A Forrester Total Economic Impact™ Study
Commissioned By
Adobe

Project Director:
Reggie Lau

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The Total Economic Impact™ Of Adobe Campaign

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Executive Summary

> *"Within the first six months, open rates improved by 60% due to more relevant content, while total sent [emails] decreased by 16%."*
>
> ~VP of marketing, large US specialty retailer

In March 2015, Adobe commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Adobe Campaign. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Adobe Campaign on their organizations.

Adobe Campaign orchestrates cross-channel marketing programs by consolidating real-time insights from multiple data sources to deliver targeted marketing campaigns. In addition to data consolidation, cross-channel campaign orchestration, and segmentation, Adobe Campaign also provides execution of most direct communication channels, including a fully integrated email solution.[1] To better understand the benefits, costs, and risks associated with Adobe Campaign, Forrester interviewed an existing customer using Adobe Campaign as the starting point for a fully integrated cross-channel engagement solution.

Prior to its use of Adobe Campaign, the interviewed customer relied on an internally developed solution that was cumbersome and leveraged third-party service providers. The main objective of deploying Adobe Campaign was to establish a formal CRM and cross-channel campaign management system. This related sub-goal was to build better customer engagement and loyalty through relevance and timeliness of messaging, marketing cost-effectiveness, and incremental revenue.

ADOBE CAMPAIGN IS A COST-EFFECTIVE SOLUTION FOR CROSS-CHANNEL CAMPAIGN MANAGEMENT THAT MATERIALLY IMPROVES CONSUMER ENGAGEMENT AND REVENUE

Forrester's interview with an existing customer and subsequent financial analysis found that the customer experienced the risk-adjusted ROI, benefits, and costs shown in Figure 1.[2] See Appendix A for a description of the interviewed customer.

The analysis points to benefits of $29,334,306 versus costs of $6,696,158 over three years, adding up to a net present value (NPV) of $22,638,148. A primary portion of the overall quantified benefit is a three-year risk-adjusted incremental revenue of $25,904,599. Readers are reminded that the NPV is the summary financial metric that accounts for all quantified benefits and costs over a three-year period.

FIGURE 1
Financial Summary Showing Three-Year Risk-Adjusted Results

ROI: 338%	**Incremental revenue: $25,904,599**	**NPV: $22,638,148**	**Payback period: 6.6 months**

Source: Forrester Research, Inc.

- **Benefits.** The interview determined that the customer experienced the following risk-adjusted benefits:
  - **Improved consumer engagement and experience.** The customer implemented Adobe Campaign to improve consumer engagement strategies holistically across different interaction points ranging from email to in-store. The first step in its process was gaining the 360-degree view of its consumers, which allowed the customer to tailor campaigns based on the consumers' past behavior and most recent interactions with the interviewed customer. The most immediate benefit realized was improvement in consumer engagement metrics over email, such as open rate, click-through rate, and unsubscribe rate.
  - **Incremental revenue.** More engaged consumers purchased more often as campaigns were more relevant and timely. This benefit centers on the incremental online and in-store revenue achieved through more effective campaigns.
  - **Potential email channel cost-effectiveness.** Although the interviewed customer had not deployed Adobe's email execution solution at the time this case study was published, the customer thoroughly considered Adobe's email solution and may revisit implementation in the future. All following quantification and articulation of email channel cost-effectiveness is conceptual and for the benefit of readers when assessing the potential value of Adobe's email execution solution.

    Adobe's email execution capability can offer tighter integration with Adobe Campaign "than third-party email service providers (ESPs) can offer. Email channel cost-effectiveness outlines the potential savings and business value based on:
    - Reduced cost as compared with a legacy ESP.
    - Consolidation of vendors, contracting, and points of contact, leading to a reduction in costs associated with managing multiple vendors.
    - Reduction in latency and potential errors in the system due to the need to cut lists from Adobe Campaign to the third-party ESP, allowing for more real-time, contextual, and targeted emails.
  - **Data and system consolidation efficiency.** As a result of consolidating internally developed technology and third-party ESPs, the interviewed customer avoided increasing costs for third-party solutions and reduced labor effort needed for direct mail campaigns.
- **Costs.** The customer experienced the following risk-adjusted costs:
  - **Adobe Campaign solution cost.** This cost focuses on the upfront implementation, licensing, and recurring servicing and hosting costs. The organization purchased a hosted license of Adobe Campaign that included a consolidated marketing database, workflow capabilities for data management, and engagement mapping across all online and offline direct marketing channels.
  - **Internal labor and implementation.** The interviewed customer not only took into account the internal labor and resources related to the initial implementation of the software, but also the internal labor and resources dedicated to the ongoing use and maintenance of Adobe Campaign.

Disclosures

The reader should be aware of the following:

› The study is commissioned by Adobe and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

› Forrester makes no assumptions as to the potential return on investment 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 Adobe Campaign.

› Adobe 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.

› The customer names for the interviews were provided by Adobe. Adobe did not participate in customer interviews.

TEI Framework And Methodology

INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering deploying Adobe Campaign. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision.

APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact that Adobe Campaign can have on an organization (see Figure 2). Specifically, Forrester:

› Interviewed Adobe Campaign marketing, sales, and consulting personnel, along with Forrester analysts, to gather data relative to Adobe Campaign and the marketplace for Adobe Campaign.

› Interviewed one organization currently using Adobe Campaign to obtain data with respect to costs, benefits, and risks.

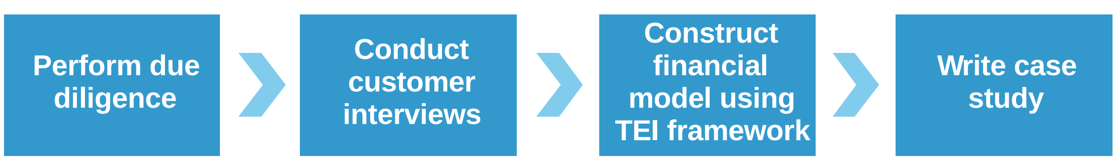
› Constructed a financial model representative of the interviews using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the customer interview and Adobe.

› Risk-adjusted the financial model based on issues and concerns the interviewed organization highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While the interviewed organization provided cost and benefit estimates, some categories included a broad range of possibilities or had a number of outside forces that might have raised or lowered the benefit and cost values. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling the value of using Adobe Campaign: 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 B for additional information on the TEI methodology.

FIGURE 2
TEI Approach



Source: Forrester Research, Inc.

Analysis

INTERVIEWED CUSTOMER

Background

For this study, Forrester Consulting conducted an interview with one existing customer that has deployed Adobe Campaign. The interviewed customer is a specialty retailer in the US with the following high-level characteristics:

- Annual revenue of over $2 billion.
- Over 10,000 employees.
- Online retail presence and over 300 physical stores.
- Loyalty program with over 5 million members.
- Customer engagement occurring in multiple channels, including email, direct mail, mobile, social, website, and physical stores.

Situation

Prior to selecting and implementing Adobe Campaign, the organization struggled with coordinating cross-channel consumer engagements that included structuring consumer data to make it usable, acting on data in real time, automating basic and complex marketing processes, testing effectiveness of campaigns, and measuring campaign performance.

Data is stored in several core systems, and prior to deploying Adobe Campaign, the customer's internally developed solution consolidated data on a monthly frequency. Its campaign execution also required third-party technologies.

> *"Adobe Campaign was built with the marketer in mind; it's not an ERP spinoff from a large IT company."*
>
> ~VP of marketing, large US specialty retailer

In 2011, the customer recognized the need for a solution that is not subject to rising third-party expenses, offers a higher frequency of data consolidation, and provides a platform to execute timely, relevant, and cross-channel campaigns. The customer executed a thorough vendor selection and business case building process that involved three rounds of proposal reviews with 12 vendors.

Adobe Campaign was selected based on its marketing-centric foundation, management team, and future road map. The customer noted that several other solutions from larger technology vendors, although more prominent, were more technology-centric rather than keeping the marketer in mind. The customer engaged Adobe with the following high-level goals:

- Provide the marketing team with a centralized system that consolidates multiple different data sources.
- Leverage the consolidated data to build more tailored campaigns for consumers.
- Improve member retention, member sale frequency, and average member sale value, each by at least 0.25%.
- Offset third-party costs.

Adobe Campaign was deployed as a hosted solution after a six-month implementation and testing phase. The customer highlighted Adobe's strong project management, training offering, and ability to hit the customer's target of deploying before the end-of-year holiday shopping season. Adobe built a marketing data mart that consolidated data from over 25 data sources in more than five systems. The customer was able reduce its file-to-printer time by at least one week, which enables direct mail campaigns to be based on a member's recent activities.

In its first year of deployment, the customer was able to meet all retention, frequency, and order value targets. While sending fewer emails, the customer improved its open rate by 38%, click-through rate by 42%, and click-to-conversion rate by 23%.

INTERVIEW HIGHLIGHTS

The interview revealed the following themes:

- **Creating a 360-degree view of consumers based on cross-channel data sources can increase relevance and effectiveness of marketing campaigns**. Cross-channel campaigns focus on cross-channel execution and leverage cross-channel data. While the customer focused on email and direct mail execution with Adobe Campaign, the data to enable improvements in effective email and direct mail campaigns came from over 25 different data feeds in more than five cross-channel systems, including marketing planner, loyalty program, point of sale, email, in-store services, pricing, and eCommerce. The customer experienced two main areas of benefits by having a 360-degree view of each member. The first area was a reduction in time from when a campaign decision is made and when it is executed due to a more efficient data consolidation process. The second area was the capability to tailor content, messaging, and other campaign components for each consumer based on their activities across all points of engagement. These areas together resulted in material improvements in the key performance indicators (KPIs) that the customer included in its original business case (i.e., retention, frequency, and ticket value) and, ultimately, in incremental revenue.

- **A minimal gap between campaign execution and measurement allows the user to "test and learn."** The customer noted that Adobe Campaign has functioned like a test-and-learn platform. Tailored campaigns can be launched today, and the customer can track results and success metrics tomorrow. This allows the customer to try new concepts and promotions, conduct comparisons, and deploy the best campaigns based on segment, timing, and account activity.

BENEFITS

This case study had four benefits:

- Improved consumer engagement and experience.
- Incremental revenue.
- Data and system consolidation efficiency.
- Potential email channel cost-effectiveness.

Improved Consumer Engagment And Experience

The customer was able to have a material impact on the consumer's experience and engagement points and track data from those engagement points. Within the first six months of deployment, email open rates improved by 60% due to more relevant content and subject lines, while total sent emails decreased by 16%. Furthermore, the customer has seen a tangible reward in a better consumer experience in the form of a 141% increase in sales from email.

Although there was a decrease in email sent in the six months after deployment, the lift in sales then triggered a higher volume of tailored campaigns. Whereas open rates ranged from 12% to 13% prior to Adobe Campaign, the customer, after deploying Adobe Campaign, saw a high range of 50% to 60% during certain months with an average of 20% over a year. Most importantly, beyond more potential sales from an increased open rate, the customer highlighted that an increased open rate may also mean that it has built better trust with consumers who are finding the customer's messages more relevant and tailored.

Incremental Revenue

While there are several methods to quantify customer experience and engagement, the customer was able to provide data that pointed to incremental revenue. This model involves several metrics that most organizations may be able to track with different internal systems. First, the model determines the total emails sent each year based on subscribed members and the frequency in which they receive emails. Then, the total amount of emails sent is multiplied through by the open rate, click-through rate, and conversion rate, in that order. Finally, the total converted orders from email are multiplied by the average order value. This value represents the revenue opportunity.

Readers may also add two more components to single out the incremental gain and adjust for attribution. To find the incremental gain, the model subtracts the revenue opportunity after deploying Adobe Campaign from the revenue opportunity before deploying Adobe Campaign. Lastly, similar to risk adjustments, revenue attribution is an estimate based on an organization's activities within the same area that Adobe Campaign has an impact on. While some solutions may be easier to attribute impact given clear AB testing, organizations will have to define their revenue attribution to Adobe Campaign by first considering and comparing the values of their different campaign management projects, any changes or improvements in the creative component of campaigns, and Adobe Campaign.

Given the customer's prior environment, the model assumes an 80% attribution rate. Over three years, after adjusting for risk, the customer experienced $12,889,057 in incremental revenue captured online, as shown in Table 1.

TABLE 1
Incremental eCommerce Revenue

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
B1	Average order value	Initial: customer provided Year 1-3: $B1_{py}$*(1+$B2_{py}$)	$63.00	$67.41	$68.76	$69.45
B2	Order value improvement	Customer provided	7%	2%	1%	1%
B3	Email program members	Initial: customer provided Year 1-3: $B3_{py}$*(1+$B4_{py}$)	5,500,000	6,325,000	7,273,750	8,364,813
B4	Email program membership growth	Customer provided	15%	15%	15%	15%
B5	Average emails/ week per member	Initial: assumption Year 1-3: (B6/B3)/52	3.60	3.02	3.20	3.20
B6	Email volume	Initial: B3*B5*52 Year 1-3: $B6_{py}$*(1+$B7_{py}$)	1,029,600,000	993,564,000	1,212,148,080	1,393,970,292
B7	Email volume growth	Customer provided	-3.5%	22.0%	15.0%	1.0%
B8	Open rate	Initial: customer provided Year 1-3: $B8_{py}$*(1+$B9_{py}$)	15%	21%	22%	23%
B9	Open rate improvement	Customer provided	38%	6%	5%	5%
B10	Click-through rate	Initial: customer provided Year 1-3: $B10_{py}$*(1+$B11_{py}$)	1.46%	2.07%	2.43%	2.64%
B11	Click-through rate improvement	Customer provided	42%	17%	9%	9%
B12	Clicks to converted orders	Initial: customer provided Year 1-3: $B12_{py}$*(1+$B13_{py}$)	1.52%	1.87%	1.89%	1.91%
B13	Clicks to conversion improvement	Customer provided	23%	1%	1%	1%
B14	Revenue opportunity	B1*B6*B8*B10*B12	$2,159,219	$5,373,787	$8,376,325	$11,246,306
B15	Solution attribution	Assumption	-	80%	80%	80%
Bt	Incremental eCommerce revenue	B14-$B14_{initial}$*B15	$0	$2,571,654	$4,973,684	$7,269,669
	Risk adjustment	↓ 13%				
Btr	**Incremental eCommerce revenue (risk-adjusted)**		**$0**	**$2,237,339**	**$4,327,105**	**$6,324,612**

Source: Forrester Research, Inc.

In addition to incremental eCommerce revenue, the customer tracked in-store revenue improvement and noted a 1.5 to 1 ratio of in-store sales to eCommerce sales. Readers should adjust this ratio based on their organization's historical performance ratios comparing in-store with eCommerce. Based on incremental eCommerce revenue, the customer estimated incremental in-store revenue of $19,333,585 over three years after adjusting for risk, as shown in Table 2.

TABLE 2
Incremental In-Store Revenue

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	eCommerce to in-store ratio	Customer provided	1.5	1.5	1.5
C2	eCommerce incremental revenue	Bt	$2,571,654	$4,973,684	$7,269,669
Ct	Incremental in-store revenue	C1*C2	$3,857,481	$7,460,527	$10,904,504
	Risk adjustment	↓ 13%			
Ctr	**Incremental in-store revenue (risk-adjusted)**		**$3,356,008**	**$6,490,658**	**$9,486,919**

Source: Forrester Research, Inc.

Data And System Consolidation Efficiency

The customer experienced a material efficiency gain by deploying Adobe Campaign. Two of the three components are tangible offsets in third-party costs, as Adobe can account for those specific data cleansing and analytics functionalities. Furthermore, the timeline to execute a direct mail campaign has been reduced by at least one week. The actual work of consolidating multiple lists of data, creating individual files for print, and doing other related tasks is streamlined, and staff can reapply saved time to other value-added work.

Over three years, after adjusting for risk, the customer experienced $4,176,806 in efficiency gains, as shown in Table 3.

TABLE 3
Data And System Consolidation Efficiency

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Avoided third-party data cleansing costs	Year 1: customer provided Year 2-3: $D1_{py}$*120%	$1,000,000	$1,200,000	$1,440,000
D2	Avoided third-party data analytics costs	Customer provided	$250,000	$250,000	$250,000
D3	Hours saved per direct mail campaign	Assumption	16	16	16
D4	Direct mail campaigns per year	Assumption	24	24	24
D5	Business resource hourly salary	Year 1: assumption Year 2-3: $D5_{py}$*103%	$45	$46.35	$47.74
D6	Direct mail production efficiency	D3*D4*D5	$17,280	$17,798	$18,332
Dt	Data and system consolidation efficiency	D1+D2+D6	$1,267,280	$1,467,798	$1,708,332
	Risk adjustment	↓ 6%			
Dtr	**Data and system consolidation efficiency (risk-adjusted)**		**$1,191,243**	**$1,379,730**	**$1,605,832**

Source: Forrester Research, Inc.

Potential Email Channel Cost-Effectiveness

The customer had not deployed Adobe's email solution at the time this case study was published but noted consideration for future deployment during the interview. A conceptual model that does not have an impact on the overall financial metrics in this case study was developed for readers who may want to consider Adobe for email execution.

Readers can conduct a simple comparison of cost per thousand (CPM) and annual service costs between Adobe and an alternative. As pricing and packaging may change, the key figures in this model should be obtained from the vendor by the reader, as total investment will vary based on volume, environment, and service needs. A notional model and figures are shown as an example in Table 4.

TABLE 4
Potential Email Channel Cost-Effectiveness

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Adobe Campaign CPM	Customer reported		$0.40	$0.40	$0.40
E2	Alternative ESP CPM	Customer reported		$0.55	$0.55	$0.55
E3	Volume of email	Assumption		1,500,000,000	1,500,000,000	1,500,000,000
E4	Adobe 1.5 billion email cost	E1*(E3/1,000)		$600,000	$600,000	$600,000
E5	Alternative ESP 1.5 billion email cost	E2*(E3/1,000)		$825,000	$825,000	$825,000
E6	Adobe annual service costs	Customer reported		$268,000	$268,000	$268,000
E7	Alternative ESP annual service costs	Customer reported		$220,000	$220,000	$220,000
E8	Total savings	(E5+E7)-(E4+E6)		$177,000	$177,000	$177,000
E9	Implementation cost	Customer reported	-	-	-	
Et	Email channel cost-effectiveness	E9+E8		$177,000	$177,000	$177,000
	Risk adjustment	↓ 1%				
Etr	**Potential email channel cost-effectiveness (risk-adjusted)**			**$175,230**	**$175,230**	**$175,230**

Source: Forrester Research, Inc.

Total Benefits

Table 5 shows the total of all benefits across the four areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the customer expects risk-adjusted total benefits to be a present value of $29,334,306.

TABLE 5
Total Benefits (Risk-Adjusted)

Benefit	Initial	Year 1	Year 2	Year 3	Total	Present Value
Incremental eCommerce revenue	$0	$2,237,339	$4,327,105	$6,324,612	$12,889,057	$10,361,840
Incremental in-store revenue	$0	$3,356,008	$6,490,658	$9,486,919	$19,333,585	$15,542,759
Data and system consolidation efficiency	$0	$1,191,243	$1,379,730	$1,605,832	$4,176,806	$3,429,707
Total benefits	**$0**	**$6,784,590**	**$12,197,494**	**$17,417,364**	**$36,399,448**	**$29,334,306**

Source: Forrester Research, Inc.

COSTS

The customer experienced two main costs associated with Adobe Campaign:

- Adobe Campaign solution cost.
- Internal labor and implementation.

Total Costs

The initial Adobe Campaign solution cost includes licensing and the implementation fee for Adobe staff and expenses. The recurring Adobe cost includes items such as maintenance, hosting, and professional services.

The initial internal labor cost includes the customer's IT and executive involvement in vendor selection, implementation, and testing. The recurring internal labor cost includes eight resources hired to work with Adobe Campaign; four are power users and the other four can be considered part-time users.

Table 6 shows the total of all costs across the two areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the customer expects risk-adjusted total costs to be a present value of $6,696,158.

TABLE 6
Total Costs (Risk-Adjusted)

Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Adobe Campaign solution cost	$2,121,000	$858,500	$858,500	$858,500	$4,696,500	$4,255,962
Internal labor and implementation	$783,000	$648,000	$667,440	$687,463	$2,785,903	$2,440,195
Total costs	**$2,904,000**	**$1,506,500**	**$1,525,940**	**$1,545,963**	**$7,482,403**	**$6,696,158**

Source: Forrester Research, Inc.

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 Adobe Campaign 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).

The customer plans to use Adobe Campaign like a test-and-learn platform. As campaigns can be executed quicker and results can be gathered the next day, the customer can quickly see if the new ideas drove incremental behaviors. The first set of ideas center on reactivations and specific campaigns to drive existing members to try new products. The customer will try different versions of the test campaigns and deploy the ones with the best results, as Adobe Campaign allows for segmentation and sub-groups.

Beyond testing different campaigns and segments, the customer will also find enhanced value through scalability in two areas. First, while the customer leverages cross-channel data to orchestrate and execute email and direct mail campaigns in Adobe Campaign, it can further the value of Adobe Campaign by including additional online and offline channels in campaign orchestration and execution.

The second area centers on scaling efficiencies by deploying more tightly integrated solutions from the Adobe suite. Adobe’s email execution capability is a primary flexibility option that could offer incremental benefit given a foundation built with Adobe Campaign.

RISKS

Forrester defines two types of risk associated with this analysis: “cost risk” and “benefit risk.” Cost risk is the risk that a proposed investment in Adobe Campaign may deviate from the original or expected requirements, resulting in higher costs than anticipated. Benefit risk refers to the risk that the business or technology needs of the organization may not be met by the investment in Adobe Campaign, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

TABLE 7
Benefit And Cost Risk Adjustments

Benefits	Adjustment
Improved consumer engagement and experience	↓ 6%
Incremental revenue	↓ 13%
Data and system consolidation efficiency	↓ 6%
Potential email channel cost-effectiveness	↓ 1%
Costs	**Adjustment**
Adobe Campaign solution cost	↑ 1%
Internal labor and implementation	↑ 8%

Source: Forrester Research, Inc.

Quantitatively capturing cost risk and benefit risk by directly adjusting the financial estimates results provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as "realistic" expectations since they represent the expected values considering risk.

The following impact risks that affect benefits are identified as part of the analysis:

- Lack of adoption or not leveraging insight to better tailor engagement.
- Lack of a cross-channel program, engagement points, or tracked data.
- Minimal data consolidation need.
- Continuing use of third-party services.

The following implementation risks that affect costs are identified as part of this analysis:

- Increased size of solution.
- Increased need for professional services.
- Additional software needs to complement Adobe Campaign or email execution.
- Additional need for storage.
- Additional staff needed to execute cross-channel campaigns.

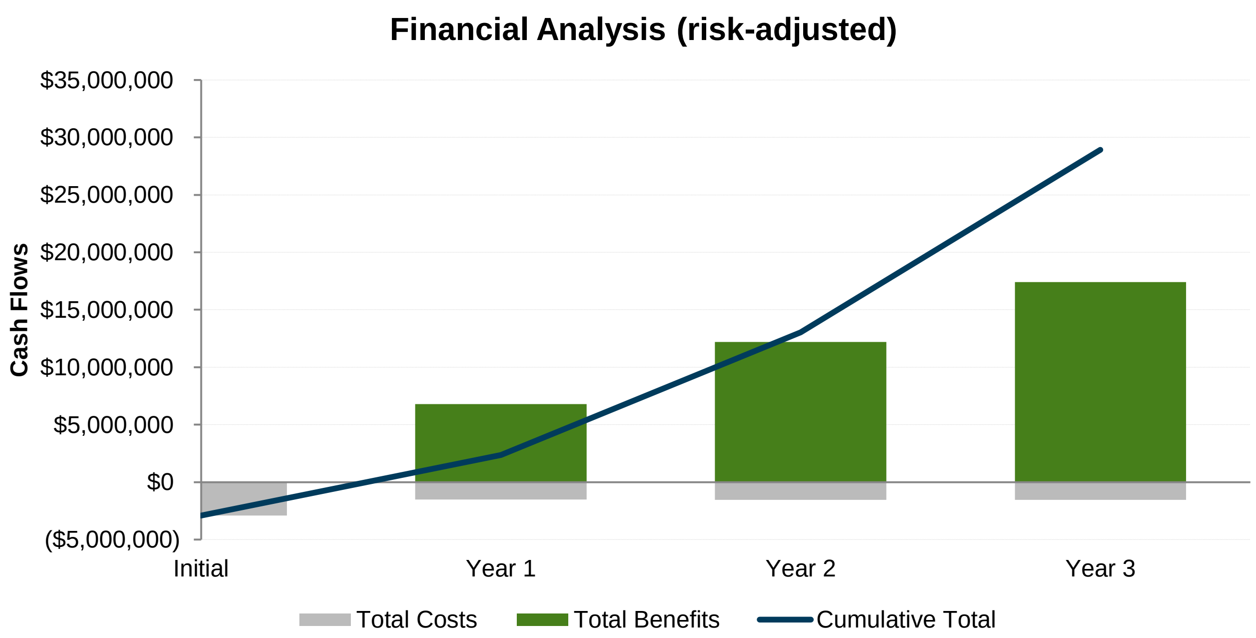
Table 7 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

Financial Summary

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the organization's investment in Adobe Campaign.

Table 8 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 7 in the Risks section to the unadjusted results in each relevant cost and benefit section.

FIGURE 3
Cash Flow Chart (Risk-Adjusted)



Source: Forrester Research, Inc.

TABLE 8
Cash Flow (Risk-Adjusted)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Costs	($2,904,000)	($1,506,500)	($1,525,940)	($1,545,963)	($7,482,403)	($6,696,158)
Benefits	$0	$6,784,590	$12,197,494	$17,417,364	$36,399,448	$29,334,306
Net benefits	**($2,904,000)**	**$5,278,090**	**$10,671,554**	**$15,871,400**	**$28,917,045**	**$22,638,148**
ROI			338%			
Payback period			6.6 months			

Source: Forrester Research, Inc.

Adobe Campaign: Overview

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

Adobe Campaign provides campaign, offer, and personalization management capabilities for marketing automation across all digital and traditional channels, including email marketing. Adobe Campaign addresses a key challenge for marketers: how to build and extend relationships with their customer base to drive topline revenue growth and ROI. Adobe Campaign helps organizations plan, automate, orchestrate, and measure marketing communications across channels. Adobe Campaign executes personalized inbound and outbound marketing programs across email, web, social, mobile, direct mail, kiosk, call center, and point-of-sale channels.

Key capabilities of Adobe Campaign include:

› **Visual campaign orchestration.** Design and automate customer experiences, from planning and budgeting to one-off campaigns and triggered messages.

› **Integrated customer profile.** Create an individual customer profile that captures interests, activities, and interactions across online and offline channels

› **Targeted segmentation.** Create targeted segments with sophisticated business rules that drive one-to-one personalization.

› **Cross-channel and email execution.** Deliver messages across the full range of channels, including email, to ensure customers receive information in context

› **Real-time interaction management.** Design and leverage marketing offers from a central catalog using a real-time recommendation engine.

› **Operational reporting.** Use reporting/discovery tools to get visibility into campaign performance through an easy-to-use dashboard.

For more information on Adobe Campaign, go to adobe.com/campaign.

Appendix A: Interviewed Customer Description

For this study, Forrester Consulting conducted an interview with one existing customer that has deployed Adobe Campaign. The interviewed customer is a specialty retailer in the US with the following high-level characteristics:

- Annual revenue of over $2 billion.
- Over 10,000 employees.
- Online retail presence and over 300 physical stores.
- Loyalty program with over 5 million members.
- Customer engagement occurring in multiple channels, including email, direct mail, mobile, social, website, and physical stores.

Prior to selecting and implementing Adobe Campaign, the organization struggled with coordinating cross-channel consumer engagements that included organizing the data, acting upon it in real time, automating basic and complex marketing processes, testing effectiveness of campaigns, and measuring campaign performance.

Data is stored in several core systems, and prior to deploying Adobe Campaign, the customer's internally developed solution consolidated data on a monthly frequency. Its campaign execution also required third-party technologies.

In 2011, the customer recognized the need for a solution that is not subject to rising third-party expenses, offers a higher frequency of data consolidation, and provides a platform to execute timely, relevant, and cross-channel campaigns. The customer executed a rigorous vendor selection and business case building process that involved three rounds of proposal reviews with 12 vendors.

Adobe Campaign was selected based on its marketing-centric foundation, management team, and future road map. The customer noted that several other solutions from larger technology vendors, although more prominent, were more technology-centric. The customer engaged Adobe with the following high-level goals:

- Provide the marketing team with a centralized system that consolidates multiple different data sources.
- Leverage the consolidated data to build more tailored campaigns for consumers.
- Improve member retention, member sale frequency, and average member sale value, each by at least 0.25%.
- Offset third-party costs.

Adobe Campaign was deployed as a hosted solution after a six-month implementation and testing phase. The customer highlighted Adobe's strong project management, training offering, and ability to hit the customer's target of deploying before the end-of-year holiday shopping season. Adobe built a marketing data mart that consolidated data from over 25 data sources in more than five systems. The customer was able reduce its file-to-printer time by at least one week, which enables direct mail campaigns to be even more relevant based on a member's recent activities.

In its first year of deployment, the customer was able to meet all retention, frequency, and order value targets. Not only did the customer experience improvements to its open rate by 38%, click-through rate by 42%, and click-to-conversion rate by 23%, but these improvements occurred while the customer was sending fewer emails.

FRAMEWORK ASSUMPTIONS

Table 9 provides the model assumptions that Forrester used in this analysis.

The discount rate used in the PV and NPV calculations is 10%, and the time horizon used for the financial modeling is three years. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult with their respective company's finance department to determine the most appropriate discount rate to use within their own organizations.

TABLE 9
Model Assumptions

Ref.	Metric	Value
X1	Hours per week	40
X2	Weeks per year	52
X3	Hours per year (M-F, 9-5)	2,080
X4	Hours per year (24x7)	8,760
X5	Working days	240
X6	Annual organization growth	3%
X7	Marketing resource annual salary	$100,000
X8	Executive resource annual salary	$150,000
PY	Prior year	

Source: Forrester Research, Inc.

Appendix B: Total Economic Impact™ Overview

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.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, flexibility, and risks.

BENEFITS

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often, product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place 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. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

COSTS

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the form of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

FLEXIBILITY

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office productivity suite can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

RISKS

Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI applies a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the underlying range around each cost and benefit.

Appendix C: Glossary

Discount rate: The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their respective organizations to determine the most appropriate discount rate to use in their own environment.

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.

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.

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.

Return on investment (ROI): A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

A NOTE ON CASH FLOW TABLES

The following is a note on the cash flow tables used in this study (see the example table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in years 1 through 3 are discounted using the discount rate (shown in the Framework Assumptions section) at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until the summary tables are the sum of the initial investment and the discounted cash flows in each year.

TABLE [EXAMPLE]
Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3

Source: Forrester Research, Inc.

Appendix D: Endnotes

[1] At the time of the customer interview, Adobe's email execution solution had been considered but not yet implemented. This case study will focus on the realized benefits that the customer experienced while conceptually highlighting the potential benefits of Adobe's email execution solution.

[2] Forrester risk-adjusts the summary financial metrics to take into account the potential uncertainty of the cost and benefit estimates. For more information, see the section on Risks.