

A Forrester Total Economic Impact™
Study Commissioned By SAP
June 2018

The Total Economic Impact™ Of SAP Jam

Cost Savings And Business Benefits
Enabled By SAP Jam Collaboration

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Project Directors:
Julia Fadzeyeva
Liz Witherspoon

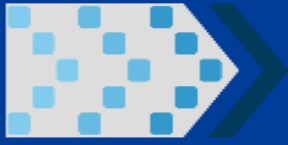
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Executive Summary

Benefits And Costs



Decreased time-to-access of information and expertise:

\$16.8 million



Reduction in intranet infrastructure and IT costs:

\$5 million



Reduced training costs:

\$4.6 million

SAP commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying SAP Jam Collaboration. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of SAP Jam on their organizations. SAP Jam is a cloud-based enterprise collaboration and social platform that transforms the way people work by bringing together people, data, and decision-making capabilities when and where people need them.

To better understand the benefits, costs, and risks associated with an SAP Jam implementation, Forrester fielded a survey in 2015, 2016, and again in 2018 to 30 enterprise-size SAP Jam customers who are heavily involved in their organization's implementation of SAP Jam to assess the overall impact of the platform on their organization. Forrester also conducted in-depth interviews of seven customers with multiple years of experience using SAP Jam. As organizations discovered new ways of using SAP Jam, the ROI grew from 516% in 2015 to 527% in 2016, and then to 625% in 2018.

Prior to SAP Jam, customers had a multitool, multivendor collaboration landscape that was disjointed and included both social and enterprise productivity tools. Furthermore, the tools varied in use by department and geography and were not integrated with back-end systems, such as customer relationship management (CRM), human capital management (HCM) software, and the corporate intranet, causing employees to have to search for information in different locations. In many cases, employees defaulted to email exchanges for collaboration and lost productivity time searching for information, emailing, and waiting for responses. They frequently could not access corporate information via mobile devices.

As a result, vital corporate information, data, and expertise were siloed, making it difficult to access and share widely across the organization for maximum business benefit and impact. With SAP Jam, employees, customers, and partners can solve business problems, make decisions, and drive results using a secure, cloud-based platform that provides collaboration tools that are linked to applications, processes, and data.

The centralization of the collaboration program enables organizations to decrease the time it takes to find and share information and to close deals, adding revenue while decreasing costs associated with common business processes such as onboarding new employees and responding to employee support issues.

A financial services provider explained: *"In the past, getting information to the right people and teams took a lot of effort and time; employees were reluctant to share. Now, it's instantaneous. The attitude has changed so much with SAP Jam — the speed of communication and access to multiple teams outside of their departments is what we're finding to be the biggest benefit right now."*

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:



ROI
625%



Benefits PV
\$30.7 million



NPV
\$26.5 million

- › **A decrease in time-to-access of information and expertise by 16%** leading to a \$16.8 million gain. The average employee using SAP Jam was 16% more efficient because the collaboration platform decreased the number of hours per week spent emailing, searching for information, and awaiting responses. This is a 1% improvement over 2016 and represents the expanded use of SAP Jam across a global organization.
- › **A 73% reduction in IT labor related to managing the corporate intranet** in addition to a reduction in cost of infrastructure supporting the intranet, resulting in \$5.03 million in savings over three years. For a global organization, eliminating hundreds of on-premises servers to run the intranet to a cloud-based SAP Jam resulted in significant cost savings for departments and groups across the organization who could now manage the departmental content directly in SAP Jam without IT support. As a result, the IT team required fewer resources to maintain the intranet and reassigned 73% of its staff to other projects.
- › **A 19% reduction in the cost and time to train and onboard new employees**, allowing for more co-creation of training content and fewer travel costs associated with training, saving \$4.6 million over three years. SAP Jam reduces the time and expense to train new employees because it provides a community in which new hires can engage with one another, work together on onboarding activities, and receive support from experts in other departments. Furthermore, the learning and development organization can co-create content with subject matter experts in a collaborative way, further reducing costs. They also eliminate travel to some training events that had significant time and travel costs.
- › **A 10% reduction in time to close deals, resulting in over \$3.4 million in savings over three years.** The average time required to close a deal decreased by 10%, shaving off about 10.5 hours across all team members involved in every deal. With an average of seven people working on every deal, that saved time equals an increased productivity for those workers. Furthermore, the time freed up enables sales professionals to close more deals per year. This is a 1% improvement over the 2016 study.
- › **Faster time-to-resolution for internal support issues (14%)** enabled faster expansion of the business, leading to \$481,295 in savings. Using SAP Jam for internal support, employees can easily locate the best experts and info from across the company to find the answers they need, as a result, the platform reduced internal support call center costs.
- › **A reduction in licenses for redundant or poorly adopted collaboration software.** Because individual areas of the organization invest in point-product collaboration tools such as Jive, Lithium, WordPress, WhatsApp, and others, the use of SAP Jam reduces the overlap in those licenses by 20%, providing a license cost savings.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not included in the financial model:

- › **Transforming organizational culture through the removal of barriers and hierarchies.** SAP Jam provided a means for employees to quickly connect across geographies, teams, and levels. Information posted on SAP Jam became available instantaneously to the right individuals, regardless of their department and title.

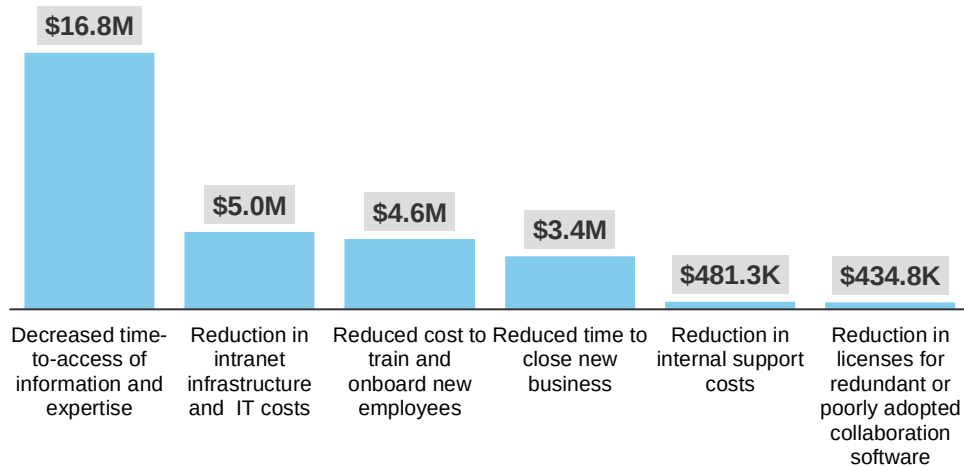
- › **Creating a means for a globally-distributed organization to unify their content and work.** By replacing legacy platforms with SAP Jam, the organization was able to streamline content management and collaboration by providing a single space for all locations and teams globally.
- › **Increasing accountability among employees who contribute to a project.** SAP Jam increased the visibility of the efforts of project team members. With that visibility came increased accountability both on the team and at personal levels.
- › **Improving access to information for the ever-increasing mobile workforce.** Several mobile-dependent groups, including young, digital-native employees, sales teams, and employees who do not have desktop computers, benefited from the ability to access content from and collaborate on any device.

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

- › **Software licensing fees of \$2.6 million over three years.** These are annual recurring license fees that are based on per-user pricing. The users include both internal employees and external users, including customers, partners, vendors, and suppliers. The price per user varies based on the type of user.
- › **Initial implementation costs of \$874,000.** These initial, one-time fees cover professional service fees to help set up and configure the customer environment for integration of SAP Jam with SAP CRM, powered by SAP HANA and the SuccessFactors HCM Suite. It also includes the fees to have work patterns or community templates enabled for their use. Further, it encompasses planning and training costs, which can be internal and external.
- › **Ongoing training and support costs of \$758,819 over three years.** These costs are incurred by the companies using SAP Jam for the ongoing training and rollout of the software to their employees, along with professional services paid to SAP or a third party. Furthermore, the IT team also needed to provide ongoing management of the solution.

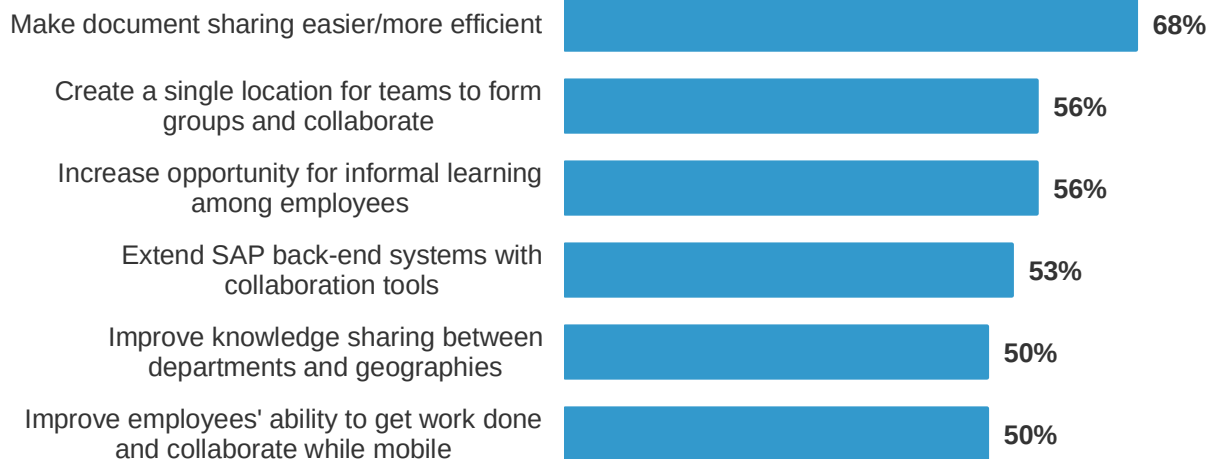
Forrester's survey, interviews with seven existing customers, and subsequent financial analysis found that an organization similar to the interviewed organizations experienced benefits of nearly \$30.7 million over three years versus costs of \$4.2 million, adding up to a net present value (NPV) of \$26.5 million and an ROI of 625%.

Benefits (Three-Year)



The survey data revealed that key drivers for using SAP Jam include:

“Which of the following were primary business drivers for using the SAP Jam solution in your organization?”



Base: 34 North American organizations using SAP Jam

Source: A commissioned study conducted by Forrester Consulting on behalf of SAP, April 2018

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

TEI Framework And Methodology

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

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 SAP Jam can have on an organization:



DUE DILIGENCE

Interviewed SAP stakeholders and Forrester analysts to gather data relative to Jam.



CUSTOMER INTERVIEWS

Interviewed seven organizations using Jam to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Employed four fundamental elements of TEI in modeling SAP Jam's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by SAP and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in SAP Jam.

SAP 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.

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

The SAP Jam Customer Journey

BEFORE AND AFTER THE JAM INVESTMENT

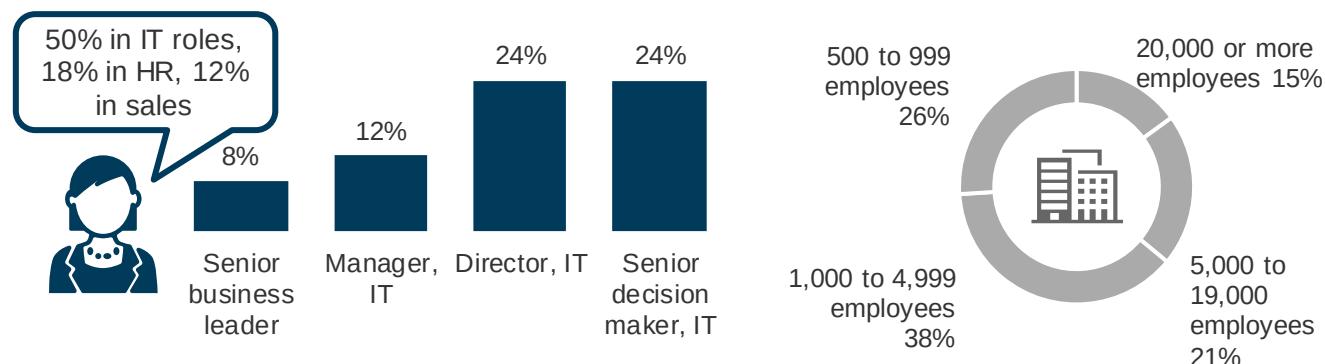
Interviewed Organizations

For this study, Forrester conducted seven interviews with SAP Jam customers from 2015 to 2018. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF AGENTS
Media, services, and education	Headquartered in Germany	Senior director, corporate HR strategy and systems	54 countries, 120K employees, €17.1B in revenue, 12K SAP Jam subscribers
Agricultural, financial, and industrial products provider	Headquartered in the US	Global virtual learning leader	68 countries, 150,000 employees, 70% to 80% of professional staff are SAP Jam subscribers
Manufacturing company	Headquartered in the US	Manager corporate systems, IT	Global operations, 14K employees, \$3B in revenue, 12K SAP Jam users
Manufacturer of RV real estate community	Headquartered in the US	Learning project lead	200 property locations, 1,500 SAP Jam licenses
Global conglomerate holding company with different types of companies within its portfolio	Headquartered in South America	Training and development manager	2,500 employees, +\$5B revenue
Manufacturing company	Headquartered in Germany	Cloud SAP solutions architect	More than 70 countries, 9.3K employees, \$1.9B in revenue
Financial services provider	Headquartered in Canada	Technology department employee	45K employees, \$19B in revenue

Surveyed Organizations

For this study, Forrester surveyed 34 IT, HR, sales and other decision makers from organizations using SAP Jam.



Key Challenges

The organization saw the potential for a more effective social collaboration platform to address several business challenges, including:

- Providing a centralized repository for expertise, training materials, and corporate knowledge.** As a global organization, the composite organization recognized that, although geographically separated, their workforce could gain more applicable knowledge from internal expertise than from reinventing the wheel or paying for outside consultants. They wanted employees — from new to the most experienced — to have a location they could count on to find the answers to their questions or access to experts. This was especially true for its workers who were not located in an office but were working afield and in factories.
- Improving new employees' onboarding time and time-to-productivity.** To reduce employee turnover and speed employees' time-to-productivity, the composite organization was seeking a way to maximize the learning systems it already had and provide immediate access to existing expertise within the enterprise. The organization wanted to quickly connect new employees with others who could answer questions or provide guidance. Because the organization was heavily using SAP SuccessFactors Employee Central and SAP SuccessFactors HCM solutions, it was an easy extension of those platforms to use SAP Jam to extend learning beyond the classroom or online training time.
- Improving general business processes by providing a better way to collaborate.** Across the composite organization — from marketing to IT to sales and service — groups of employees struggled to collaborate in the most efficient way without getting lost in email chains and outdated spreadsheets. The organization wanted to provide a central location for collaboration that supported project teams across geographies. The SAP Jam group functionality lets the organization centralize the most important project work, layering discussion threads and sharing videos among the group.

"They gave us the challenge that if we could show a 20% IRR then we could move forward with Jam. We needed to prove savings per year and find people who would reduce their budgets. We found \$120,000 in cost savings from overlapping systems, and the three that paid for it were sales, benefits, and learning."

—Manager corporate systems, IT, manufacturing industry



"We've taken in-person trainings and made them blended with SAP Jam to increase access and reduce costs. We saw a tremendous benefit and impact. Once we provided cost savings and business outcomes, the momentum built for SAP Jam. We are now looking at how and where it can be used horizontally across the organization."

—Global virtual learning leader, agricultural, financial, and industrial products provider



- › **Decreasing costs associated with training a globally distributed organization.** The organization spent a significant amount of time and money creating training materials to support its diverse workforce. This included content creation, putting together in-person meetings, and having employees travel for onsite trainings. This was expensive, not scalable, and didn't enable employees to continue the learning after the in-person sessions had ended.

Solution Requirements

The interviewed organizations searched for a solution that could:

- › Provide a collaboration platform that was cloud-based and encompassed the existing data, systems, and processes in the organization.
- › Serve as a modern corporate intranet, eliminating on-premises tools.
- › Integrate well with other corporate applications such as Microsoft SharePoint, KRONOS, OnBase, and the organization's mobile apps.
- › Provide the level of integration, security, and reliability to offer a customizable tool that encouraged employees to own collaboration while managing the security, integration, and data management technical requirements from a centralized IT standpoint.

Key Results

The interviews revealed that key results from the SAP Jam investment include:

- › **Increases access to information and people.** The most significant benefit experienced by the organization was the reduced time and effort to find information. With SAP Jam as their collaboration tool, employees did not need to spend time at the beginning of each meeting determining what type of social or communication tool they'd use. Instead, they were all using the same tools and understood the appropriate uses for them. They saved a significant amount of time by not having to search for information or locate expertise through emails and phone calls. Because these teams crossed geographic and departmental boundaries, the increased efficiency was magnified. Furthermore, the integration with SAP business application data brought more contextual information and data while the teams were collaborating. One manager of corporate systems in IT said: "We have 700 sales people, and they are out in the field; they're not caught up on emails — they're out and delayed trying to get critical information about the contacts' distributors and leads. Now, with SAP Jam, if they have a question it can be posted, and they can get answers quicker."

"SAP Jam is our tool for communication and facilitation — that's why we've set it up with over 100 community and topic managers. This helps employees use SAP Jam and start collaboration globally and worldwide."

—Cloud SAP solutions architect,
German manufacturing company



"SAP Jam creates an environment that tracks and shows accountability. In a project, it tracks the work and conversations happening and makes them a lot more visible than when they're filed through email or different systems. You can clearly see the work that's been done toward the outcome and who's contributing."

—Global virtual learning leader,
agricultural, financial, and
industrial products provider



- › **Improves communication and transparency — both horizontal and vertical.** The composite organization was able to provide information more quickly and accurately and get it into the hands of employees faster. The managers using SAP Jam felt they could communicate more easily and transparently using SAP Jam. They could reduce their travel (and associated costs) while improving the company culture. Furthermore, they noted improved communication among a large, geographically dispersed workforce during times of change or uncertain economic periods. With a central collaboration and communication platform, senior management was able to turn this challenge into an opportunity to increase transparency. One senior leader said, “If you get real information from management — especially in a time of crisis or economic downturn — you get the real version and the negative impact is less.”
- › **Enables factory and field service workers to collaborate while mobile.** The composite organization has about 20% of its workforce in factories or on client sites serving as service technicians and this organization saw a significant increase in that group of workers’ ability to share information and expertise. Previously, they would have relied on calling a support line to troubleshoot an issue with equipment, for example, or would have had to wait until they were back at their office to access corporate handbooks. With SAP Jam, they can access training of all kinds with their mobile devices. The success of this has prompted some customers to change their mobile device policies. One senior director of corporate HR strategy and systems said: “We have a printing facility where there are only one to two computers to share. They were trying to train on how to fix a machine. One of the colleagues came up with the idea to take pictures with his cell phone on how to fix the issue and those pictures enabled 400 employees to have access to a solution in a SAP Jam private group. They have posted how-tos with pictures and it makes their lives easier. We even changed the company policy — before, they couldn’t have cell phones while working and now they can.”
- › **Creates communities of practice and sharing and relieves the burden of IT to manage them.** The organization found that it was easy to set up communities of practice within the organization because of SAP Jam groups. The groups can be based on demographics of employees and job categories they hold, and they can automatically be added to those communities. This gives employees an immediate community within their discipline that can help them be successful in their current job and to improve for future promotions. They are frequently managed by community practice leaders and subject matter experts. One global virtual learning leader said, “We take a subset of the plant managers in different areas of the world and put them together in an SAP Jam group to help them solve problems together and to see what other locations are doing. They don’t have to look and find that person, they are put in a group and those resources are available to them. Having those conversations has people working collaboratively to figure things out.”

“SAP Jam has reduced our costs. So many times, we would fly people in and collocate for training; we’re now doing things remotely and we collaborate better. We’ve reduced the overhead of the learning and have made better managers, GMs, directors.”

—Senior director, corporate HR strategy and systems, European media, services, and education company



“Before, follow-up from a training session meant a presentation and list of participants. Now, we give participants homework before the training that they have to upload to Jam with video recordings, pictures, or presentation. They are actively using it to prolong the training exercises; the group has interactive chat sessions, and the trainers by now have seen how Jam can be used to extend the learning experience beyond the classroom.”

—Senior director, corporate HR strategy and systems, global media, services and education



“Using SAP Jam while mobile was a very important topic for our sales team - they want to have push messages directly sent to their phone. Now they are working globally to put together the best offer for customers. We are globally connected now with SAP Jam.”

—Cloud SAP solutions architect
German manufacturing company



- › **Serves as a universally liked collaboration tool and helped retain young talent.** The composite organization described SAP Jam as an important cultural tool that served an important business purpose, but it also served a secondary goal of retaining young talent. Millennials expect collaboration to be embedded in their work life and to be a part of their daily tool set. SAP Jam enabled the organization to meet that expectation while still maintaining a secure, scalable, web-based platform that the IT organization could stand behind. One hiring manager said: “The Millennials would not like to work at a company that doesn’t have a collaboration tool. It’s unimaginable — we can’t hire without it.” Many organizations reported that, while not a primary purpose for the tool, special interest communities around nonwork-related topics flourished, indicating a preference for the tool over other communication methods. One senior director of corporate HR strategy and systems said of Millennials: “Young talent asks about flexible working options and social collaboration tools, for online and digital 24x7 work. Some of them ask at events if we have such collaboration systems in place. SAP Jam has been received positively by them and we think it will help them to stay longer and be more productive.”
- › **Integrates with other SAP products and brings significant business benefit to the organization.** The benefits of such an integration can be seen in many situations, but it is perhaps especially effective when a team is working together around a particular customer account or deal. The account team is able to pull up a dashboard with all relevant information about the account. The added value this provides is significant. One head of workforce collaboration explained: “When an account manager opens it up, he would like to foresee how good we are on sales compared with last year, a discussion panel, etc. All are directly linked to SAP data. Conversations within SAP Jam are visible in the SAP CRM user interface. When someone opens SAP Jam, they see status updates and a view of data from SAP CRM. It brings you the business data upfront when you are in the applications and when you want to collaborate around a particular customer.”

Composite Organization

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

- › A global organization with headquarters in the United States and global offices in Europe and Asia.
- › 13,000 employees, and of these, 2,000 employees are in manufacturing and do not have regular access to corporate electronic devices, such as a laptop, desktop computer, or mobile phone.
- › A strong focus on optimizing human resources, sales, marketing, and internal support functions.
- › Centralized administration of Jam Groups, with groups numbering in the hundreds used for project teams, training, and common interest groups.

“As a global organization, in the past we were heavily divided into silos. And now, with SAP Jam, we are breaking them.”

—Cloud SAP solutions architect, manufacturing company



“In the past, getting the information to the right people and teams took a lot of effort and time, and employees were reluctant to take on these tasks. Now, it’s instantaneous. The attitude has changed so much with the speed of communication and access to multiple teams not specific to your own department. That’s what we find the biggest benefit right now.”

—Technology department employee, financial services company



Description of composite. The composite organization previously implemented SAP's CRM and SAP SuccessFactors HCM Suite, which made the SAP Jam integration seamless. Its SAP products are used for HR, talent management, and account management.

The composite organization initially discovered and piloted SAP Jam because a trial version of it was included with the initial deployment of the SAP SuccessFactors HCM Suite. When they realized the need for a social collaboration platform, they tested SAP Jam within HR before beginning a wider deployment:

- › The organization rolled out the SAP Jam enterprise edition to 65% of its organization (8,450 employees), focusing first on the human resources function. SAP Jam gained increasing traction from departments that had a specific business use case for the tool across all areas of the business.
- › Initially, the organization maintained central control over the creation of SAP Jam groups and maintained a balance of those groups between project team collaboration, general access to corporate information, and personal interest groups. Once the implementation phase was completed, the organization assigned community and topic managers within each team and area of expertise and thus transferred ownership of Jam groups to the business units. After the initial training, community and topic managers helped keep adoption levels and quality of content high.
- › As those teams began to collaborate and show progress around those processes, adoption spread throughout the organization, and it grew to 70% adoption in the second year and 80% in the third, resulting in 10,400 of its employees having access to the collaboration platform.
- › The organization plans to increase use of the solution and enable more employees to create Jam groups.



Key assumptions:

- 13,000 total employees
- 2,000 employees in manufacturing
- 4% of employees are in sales

"Our employees can now find people more quickly and extract expertise from within the organization. Before SAP Jam, we were so decentralized that we looked for outsiders to help us because we didn't know how to get at the expertise within the organization. With SAP Jam, we now have access to other business units or locations in the world."

—Global virtual learning leader,
agricultural, financial, and
industrial products provider



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	Decreased time-to-access of information and expertise	\$6,152,725	\$6,626,011	\$7,572,584	\$20,351,321	\$16,758,823
Btr	Reduction in intranet infrastructure and IT costs	\$1,951,960	\$2,021,940	\$2,111,920	\$6,085,820	\$5,032,251
Ctr	Reduced cost to train and onboard new employees	\$1,843,430	\$1,843,430	\$1,843,430	\$5,530,291	\$4,584,338
Dtr	Reduced time to close new business	\$1,386,000	\$1,386,000	\$1,386,000	\$4,158,000	\$3,446,777
Etr	Reduction in internal support costs	\$193,536	\$193,536	\$193,536	\$580,608	\$481,295
Ftr	Reduction in licenses for redundant or poorly adopted collaboration software	\$159,644	\$171,925	\$196,485	\$528,054	\$434,839
Total benefits (risk-adjusted)		\$11,687,295	\$12,242,843	\$13,303,956	\$37,234,093	\$30,738,323

Decreased Time-To-Access Of Information And Expertise

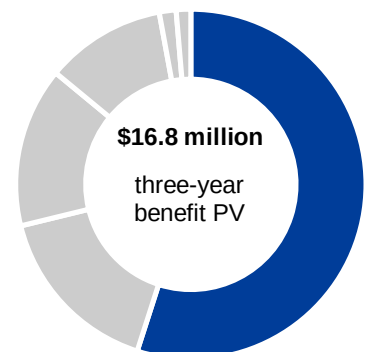
Interviewed organizations indicated that a key benefit from the SAP Jam implementation was the decreased time-to-access of information and expertise when completing work projects. The interviewees indicated that internal collaboration was critical to their operations and competitiveness, along with being important to culture. Not only did employees need to work on teams crossing departments and geographies, but they also needed to interact with external partners and customers. Interviewed organizations needed to provide an efficient way for their employees to access expertise, whether they were in marketing, human resources, sales, product, IT, or support.

- › Prior to SAP Jam, the interviewed organizations relied on email and phone to locate expertise within the organization.
- › Workers without a desktop/laptop computer had no access to shared resources. As a result, employees spent unnecessary time (sometimes up to half a meeting) trying to locate expertise within their existing, disjointed tool set.
- › Furthermore, employees often could not move forward with other work as they pursued critical expertise.

Surveyed and interviewed customers reported a 16% decrease in time-to-access for expertise after the implementation of SAP Jam for social collaboration. This is a percentage point higher than in 2016.

For the composite organization, Forrester assumes:

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of nearly \$30.7 million.



Decreased time-to-access of information and expertise: **55%** of total benefits

- › Among the non-sales employees, 65% start using SAP Jam in the first year, and the usage grows to 70% in year 2, and 80% in year 3.
- › Most employees spend about 6.5 hours per week searching for expertise and awaiting email responses.
- › A 16% decrease in time-to-access for the expertise after the implementation of SAP Jam for social collaboration.
- › Not all efficiency gained will be redirected to completing new work, an estimation of 50% productivity captured was calculated.

The impact of decrease in time-to-access of information and expertise will differ based on:

- › Organization-wide adoption of SAP Jam.
- › Effective use of SAP Jam and the nature of the groups and group policies.

To compensate, this benefit was risk-adjusted and reduced by 10%. The risk-adjusted total benefit resulting from decreased time-to-access of information and expertise over the three years was over \$16.7 million.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Decreased Time-To-Access Of Information And Expertise: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
A1	Number of employees		13,000	13,000	13,000
A2	Number of non-sales employees	Assumes 4% of staff is sales and subtracts it from total to avoid double counting	12,480	12,480	12,480
A3	Percent of employees actively using SAP Jam (non-sales)	2018 survey	65%	70%	80%
A4	Number of employees actively using SAP Jam (non-sales)	A2*A3	8,112	8,736	9,984
A5	Number of hours per week spent with email and searching for information and awaiting responses		6.5	6.5	6.5
A6	Hourly salary		\$33	\$33	\$33
A7	Weeks per year		52	52	52
A8	Percentage productivity improvement	2018 survey	16%	16%	16%
A9	Percent of time captured		50%	50%	50%
At	Decreased time-to-access of information and expertise	A4*A5*A6*A7*A8*A9	\$7,238,500	\$7,795,308	\$8,908,923
	Risk adjustment	↓15%			
Atr	Decreased time-to-access of information and expertise (risk-adjusted)		\$6,152,725	\$6,626,011	\$7,572,584

Reduction In Intranet Infrastructure And IT Costs

The interviewed organizations described one of the key benefits as cost savings from replacing their on-premises intranet with the cloud-based SAP Jam platform. Historically, organizations used the on-premises intranet as a hub where employees found work-related information as well as performed work-related tasks, such as looking up their paystubs, submitting time-off requests or internal support tickets, accessing training, etc. The industry average for server and network costs/maintenance was taken from the July 2017 Forrester report, “Justify Your Hybrid Cloud Future With A Solid Business Case.” With the legacy intranet, organizations faced the following challenges:

- › The on-premises intranet required the infrastructure to host it. Organizations incurred the costs of servers, apps, software, maintenance, and physical facilities where the hardware were located.
- › Legacy intranets were fully operated by IT. Other teams could not post their information or make updates to the content and required IT to perform the role of a content manager. As a result, IT staff spent a significant amount of time keeping the intranet information current and useful for employees.
- › Because all information was disseminated through a central channel, there was lag between the time when information was first posted on the intranet and when it became available, while it went through the IT queue. Furthermore, employees had to use a VPN to connect to it.
- › Global organizations maintained unconnected country-or location-specific intranets. Separate intranets created silos for employees and required additional IT effort to duplicate the information.

With SAP Jam, the organizations were able to:

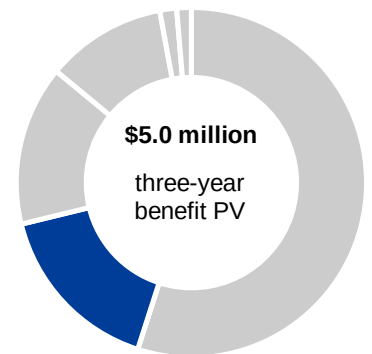
- › Shut down the servers used to maintain the intranets due to cloud migration.
- › Decentralize information sharing and permit individuals and teams outside of IT to post their content, thus reducing the burden on IT. Bring together in one central location the employees from different geographies, thus breaking up the silos and removing the need to post the same information and manage the same applications in different intranets.

For the composite organization, Forrester assumes that:

- › The organization reassigns 73% of the IT staff from intranet management to value-add projects.
- › Over the course of three years, the organization shuts down 100 servers. In the first year, the organization retires 50 servers, then 25 more in the second and third years, as the use of SAP Jam expands.

Savings to IT and infrastructure can vary based on:

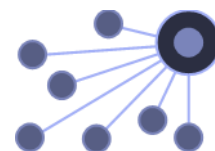
- › Size of the IT team and percentage of IT staff dedicated to intranet management.
- › The size of current intranet and corresponding infrastructure.
- › The costs of servers, software, maintenance, and facilities.



Reduction in intranet infrastructure and IT costs: **16%** of total benefits

“Before SAP Jam, we used one platform as an intranet in the UK and US and a different one in Germany. We were a global company with no rules or technology to enable us to work together globally.”

—Cloud SAP solutions architect, manufacturing company



Without SAP Jam, the composite organization would require 22 additional IT resources to manage the intranet infrastructure.

To account for these risks, this benefit was risk adjusted by 20%. The risk-adjusted total benefit resulting from improved efficiency of resolving internal support issues over the three years was \$5.03 million.



29% of surveyed companies use SAP Jam as their intranet or company-wide communication portal

Reduced Cost To Train And Onboard Employees

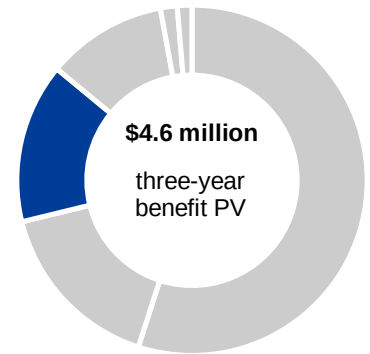
The interviewed organizations also identified reduced cost to train employees and onboard new team members as a significant financial benefit of SAP Jam. To retain new employees and maximize their contribution from day one, organizations were able to connect new employees with people and content and deliver effective training using SAP Jam. Survey respondents reported a 19% reduction in training and onboarding costs due to the use of the social collaboration platform. This is consistent with the 2016 findings, and up from 13% reported in 2015. Through both interviews and survey results, Forrester identified that:

- › SAP Jam provided a community where new hires engaged with one another, worked together on onboarding activities, and received support from experts in other departments such as human resources, payroll, facilities, and IT.
- › During training, SAP Jam provided access to topic-based communities and peer resources and allowed them to find experts easily, get answers to questions and perform their new job more quickly.
- › The integration of SAP Jam with learning management systems and mobile devices made learning experiences more comprehensive and accessible.
- › SAP Jam reduced the cost to co-create new content. With so much new content to create and material to update across a large organization, the ability to collaborate with business unit leads and hiring managers to create content in SAP Jam reduced that cost by 15%.
- › Organizations replaced some in-person training events, such as leadership summits, with blended or online events, reducing the number of people required to travel for these events.

For the composite organization, Forrester assumes that:

- › The average cost to onboard a new employee equals to \$7,350.
- › Average turnover rate is 4%
- › A 19% reduction in cost to train and onboard new employees due to SAP Jam implementation.
- › An organization provides training to 43% employees annually, with the cost of training of \$1,485 per employee.
- › With SAP Jam, the organization reduced the training effort by 15.3% due to co-creation of content.
- › One percent of the organization's employees are required to travel for training purposes.
- › The organization attributes a 20% reduction in travel expense to SAP Jam.

The reduction in onboarding and training expenses will vary with:



**Reduced cost to train and onboard employees:
15% of total benefits**



Providing onboarding activities and training on the SAP Jam platform allowed the composite organization to reduce onboarding costs by 19%.

- › The number of employees hired and trained annually.
- › Training and onboarding costs per employee.
- › The extent to which SAP Jam is used for training and onboarding.
- › The number of employees travelling for training and cost of travel per employee.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of over \$4.5 million.

Reduced Cost To Train And Onboard Employees: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
C1	Number of employees		13,000	13,000	13,000
C2	Average cost to onboard a new employee	Customer survey	\$7,350	\$7,350	\$7,350
C3	Average percentage annual turnover		4%	4%	4%
C4	Percentage reduction in cost to train and onboard new employees	Customer survey	19%	19%	19%
C5	Total cost reduction to train and onboard new employees	$C1 \times C2 \times C3 \times C4$	\$726,180	\$726,180	\$726,180
C6	Annual spend per employee on training	Customer survey	\$1,485	\$1,485	\$1,485
C7	Percent of employees trained annually	Customer survey	43%	43%	43%
C8	Number of employees trained annually	$C1 \times C7$	5,590	5,590	5,590
C9	Training spend per employees annually	$C6 \times C8$	\$8,301,150	\$8,301,150	\$8,301,150
C10	Percent reduction in training cost due to co-creation of content	Customer survey	15.3%	15.3%	15.3%
C11	Reduced cost to train due to co-creation of content	$C9 \times C10$	\$1,270,076	\$1,270,076	\$1,270,076
C12	Annual travel cost for leadership onsite		\$2,000	\$2,000	\$2,000
C13	Number of employees involved in onsite leadership training	1% of all employees	130	130	130
C14	Travel expenses due to ability to conduct training online supported by SAP Jam	$C12 \times C13$	\$260,000	\$260,000	\$260,000
C15	Percentage of travel expense reduction attributed to SAP Jam		20%	20%	20%
C16	Travel expense reduction attributed to SAP Jam	$C14 \times C15$	\$52,000	\$52,000	\$52,000
Ct	Reduced cost to train and onboard employees	$C5 + C11 + C16$	\$2,048,256	\$2,048,256	\$2,048,256
	Risk adjustment	↓10%			
Ctr	Reduced cost to train and onboard employees (risk-adjusted)		\$1,843,430	\$1,843,430	\$1,843,430

Reduced Time To Close New Business

The interviewees indicated that a key benefit from the SAP Jam implementation was a reduction in the time required to close new business. Prior to using SAP Jam, connecting the right people and information from across the company at the right time was a challenge. Work on any deal included pulling sales-related data from the CRM system and locating experts from across the organization to help provide information to close the deal. Because these deals required knowledge of the customer account, a collaborative team approach, and an understanding of any prior work done with the client, SAP Jam's integration with the CRM system was critical to reducing the close time. A manager of corporate IT said: "Sales is using SAP Jam as a true collaboration mechanism for video roleplaying, demonstrating how they solve sales challenges. Soon we'll be launching it to 700 sales people. They found SAP Jam to be very easy to use, especially with their mobile devices to upload video. It means the smarter and more experienced sales people are communicating with other sales people to increase sales and efficiency."

For the composite organization, Forrester assumes that:

- › Four percent of the organization's employees were in sales.
- › Sixty-five percent of the sales force adopted SAP Jam when it became available, and the usage increased to 70% in year 2, and 80% in year 3.
- › Prior to SAP Jam, seven people worked on any one deal for about 15 hours over a number of weeks.
- › Per year, 5,000 deals were closed.
- › With SAP Jam, the composite organization can close a deal 10% faster.

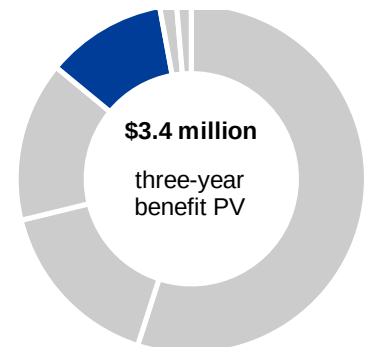
Reduction in time to close new business may vary based on:

- › Sales force size and compensation.
- › Number of sales.
- › The size of a typical sales team working on each deal and the time it takes, on average, to close deals.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$3.4 million.



With SAP Jam, sales teams can close deals 10% faster.



Reduced time to close new business: **11%** of total benefits

"We've seen sales team members from different locations share experiences and teach best practices. These sales groups comment on each other's deals, telling their experiences, and offering ideas about which services and products will have the best potential to sell."

—Training and development manager, South American holding company



Reduced Time to Close New Business: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
D1	Number of sales people	4% of total employees	4%	4%	4%
D2	SAP Jam adoption rate among sales	2018 survey	65%	70%	80%
D3	Number of sales people using SAP Jam	$A1 \cdot D1 \cdot D2$	338	364	416
D4	Average number of deals per year	Customer survey	5,000	5,000	5,000
D5	Average number of resources working on a sales deal	Customer survey	7	7	7
D6	Average number of hours spent on each deal per resource	Customer survey	15	15	15
D7	Average hourly salary of sales team member		\$33	\$33	\$33
D8	Percentage reduction in time to close deals	Customer survey	10%	10%	10%
Dt	Reduced time to close new business	$D4 \cdot D5 \cdot D6 \cdot D7 \cdot D8$	\$1,732,500	\$1,732,500	\$1,732,500
	Risk adjustment	↓20%			
Dtr	Reduced time to close new business (risk-adjusted)		\$1,386,000	\$1,386,000	\$1,386,000

Reduction In Internal Support Costs

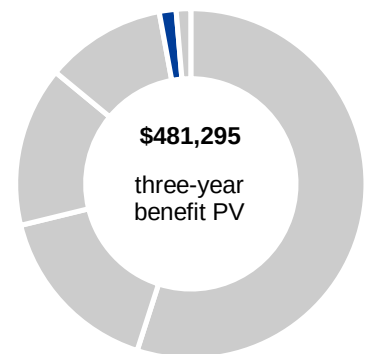
The interviewed organizations identified another key benefit as faster time-to-resolution for internal support issues. Prior to SAP Jam, the volume of internal customer support calls was significant and growing, numbering in the tens of thousands per month. While a specific cost of each call varied per interviewee, every call required help desk agents to search for information and expertise to help answer the question.

With SAP Jam, the organizations provided internal support agents with access to experts from across their group, team, and company to get answers, collaborate on a support issue, or locate a specific piece of information required to close the support ticket. Furthermore, groups uploaded their own how-to videos to be accessed from mobile devices, which eliminate the need for phone calls.

- › One learning project lead from a real estate properties group said: “Our maintenance team members use SAP Jam to look up home repairs and how to do them — unclogging a drain, building a window screen, etc. They record their own videos and upload them through the Jam mobile app. They can now complete more repairs in a given time period without calling for help.”
- › Another customer noted that “with SAP Jam we can grow the company without having to grow the support team as much.”

For the composite organization, Forrester assumes that:

- › The organization uses a separate support system for internal customers and business partners and receives 80,000 internal support calls every year.



Reduction in internal support costs: **2%** of total benefits



- › With SAP Jam, the organization saw a 14% reduction in support call costs.
- › Cost per call equals \$1.60.

The reduction in cost of providing internal support can vary based on:

- › The volume of internal customer support calls
- › A degree to which SAP Jam groups are established, populated, and maintained, as it will influence the percentage reduction of support calls costs.

To account for these risks, this benefit was risk adjusted by 10%. The risk-adjusted total benefit resulting from improved efficiency of resolving internal support issues over the three years was \$481,295.

Through access to information and experts and collaboration, the organization reduced the number of internal support costs by 14%.

Reduction In Internal Support Costs: Calculation Table

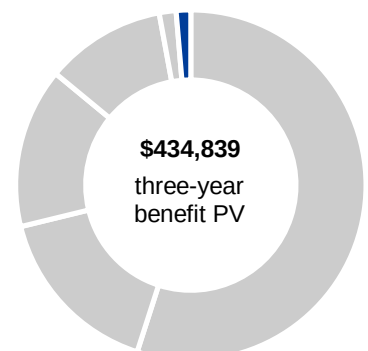
REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
E1	Average internal support calls per month	Customer interviews	80,000	80,000	80,000
E2	Number of calls per year	E1*12 months	960,000	960,000	960,000
E3	Percentage reduction in internal support calls attributed to SAP Jam	Customer interviews	14%	14%	14%
E4	Number of calls that benefit from SAP Jam per year	E2*E3	134,400	134,400	134,400
E5	Cost per call	Customer interviews	\$1.60	\$1.60	\$1.60
Et	Reduction in internal support costs	E4*E5	\$215,040	\$215,040	\$215,040
	Risk adjustment	↓10%			
Etr	Reduction in internal support costs (risk-adjusted)		\$193,536	\$193,536	\$193,536

Reduced License Costs For Redundant Collaboration Software

For the interviewed organizations, a key benefit from the SAP Jam implementation was a reduction in license costs for redundant or poorly adopted collaboration software. Prior to using SAP Jam, the business functions tended to purchase point collaboration products, such as WhatsApp, Slack, WordPress, video training capabilities, and myriad other free and subscription-based programs. This not only added expenses to the operational budget, but it posed some security threats for the organization, since many of the tools were not enterprise-sanctioned.

- › The manager of IT at a manufacturing company said, “Our security department was not happy to find out that they were using WhatsApp for enterprise-related stuff; they killed it because Jam is secure.”
- › Other departments were paying for the use of SharePoint but could get much of the same document management capabilities within SAP Jam with role-based access to that content.

For the composite organization, Forrester assumes:



Reduced license costs for redundant collaboration software: 1% of total benefits

- › A 20% reduction in licenses costs for redundant or poorly adopted collaboration software.
- › An industry average per user price of \$123 per year.

Reduction in license costs for redundant or poorly adopted software will vary based on:

- › An organization's ability to consolidate licenses. Technology systems in different geographies may vary and require unique collaboration solutions.
- › Cost of licenses for solutions being consolidated, the size of sales force, and compensation.

To account for this variability, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$434,839.

Reduced License Costs For Redundant Collaboration Software: Calculation Table

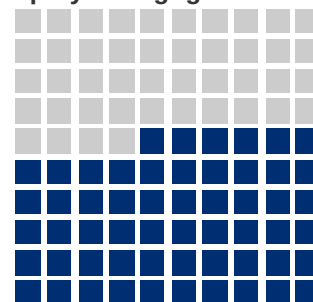
REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
F1	Number of employees using SAP Jam		8,112	8,736	9,984
F2	Percentage reduction for poorly adopted collaboration software	Customer survey	20%	20%	20%
F3	Average price per license	Industry average	\$123	\$123	\$123
Ft	Reduced license costs for redundant collaboration software	$F1 \times F2 \times F3$	\$199,555	\$214,906	\$245,606
	Risk adjustment	↓20%			
Ftr	Reduced license costs for redundant collaboration software (risk-adjusted)		\$159,644	\$171,925	\$196,485

Unquantified Benefits

The composite organization experienced the following unquantifiable benefits:

- › **Transforming organizational culture through removing barriers and hierarchies.** As an organization with a well-established structure, the organization experienced inefficiencies due to the hierarchy. Employees had no direct access to leaders above their direct manager. As a result, new ideas or questions took significant time and several meetings or emails to bubble up to the top. Additionally, with little transparency of the organizational structure, employees often struggled to find the right people to connect with in other departments. SAP Jam provided a means for employees to quickly connect across geographies, teams, and levels. Information posted on SAP Jam became available instantaneously to the right individuals, regardless of their title. As one interviewee told Forrester, when their organization started using SAP Jam, “There was some resistance in the beginning from more conservative employees, but when they experienced the benefits, they adapted quickly.”
- › **Creating a means for a globally-distributed organization to unify their content and work.** For a global organization with several locations, content and collaboration management were daunting tasks for IT. With the legacy intranets, the IT staff had to duplicate important announcements for each location several times a week. Other resources, such as learning modules or HR information, had to be kept up-to-date in every location separately. Additionally, employee collaboration was limited to private email or messengers where other employees could not benefit from it. With SAP Jam replacing legacy platforms, the organization was able to streamline content management and collaboration by providing a single space for all locations and teams globally.
- › **Increasing accountability among employees to contribute to a project.** One unanticipated benefit of SAP Jam Collaboration was the increased visibility of the project team effort. With that visibility came increased accountability on the team and personal levels. Within an SAP Jam group, there is an expectation that team members will share relevant work documents and information with teammates. Also, the assignment of tasks among work group members and the clear shared responsibility for getting those tasks accomplished is inherent within the solution. Regarding personal accountability, it's expected that an employee will search for an answer on SAP Jam first, before mass-emailing or calling around to get help. The learning project lead of a real estate property company said, “It's all about getting that personal accountability; if I'm able to go into a system and get my own question answered before I have to call someone else, the system is successful.”

With SAP Jam, 56% of surveyed organization saw increased employee engagement.

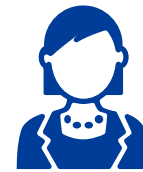


“Before Jam, we had a lot of email that no one read or could find. It had conflicting information — there was no clear communication. Now, all of the corporate communication is in Jam — we have eliminated the repetitive emails and the intranet portals. We have a section called ‘Novidades,’ which has everything new for the whole company to access. Now they know where the information is, and we’re not using email.”

—Training and development manager, South American holding company



- › **Improving access to information for the ever-increasing mobile workforce.** The organization had two distinct but equally mobile-dependent groups: 1) young, digital-native employees and 2) employees who do not have desktop computers. The newer generation of workers (many who start as interns in this organization) expect to be mobile and to collaborate from any device. Meanwhile, the factory workers or maintenance and repair professionals are on job sites and rarely sit down. These workers had no access to collaboration tools because they didn't use computers in their jobs. Additionally, the sales organization particularly benefitted from access to content related to dealmaking while on the road.



50% OF COMPANIES USE SAP JAM TO IMPROVE EMPLOYEES' ABILITY TO COLLABORATE WHILE MOBILE

Flexibility

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so. There are multiple scenarios in which a customer might choose to implement SAP Jam Collaboration and later realize additional uses and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix B).

Companies that use SAP Jam and leverage the full capacity of the work patterns have the potential to realize even more productivity gains. Work patterns bring the best of applications data, process, content, and people together in one contextual workspace for employees to use. These work patterns are available for sales, human resources, services, marketing, and IT processes. The more patterns that are enabled and integrated into employees' daily use, the more financial benefit the organization stands to gain from improved sales close rates, employee productivity, and service agent performance, along with general improvements in the speed and accuracy of locating important information.

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

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
Gtr	Software licensing fees	\$0	\$930,800	\$1,050,400	\$1,185,600	\$3,166,800	\$2,605,040
Htr	Initial implementation costs	\$874,000	\$0	\$0	\$0	\$874,000	\$874,000
Itr	Ongoing training and support costs	\$0	\$86,250	\$431,250	\$431,250	\$948,750	\$758,819
	Total costs (risk-adjusted)	\$874,000	\$1,017,050	\$1,481,650	\$1,616,850	\$4,989,550	\$4,237,859

Software Licensing Fees

The composite organization incurred software licensing fees for SAP Jam annually. These are annual recurring license fees that are based on per-user pricing. The users include both internal employees and external customers and partners. The price per user varies based on the type of user.

Within the first year, the composite organization incurred software licensing fees for 8,450 SAP Jam users and 500 external users for a total of \$872,021.

In years 2 and 3, the licensing fee increased as the number of users increased to 9,100 and then 10,400 users in the third year, with 1,000 external users.

SAP provided realistic quotes, so Forrester did not risk-adjust this cost. Over three years, the total PV cost was nearly \$1.2 million.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of nearly \$4.1 million.

Software Licensing Fees: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Number of employees			13,000	13,000	13,000
G2	SAP Jam adoption rate	Among non-sales		65%	70%	80%
G3	Number of SAP Jam internal users			8,450	9,100	10,400
G4	Number of SAP Jam external users			500	1,000	1,000
G5	Average licensing fee			\$104	\$104	\$104
Gt	Software licensing fees	$G5*(G3+G4)$	\$0	\$930,800	\$1,050,400	\$1,185,600
	Risk adjustment	0%				
Gtr	Software licensing fees (risk-adjusted)		\$0	\$930,800	\$1,050,400	\$1,185,600

Initial Implementation Costs

While several interviewed organizations began using a free version of SAP Jam when they first piloted the tool, they quickly determined that an upgrade was needed to unlock the full potential. This implementation required an investment of resources, including professional services provided by SAP, along with internal labor fees associated with the implementation. Companies that implement SAP Jam are often SAP customers using other software suites, including the SAP SuccessFactors HCM Suite and the SAP CRM solutions such as the on-premises SAP CRM or SAP Hybris Cloud for Customer. The following implementation costs were common across interviewees:

- › A fee for the initial integration with existing tools.
- › A fee for customization of SAP Jam work patterns for a particular organization's use. SAP Jam can contextualize data available to the organization and relate it to a particular process, such as the sales process (this is called a work pattern). A work pattern brings together application data, process, content, and a network of experts to surround the social collaboration tool with the relevant data for that process.
- › Planning costs to roll out SAP Jam effectively across the organization and ensure that all of the users have the proper access to the tool and that they are assigned to the right groups with access to training materials or SAP Jam groups related to their field.
- › Training costs for educating all of the SAP Jam group administrators and the learning and development managers who are responsible for SAP Jam sites that relate to their courses.

Implementation costs will vary based on:

- › Complexity of the integration and resources dedicated to integration.
- › Number and compensation of employees involved in migration, planning, and training.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$874,000.



Initial implementation includes a planning and a training effort to realize the full potential of SAP Jam.

Initial Implementation Costs: Calculation Table

REF.	METRIC	CALC./SOURCE	INITIAL	YEAR 1	YEAR 2	YEAR 3
H1	Professional services fees		\$400,000			
H2	Planning costs	Customer survey	\$200,000			
H3	Training costs	Customer survey	\$160,000			
Ht	Initial implementation costs	H1+H2+H3	\$760,000	\$0	\$0	\$0
	Risk adjustment	↑15%				
Htr	Initial implementation costs (risk-adjusted)		\$874,000	\$0	\$0	\$0

Ongoing Training And Support Costs

In addition to the initial training, each year organizations incurred an ongoing cost to train and roll out SAP Jam to new users. It was necessary to train users on the platform and ensure their effective, ongoing use of the tool. Organizations identified change management, communication, internal time and effort for planning, and data migration as some of the drivers of these costs.

These costs were incurred by the composite organization and not paid to SAP because the organization provided its own internal training.

Ongoing training and support costs will vary based on:

- › Number of new SAP Jam users per year.
- › Time dedicated to training.
- › IT resources dedicated to managing the solution.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$758,819.



One FTE
spends 100% of their
time on ongoing
management of SAP
Jam.

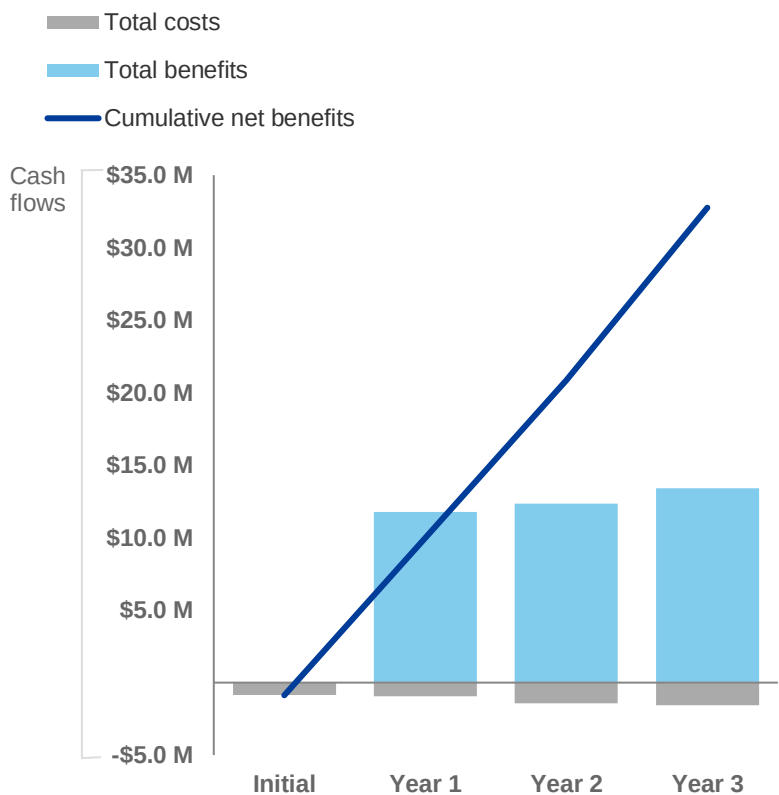
Ongoing Training And Support Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
I1	Ongoing training				\$150,000	\$150,000
I2	Professional services				\$150,000	\$150,000
I3	Ongoing IT management of solution			\$75,000	\$75,000	\$75,000
It	Ongoing training and support costs	I1+I2+I3	\$0	\$75,000	\$375,000	\$375,000
	Risk adjustment	↑15%				
Itr	Ongoing training and support costs (risk-adjusted)		\$0	\$86,250	\$431,250	\$431,250

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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



These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$874,000)	(\$1,017,050)	(\$1,481,650)	(\$1,616,850)	(\$4,989,550)	(\$4,237,859)
Total benefits	\$0	\$11,687,295	\$12,242,843	\$13,303,956	\$37,234,093	\$30,738,323
Net benefits	(\$874,000)	\$10,670,245	\$10,761,193	\$11,687,106	\$32,244,543	\$26,500,464
ROI						625%

SAP Jam: Overview

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

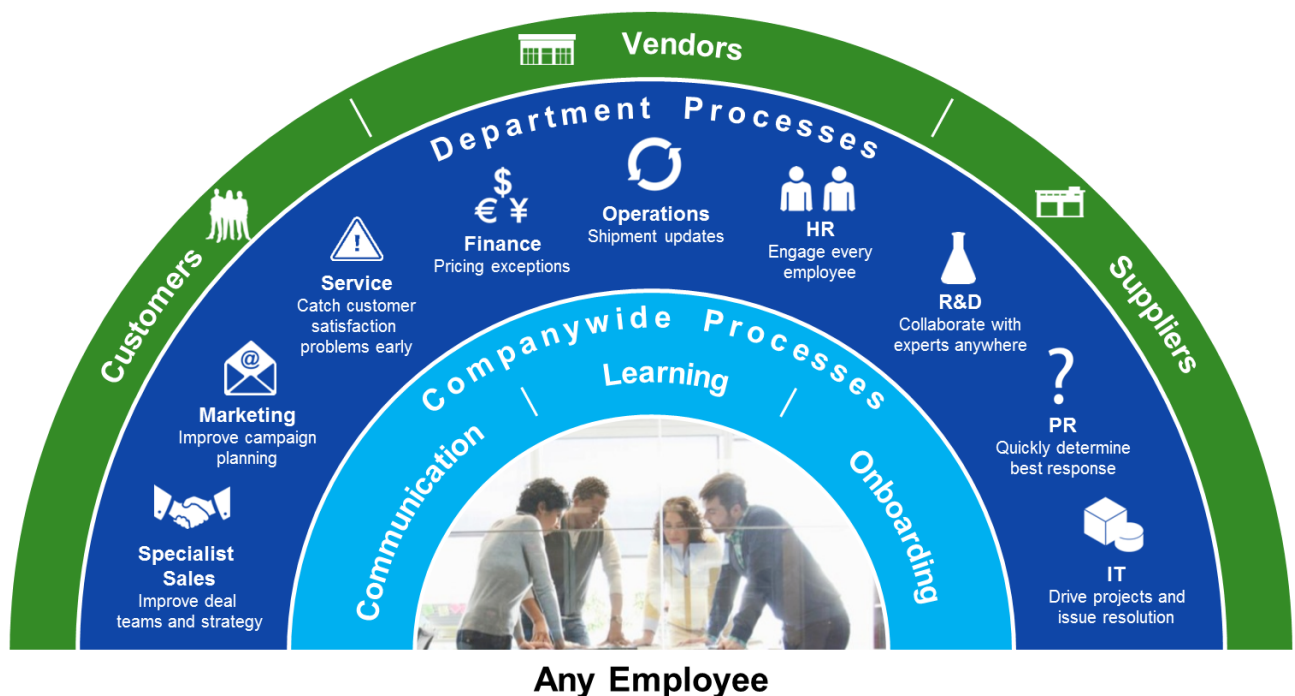
SAP Jam is an enterprise collaboration platform that transforms the way people work by bringing together people, processes, information, and applications to enable better problem solving and decision making. With SAP Jam, enterprises can use collaboration and networking to allow their employees, customers, and partners to work on projects, learn, and innovate together.

SAP Jam is designed to drive results by structuring conversations and enabling people to make informed decisions and solve business-critical problems. SAP Jam provides features such as polls, activity feeds, blogs, video and document sharing and versioning, wikis, and public and private groups to help employees quickly connect with one another and create and share critical information.

SAP Jam eliminates organizational social silos because it is delivered as a single, secure, cloud-based foundation across an entire business and its applications and processes. By bringing social collaboration together under one roof but across the business, SAP Jam provides a unified work experience that pulls together everything needed to collaborate with customers, partners, or colleagues.

SAP Jam: Social collaboration across your entire network

Supporting company-wide or cross-departmental social processes



Source: SAP

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.