three.

- The average hourly rate of employees being trained is $66 per hour.

Risks. The cost of deployment and implementation will vary with:

- The total number of employees and total time required for deployment and implementation.

- The rate of pay for such employees.

- The use of professional services.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $226,000.

Implementation And Training						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	FTEs dedicated to implementation	Interviews	2.0	0	0	0
F2	Implementation time (months)	Interviews	6	0	0	0
F3	Fully burdened monthly rate for an implementation resource	TEI standard	$11,440			
F4	Percent of time dedicated to implementation	Interviews	50%	0%	0%	0%
F5	Subtotal: Internal implementation labor	F1*F2*F3*F4	$68,640	$0	$0	$0
F6	Employees trained	Interviews	0	100	50	30
F7	Training time (hours)	Interviews	0	2.0	2.0	2.0
F8	Hourly compensation for a trained employee	Interviews		$66	$66	$66
F9	Subtotal: Training costs	F6*F7*F8	$0	$13,200	$6,600	$2,880
F10	Professional services cost	Interviews	$100,000	$0	$0	$0
Ft	Implementation and training	F5+F10	$168,640	$13,200	$6,600	$2,880
	Risk adjustment	↑20%				
Ftr	Implementation and training (risk-adjusted)		$202,368	$15,840	$7,920	$3,456
	Three-year total: $229,584			**Three-year present value: $225,910**		

ONGOING MANAGEMENT

Evidence and data. Interviewees said their organizations incur additional expenses related to supporting Docusign CLM on an ongoing basis. They reported requiring up to 1.8 FTEs by Year 3 who spend approximately 500 hours annually on ongoing support. Ongoing support refers to all aspects of managing the relationship with Docusign in support of Docusign CLM. Examples include expanding use cases, building new workflows, and performing change management.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite dedicates one FTE to ongoing support in Year 1. As the organization deploys more use cases and capabilities, it ramps up the number of resources for ongoing support to 1.8 employees in Year 3.

- Each resource dedicates a total of 500 hours to ongoing support.

- The fully burdened hourly rate for an employee involved with ongoing support is $66.

Risks. The total cost of ongoing internal support will vary with:

- The number of FTEs and total time devoted to ongoing support.

- The fully burdened hourly rate of the involved FTEs.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $139,000.

Ongoing Management						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Employees dedicated to ongoing support	Interviews	0	1.0	1.5	1.8
G2	Time dedicated to ongoing support (hours)	Interviews	0	500	500	500
G3	Fully burdened hourly rate for an employee involved in ongoing support	TEI standard		$66	$66	$66
Gt	Ongoing management	G1*G2*G3	$0	$33,000	$49,500	$59,400
	Risk adjustment	↑20%				
Gtr	Ongoing management (risk-adjusted)		$0	$39,600	$59,400	$71,280
	Three-year total: $170,280			**Three-year present value: $138,645**		

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics

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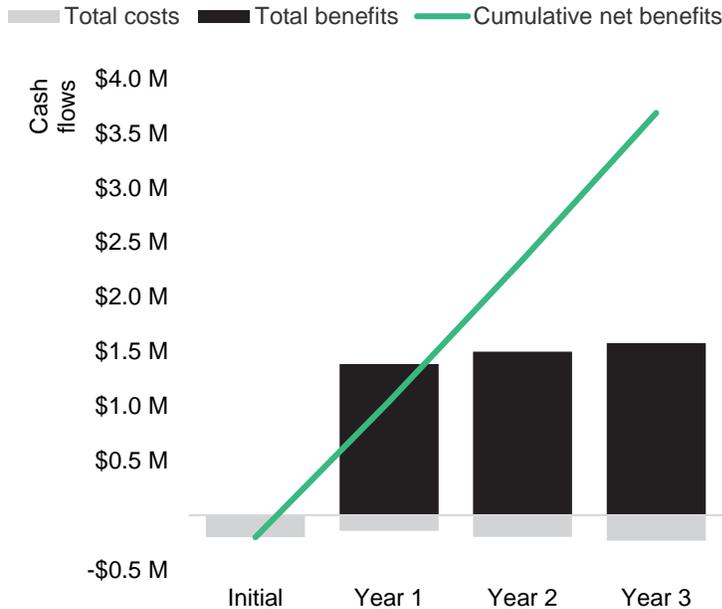
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($202,368)	($143,009)	($198,673)	($232,359)	($776,409)	($671,144)
Total benefits	$0	$1,382,687	$1,499,547	$1,578,919	$4,461,152	$3,682,548
Net benefits	($202,368)	$1,239,678	$1,300,873	$1,346,560	$3,684,743	$3,011,404
ROI						449%
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."

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.

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.

APPENDIX B: ENDNOTES

[1] Source: [The Contract Lifecycle Management Landscape, Q1 2023](#), Forrester Research, Inc., February 23, 2023.

[2] 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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