

A Forrester Total Economic Impact™
Study Commissioned By Alfresco
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The Total Economic Impact™ Of The Alfresco Digital Business Platform

Cost Savings And Business Benefits of Managing
Content and Process
in Alfresco's Cloud-Native Digital Business Platform

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Project Directors:
Richard Cavallaro
Dean Davison

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Executive Summary

Key Benefits



Benefits attributable to Alfresco Content Services:

\$3.8 million



Benefits attributable to Alfresco Process Services:

\$2.3 million



Benefits of moving to the cloud-based Alfresco Digital Business Platform

\$4.0 million

As Forrester's research indicates, the technology category known as enterprise content management (ECM) is evolving. Flexible, cloud-ready content platforms represent the next stage in this evolution as buyers seek the ability to modernize on-premises systems in public and private clouds while expanding content delivery and service capabilities via automation and artificial intelligence.¹

Alfresco helps companies modernize content-centric processes and capabilities with a cloud-optimized content platform: the Alfresco Digital Business Platform. Alfresco commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying the Alfresco Digital Business Platform.

The purpose of this study is to provide readers with a framework to evaluate the potential financial impact on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed customers with experience using the Alfresco Digital Business Platform.

Prior to using Alfresco, the interviewed customers used a variety of traditional ECM and content services systems that were often approaching end of life or costly upgrade cycles. Their companies typically managed disparate systems and tools at the department level, so each used multiple — sometimes dozens — of systems, compounding the issues related to aging systems and inconsistent capabilities. These organizations supplemented these systems with additional solutions providing adjacent capabilities, such as automation and governance.

The organizations adopted Alfresco because it is cloud-ready and open source while providing capabilities beyond traditional ECM to enable improved content delivery, business processes, and user experience. One director told Forrester, "After evaluating our existing application that we replaced with Alfresco, we realized that it would not keep pace with the growth of our organization's business goals."

Key Findings

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

- › **Increased product development productivity and velocity, totaling \$2.3 million.** Interviewed organizations improved the efficiency and velocity for internal product development (and other) processes on the Alfresco Digital Business Platform, allowing them to increase internal FTE productivity and deliver earlier digital product launches. One interviewed organization leverages Alfresco Process Services to automate customer onboarding, bringing customers onboard in real time vs. several days before working with Alfresco. This has enabled the organization to accelerate revenue while creating new business opportunities.



ROI
201%



Benefits PV
\$10.2 million



NPV
\$6.8 million



Payback
<6 months

- › **Reduced total cost of ownership by modernizing on a cloud-based platform, saving \$1.4 million.** The interviewed organizations saved on total cost of ownership for their ECM deployments. Interviewees discussed IT administrative savings, hardware infrastructure and storage savings, and backup cost savings. They also avoided future hardware upgrades and software purchases (for additional capabilities). Additionally, leveraging Alfresco in the cloud allows interviewees to dynamically scale their environments to meet any demand, while avoiding the risk of overprovisioning hardware.
- › **Improved content delivery experience, totaling \$3.8 million.** As the result of more intuitive content search and sharing for knowledge workers enabled by the Alfresco Digital Business Platform, global organizations' users increased their efficiency with content search.
- › **Reduced cost of technical support personnel hours, saving \$2.6 million.** Interviewees noted that the Alfresco Digital Business Platform in the cloud was significantly easier to maintain than their previous environments, resulting in reduced cost in the required number of FTEs assigned for support. Interviewed organizations apply saved headcount and personnel hours to other value-adding activities.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › **Improved customer experience delivery.** Interviewees qualitatively described an improved ability to deliver an exceptional customer experience.
- › **Improved security.** By moving to the Alfresco Digital Business Platform, customers inherently improved their security posture by facilitating update deployment and adhering to the security standards of the public cloud vendor.
- › **The ability to handle very large files and share globally.** Interviewees cited an improved ability to securely share large files across their organizations.
- › **Leveraging of Alfresco application programming interfaces (APIs).** Interviewees qualitatively described how Alfresco's open APIs accelerated development of complex integrated solutions.
- › **Customization.** Professionals often expect industry-tailored tools, and the flexibility of Alfresco Content Services enabled this kind of adaptation to industry-specific requirements.
- › **Support from the Alfresco team.** Interviewees cited the support they receive from the Alfresco team as a great source of value over their previous ECM vendors.

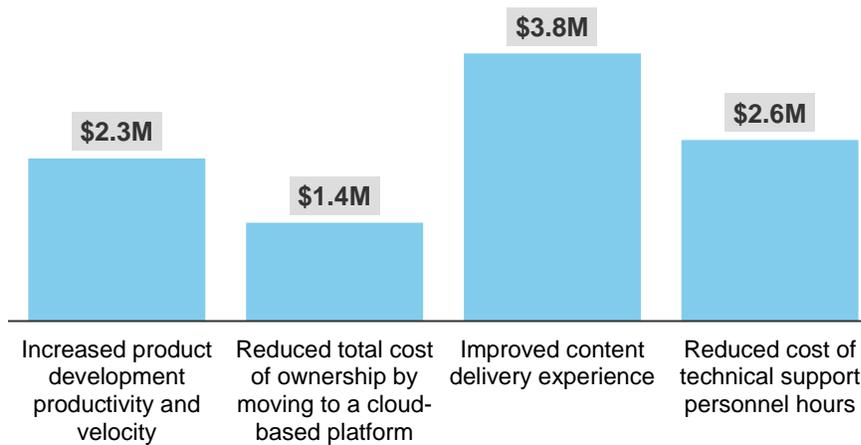
Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

- › **Cost of Alfresco subscription and services totaling \$2.4 million over three years.** The organizations paid subscription fees to Alfresco and paid for a technical account manager each year.
- › **Public cloud hosting and transfer costs totaling \$820,661 over three years.** The organizations paid their chosen public cloud vendors for Alfresco hosting (content services and process services) and data transfer costs.

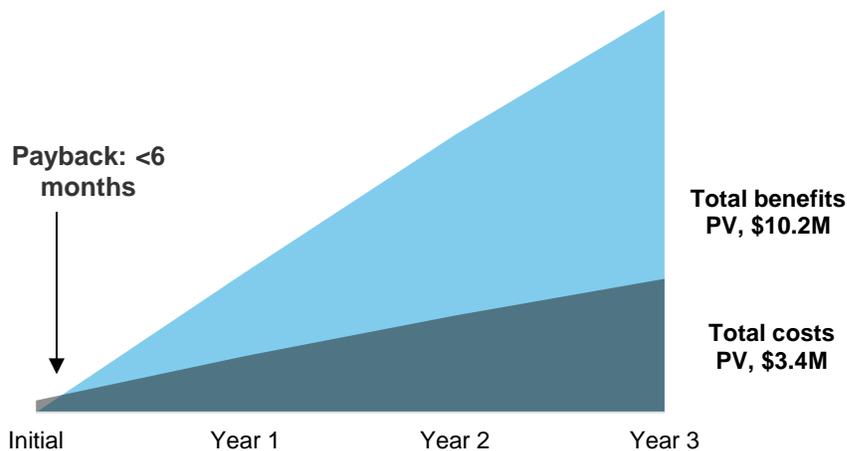
- › **Implementation and configuration of the Alfresco Digital Business Platform on the cloud totaling \$302,500.** On average, 15 employees spent 50% of their time for four months to implement and configure Alfresco on the public cloud. Organizations spent a significant amount of time migrating content from the previous ECM system.

Forrester's interviews with nine existing customers and partners and subsequent financial analysis found that an organization based on these interviewed organizations experiences PV benefits of \$10.2 million over three years versus costs of \$3.4 million, adding up to a net present value (NPV) of \$6.8 million and an ROI of 201%.

Benefits (Three-Year)



Financial Summary



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 the Alfresco Digital Business Platform.

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 Alfresco can have on an organization:



DUE DILIGENCE

Interviewed Alfresco stakeholders and Forrester analysts to gather data relative to Alfresco.



CUSTOMER INTERVIEWS

Interviewed seven organizations using the Alfresco Digital Business Platform running on the cloud to obtain data with respect to costs, benefits, and risks, as well as two Alfresco partners.



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 Alfresco'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 Alfresco 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 the Alfresco Digital Business Platform.

Alfresco 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.

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

The Alfresco Customer Journey

BEFORE AND AFTER THE ALFRESCO INVESTMENT

Interviewed Organizations

For this study, Forrester conducted nine interviews with Alfresco customers and partners. Interviewees include the following:

INDUSTRY	INTERVIEWEE	USE CASE	USERS
Banking	Customer (Technical lead)	Leverages Alfresco for developing applications to facilitate processes around banking-specific governance and compliance.	5,000 employees
Regulatory organization	Customer (Vice president, application platforms)	Manages cases that include 150 million regulatory documents from inception through closure, including case managers, attorneys, and employees.	4,000 employees and thousands of external users and agents
Technology and services	Customer (Principal fellow)	Works with Alfresco to automate key internal and external product-related tasks to increase time-to-market and expand customer base.	45 product teams across the organization
Apparel manufacturing	Customer (Senior manager, brand marketing)	Stores, shares, and distributes marketing assets such as photographs and videos used for promotions and advertising.	15,000 employees and agency representatives
Government	Partner	One of Alfresco's strategic system integrators serving multiple clients in the government sector.	N/A
High-technology manufacturing	Customer (Senior manager, content management services)	Stores and shares all marketing and sales content, including access by external resellers. Also plans to store engineering and design documents in the near future.	200,000 employees and reseller partners
Insurance	Partner	One of Alfresco's strategic system integrators serving multiple clients in the insurance industry to discuss industry-specific challenges, benefits, and examples.	N/A
Publishing company	Customer (Senior vice president, product technology)	Consolidating from more than a dozen ECM tools used across the organization to a single repository for documents used throughout the process of publishing both written and electronic materials.	5,000 employees
Pharmaceutical firm	Customer (Associate director, e-collaboration application)	Houses all documents related to corporate guidelines and policies. Also exchanges documents related to research and product development.	40,000 employees

Key Challenges

After conducting interviews with nine companies, Forrester identified the following challenges that customers experienced prior to adopting the Alfresco Digital Business Platform. The challenges included:

- › **Using multiple content management systems and repositories.** These repositories included legacy ECM systems, shared folders, network drives, and cloud-based solutions. One company estimated that it had over 60 disparate document repositories. Another company inadvertently paid for a second celebrity photo shoot because one business unit was unaware of the photo assets already residing in another business unit's system. The large number of repositories made it difficult for users to find the correct documents or media assets in a timely manner and hindered users' ability to share information and collaborate. Normal employee attrition also contributed to this problem, as expertise on disparate ECM systems and tools frequently left the organization.
- › **Migrating away from legacy ECM to cloud solutions.** One vice president said: "You can't just take an application that was built 10 years ago that runs in your data center and put it in a cloud environment and be able to take advantage of the benefits you need from cloud. To leverage the cloud, an application must be built the right way."
- › **Lacking permissions or access controls in file repositories.** The proliferation of user-created shared drives and adoption of cloud-based storage solutions made it difficult for anyone (not only IT) to exert control over access and permissions. In addition, the ability to share file stores with users beyond company employees raised into question the protection of intellectual property.
- › **Having cumbersome internal processes.** Within larger organizations such as those interviewed by Forrester, internal processes such as certain steps within product development and governance proved tedious and time-consuming for the organization's personnel.
- › **Satisfying compliance mandates and associated audits.** Questions arose about access to company information across multiple electronic repositories with no "single source of the truth."
- › **Managing legacy systems.** In the words of one director: "The older technology that we used didn't do searching and indexing very well. Older ECM systems haven't kept pace with the speed of technology evolution in recent years. One of our older systems was based on web services and Java, which was not upgradeable." Some organizations also indicated that finding skilled, affordable programmers for these systems was an obstacle.

"After taking a look at our existing ECM application that we replaced with Alfresco, we realized that it could not keep pace with the growth of our organization's business goals."

Director, apparel manufacturing



"Alfresco Process Services has enabled us to offer our products to a class of customers to whom we were not able to offer these products before."

Principal fellow, technology and services industry



Solution Requirements

The interviewed companies all went through a due diligence process to determine what they hoped to achieve with a new ECM system. They also developed a list of features that the system would need to increase the chances of a successful deployment. The interviewed companies had the following solution requirements in common:

- › **Cloud-based application.** Each of the companies decided upon a cloud-based strategy before making the decision to invest in Alfresco. In most cases, the customers standardized on a public cloud.
- › **Open source.** This was a key requirement for all of the interviewed companies. They believed that an open source solution would offer access to a large pool of skilled developers and provide a flexible platform for developing extensions and integrations, while satisfying budget requirements.
- › **Able to adjust capacity quickly for spikes in demand.** A director told Forrester: “We needed to develop an environment that would scale with our significant spikes in demand while also maintaining a certain level of application performance. One of the things that we get with Alfresco on the cloud is dynamic scalability and auto-scaling.”

“We can share content and scale with demand quickly by using a combination of Alfresco features, cloud services, and open source capabilities. It’s an amazing benefit to our business.”

Director, apparel manufacturing



Key Results

The interviews revealed that key results from the Alfresco investment include:

- › **Using open source plug-ins to extend system functionality.** Most of the interviewed companies used plug-ins that came from the Alfresco community or from the broader open source community. This contributed to rapid deployment times and reduced development expenses.
- › **Improving user productivity.** Capabilities on the Alfresco Digital Business platform such as Alfresco Process Services and Governance Services enable users to streamline workflows and improve their productivity. This may have a trickle-down effect, as one interviewee cited internal product development process improvements as the key reason they were able to accelerate customer onboarding and time-to-market for their products.
- › **Improving knowledge worker experience around search and document sharing.** While this is a natural outcome of a well-designed and well-executed content management platform, Alfresco improved the user experience for knowledge workers by improving their ability to search for and share content.
- › **Putting structure to historically unstructured content.** Interviewees cited Alfresco Content Services when describing the ability to run analytics against their content repositories to derive structured, quantifiable data from historically unstructured content like documents or reports. This type of content would typically require involved FTE time and interaction to glean similar insights. One interviewee added, “We can now look at our unstructured data with the same lens we look at our structured data.”
- › **Creating parallel environments for testing and quality assurance (QA).** One executive told Forrester: “One of our biggest challenges is to create proper parallel sets of environments so that we can do integration testing, beta releases, and such. With Alfresco on the cloud, we just push a button to create multiple environments. When we are done, we bring them down.”

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Senior vice president, publishing company



“Alfresco process services took the guesswork out of how a product can integrate with our back-end systems. It has become a very repeatable process for each product team within the organization.”

Principal fellow, technology and services industry



- › **Leveraging dynamic scalability and auto-scaling.** An executive from the regulatory firm said: “When we had major events, the previous system had zero flexibility in being able to add additional hardware unless I planned for it six months in advance. By using Alfresco on the cloud, we can make changes when we need them to ramp up and ramp down the capacity.”

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 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 digital and professional services firm providing software-as-a-service (SaaS) products and professional services for clients across the globe.
- › Five thousand users around the globe leveraging Alfresco Content Services for enterprise ECM functionality.
- › Three hundred users in product development and technical roles leveraging Alfresco Process Services to streamline the product development lifecycle.
- › Replaces traditional ECM and automation systems and tools with the Alfresco Digital Business Platform on a public cloud.



Key assumptions

5,000 active users,
including employees and
trusted external partners

Financial Analysis

QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased product development productivity and velocity	\$938,700	\$938,700	\$938,700	\$2,816,100	\$2,334,408
Btr	Reduced total cost of ownership by moving to a cloud-based platform	\$379,050	\$676,020	\$676,020	\$1,731,090	\$1,411,189
Ctr	Improved content delivery experience	\$1,543,500	\$1,543,500	\$1,543,500	\$4,630,500	\$3,838,456
Dtr	Reduced cost of technical support personnel hours	\$1,045,000	\$1,045,000	\$1,045,000	\$3,135,000	\$2,598,760
	Total benefits (risk-adjusted)	\$3,906,250	\$4,203,220	\$4,203,220	\$12,312,690	\$10,182,813

Increased Product Development Productivity And Velocity

Alfresco Process Services enabled interviewed organizations to streamline business processes and greatly reduce personnel hours spent on cumbersome tasks while accelerating value associated with the initiatives. Interviewees collectively described multiple unique use cases for their businesses.

- › An interviewee in the SaaS technology and services industry described their organization’s ability to leverage Alfresco Process Services to automate the customer onboarding steps for new customers in real time. Not only did this drastically reduce the onboarding time for the company’s customers, but it also formalized many of the internal steps that each product team would need to launch a new product. This optimized internal development personnel time. The interviewee told Forrester: “Alfresco took the guesswork out of how a product can integrate with our systems. It has become a very repeatable process for each product team within the organization.” The same interviewee also noted that by automating customer provisioning steps in real time, the organization could offer self-service options for customers on its marketplace, allowing customers to explore products, participate in trials, and pay online without interfacing with a salesperson. This broadened the market for some historically enterprise-grade products to small and mid-sized customers, opening additional sales opportunities for the organization.

While Forrester calculated this benefit using personnel hours saved during product development cycles, other interviewees realized productivity improvements for their staff in other use cases:

- › The regulatory organization uses the Governance Services on the Alfresco Digital Business Platform to automate much of its manual, ad hoc governance workflows — such as document destruction or legal holds. The interviewee said: “We place great amounts of focus on records management, so having strong automation in the form of

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 have a PV of nearly \$10.2 million.

“We were able to improve our time-to-market for our products by using Alfresco Process Services to establish patterns on how our product teams can work together internally to launch a new or existing product on our marketplace.”

Principal fellow, technology and services industry



Alfresco’s governance services is a significant benefit. Over the long haul, this should eliminate a lot of manual work.”

- › The interviewee within banking described leveraging the Alfresco Application Development Framework (ADF) on the Alfresco Digital Business Platform to quickly create applications to solve users’ challenges around the manual, compliance-related tasks within a highly regulated industry. The interviewee noted that the ADF’s out-of-the-box reusable components shortened development cycles, which boosted productivity for the developers, as well.

In addition, interviewees who used Alfresco Process Services to streamline internal product development processes realized accelerated product development cycles and eventual launches, which accelerated the revenues and profits associated with these products.

Because use cases, margins, and development cycles will vary widely between companies and industries, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$2.3 million.

“We place great amounts of focus on records management, so having strong automation in the form of Alfresco’s governance services is a significant benefit. Over the long haul, this should eliminate a lot of manual work.”

VP of application platforms, regulatory organization



Increased Product Development Productivity And Velocity: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of new SaaS products under development per year		10	10	10
A2	Days of development per product		90	90	90
A3	Development and IT FTEs per product		6	6	6
A4	FTE development requirement reduction per product		30%	30%	30%
A5	FTE fully loaded daily rate		\$150	\$150	\$150
A6	Subtotal: Development productivity gains	A1*A2*A3*A4*A5	\$243,000	\$243,000	\$243,000
A7	Average monthly revenue per SaaS product		\$200,000	\$200,000	\$200,000
A8	Accelerated time-to-market	Months	1	1	1
A9	Gross profit margin		40%	40%	40%
A10	Subtotal: Incremental profit	A1*A7*A8*A9	800,000	800,000	800,000
At	Increased product development productivity and velocity	A6+A10	\$1,043,000	\$1,043,000	\$1,043,000
	Risk adjustment	↓10%			
Atr	Increased product development productivity and velocity (risk-adjusted)		\$938,700	\$938,700	\$938,700

Reduced Total Cost Of Ownership By Moving To A Cloud-Based Platform

Prior to moving to a cloud-based Alfresco Digital Business Platform, the composite organization used ECM and automation solutions that were hosted internally. The hardware infrastructure required periodic upgrades

and regular increases in storage capacity. The software tools also required frequent updates and additional investments to add new capabilities. One interviewee also noted that additional hardware infrastructure would have been needed to build for peak demand, which was not feasible for their organization, as it would be overprovisioned for the majority of the year outside of its peak demand season.

By moving to a cloud-based platform, the composite organization avoids many of these costs while adding additional capabilities.

The avoided capex and opex costs included:

- › Three servers at \$15,000 each, which the organization would have purchased in the first year. This price includes maintenance for the first year.
- › Annual maintenance fee of 8% of the purchase price, \$3,600, in Year 2 and Year 3.
- › License and related services fees for the software tools used in the previous environment. This includes fees for prior ECM, automation and governance tools.

Because many of the interviewees told Forrester their organizations phased out previous software solutions over time, the avoided software license and maintenance lines are calculated at 50% during Year 1.

Forrester applied a risk adjustment of 5%. Forrester found in the interviews that for organizations hosting traditional ECM deployments, the cost of hardware and other related operating expenses is common.

The final avoided capex and opex costs yield a three-year risk-adjusted total PV of \$1.4 million.

“[With the Alfresco Digital Business Platform], we have the opportunity to scale our resources elastically with demand, whether we have 5,000 active users or 500 active users. This is huge for us.”

Director, apparel manufacturing



Reduced Total Cost Of Ownership By Moving To A Cloud-Based Platform: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Retired three servers	\$15,000*3	\$45,000		
B2	Annual hardware maintenance cost	B1*8%		\$3,600	\$3,600
B3	License fees paid for previous solutions		\$300,000	\$600,000	\$600,000
B4	Annual software maintenance cost	18%	\$54,000	\$108,000	\$108,000
Bt	Reduced total cost of ownership by moving to a cloud-based platform	B1+B2+B3+B4	\$399,000	\$711,600	\$711,600
	Risk adjustment	↓5%			
Btr	Reduced total cost of ownership by moving to a cloud-based platform (risk-adjusted)		\$379,050	\$676,020	\$676,020

Improved Content Delivery Experience

As a natural outcome to a well-designed and well-executed content management platform, Alfresco Content Services improved the user experience around document search and sharing for the organizations’ knowledge workers. With Content Services on the Alfresco Digital Business platform, content was readily available in centralized repositories, reducing much of the manual searching required by users.

- › A school system was able to share student records among over 200 geographically dispersed schools, which was impossible with its previous environment.
- › A large high-tech manufacturer effectively provides sales and marketing content to all of its internal and partner resellers.
- › One partner of Alfresco noted that within certain regulated, document-heavy industries, organizations' users could increase their document search efficiency by nearly 40%.

In addition, interviewees noted that Alfresco Content Services set them up to run analytics against their document repositories in ways that were not possible before working with Alfresco — specifically, mining structured insights from content such as documents or reports without direct FTE interaction, which was historically required. The partner added, “The ability to run analytics to unlock the information in our hundreds of millions of documents we manage is huge and an untapped information source for us that most organizations have not tapped.”

In the financial model, Forrester assumes each of the 5,000 employees avoids 30% of the hours they spend per week searching for content within previously disparate repositories. Forrester adjusted this benefit downward by 20% to account for organizational and industry variances to time spent on document search, yielding a three-year risk-adjusted total PV of \$3.8 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.

Improved Content Delivery Experience: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Hours spent searching for content per week		1	1	1
C2	Total hours spent per year	C1* 5,000 employees*49 weeks	\$245,000	\$245,000	\$245,000
C3	Average efficiency increase		30%	30%	30%
C4	Average employee hourly rate (rounded)	\$73,000/2,080 hours	\$35	\$35	\$35
C5	Productivity capture		75%	75%	75%
Ct	Improved content delivery experience	$C1 * C2 * C3 * C4 * C5$	\$1,929,375	\$1,929,375	\$1,929,375
	Risk adjustment	↓20%			
Ctr	Improved content delivery experience (risk-adjusted)		\$1,543,500	\$1,543,500	\$1,543,500

Reduced Cost Of Technical Support Personnel Hours

The interviewed organizations repeatedly indicated that the Alfresco Digital Business Platform required significantly fewer staff members to manage and maintain than the previous systems across ECM, automation, and governance capabilities. One interviewee noted a nearly 30% reduction in the total support staff needed across the organization.

The savings come from:

- › Avoided cost of maintaining hardware and software within the company for an internally hosted application.

- › Fewer technical staff members needed to maintain the content applications, as business users could take ownership of some of the administration activities that previously required a technical team for the organization’s traditional ECM systems.
- › Individuals with the skills to manage legacy systems becoming increasingly scarce and expensive.

The composite organization no longer needs 10 FTEs requiring an average salary of \$110,000 per year for support and they are repurposed to other value-adding activities in the organization. As a result, the organization realizes a three-year PV cost savings of \$2.7 million. Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$2.6 million.

Reduced Cost Of Technical Support Personnel Hours: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Number of fewer FTEs required		10	10	10
D2	Average burdened salary		\$110,000	\$110,000	\$110,000
Dt	Reduced cost of technical support team	E1*E2	\$1,100,000	\$1,100,000	\$1,100,000
	Risk adjustment	↓5%			
Dtr	Reduced cost of technical support team (risk-adjusted)		\$1,045,000	\$1,045,000	\$1,045,000

Unquantified Benefits

In addition to the benefits outlined above, the interviewed organizations shared other benefits that did not have specific financial implications. Specifically, Alfresco helped them by:

- › **Improving customer experience delivery.** Interviewees qualitatively described an improved ability to deliver an exceptional customer experience. The interviewee who said their organization used Alfresco Process Services to automate many of the back-end operations for the customer onboarding process noted a significant perceived uplift in the customer experience by removing friction from customer interactions.
 - The onboarding process was improved to a real-time experience for customers, who could begin using the products they purchased sooner. The interviewee added: “Offering a self-service and real-time aspect to our customer onboarding translates to a better customer experience with us. Customers can start using our products right away.”
 - Account options for customers such as inquiring about account balances or changing addresses, which were previously difficult or impossible for customers to navigate alone, were made intuitive.
 - The organization could address internal events, which the customer did not need to know about, without having any effect on the customers. The organization was also able to change identity providers and onboard customers onto the new identity provider without alerting them or asking them to change their password. One interviewee said: “Alfresco

“Offering self-service and a real-time aspect to our customer onboarding translates to a better customer experience with us. Customers can start using our products right away.”

Principal fellow, technology and services



Process Services was the key underneath this. The customer could never tell any of this happened.”

While the organizations interviewed for this report had not been tracking any customer experience metrics explicitly, interviewees noted a perceived positive uplift for their customer experience delivery as a whole. Forrester’s research indicates that organizations that deliver a better customer experience enjoy increased customer retention, see higher cross-sell and upsell opportunities, get more new customers, and experience a decreased cost to serve customers.²

- › **Creating the ability to handle very large files and share globally.** One executive told Forrester: “Our CIO and chief marketing officer declared that collaboration is critical to our company. In our case, using embedded video internally and on our website is widely viewed as a huge success. We would not have been able to do that without Alfresco; it would have been impossible.”
- › **Improving security by moving to the cloud.** By moving to the Alfresco Digital Business platform, customers inherently improve their security posture by facilitating update deployment and adhering to the security standards of the public cloud vendor.
- › **Leveraging Alfresco application programming interfaces (APIs).** A director said: “We’re building these composite applications that enable new capabilities for our business. So we’re heavily using the Alfresco APIs.”
- › **Customizing Alfresco to look and feel like an industry-specific tool.** One vice president told Forrester: “I’m working in an environment that has a lot of attorneys, and they are used to working in a particular way with document management solutions. Alfresco is not a legal document management system, per se. We had to make it look and feel like a legal document management solution. Alfresco is a flexible enough platform that we could achieve this.”
- › **Gaining support from the Alfresco team.** Interviewees highlighted their positive experiences working with Alfresco. One executive noted: “I can’t think of any other company — and I deal with lots of them at my level — that is actually willing to partner with you and is vested in your success along with you. They really, really have come to the table when we’ve needed them to support us in ways that are way beyond what you normally come to expect from vendors based on historical engagements.”

“We have specific enterprise standards around security that Alfresco helped us attain. We moved to a much better security stance as a result.”

*VP of application platforms,
regulatory organization*



“I can’t think of any other company — and I deal with lots of them at my level — that is actually willing to partner with you and is vested in your success along with you. They really, really have come to the table when we’ve needed them to support us in ways that are way beyond what you normally come to expect from vendors based on historical engagements.”

*VP of application platforms,
regulatory organization*



Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement the Alfresco Digital Business Platform and later realize additional uses and business opportunities, including:

- › **Expanding into artificial intelligence capabilities.** The regulatory organization detailed to Forrester its vision for future use cases for AI services, which would now be possible due to moving to the Alfresco Digital Business Platform.
 - The organization could improve document identification algorithms to extract data specific to document type. With improved structured data from these documents, it could run cluster analysis to look for commonalities and extract additional insights from the collective data.
 - The organization could effectively extract long documents for insights without dedicating personnel hours to the task.
- › **Gaining ability to track activity on a document or media asset.** A vice president said: “One thing we plan to do that we would never have dreamed of without Alfresco is to track asset reuse. Once an asset is stored into Alfresco, it’s assigned a global unique identifier (GUID). We pass along that GUID to our downstream systems in a way that allows us to track usage with scientific clarity. We can answer:
 - What happened to that asset?
 - Where did that asset get used?
 - Where did that picture land across all our digital experiences?
 - How many consumer impressions did it generate on Twitter, Facebook, and other social media?
 - How many times was a consumer involved with that specific asset?”

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

“Based on what we’ve seen, Alfresco is at a level where we could start using some of their artificial intelligence services and would benefit from doing so.”

*VP of application platforms,
regulatory organization*



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.

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Cost of Alfresco subscription and services	\$0	\$907,800	\$907,800	\$907,800	\$2,723,400	\$2,257,564
Ftr	Public cloud hosting and transfer costs	\$0	\$330,000	\$330,000	\$330,000	\$990,000	\$820,661
Gtr	Cost to configure and implement Alfresco on the cloud	\$302,500	\$0	\$0	\$0	\$302,500	\$302,500
	Total costs (risk-adjusted)	\$302,500	\$1,237,800	\$1,237,800	\$1,237,800	\$4,015,900	\$3,380,725

Cost Of Alfresco Subscription And Services

The composite organization pays \$13.63 per user per month for its Alfresco subscription for 5,000 users. In addition, the organization pays for one technical account manager at a cost of \$90,000 per year. Forrester did not risk-adjust this cost, resulting in a three-year total PV of \$2.3 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 just under \$3.4 million.

Cost Of Alfresco Subscription And Services: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Number of users			5,000	5,000	5,000
E2	Subscription fee for 5,000 users	\$13.63 per user per month		\$817,800	\$817,800	\$817,800
E3	Onsite technical account manager			\$90,000	\$90,000	\$90,000
Et	License cost for Alfresco	F2+F3		\$907,800	\$907,800	\$907,800
	Risk adjustment	0%				
Etr	License cost for Alfresco (risk-adjusted)			\$907,800	\$907,800	\$907,800

Public Cloud Hosting And Transfer Costs

The composite organization pays fees to a public cloud vendor. One director explained: "In my legacy system, I would pay for disk and server costs. For the cloud, I pay server and transfer costs." The composite organization pays:

- › Hosting or server costs of \$120,000 per year.
- › Transfer costs of \$180,000 per year.

Forrester risk-adjusted this cost by 10%, yielding a three-year total PV of \$820,661.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

Public Cloud Hosting And Transfer Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Hosting			\$120,000	\$120,000	\$120,000
F2	Transfer			\$180,000	\$180,000	\$180,000
Ft	Hosting and transfer costs	G1+G2		\$300,000	\$300,000	\$300,000
	Risk adjustment	↑10%				
Ftr	Hosting and transfer costs (risk-adjusted)		\$0	\$330,000	\$330,000	\$330,000

Cost To Configure And Implement Alfresco On The Cloud

It takes effort to design, configure, implement, and migrate solutions that manage enterprise content. It takes further effort to implement training programs for technical teams and for end users to get the most out of the solution. For the composite organization, implementation efforts required the work of 15 employees applying 50% of their time for four months. At an average burdened salary, the cost totaled \$275,000. Forrester risk-adjusted the cost upward by 10% to account for variations in the implementation and the amount of content that needed to be moved. The three-year, risk-adjusted PV cost was \$302,500.

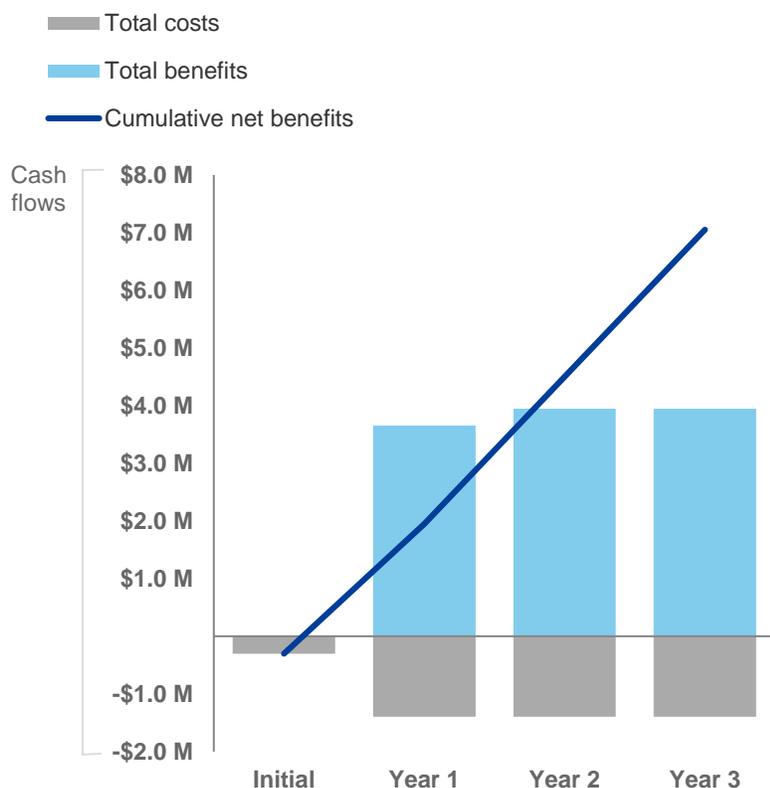
Cost To Configure And Implement Alfresco On The Cloud: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	15 employees involved at 50% of time for four months (FTE years)		2.5			
G2	Averaged burdened salary		\$110,000			
Gt	Implementation and configuration of Alfresco	H1*H2	\$275,000	\$0	\$0	\$0
	Risk adjustment	↑10%				
Gtr	Implementation and configuration of Alfresco (risk-adjusted)		\$302,500	\$0	\$0	\$0

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	(\$302,500)	(\$1,237,800)	(\$1,237,800)	(\$1,237,800)	(\$4,015,900)	(\$3,380,725)
Total benefits	\$0	\$3,906,250	\$4,203,220	\$4,203,220	\$12,312,690	\$10,182,813
Net benefits	(\$302,500)	\$2,668,450	\$2,965,420	\$2,965,420	\$8,296,790	\$6,802,088
ROI						201%
Payback period						<6 months

The Alfresco Digital Business Platform: Overview

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

Alfresco Digital Business Platform enables the development of a broad range of content, process, and governance intensive solutions. It's an open source, cloud-native, developer-friendly platform that can be tailored to meet the requirements of the modern workforce. Differentiators include:

- Cloud-native, modern product architecture (vs. decades-old legacy codebases “supplemented” via mergers and acquisitions), which leverages microservices architecture to independently scale process-intensive platform operations, such as content transformations.
- A single, fully integrated platform (designed, architected, and built as a single platform) to deliver enterprise-scale process, content, and governance services (vs. competitors who often have poorly integrated product portfolios resulting from acquisitions or basic document-centric workflow).
- Out-of-the-box connectors enable simple integration with a range of business systems to provide easy access to critical content for end users.
- Alfresco is the only open source content services vendor that is DoD 5015.02 Ch 2 and Ch 3 certified. Meeting the DoD 5015.02 standard means that agencies in the US government can now manage all their content — classified and unclassified — in a single, unified digital business platform that offers content, process, and governance developed by a single vendor on a modern open stack.
- In addition to support for the DoD standard, Alfresco supports a range of additional international regulatory standards including ISO 15489, ISO 16175, FOIA, VERS, EgovG, and MoReq2.
- First-mover advantage in integrating with AWS with a native integration into Amazon S3 Glacier for long-term & low-cost storage and archival.
- Tight integration of AI services with Alfresco Intelligence Services, which enriches content insight with Amazon Services such as Amazon Comprehend, Amazon Rekognition, Amazon Textract, and others.
- Flexible choice of DevOps-ready deployment options: on-premises, in the cloud, or fully managed service, with support for both traditional or containerized deployments (e.g., Docker, Kubernetes, AWS EKS).
- A high-performance, open source business process (BPM) engine based on Activiti with the flexibility and scalability to integrate content into a wide variety of critical business processes, such as customer onboarding, service requests, claims operations, etc.
- Graphical tools like the Step Editor enables business users to quickly and easily create new process models and forms, as well as powerful BPMN2 Editor for advanced and powerful process modeling.
- “Invisible Governance” and automation of records declaration and filing using the business rules engine and process engine.
- The Alfresco Development Framework provides over 150 reusable graphical UI components, and a range of third-party connectors enable fast development of modern, responsive customer solutions with minimal coding requirements, significantly reducing time-to-value.
- Open source, open standards and open APIs — and the accompanying value the open source community brings in accelerating product innovation.
- Developer-friendly nature of Alfresco offering (open APIs, open standard support, and open source core) is attractive to SIs and customers alike interested in building custom solutions to bring to market or to address a specific set of internal requirements and provide differentiation in the market.

Appendix A: Total Economic Impact

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

Total Economic Impact Approach



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



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



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



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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Endnotes

¹ Source: “Solve Your Top Content Challenges With Flexible, Modern Platforms,” Forrester Research, Inc., September 18, 2019.

² Source: “The ROI of CX Transformation,” Forrester Research, Inc., August 15, 2019.