

# The Total Economic Impact™ Of Flexera One

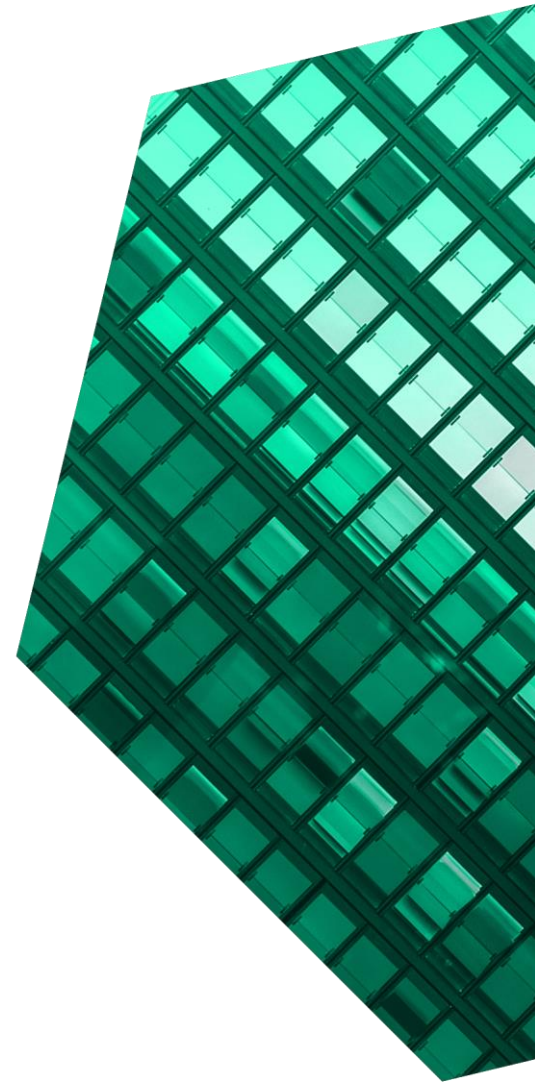
Cost Savings And Business Benefits  
Enabled By Flexera One

**AUGUST 2022**

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## ABOUT FORRESTER CONSULTING

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## Executive Summary

Global organizations struggle to manage their IT estates, optimize technology asset use, and control software and cloud spend. They are further challenged by the complexity around digital transformation. Flexera One is designed to provide total visibility into complex hybrid ecosystems and enable organizations to optimize spend, right-size resources, and mitigate risk. Flexera One improves operational efficiency, reduces spend waste, and maximizes the value of IT investments.

Flexera One is a software-as-a-service (SaaS) platform that enables enterprises to accelerate the return on their technology investments. Flexera One provides organizations with total visibility into complex hybrid ecosystems so that they can transform their IT by rightsizing across all platforms, reallocating technology spend, reducing risk, and charting the most effective path to the cloud.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Flexera One. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a global organization with 20,000 employees and revenue of \$15 billion per year.

Prior to using Flexera One, these interviewees noted how their organizations attempted to find ways to optimize technology asset use and manage software license compliance. However, prior attempts yielded limited success, leaving them with a narrow understanding of their organizations' IT estates and an inability to negotiate with technology vendors. The

### KEY STATISTICS



Return on investment (ROI)  
**421%**



Net present value (NPV)  
**\$16.62M**

interviewees shared how their organizations did not have accurate or complete data to right-size resources and optimize costs. These limitations led to significant security risk and support costs due to obsolete technology, audit costs and fees, and inefficient resources.

After the investment in Flexera One, the interviewees' organizations gained greater optimization and control of software spend, avoidance of audit costs and penalties, improved control of cloud costs, and increased efficiency and productivity.

### KEY FINDINGS

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

- **Optimizing and controlling software spend.** Flexera One enables the composite organization to optimize and control software spend. Over three years, optimizing and controlling software

spend is worth \$11 million to the composite organization.

- **Avoided audit costs and penalties.** Flexera One enables the composite organization to proactively maintain license compliance, allowing it to enhance management practices, modernize and standardize audit processes, reduce audit costs, and avoid incurring penalties. Over three years, avoiding audit costs and penalties is worth \$5.7 million to the composite organization.
- **Productivity gained from increasing efficiency.** With the Flexera One solution, the composite organization is more efficient and able to redeploy internal resources to higher value-added activities. Over three years, productivity gained from increasing efficiency is worth \$2.7 million to the composite organization.
- **Controlling cloud costs.** Flexera One enables the composite organization to identify cost saving opportunities and optimize cloud spend. Over three years, controlling cloud costs is worth \$1.2 million to the composite organization.

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

- **Having a solution that increases business agility.** With Flexera One, the composite organization is able to make faster data-driven strategic decisions.
- **Being able to negotiate with software vendors from a position of informed strength.** Flexera One enables the composite organization to identify technology spend optimization opportunities and improve its ability to strategically negotiate contracts.
- **Having a solution that supports digital transformation.** Flexera One supports the composite organization's digital transformation efforts.

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

- **Flexera One costs.** The composite organization pays up-front initial fees and ongoing subscription fees to Flexera. The composite organization pays Flexera a total of \$2.9 million over three years.
- **Total internal effort costs.** The composite organization needs internal resources to implement Flexera One. For the composite organization, implementation takes five months to complete, and the total internal effort costs (including implementation and ongoing internal management effort) are \$1.1 million over three years.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$20.57 million over three years versus costs of \$3.95 million, adding up to a net present value (NPV) of \$16.62 million and an ROI of 421%.

During Year 1, software license audit trail time is reduced by

**30%**





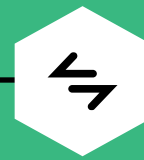
ROI  
**421%**



BENEFITS PV  
**\$20.57M**

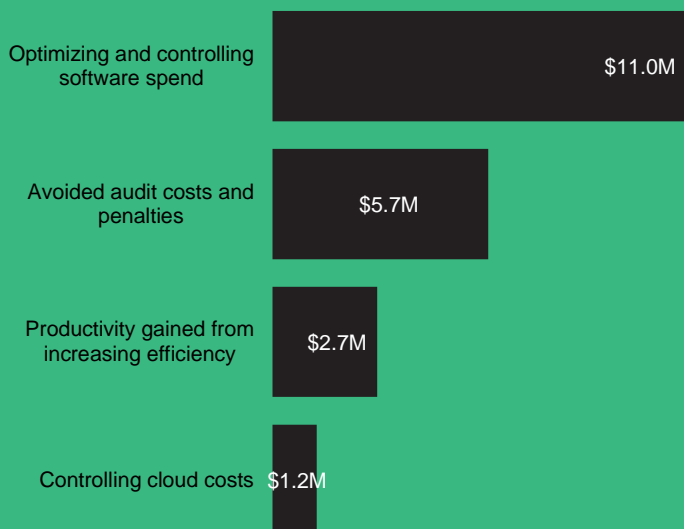


NPV  
**\$16.62M**



PAYBACK  
**<6  
months**

### Benefits (Three-Year)



**“Flexera One helps manage the IT estate, identify and mitigate software license compliance challenges, [and] optimize technology asset use while providing data and intelligence that enhance strategic decisions.”**

— Head of infrastructure, insurance

## 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 Flexera One.

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 Flexera One can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Flexera 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 Flexera One.

Flexera 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.

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



### DUE DILIGENCE

Interviewed Flexera stakeholders and Forrester analysts to gather data relative to Flexera One.



### INTERVIEWS

Interviewed four representatives at organizations using Flexera One to obtain data with respect to costs, benefits, and risks.



### COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



### FINANCIAL MODEL FRAMEWORK

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



### CASE STUDY

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



# The Flexera One Customer Journey

## ■ Drivers leading to the Flexera One investment

Interviews			
Role	Industry	Region	Number of Employees
Director of IT asset management	Insurance	North America	10,000
Senior vice president of IT	Financial services	Global	22,000
Director of ITAM	Defense	Global	90,000
Head of infrastructure	Insurance	North America	10,000

### KEY CHALLENGES

Forrester interviewed four representatives with experience using Flexera One at their organizations.

Prior to using Flexera One, interviewees' organizations experienced difficulties managing their IT estates and optimizing technology asset use. Interviewees' organizations efforts to address these difficulties yielded limited success.

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

- **Lacking data to understand and manage IT estates.** Interviewees' organizations experienced challenges understanding and managing their IT estates. Their organizations tried to analyze available data that originated from several sources. The challenge was that the available data had no commonality as it came in different formats and languages, making it extremely challenging to aggregate and normalize. The available data did not provide a complete and accurate view of the organization's IT estate.

A director of IT asset management at an insurance company told Forrester, "Our organization realized that we needed to track software licenses and hardware, but we did not

have sufficient data or information to monitor and manage our IT estate."

A senior vice president of IT at a financial services company shared: "We did not have a formal centralized process for collecting data and managing our IT estate. We wanted to become more organized and be able to understand the software license landscape primarily to ensure that we were compliant with our software license agreements."

A director of ITAM at a defense company told Forrester, "We needed to find a solution that could offer information on our IT estate, normalize data, and give us the ability to start managing our IT environment more effectively."

**"Prior to using [Flexera One], we did not have a tool for managing our IT assets. We did not have an accurate or holistic view of our IT estate."**

*Director of IT asset management, insurance*

A head of infrastructure at an insurance company shared: “Our organization did not have a full view of our IT assets. Because our organization is federated and business units operate differently, we were challenged to create a consistent process with normalized data that would allow us to understand and manage our IT estate.”

- **Needing insight to optimize technology asset use.** Interviewees’ organizations experienced difficulties determining how to optimize technology asset use. Their organizations had limited insights about the assets and resources in their IT estates.

A director of IT asset management told Forrester, “Our organization did not have sufficient insight about how our technology assets were being used.”

A senior vice president of IT shared, “We needed more data and intelligence to fully understand our technology asset use.”

A director of ITAM told Forrester, “We wanted to improve our ability to manage software licenses and optimize our use of technology assets.”

A head of infrastructure shared: “We did not have a process to help us determine whether we needed to acquire additional software licenses or if we could reduce our technology footprint. Before meeting with vendors, we would do some guess estimations about license consumption, but this approach turned out costly as we ended up paying for licenses that we did not use.”

- **Managing software license compliance.** Interviewees’ organizations experienced challenges managing software license compliance and they had difficulties determining whether they were in compliance with their license agreements. The organizations also struggled to prepare for software license audits.

A director of IT asset management told Forrester, “The organization lacked an understanding of what software had been deployed and which software licenses had been assigned to which people within the organization.”

A senior vice president of IT shared, “We did not have sufficient insight to prepare for future vendor audits and to be forward-looking in terms of compliance and risk mitigation.”

A director of ITAM told Forrester: “We realized that at times we were over-buying software and other times [we were] not compliant with license terms. We needed a solution that would help us centralize management of software license agreements.”

A head of infrastructure shared: “We had an ongoing challenge managing our software licenses. Whenever we had a renewal come up or the vendor wanted to come in and do an audit, we did not have a good way of ensuring that we were in compliance with the license agreement. We needed a solution that would help us understand if we were in or out of compliance.”

## **SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES**

The interviewees’ organizations searched for a solution that could:

- Provide enriched, normalized data that could be used to manage their IT estates.
- Deliver intelligence that could be used to optimize technology asset use.
- Help improve software license management and compliance.
- Help navigate the complexity of hybrid vendor use rights.
- Help control software spend.



- Provide data and insight to better prepare for software license audits, reduce audit costs, and avoid penalties.
- Increase efficiency by automating several manual tasks.
- Help control cloud costs.
- Support digital transformation.

### COMPOSITE ORGANIZATION

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

**Description of composite.** The global, \$15 billion-dollar organization uses a corporate/enterprise business model. The composite organization has 20,000 employees, operations in several countries, a large customer base, and a strong online and offline presence.

**Deployment characteristics.** The composite organization has operations across multiple countries. It uses hundreds of software solutions, works with dozens of SaaS providers and a wide array of cloud and physical infrastructure to serve customers, partners, and employees. The organization uses Flexera One to manage the IT estate, optimize technology asset use, improve software license management, control software spend, prepare for software license audits and mitigate compliance risk, control cloud costs, and accelerate its digital transformation.

#### Key Assumptions

- \$15 billion in revenue
- Global organization
- 20,000 employees
- Corporate/enterprise business model

# 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	Optimizing and controlling software spend	\$3,300,000	\$4,500,000	\$5,700,000	\$13,500,000	\$11,001,503
Btr	Avoided audit costs and penalties	\$2,660,160	\$2,660,160	\$1,385,160	\$6,705,480	\$5,657,498
Ctr	Productivity gained from increasing efficiency	\$1,105,000	\$1,105,000	\$1,105,000	\$3,315,000	\$2,747,971
Dtr	Controlling cloud costs	\$425,000	\$467,500	\$514,250	\$1,406,750	\$1,159,091
Total benefits (risk-adjusted)		\$7,490,160	\$8,732,660	\$8,704,410	\$24,927,230	\$20,566,063

## OPTIMIZING AND CONTROLLING SOFTWARE SPEND

**Evidence and data.** Flexera One enabled the interviewees' organizations to improve their ability to optimize and control software spend. The organizations were able to enhance their software lifecycle management starting from initial procurement. By leveraging Flexera One, interviewees' organizations were able to better monitor installations, usage, and consumption and improve management of license provisioning and distribution.

- A director of IT asset management told Forrester: "Since we started using Flexera One, we have been able to identify instances of databases that were running and should have been completely shut down by the vendor. We have avoided spending money on software we were not using."
- A senior vice president of IT shared: "Flexera One has provided detailed introspection into what is running where. It has allowed us to see hardware and software information throughout the environment. The daily reporting has given us an understanding of what our IT estate looks like on an ongoing basis."

- A director of ITAM told Forrester: "Flexera One has helped us improve our overall software spend by informing us about what we are entitled to use, what is not being used, and what we can reuse. Flexera One has improved our ability to manage the delivery of applications, eliminate deploying unlicensed software, and optimize software spend."
- A head of infrastructure shared: "Flexera One has allowed us to manage our software licenses and overall spend. We have been able to maneuver a complex environment with multiple vendors and avoid unnecessary software spend."

**"Flexera One has helped us see our entitlements against our deployments [and] identify cost saving opportunities. It has also eliminated redundant spend."**

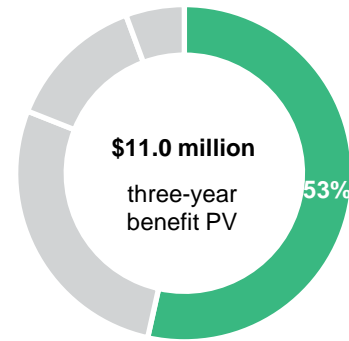
*Senior vice president of IT, financial services*

**Modeling and assumptions.** Forrester makes the following assumptions about the composite organization:

- The composite organization has an annual revenue of \$15 billion.
- The composite organization spends 1% of its annual revenue on software licensing before using Flexera One.
- By leveraging Flexera One to optimize and control software spend, the composite organization experiences a reduction in licensing cost of 2.75% in Year 1, 3.75% in Year 2, and 4.75% in Year 3 as the organization can better monitor installations, usage, and consumption and improve management of license provisioning and distribution.

**Risks.** Potential risks that can impact this benefit include:

- The extent to which the organization leverages Flexera One to optimize and control software spend.
- The specific goals and activities of the organization to manage software spend.



- The way the organization leverages Flexera One to make strategic decisions about software spend.
- The annual revenue of the organization.
- The average percentage of annual revenue spend on software assets.
- The average percentage of cost reduction.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$11 million.

Optimizing And Controlling Software Spend					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Annual revenue	Composite	\$15,000,000,000	\$15,000,000,000	\$15,000,000,000
A2	Percentage of annual revenue spent on software licensing before Flexera One solution	Composite	1%	1%	1%
A3	Reduction in licensing cost due to better control of license provisioning/distribution with Flexera One solution	Interviews	2.75%	3.75%	4.75%
At	Optimizing and controlling software spend	A1*A2*A3	\$4,125,000	\$5,625,000	\$7,125,000
	Risk adjustment	↓20%			
Atr	Optimizing and controlling software spend (risk-adjusted)		\$3,300,000	\$4,500,000	\$5,700,000
Three-year total: \$13,500,000			Three-year present value: \$11,001,503		

## AVOIDED AUDIT COSTS AND PENALTIES

**Evidence and data.** Flexera One enabled the interviewees' organizations to identify and proactively remediate noncompliant usage and enhance their software license management practices. Flexera One also allowed their organizations to modernize and standardize their audit processes. Internal audit teams and external audit consultancies were able to track and monitor data with less effort and manage the audit trail more efficiently. Interviewees' organizations were able to reduce audit costs and avoid incurring penalties associated with software license noncompliance.

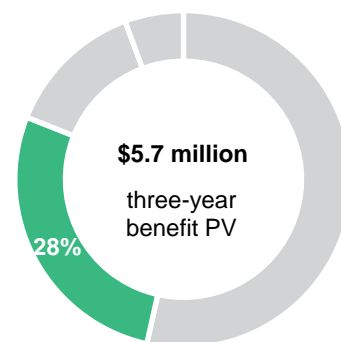
- A director of IT asset management told Forrester: "Flexera One has allowed us to comply with our license agreements effectively. Flexera One has enabled us to gather data that show that we are not over-licensed. This has helped us improve our audit process and avoid incurring penalties."
- A senior vice president of IT shared: "Flexera One has proved to be a useful tool in meeting the needs of our risk management and compliance. It has allowed us to identify potential issues and remediate them."
- A director of ITAM told Forrester: "Since we started using Flexera One, we have been able to effectively manage our software license agreements and better prepare for audits. We have been able to remain fully compliant with all our software vendors. Flexera One's data and reports have enhanced our audit preparation efforts."
- A head of infrastructure shared: "Our organization has leveraged Flexera One to manage compliance and prepare for audits. We have been able to mitigate risk as Flexera One allows us to see our entitlements and deployments and know what is running in our environment."

**Modeling and assumptions.** Forrester makes the following assumptions about the composite organization:

- The composite organization has three annual software license audits.
- Before using Flexera One, the composite organization spends an average of 500 hours per audit.
- Audit teams consist of internal audit teams (typically software asset management team members) and external audit consultancies (third-party vendors that assist with audit response).
- After leveraging Flexera One, the organization sees an audit trail time reduction of 30%.
- The internal audit response cost per hour is \$63.
- The external audit consultancy cost per hour is \$225.
- By leveraging Flexera One to manage license agreement compliance, the composite organization avoids incremental audit penalties of \$3 million in Year 1, \$3 million in Year 2, and \$1.5 million in Year 3.

**Risks.** Potential risks that can impact this benefit include:

- The extent to which the organization leverages Flexera One to manage compliance risk.



- The extent to which the organization leverages Flexera One to prepare for software license audits.
- The specific goals and activities of the organization to manage compliance and prepare for audits.
- The way the organization leverages Flexera One to make strategic decisions about compliance management and audit preparation.

- The frequency of audits each year.
- The cost of dedicated internal resources.
- The cost of external audit consultancy.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$5.7 million.

Avoided Audit Costs And Penalties					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of audits per year	Interviews	3.0	3.0	3.0
B2	Average time spent per audit before using Flexera One (in hours)	Interviews	500	500	500
B3	Audit trail time reduction due to accuracy of Flexera One	Interviews	30%	30%	30%
B4	Internal audit response average cost per hour	TEI standard	\$63.00	\$63.00	\$63.00
B5	Reduction in internal audit costs	B1*B2*B3*B4	\$28,350	\$28,350	\$28,350
B6	External audit consultancy cost per hour	TEI standard	\$225.00	\$225.00	\$225.00
B7	Reduction in external consultancy costs	B1*B2*B3*B6	\$101,250	\$101,250	\$101,250
B8	Avoided internal and external audit costs	B5+B7	\$129,600	\$129,600	\$129,600
B9	Avoided incremental audit penalties due to improved visibility	Interviews	\$3,000,000	\$3,000,000	\$1,500,000
Bt	Avoided audit costs and penalties	B8+B9	\$3,129,600	\$3,129,600	\$1,629,600
	Risk adjustment	↓15%			
Btr	Avoided audit costs and penalties (risk-adjusted)		\$2,660,160	\$2,660,160	\$1,385,160
Three-year total: \$6,705,480			Three-year present value: \$5,657,498		

## PRODUCTIVITY GAINED FROM INCREASING EFFICIENCY

**Evidence and data.** With the Flexera One solution, interviewees' organizations became more efficient and were able to redeploy internal resources to higher value-added activities. The organizations were able to save time as Flexera One allowed them to automate manual tasks, have access to centralized enriched data and intelligence, and simplify workflows. The Flexera One solution helped interviewees' organizations become more productive.

- A director of IT asset management told Forrester: "Flexera One has enabled us to efficiently deliver asset management Information to multiple stakeholders in the organization. We can now quickly deliver data and information that otherwise would have consumed people in the field engineering group, in the field support group, and in the infrastructure operations group."
- A senior vice president of IT shared, "Since we started using Flexera One, we have been able to coordinate and collaborate more efficiently and more quickly share data and information with others in the organization."
- A director of ITAM told Forrester: "Flexera One has allowed us to automate several processes and centralize software license management. We have become more productive and been able to reduce a lot of manual work. We have been able to integrate Flexera One with other tools and

solutions seamlessly which, in turn, has improved our team's overall efficiency."

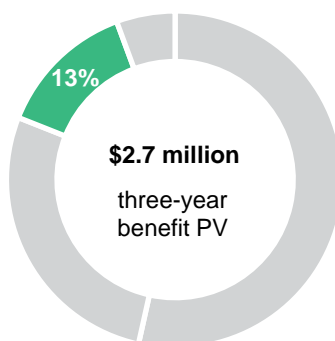
- A head of infrastructure shared: "With Flexera One, we have been able automate some tasks and reduce the amount of manual work and time spent on tasks such as pulling reports and looking at logs. Flexera One has allowed us to shift away from nonvalue-add work and given us the ability to focus our time and attention on strategic decisions."

**"Flexera One has provided exceptional visibility and enriched data that we have continuously leveraged to make fact-driven decisions and improve business outcomes."**

*Director of ITAM, defense*

**Modeling and assumptions.** Forrester makes the following assumptions about the composite organization:

- The composite organization's ITAM/IT infrastructure/cloud applications management team is comprised of 20 FTEs.
- The FTEs who comprise the team are in senior and departmental leadership roles across engineering, IT analysis, procurement, as well as IT contract specialists.
- By leveraging Flexera One, the composite organization is more efficient and able to redeploy ten FTEs to higher value-added activities.
- The ten FTEs remain redeployed to higher value-added activities across the three years.



- The fully burdened average annual salary (with benefits and taxes paid by the organization) for a team member is \$130,000.

**Risks.** Potential risks that can impact this benefit include:

- The number of resources the organization dedicated to ITAM/IT infrastructure/cloud

applications management prior to its Flexera One investment.

- The way the organization leverages Flexera One.
- The salary of dedicated resources.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$2.7 million.

Productivity Gained From Increasing Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of FTEs who comprise team	Composite	20.0	20.0	20.0
C2	Number of FTEs who are redeployed to higher value-added activities due to increased productivity from Flexera One solution	Interviews	10.0	10.0	10.0
C3	Team member fully burdened cost	TEI standard	\$130,000	\$130,000	\$130,000
Ct	Productivity gained from increasing efficiency	C2*C3	\$1,300,000	\$1,300,000	\$1,300,000
	Risk adjustment	↓15%			
Ctr	Productivity gained from increasing efficiency (risk-adjusted)		\$1,105,000	\$1,105,000	\$1,105,000
Three-year total: \$3,315,000			Three-year present value: \$2,747,971		



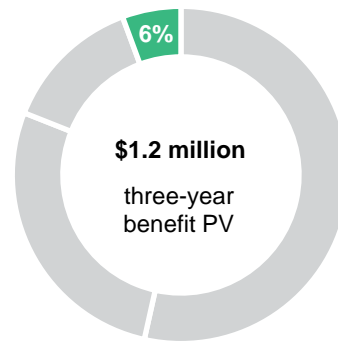
## CONTROLLING CLOUD COSTS

**Evidence and data.** With Flexera One, interviewees' organizations have been able to better control cloud costs. Flexera One has enabled their organizations to identify cost-saving opportunities and optimize cloud spend.

- A director of IT asset management told Forrester: "Flexera One has allowed us to better prepare for our move to the cloud. Flexera One's tools and functionality have facilitated our ability to control cloud costs and make more accurate estimations about asset recovery needs when we evaluated shutting down our physical data center."
- A director of ITAM told Forrester: "Our organization is migrating to a hybrid asset management state where we will be managing cloud as well as traditional on-prem assets. Flexera One's cloud cost optimization tool and functionality have fit our organizational needs and requirements."
- A head of infrastructure shared: "Our organization made the decision to be a cloud-first organization. Since then, we have leveraged Flexera One to control cloud costs and to optimize our cloud spend."

**Modeling and assumptions.** Forrester makes the following assumptions about the composite organization:

- In Year 1, as the composite organization leverages Flexera One's cloud cost optimization tool, it reduces cloud costs by \$500,000.



- In Year 2 and Year 3, the organization sees an increase in cloud cost reduction of 10% year-over-year as it continues to leverage Flexera One's cloud cost optimization tool.
- The organization's cloud consumption and spend remain constant (flat) over the three years.

**Risks.** Potential risks that can impact this benefit include:

- The extent to which the organization leverages Flexera One to control cloud costs.
- The specific goals and activities of the organization to manage cloud costs.
- The way the organization leverages Flexera One to make strategic decisions about cloud cost management.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$1.2 million.

### Controlling Cloud Costs

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Cloud costs reduction due to Flexera One solution	Interviews	\$500,000	\$550,000	\$605,000
Dt	Controlling cloud costs	D1	\$500,000	\$550,000	\$605,000
	Risk adjustment	↓15%			
Dtr	Controlling cloud costs (risk-adjusted)		\$425,000	\$467,500	\$514,250
Three-year total: \$1,406,750			Three-year present value: \$1,159,091		

## UNQUANTIFIED BENEFITS

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

- **Having a solution that increases business agility.** Interviewees' organizations have gained greater business agility since they adopted Flexera One. With Flexera One, the organizations have been able to make faster data-driven strategic decisions.

A director of IT asset management told Forrester: "Flexera One has helped our organization manage license creation, license consumption, view our IT estate, and better manage our license agreements. Flexera One has enabled us to adapt more quickly."

A senior vice president of IT shared: "Flexera One has provided valuable data and analysis that our organization has leveraged to make faster strategic decisions. Flexera One has allowed us to provide more accurate data to our decision makers and supported data-driven decision-making."

A director of ITAM told Forrester: "Our organization's agility has been enhanced by Flexera One. We have been able to make well informed, data-driven strategic decisions much faster."

A head of infrastructure shared: "Flexera has been a great strategic partner. Flexera has stayed in tune with new developments in our space. They have understood our needs. Flexera One's tools and functionality have delivered greater business agility."

- **Being able to negotiate with software vendors from a position of informed strength.** Interviewees shared that an important benefit of using Flexera One has been the ability to identify technology spend optimization opportunities and strategically negotiate contracts with software vendors from a well-informed position of strength.

A director of IT asset management told Forrester, "Our organization has benefited from Flexera One's data and detailed reports, which we have used when we meet with software vendors."

A senior vice president of IT shared: "With Flexera One, we have been able to better understand our environment so that when we negotiate with our software vendors, we know what we need to purchase, what we do not need any longer, what we have enough of, and what we can say no to."

A director of ITAM told Forrester: "Our organization has used Flexera One to prepare for negotiations. Prior to meeting with our vendors, we have analyzed Flexera One's data and reports. This information has enhanced our ability to negotiate terms that fit our organization's needs and objectives."

A head of infrastructure shared, "Flexera One has allowed us to go into negotiations with factual information and proactively mitigate situations that we might find ourselves in."

- **Having a solution that supports digital transformation.** Interviewees told Forrester that Flexera One has supported their organizations' digital transformation efforts. The organizations have gained the ability to transition to hybrid IT environments with minimal disruption.

**"Flexera One provides the ability to normalize and integrate data from different sources [and] see software and hardware across the entire IT landscape."**

*Director of IT asset management, insurance*

A director of IT asset management told Forrester, “Flexera One has supported our organization’s digital transformation.”

A senior vice president of IT shared: “Digital transformation is important to our organization. Flexera has been an excellent partner. Flexera has taken time to understand our organization, our needs, our technology, and our strategic goals. Flexera has gone above and beyond all expectations to ensure that our organization is successful.”

A director of ITAM told Forrester: “Flexera One has been supportive of our move towards hybrid asset management. Flexera One will continue to be a key strategic partner for us as we accelerate our digital transformation.”

A head of infrastructure shared, “Flexera One has helped accelerate our digital transformation and enabled us to optimize our cloud spend.”

## **FLEXIBILITY**

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Flexera One and later realize additional uses and business opportunities. An example of a flexibility benefit is to leverage Flexera One’s Cloud Migration and Modernization module, and to use it to plan cloud migration, cloud transformation strategy, and workload assessments. As cloud investment and workloads increase, expected cost reduction and optimization would increase commensurately. Forrester did not include any flexibility benefits in the financial analysis.

# Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Flexera One costs	\$460,000	\$977,500	\$977,500	\$977,500	\$3,392,500	\$2,890,898
Ftr	Total internal effort costs	\$316,250	\$299,000	\$299,000	\$299,000	\$1,213,250	\$1,059,819
	Total costs (risk-adjusted)	\$776,250	\$1,276,500	\$1,276,500	\$1,276,500	\$4,605,750	\$3,950,717

## FLEXERA ONE COSTS

**Evidence and data.** Interviewees said their organizations paid initial up-front fees and ongoing subscription fees to Flexera.

- Interviewees said their organizations paid Flexera up-front initial fees for solution deployment, training support, and professional services.
- The amount that each interviewee's organization paid Flexera in ongoing subscription fees is based on assets.
- Interviewees said that the subscription fees their organizations paid starting in Year 1 included access to: Flexera One Data, Content, Normalization and Integration; IT Asset Management; and Cloud capabilities.

**Modeling and assumptions.** Forrester makes the following assumptions about the composite organization:

- The composite organization pays initial up-front fees of \$400,000 for solution deployment, training support, and professional services.
- In Year 1, the organization pays Flexera approximately \$850,000 in subscription fees for access to: Flexera One Data, Content, Normalization and Integration; IT Asset Management; and Cloud capabilities.

- Subscription fees in Year 2 and Year 3 remain constant at \$850,000 per year.
- Pricing may vary. Contact Flexera for additional details.

**Risks.** There are potential risks that can impact the Flexera One costs, including:

- The complexity of the deployment.
- The size and scope of the implementation.
- Using higher service levels.

**Results.** To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.9 million.

Flexera One Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Flexera One implementation process and subscription costs	Composite	\$400,000	\$850,000	\$850,000	\$850,000
Et	Flexera One costs	E1	\$400,000	\$850,000	\$850,000	\$850,000
	Risk adjustment	↑15%				
Etr	Flexera One costs (risk-adjusted)		\$460,000	\$977,500	\$977,500	\$977,500
Three-year total: \$3,392,500			Three-year present value: \$2,890,898			

## TOTAL INTERNAL EFFORT COSTS

**Evidence and data.** Interviewees reported that their organizations needed internal resources to implement Flexera One.

- Interviewees' organizations needed five FTEs to assist with the implementation of Flexera One.
- Interviewees told Forrester that it took approximately five months to implement and become acquainted with Flexera One and its capabilities.
- Interviewees shared that there are ongoing internal management efforts.

**Modeling and assumptions.** Forrester makes the following assumptions about the composite organization:

- The composite requires five FTEs to implement Flexera One.
- It takes the organization five months to implement Flexera One.

- The average fully burdened annual cost of one FTE working on the implementation is \$130,000.
- There is an ongoing internal management effort cost of two FTEs to support the solution.
- The average fully burdened annual cost of each FTE (IT analyst) supporting the solution is \$130,000.

**Risks.** There are potential risks that can impact the internal effort costs, including:

- The complexity of deployment.
- The size and scope of the implementation.
- The number of FTEs needed to implement the solution.
- The fully burdened cost of a resource.

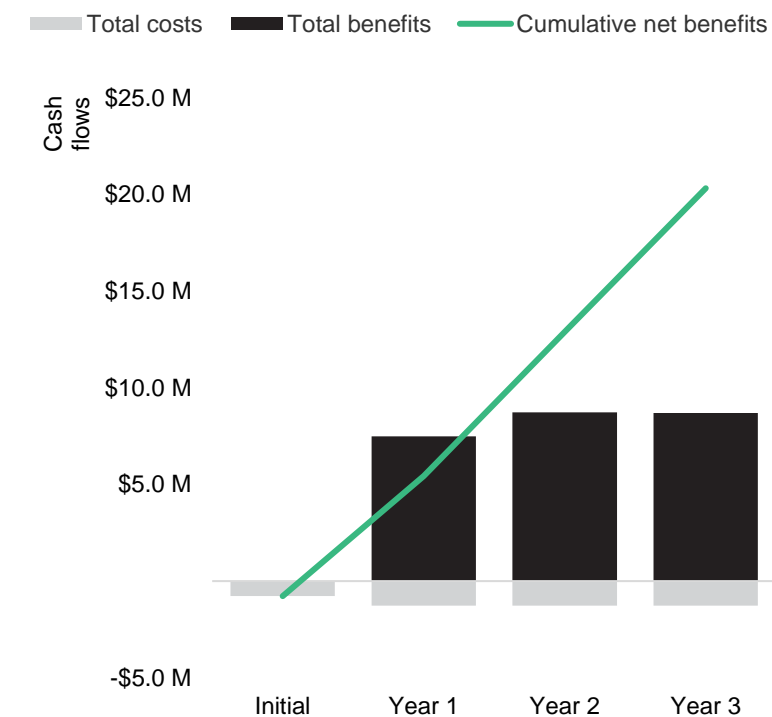
**Results.** To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$1.1 million.

Total Internal Effort Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of FTEs needed to initially deploy solution	Interviews	5.0			
F2	Deployment time (months)	Interviews	5.0			
F3	FTE fully burdened cost (monthly)	TEI standard	\$11,000			
F4	Initial deployment costs	F1*F2*F3	\$275,000			
F5	Number of FTEs (IT analysts) who support solution on an ongoing basis	Interviews		2.0	2.0	2.0
F6	FTE fully burdened cost (annual) of IT analyst	TEI standard		\$130,000	\$130,000	\$130,000
F7	Total ongoing costs	F5*F6		\$260,000	\$260,000	\$260,000
Ft	Total internal effort costs	F4+F7	\$275,000	\$260,000	\$260,000	\$260,000
	Risk adjustment	↑15%				
Ftr	Total internal effort costs (risk-adjusted)		\$316,250	\$299,000	\$299,000	\$299,000
Three-year total: \$1,213,250			Three-year present value: \$1,059,819			

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



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

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

### Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$776,250)	(\$1,276,500)	(\$1,276,500)	(\$1,276,500)	(\$4,605,750)	(\$3,950,717)
Total benefits	\$0	\$7,490,160	\$8,732,660	\$8,704,410	\$24,927,230	\$20,566,063
Net benefits	(\$776,250)	\$6,213,660	\$7,456,160	\$7,427,910	\$20,321,480	\$16,615,346
ROI						421%
Payback						<6 months



## Appendix A: Total Economic Impact

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

### TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



### PRESENT VALUE (PV)

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



### NET PRESENT VALUE (NPV)

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



### RETURN ON INVESTMENT (ROI)

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



### DISCOUNT RATE

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



### PAYBACK PERIOD

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

## Appendix B: Endnotes

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<sup>1</sup> 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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