

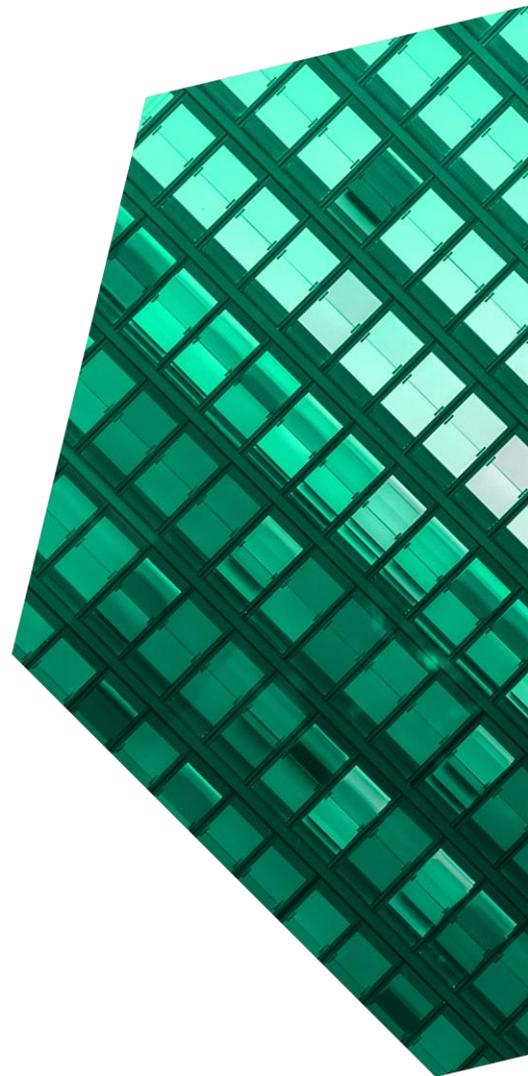
The Total Economic Impact™ Of SAP Finance Transformation Services with TruQua, An IBM Company

Business Benefits And Cost Savings
Enabled By Accelerating The SAP Central Finance
Transformation With TruQua, An IBM Company

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Executive Summary

Having a partnership with TruQua's SAP finance transformation services can greatly accelerate an organization's time-to-market for business benefits associated with a central finance transformation while magnifying business impact through TruQua's proven implementation experience, technical expertise, and tailored alignment to their customers' objectives and timeframes.

Services partners play a critical role in technology modernization — from business, design, and change management to providing technology advice and expertise and reliable and cost-effective management of the tech stack. Forrester research shows that the speed, best practices, and perspective that services partners bring are key benefits.¹

Top-tier SAP service providers have broad expertise across the SAP portfolio. Many also have unique co-development relationships with SAP for the products that are most relevant to digital transformation.

The success of an SAP implementation is never solely determined by the implementation or by technical barometers of success. Organizations must evaluate their partners' abilities to see around the corner, manage and lead change, deliver agile and design-led ways of working, and bring consistent benches of great talent.²

[TruQua, An IBM Company](#) is a leading system integrator for SAP Central Finance that has managed hundreds of SAP transformations for some of the world's largest brands. IBM and TruQua commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by partnering with TruQua for their SAP Central Finance journeys.³ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of TruQua's SAP transformation services and how it can accelerate the central finance journeys for their organizations.

KEY STATISTICS



Return on investment (ROI)

101%



Net present value (NPV)

\$8.76M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed the decision-maker of an organization that has partnered with TruQua for its SAP Central Finance transformation journey. Forrester used this experience to project a three-year financial analysis.

Prior to working with TruQua to migrate to SAP Central Finance, the interviewee's organization grew significantly through acquisitions and experienced symptoms related to using 10 different enterprise resource planning (ERP) solutions across 18 legal entities within finance. Staff at every role and level was burdened by manual data gathering and related delays, while key business decisions were made with stale data.

After partnering with TruQua, the interviewee's organization accelerated the benefits of Central Finance to give staff and decision-makers real-time visibility into key financial data. Working with TruQua significantly alleviated the burden on staff to successfully carry out the transformation internally, while TruQua's expertise and guidance guaranteed a superior implementation.

“TruQua has people who helped build the SAP Central Finance product and who are writing some of the books around Central Finance that people are buying today. I dare any company to say they can replicate that. It’s impossible.”

— Vice president of global business services, photonic innovation

KEY FINDINGS

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

- **An accelerated path to central finance worth nearly \$8 million in avoided internal labor and reskilling costs.** The interviewee estimated that the internal personnel effort their organization would have required to undergo a centralized finance transformation without TruQua as a partner would have been substantial. The interviewee acknowledged that even if their organization had the personnel available for this required level of effort, the skills gap between these resources and TruQua’s personnel is considerable and would have led to a slower overall transformation, extra personnel effort and rework, and required reskilling or upskilling. The interviewee told Forrester that the level of success their organization had achieved with their centralized finance transformation simply would not have been possible without a TruQua partnership.
- **Business-impact benefits of \$3.5 million in faster revenue recognition through faster acquisition onboarding.** While the business impact of a centralized finance transformation will

vary greatly among organizations, the interviewee said their organization was able to onboard newly acquired organizations and entities one month sooner resulting from its centralized finance platform. This led to faster and more frictionless integrations between organizations, which affects revenue and other KPIs.

- **End-user productivity benefits of nearly \$4 million.** By greatly improving the level of visibility into financial information with a centralized finance transformation led by TruQua, the interviewee’s company saw productivity benefits for several categories of employees across finance, purchasing, and other areas. With improved visibility, employees spent less time on unproductive finance-related searches and were able to accomplish more meaningful work. Furthermore, improvements to visibility opened the organization to process improvement options that were once impossible, further improving productivity and decision-making at several levels of the company.
- **Direct cost savings of more than \$2 million.** By working with TruQua to improve the speed to market for an SAP S4HANA central finance

solution, the interviewee's organization increased the speed with which it could retire legacy platforms, related infrastructure, and future upgrades. The organization also avoids costs in the form of third-party consulting fees that were previously used to fill in capability gaps resulting from fragmented finance capabilities.

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

- **Making more informed business decisions with real-time visibility.** The value of centralized finance goes much further than the ways in which it's quantified for this study. The interviewee said several levels of decision-making within their organization are now informed by real-time financial information, rather than weeks old information.
- **Access to expertise and experience.** TruQua's personnel possess expertise resulting from decades of experience working through complex, multisolution transformations for large organizations as well as experience working at top technology vendors themselves. The interviewee told Forrester that the level of expertise that TruQua experts possess from working with clients that are larger and more complex than their own company solidified decision-maker confidence in partnering with TruQua.

interviewee's company accelerated a transformation that led to a global single-pane-of-glass, real-time view into financial information across the organization.

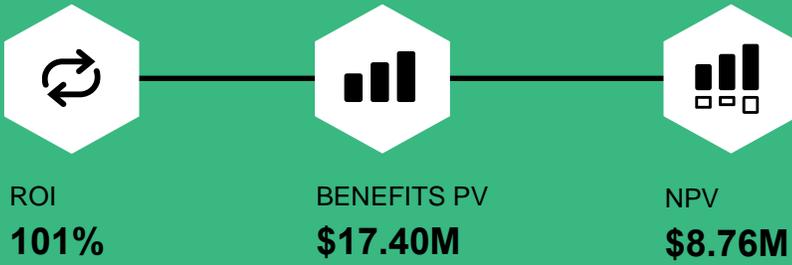
Costs. Risk-adjusted PV costs include:

- **Fees paid to TruQua.** The interviewee's organization paid consulting fees on an initial and ongoing basis for the services of TruQua during the course of its multiyear transformation effort.
- **Internal implementation effort.** As with any major transformational effort, the interviewee's organization dedicated many FTE resources to support the endeavor at least in a partial capacity.

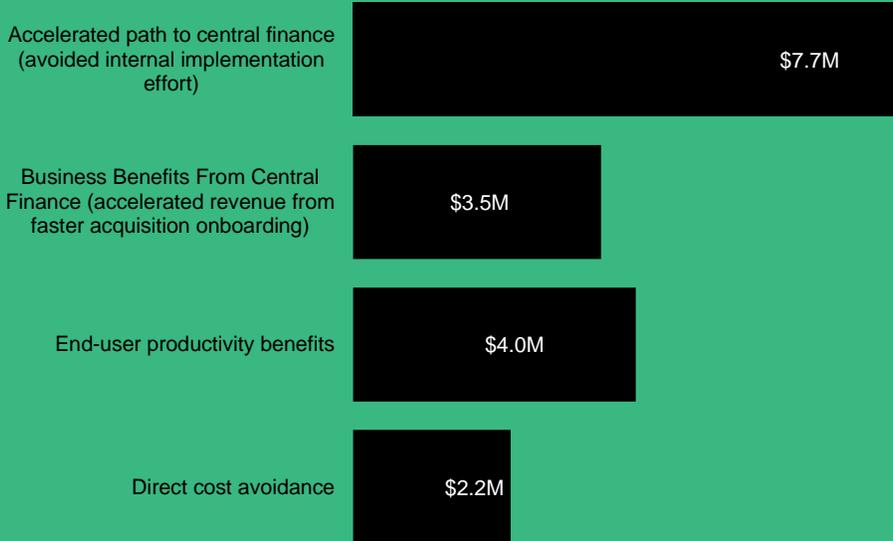
The interview and financial analysis found that the decision-maker's organization experiences benefits of \$17.40 million over three years versus costs of \$8.65 million, adding up to a net present value (NPV) of \$8.75 million and an ROI of 101%.

“Data in our finance organization used to be a bit of a black box. Working with TruQua, we now have end-to-end visibility in finance. It's truly a platform where all of our [financial] data is interconnected.”

— Vice president of global business services, photonic innovation



Benefits (Three-Year)



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 TruQua’s SAP transformation services.

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 TruQua’s SAP transformation services can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by IBM and TruQua 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 TruQua’s SAP transformation services.

TruQua 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.

TruQua provided the interviewee’s name but did not participate in the interview.



DUE DILIGENCE

Interviewed TruQua and IBM stakeholders and Forrester analysts to gather data relative to the TruQua-led centralized finance transformation.



DECISION-MAKER INTERVIEW

Interviewed the decision-maker of an organization using TruQua’s SAP transformation services to obtain data with respect to costs, benefits, and risks.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the decision-maker.



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 TruQua SAP Finance Transformation Services Customer Journey

■ Drivers leading to the TruQua partnership

INTERVIEWEE'S ORGANIZATION

Forrester interviewed the vice president of global business services of an organization using TruQua's SAP transformation services. Their organization has the following characteristics:

- Global, organization in the photonic innovation industry.
- Annual revenue of more than \$1 billion.
- Grown significantly through acquisitions.
- More than 6,500 employees.

KEY CHALLENGES

The interviewee noted how their organization struggled with common challenges, including:

- **Technical challenges related to maintaining 10 different ERP source systems across 18 legal entities.** Having grown through acquisitions, the interviewee's company was using and supporting several ERP solutions from several different vendors for financial information and processes across the organization. In addition to business inefficiencies, the cost and platform risk of maintaining this collection of solutions was mounting.
- **Business and process symptoms related to scattered financial systems and information.** Given the level of fragmentation across its platforms, using a single-pane-of-glass view into key financial information was impossible. This inherently undermined key business decision-making at every level because it was almost always informed by stale data. The interviewee said, "There were critical structural and operational processes that we didn't and couldn't have in place because of the multitude of systems [across my organization]."

- **A personnel skills and capacity gap.** The interviewee told Forrester that even if their organization could muster FTE resources available to dedicate to a major centralized finance transformation effort, the level of expertise related to SAP, other technology partners, and successful implementation was inherently limited. The organization would have required external hires or significant reskilling and training efforts at a minimum.
- **Mandatory inefficiencies in the day-to-day responsibilities of finance staff.** Finance staff members were often assigned inefficient data collection tasks to compile reports for stakeholders relying on this often-stale information for key business decision-making. This limited the amount of meaningful work (e.g., invoice processing) that these resources could accomplish and forced the organization to overhire or rely on third-party services to meet peak demand.

"Many of our finance staff [members] were spending 80% of their time on work that didn't add any value. We really wanted to flip that."

Vice president of global business services, photonic innovation

PARTNERSHIP OBJECTIVES

The interviewee's organization searched for a partner that could:

- Deliver expertise and experience gathered from decades of conducting similarly complex

transformations at some of the world's largest organizations.

- Provide a multiyear transformation approach that staggered the rollout of the new platforms, solutions, and processes across regions.
- Deliver workshoping and training for internal stakeholders to ascend the learning curve related to the SAP-based centralized finance solution.

With TruQua as a finance transformation partner, the interviewee's organization:

- Consolidated 10 different ERP platforms and 18 legal entities and harmonized financial master data on an integrated Central Finance solution consisting of SAP S4HANA finance and other solutions from several vendors.
- Centralized several key financial processes, including:
 - Accounts receivable.
 - Accounts payable.
 - Cash, credit, and revenue management.
 - Reporting and analytics.
 - Closing process.

USE CASE DESCRIPTION

This report is based on the past and current experiences of one organization using TruQua SAP transformation services.

Forrester has modeled benefits and costs for this organization during a three-years period based on interviews with the vice president of global business services at the organization and other TruQua stakeholders.

The quantified benefits represent the experiences of the interviewee's organization. These results may vary among organizations based on their financial solutions, processes, and level of experience, as well as their industries and business circumstances. The

objective of the quantified benefits is to highlight the accomplishments of the interviewee's organization while giving the reader insights into ways in which their organization may benefit and measure success from a transformation and partnership with TruQua.

Key deployment details

- **Consolidates 10 financial source systems onto SAP Central Finance solution**
- **Has a 3+ year, multi-phase transformation engagement with TruQua**
- **Implements SAP S4HANA and several other solutions**
- **Centralizes major financial processes**

Analysis Of Benefits

■ Quantified benefit data

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Accelerated path to central finance (avoided internal implementation effort)	\$4,431,926	\$3,031,746	\$1,576,062	\$9,039,733	\$7,718,717
Btr	Business benefits from Central Finance (accelerated revenue from faster acquisition onboarding)	\$1,402,500	\$1,402,500	\$1,402,500	\$4,207,500	\$3,487,810
Ctr	End-user productivity benefits	\$1,599,750	\$1,599,750	\$1,599,750	\$4,799,250	\$3,978,341
Dtr	Direct cost avoidance	\$1,249,500	\$867,000	\$484,500	\$2,601,000	\$2,216,450
	Total benefits (risk-adjusted)	\$8,683,676	\$6,900,996	\$5,062,812	\$20,647,483	\$17,401,318

ACCELERATED PATH TO CENTRAL FINANCE (AVOIDED INTERNAL IMPLEMENTATION EFFORT)

Evidence and data. By selecting TruQua as a partner in its SAP Central Finance journey, the interviewee’s organization aimed to be as efficient as possible when undergoing a business-critical transformation such as centralized finance. Leveraging its partnership with TruQua allowed their company to avoid the momentous amount of personnel effort, hires, training, reskilling, and probable rework that would’ve been required if the effort was led internally. The interviewee said that even if personnel resources were made available, their organization simply could not replicate the cadence, speed, and impact with which they realized benefits without the expertise of TruQua.

- The interviewee noted that without TruQua, the more than 100 FTE stakeholders in their organization’s finance transformation would need to take on a much larger role in the endeavor, which would take them away from their other responsibilities. With a TruQua partnership, many of these resources are relegated to minimal or

oversight roles only, which saves significant personnel capacity.

- At a baseline, the interviewee’s organization lacked the SAP-related skills, process-related skills, and technical skills to lead the transformation and implementation of SAP S4HANA internally, and it would have required many FTE resources to complete several thousands of hours of training collectively. The interviewee said: “We needed to upgrade our skills internally. We didn’t have skills around SAP S4HANA or Central Finance. Instead of training our resources, we gained speed and efficiency by bringing in TruQua’s already-trained resources.”
- According to the interviewee, TruQua’s subject matter experts are readily available for any situation that may present itself during the course of the transformation. The interviewee said: “[TruQua’s experts] have spent their time. They’ve learned on their dime. And now we’re effectively getting them onto our project at full speed. At one point, we needed expertise related to our VIM (vendor invoice management)

solution. TruQua had an expert for us in under two weeks.”

Modeling and assumptions. For the representative financial model, Forrester makes the following assumptions:

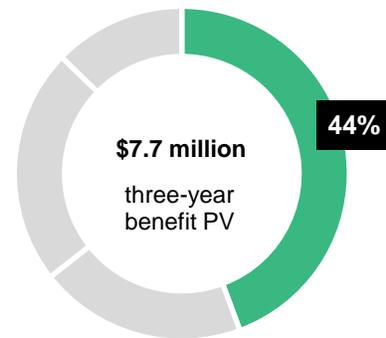
- Between 50 and 150 internal FTE resource are required on tasks related to the Central Finance transformation in a given year. Without a partnership with TruQua, these stakeholders would be required to spend 35% of their working hours on transformation-related tasks.
- With a TruQua partnership, these FTE resources avoid 85% to 95% of this would-be effort and they are relegated to minor involvement or oversight only.
- 40% of the FTE resources involved in the transformation require nearly 100 hours of training in Year 1, and this decreases each year as more FTE resources gain the skills required to participate in the required transformation tasks. The organization avoids this deliberate reskilling effort with a TruQua partnership.
- The average annual salary and hourly rate for the FTE resources in these calculations is \$110,000 and \$53, respectively.

Risks. This benefit will vary among organizations based on:

- The organization’s technical starting point in its SAP Central Finance journey as it relates to the technical complexity of the transformation.
- The organization’s industry and operating regions as they relate to project cadence and local requirements.
- The skill level and capacity of the FTE resources participating in the transformation efforts.

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 \$7.7 million.



Accelerated Path To Central Finance (Avoided Internal Implementation Effort)					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Internal FTEs required to undergo finance transformation	Interview	150	100	50
A2	Percent of time spent on finance transformation	Assumption	35%	35%	35%
A3	Blended average annual salary	Assumption	\$110,000	\$110,000	\$110,000
A4	Cost of internal FTE resources	A1*A2*A3	\$5,775,000	\$3,850,000	\$1,925,000
A5	Average avoided effort (per FTE) with TruQua partnership	Interview	85%	90%	95%
A6	Subtotal: Avoided internal FTE resource costs	A4*A5	\$4,908,750	\$3,465,000	\$1,828,750
A7	Percent of FTE resources required to train or reskill for transformation	Assumption	40%	20%	10%
A8	Average time of training required for certification (hours)	Interview	96	96	96
A9	Blended average hourly rate (rounded)	Assumption	\$53	\$53	\$53
A10	Subtotal: Avoided internal FTE training costs	A1*A7*A8*A9	\$305,280	\$101,760	\$25,440
At	Accelerated path to central finance (avoided internal implementation effort)	A6+A10	\$5,214,030	\$3,566,760	\$1,854,190
	Risk adjustment	↓15%			
Atr	Accelerated path to central finance (avoided internal implementation effort) (risk-adjusted)		\$4,431,926	\$3,031,746	\$1,576,062
Three-year total: \$9,039,733			Three-year present value: \$7,718,717		

BUSINESS BENEFITS FROM CENTRAL FINANCE (ACCELERATED REVENUE FROM FASTER ACQUISITION ONBOARDING)

Evidence and data. While the business benefits of central finance may be measured differently among organizations based on their industry or other specifics, improvements to financial processes at the core are key to these benefits however they're measured. The organization's interviewee reported the following efficiencies resulting from financial process improvements accelerated by the partnership with TruQua:

- Real-time visibility into financial information. Previously, reports were generated manually. These reports often required two plus weeks of

lead time, resulting in decision-making based on stale data.

- Improvements to the close cycle by five days. The organization's cycle went from an average of 22 days to 17 days.
- An estimated 50% increase in reporting speed on potential and recent acquisitions.

Working with TruQua accelerated these and other efficiencies for the interviewee's company. The interviewee said: "One of the real benefits on the finance side is how quickly we can integrate a company and look to realize some of those cost measures we put into our models when we look to buy these companies. We're able to quickly integrate

those financials and get them to our key decision-makers and stakeholders, which is critical.”

The interviewee’s organization is now able to financially integrate acquisitions an average of one month faster, yielding faster revenue recognition and fewer delays due to process inefficiencies.

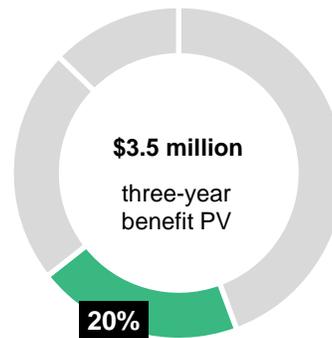
Modeling and assumptions. For the financial model, Forrester makes the following assumptions:

- The organization acquires one organization worth \$20 million per year. This is based on the organization’s recent acquisitions.
- The organization sees a 33% improvement in onboarding duration for acquired organizations, yielding more than \$1.5 million in additional recognized revenue.

Risks. The benefit of process and visibility improvements from central finance will vary among organizations based the specifics of the organization’s business and its measured key

performance indicators. For the interviewed company, this benefit is measured in terms of revenue recognition from acquired organizations. However, this business impact may take other forms based on how the organization measures it.

Results. To account for these variances, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of nearly \$3.5 million.



Business Benefits From Central Finance (Accelerated Revenue From Faster Acquisition Onboarding)

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Annual acquisitions	Interview	1	1	1
B2	Time to onboard newly acquired company/entity prior to transformation (months)	Interview	3	3	3
B3	Improvement in onboarding time post-transformation attributable to TruQua-led transformation	Interview	33%	33%	33%
B4	Average monthly revenue from newly acquired company (rounded)	Interview	\$1,666,667	\$1,666,667	\$1,666,667
Bt	Business benefits from central finance (accelerated revenue from faster acquisition onboarding)	B1*B2*B3*B4	\$1,650,000	\$1,650,000	\$1,650,000
	Risk adjustment	↓15%			
Btr	Business benefits from central finance (accelerated revenue from faster acquisition onboarding) (risk-adjusted)		\$1,402,500	\$1,402,500	\$1,402,500
Three-year total: \$4,207,500			Three-year present value: \$3,487,810		

END-USER PRODUCTIVITY BENEFITS

Evidence and data. Prior to conducting a TruQua-led central finance transformation, finance, purchasing, and other staff members across the interviewee’s organization struggled to maintain efficiency in their day-to-day responsibilities as a result of disjointed financial information. Accounting staff spent inordinate percentages of their working time searching for and compiling data that decision-makers needed, leading to a waterfall of delays in decision-making processes throughout the finance organization. The interviewee said: “When we used to need to put [manual finance reports] together, we would have FP&A (financial planning and analysis) staff working on forecasting, all while waiting on accounting to give them the actuals [as accounting staff were] waiting for the operations people to tell them what was in backlog [and as the operations people] were waiting for salespeople to go book their deals.”

Leveraging TruQua as a partner to central finance, the interviewee’s organization accelerated the timeframe with which staff at every level of the finance organization gained access to real-time visibility into key financial data, creating efficiencies at several job titles.

- Purchasing staff achieved efficiencies from having a real-time, more complete view of their organization’s vendors and days of outstanding payables. The interviewee said: “[For our purchasing team,] there are major benefits just from [having] the ability to view of all our suppliers globally at once and not [having] to manually run reports on all our different systems. They’re able to look at one system and call out the vendors they are referred to and see what’s outstanding instantly.”
- Accounting staff gained an estimated 60% efficiency in invoice processing tasks.

- Finance personnel gained an estimated 20% efficiency from an overall reduction in close-cycle tasks.

The interviewee said: “We now have five different teams that are all working to use the same [financial data] for analysis and [decision-making] for the coming month, coming quarter, and beyond. This was once a very arduous effort, but it is no longer because all of the data is flowing into a single system. That’s the core of the value we got out of this project with TruQua and [its] background working with clients like us and working with Fortune 500 companies.”

Modeling and assumptions. For the financial model, Forrester makes the following assumptions:

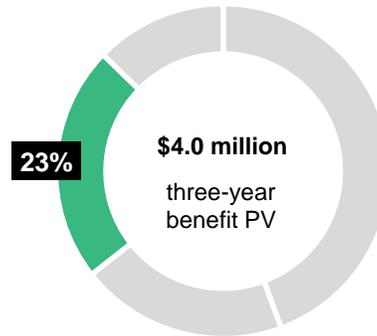
- 80 general finance FTE resources benefit from the efficiency gains of central finance.
- 45 purchasing staff FTEs are impacted by the efficiency gains of central finance, specifically through improved visibility.
- The organization increases its finance staff efficiency by 22%.
- The organization increases its purchasing staff efficiency by 60%.
- TruQua’s work with the organization accelerates this benefit by 50%.
- The blended average annual salary of a finance staff member is \$90,000 for finance personnel.
- The blended average annual salary of purchasing personnel is \$73,000.



Risks. This benefit will vary among organizations based on:

- The roles and responsibilities of impacted finance, purchasing, and other affected staff.
- An organization’s starting point in their central finance journey as it relates to the level of impact on personnel.
- The skill and capacity of the organization’s affected personnel.

Results. To account for these variances, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$4 million.



End-User Productivity Benefits					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Affected global finance FTEs	Interview	80	80	80
C2	Increased effectiveness with TruQua-led central finance transformation	Interview	22%	22%	22%
C3	Average finance FTE annual salary	Assumption	\$90,000	\$90,000	\$90,000
C4	Attribution to acceleration of benefits by TruQua	Assumption	50%	50%	50%
C5	Subtotal: Finance FTE productivity improvement	$C1 \times C2 \times C3 \times C4$	\$792,000	\$792,000	\$792,000
C6	Affected purchasing team FTEs	Interview	45	45	45
C7	Increased effectiveness with centralized visibility	Interview	60%	60%	60%
C8	Attribution to acceleration of benefits by TruQua	Assumption	50%	50%	50%
C9	Average purchasing FTE annual salary	Assumption	\$73,000	\$73,000	\$73,000
C10	Subtotal: Purchasing team productivity improvement	$C6 \times C7 \times C8 \times C9$	\$985,500	\$985,500	\$985,500
Ct	End-user productivity benefits	$C5 + C10$	\$1,777,500	\$1,777,500	\$1,777,500
	Risk adjustment	↓10%			
Ctr	End-user productivity benefits (risk-adjusted)		\$1,599,750	\$1,599,750	\$1,599,750
Three-year total: \$4,799,250			Three-year present value: \$3,978,341		

DIRECT COST AVOIDANCE

Evidence and data. The interviewee said partnering with TruQua led to direct cost savings attributable to the efficiencies gain by central finance.

- The interviewee said their organization avoided paying several categories of third-party vendor or contractor costs by freeing up capacity for staff. Specifically, contractors were no longer necessary for invoice processing, while improvements to finance and supply chain visibility reduced the necessary spend for shipping and logistics consulting.
- By working with TruQua to accelerate its central finance transformation, the interviewee’s organization can retire legacy platforms faster, which helps it avoid license costs, infrastructure costs, maintenance costs, and overall platform risk.

(infrastructure and hosting costs) from finance centralization on SAP S4HANA. Seventy-five percent of this cost avoidance is attributed to acceleration of the centralization project by TruQua. This attribution decreases in each subsequent year.

“In times when we have an excess number of accounts payable runs or we have additional workload through an integration, we no longer need to look to getting third parties to come in and help support.”

Vice president of global business services, photonic innovation

“Part of the benefit of moving to [TruQua] is we’re able to avoid the risks created by being on legacy platforms.”

Vice president of global business services, photonic innovation

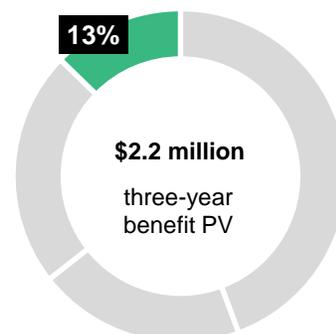
Modeling and assumptions. For the financial model, Forrester makes the following assumptions:

- The organization avoids engaging two third-party contractors and/or consultants per year due to improved visibility within finance and the associated staff capacity improvements. These engagements cost an average of \$60,000 per engagement.
- The organization avoids paying \$600,000 per year for three legacy platform upgrades

Risks. This benefit will vary among organizations based on:

- The organization’s technical starting point in its SAP Central Finance journey as it relates to potentially avoidable legacy costs.
- The organization’s frequency of use and level of spend with contractors or third-party consultants.
- The skill and capacity of the organization’s IT staff contributing to legacy solution and infrastructure retirement.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$2.2 million.



Direct Cost Avoidance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Avoided annual third-party engagements	Interview	2	2	2
D2	Average cost per engagement	Assumption	\$60,000	\$60,000	\$60,000
D3	Subtotal: Avoided third-party partner fees	D1*D2	\$120,000	\$120,000	\$120,000
D4	Annual number of required system upgrades on legacy platforms	Interviews	3	3	3
D5	Average cost per upgrade	Assumption	\$600,000	\$600,000	\$600,000
D6	Percent of retired spend attributable to accelerated transformation with TruQua	Assumption	75%	50%	25%
D7	Subtotal: Avoided system upgrade costs	D4*D5	\$1,350,000	\$900,000	\$450,000
Dt	Direct cost avoidance	D3+D7	\$1,470,000	\$1,020,000	\$570,000
	Risk adjustment	↓15%			
Dtr	Direct cost avoidance (risk-adjusted)		\$1,249,500	\$867,000	\$484,500
Three-year total: \$2,601,000			Three-year present value: \$2,216,450		

UNQUANTIFIED BENEFITS

Additional benefits that the interviewee experienced but was not able to quantify include:

- Making more informed business decisions with real-time visibility.** The value of central finance goes much further than the ways in which it’s quantified for this study. The interviewee told Forrester that decisions at the executive level (which are greatly tied to business performance) are now informed in real time from central finance. The interviewee said: “At the end of the day, it’s as simple as being able to view in pretty much anything in real time without having to go call everybody and say, ‘Okay, give me a report,’ which we won’t see for another two weeks. We now have that real-time experience that effectively enables us for the [decisions] that result in business growth.”

- Having access to unparalleled expertise.** TruQua’s personnel possess expertise resulting from decades of experience working through complex, multisolution transformations for large organizations as well as experience working at the top technology vendors themselves. The interviewee said: “In some cases, [TruQua’s staff members] helped define the products and help build the products and create what they are today. So, when you effectively have the creators being put back into the field and helping with those implementations, the level of experience is unparalleled.”
- Increasing decision-making confidence by having a real-time view into key financial information.** By working with TruQua, the interviewee’s company accelerated a transformation that led to a global single-pane-of-glass, real-time view into financial information across the organization. Decisions made on real-

time information instill confidence in decision-makers at every level in the organization.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might work with TruQua to accelerate their organization's central finance journey and later realize additional benefits.

This includes compounding the value of decision-making based on real-time information. By working with TruQua to accelerate its SAP finance transformation, the interviewee's organization also accelerated its path to real-time visibility into key financial data. Over time, making decisions based on current, real-time data as opposed to data that is several weeks old may yield better decisions and therefore better business results in the long run.

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

“The improved accuracy of our financial data, the real-time visibility that we gain, and the ability to more quickly integrate acquired companies are our biggest benefits in the short term. But the long-term alignment these benefits have with our company’s strategic goals position them for even more value in the future.”

Vice president of global business services, photonic innovation

Analysis Of Costs

■ Quantified cost data

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Fees paid to TruQua	\$3,150,000	\$1,050,000	\$1,050,000	\$1,050,000	\$6,300,000	\$5,761,195
Ftr	Total internal implementation effort	\$1,815,000	\$907,500	\$302,500	\$0	\$3,025,000	\$2,890,000
	Total costs (risk-adjusted)	\$4,965,000	\$1,957,500	\$1,352,500	\$1,050,000	\$9,325,000	\$8,651,195

FEES PAID TO TRUQUA

The interviewee’s organization incurred costs for its ongoing partnership with TruQua, and Forrester confirmed these figures with TruQua. The pricing is specific to the interviewee’s organization and based on its level of engagement with TruQua, the complexity of its legacy finance environment, and its current suite of platforms.

Modeling and assumptions. For the financial model, Forrester calculated pricing based on the following:

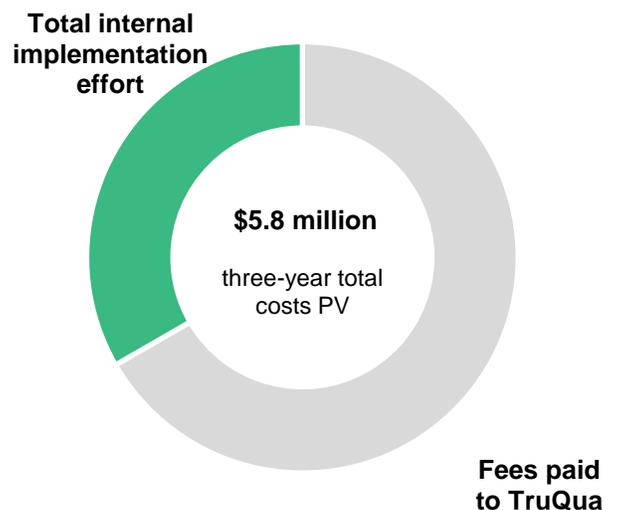
- The organization pays an initial \$3 million fee to TruQua to begin the transformation engagement.
- The organization pays an ongoing average yearly fee of \$1 million per year for each subsequent year.

Risks. This cost will vary significantly among organizations based on:

- The skill and availability of the organization’s personnel resources to support or lead a central finance transformation.
- The organization’s technical starting point in its SAP Central Finance journey as it relates to complexity and required TruQua involvement.

Results. To account for these variances, Forrester adjusted this cost upward by 5%, yielding a three-

year, risk-adjusted total PV (discounted at 10%) of \$5.8 million.



Fees Paid To TruQua						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Engagement cost with TruQua	Interview	\$3,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Et	Fees paid to TruQua	E1	\$3,000,000	\$1,000,000	\$1,000,000	\$1,000,000
	Risk adjustment	↑5%				
Etr	Fees paid to TruQua (risk-adjusted)		\$3,150,000	\$1,050,000	\$1,050,000	\$1,050,000
Three-year total: \$6,300,000			Three-year present value: \$5,761,195			

TOTAL INTERNAL IMPLEMENTATION EFFORT

The interviewee detailed the level of personnel involvement required to support their organization’s TruQua-led central finance transformation.

- The organization is 2.5 years into its transformation journey.
- The interviewee noted that at the project peak, nearly 200 internal personnel resources were involved to some degree. This is common with any major transformational effort. The level of effort varied among these personnel resources, with most only being minorly involved. The base project team consisted of 50 individuals.
- As the project progressed, fewer personnel resources were required to support the ongoing transformational efforts.

Modeling and assumptions. For the financial model, Forrester makes the following assumptions:

- The organization’s initial effort includes 100 FTE resources spending an average of 15% of their working time on activities related to the central finance transformation.
- 75 FTEs are involved at 10% of their working time in Year 1, and 25 FTEs are involved at 5% of their total working time in Years 2 and 3.

- The blended average annual salary of personnel across all job titles and levels of seniority is \$110,000.

Risks. This cost will vary among organizations based on:

- The skill and availability of the organization’s personnel resources to support or lead a central finance transformation.
- The complexity of the organization’s transformation because it impacts the number of personnel resources required to work alongside TruQua.

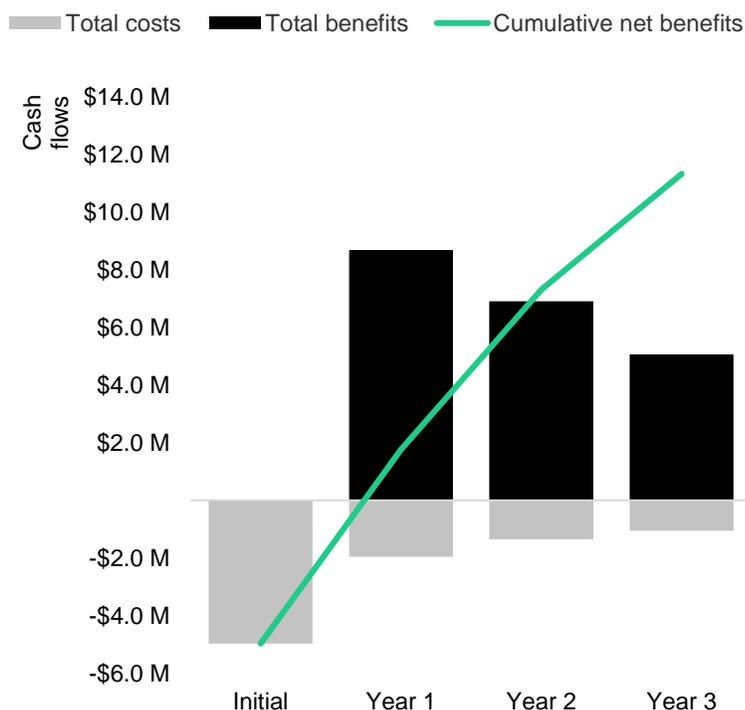
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$2.9 million.

Total Internal Implementation Effort						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of FTEs	Interview	100	75	25	25
F2	Blended FTE salary	Assumption	\$110,000	\$110,000	\$110,000	\$110,000
F3	Percentage of time spent on implementation activities	Assumption	15%	10%	5%	5%
Ft	Total internal implementation effort	F1*F2*F3	\$1,650,000	\$825,000	\$137,500	\$137,500
	Risk adjustment	↑10%				
Ftr	Total internal implementation effort (risk-adjusted)		\$1,815,000	\$907,500	\$151,250	\$151,250
Three-year total: \$3,025,000			Three-year present value: \$2,878,636			

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 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	(\$4,965,000)	(\$1,957,500)	(\$1,201,250)	(\$1,201,250)	(\$9,325,000)	(\$8,639,831)
Total benefits	\$0	\$8,683,676	\$6,900,996	\$5,062,812	\$20,647,483	\$17,401,318
Net benefits	(\$4,965,000)	\$6,726,176	\$5,699,746	\$3,861,562	\$11,322,483	\$8,761,487
ROI						101%
Payback						9.0 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 Source: “The Role Of Services Partners In Tech Stack Optimization,” Forrester Research, Inc., August 2, 2021.

² Source: “Key Takeaways From Customer References During The Forrester Wave™ Evaluation Of Global SAP Services Providers,” Forrester Research, Inc., July 7, 2020.

³ 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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