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The Total Economic Impact™ Of IBM Tealeaf

IBM Tealeaf's Value Proposition

Organizations are focused on delivering outstanding customer experiences and creating superior omnichannel interactions in order to increase future revenues, improve customer satisfaction and maintain strong customer relationships. To deliver these exceptional customer interactions, companies require the right tools to quickly gather and analyze data across channels in a way that allows them to pull and act on valuable, data-backed insights to optimize their channels' usability, understand where customers struggle, and discover where revenue opportunities exist. Investing in IBM Tealeaf helped organizations understand their customers' experiences across channels and enabled the transformation of their digital channels for superior customer experiences.

Interviews with customers using IBM Tealeaf revealed the following benefits of the investment:

› Revenue increases due to improved conversion and upsell rates.

› Revenue increases due to improved customer retention rates.

› Reduction in time spent on reproduction of online and mobile issues.

› Cost savings from development prioritization.

› Improved productivity of key customer behavioral analytics users.

In this case study, Forrester has employed its Total Economic Impact methodology to isolate and quantify the specific impact that is directly attributable to IBM Tealeaf.

Read the full study here.

IBM Tealeaf Returned Over 2x The Investment

Forrester interviewed four customers with years of experience using IBM Tealeaf and conducted an online survey of 37 IBM customer behavior analytics users. IBM customer behavior analytics provide quantitative and qualitative information necessary to understand customers' digital experiences. This summary is based on a full TEI study, which can be downloaded here.

Forrester concluded that IBM Tealeaf has the following three-year financial impact: $14.3 million in benefits versus costs of $4.2 million, resulting in a net present value (NPV) of $10.1 million and an ROI of 243%.

ROI 243%

Benefits PV $14.3M

NPV $10.1M

3.6% increase in online converstion rate

2.5% Increase in mobile converstion rate

90% Reduction in time to reproduce online errors

70% Reduction in time to reproduce mobile errors

40% Percentage improved productivity across key customer behavioral analytics users

IBM's Client Journey

This analysis uses a composite organization based on interviews with four IBM Tealeaf clients and 37 survey respondents to present the aggregate financial analysis. The composite is representative of a US based retail organization that has a global presence, with annual revenues of $2.45 billion, with a strong online and mobile presence. The organization has about 49.2 million visitors a year to its online sites and 30.8 million visitors yearly to its mobile platforms.

Key details of the four Tealeaf clients are as follows:

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF ONLINE AND MOBILE VISITORS
Technology	Global, Headquartered in North America	Senior web analyst; Program manager, digital customer experience management; Director, digital tools	500 million a year
Retail	Global, Headquartered in North America	Analyst, e-commerce and marketing	7 million a year
Retail	Global, Headquartered in North America	Senior manager, product support	292 million a year
Insurance	Headquartered in North America	Lead technical engineer	250 million a year

These organizations desired to create impactful customer experiences across their digital channels but struggled to truly understand their customers' interactions and struggles with their mobile and online sites. With Tealeaf, these organizations were able to better understand what behaviors lead to desired customer actions and highlight what actions or activities impede these desired outcomes; support their goals to optimize the digital experience for customers; improve the conversion rate of customers across channels; retain existing customers; better understand their best customer; and assist staff in better understanding customers' experiences and how their organizations could improve them.

IBM Tealeaf Improves Customer Experience Across Channels, Increasing Conversion Rates and Improving Customer Retention

Forrester quantified the following key risk-adjusted benefits, which are representative of those experienced by the organizations interviewed:

› Incremental revenue from improved online and mobile conversion rates, increasing online conversion rate by **3.6%** and mobile conversion by **2.5%**. Additionally, the company improved its upsell to **1%** of online and mobile customers**.**

› IBM Tealeaf enabled the organization to improve the overall customer experience, resulting in a **1.6%** increase for online customer retention and a **1.75%** increase for mobile customer retention.

› The organization reduced the time spent to reproduce an online error by **90%** and reduce the time spent to reproduce mobile issues by **70%** with Tealeaf.

› The organization used the data produced by IBM Tealeaf to better identify and understand the impact of usability and design issues on its customers. Thus, it could better prioritize its development efforts to focus on only the most beneficial issues, avoided taking on **33** projects each year.

› Key customer behavioral analytics users experienced a **40%** increase in productivity with better access to and improved ability to utilize the data and insights from Tealeaf.

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Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Incremental revenue from increased conversion and upsell rates	$4,026,939	$4,739,116	$5,812,862	$14,578,918	$11,944,768
Btr	Incremental revenue from improved customer retention	$175,053	$297,577	$503,720	$976,350	$783,523
Ctr	Time saved in reproduction of issues	$391,950	$419,738	$447,525	$1,259,213	$1,039,441
Dtr	Cost savings from development prioritization	$114,075	$114,075	$114,075	$342,225	$283,688
Etr	Improved productivity of key IBM Tealeaf users	$67,500	$94,500	$126,000	$288,000	$234,128
	Total benefits (risk-adjusted)	$4,775,517	$5,665,005	$7,004,182	$17,444,705	$14,285,548

Clients Are Lined Up For Future Opportunities

There are multiple scenarios in which an organization might engage IBM Tealeaf and later realize additional use cases and opportunities. For example, organizations may integrate IBM Journey Analytics capabilities to gain additional insights into and create a full picture of customer behavior. Organizations can also leverage Mindset Analysis capabilities, which helps organizations understand the customer's journey and how they are engaging as they move through the path to purchase. Additionally, Tealeaf an be used to detect fraud and cyberattacks.

> "What we were really missing before was the additional visibility into the application. We're now able to make less subjective and more objective calls – we're able to measure and understand issues now."
>
> *Senior manager, product support, Retail*

## Costs Were Incurred For Licensing, Staff, and Additional Bandwidth

Forrester quantified the following risk-adjusted costs of for the deployment of IBM Tealeaf. Costs will vary depending on deployment, with on-premises deployment demanding higher upfront cost and more specialized resources than the easier-to-implement and more user-friendly cloud deployment model:

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	IBM Tealeaf Licensing, Professional Services and Training Costs	$1,215,656	$1,111,156	$1,105,656	$0	$3,432,469	$3,139,564
Gtr	Implementation and planning costs	$17,955	$0	$0	$0	$17,955	$17,955
Htr	Incremental Customer Experience Staff	$0	$154,000	$308,000	$308,000	$770,000	$625,950
Itr	Incremental IT Administration Support Staff	$0	$16,500	$16,500	$16,500	$49,500	$41,033
Jtr	Additional bandwidth	$22,000	$132,000	$132,000	$132,000	$418,000	$350,264
	Total costs (risk-adjusted)	$1,255,611	$1,413,656	$1,562,156	$456,500	$4,687,924	$4,174,766

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Financial Summary

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 with IBM Tealeaf. Forrester assumes a yearly discount rate of 10% for this analysis.

ROI
243%

Benefits PV
$14.3M

NPV
$10.2M
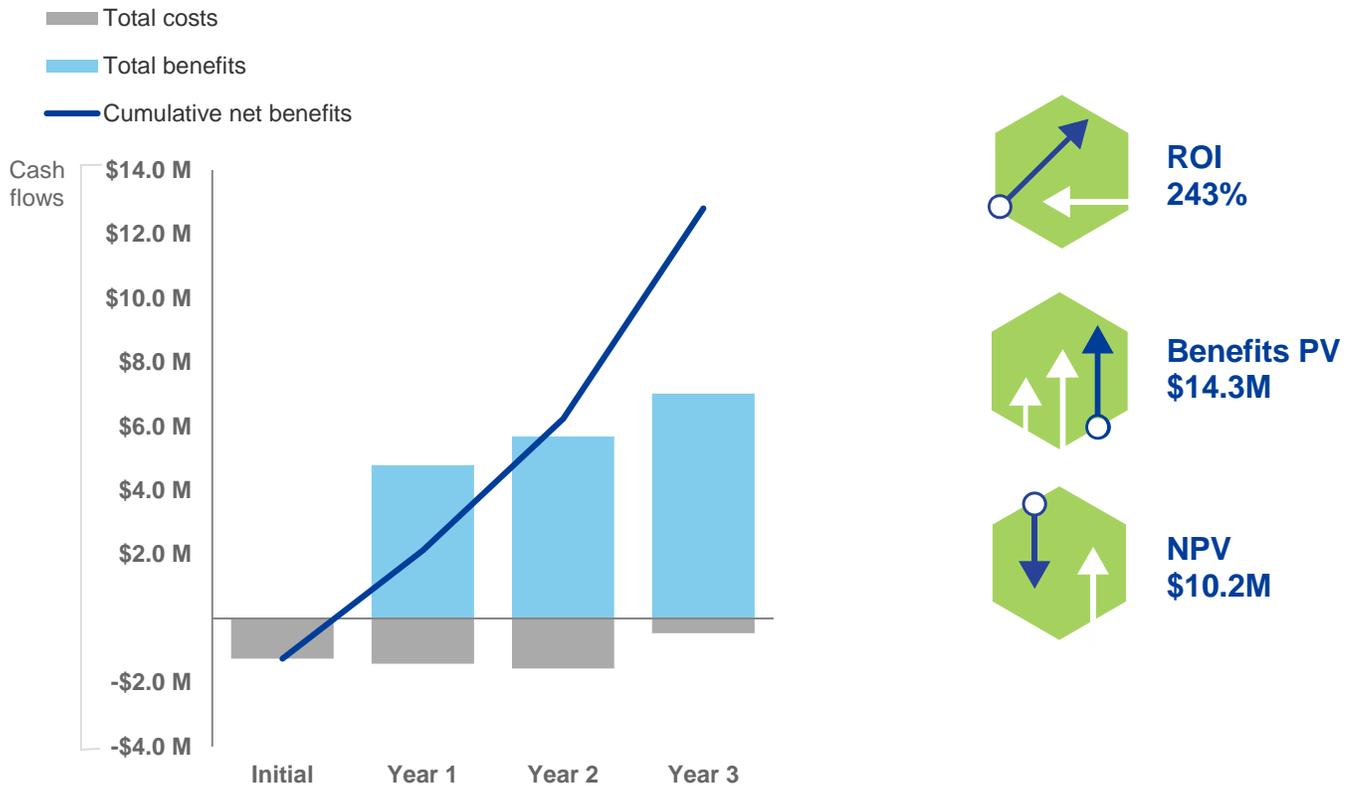
This document is an abridged version of a case study commissioned by IBM, titled: "The Total Economic Impact Of IBM Tealeaf," February 2019. Read the full study here.

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