FORRESTER®

The Total Economic Impact™ Of WalkMe Digital Adoption Platform

Cost Savings And Business Benefits
Enabled By A Digital Adoption Platform

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Consulting Team: Christian Fischer
Ashleigh Cohen

Executive Summary

> By driving digital adoption, organizations can realize the full potential of their technology investments and grow revenue with their customer-facing applications. WalkMe specializes in driving digital adoption by providing moment-based guidance, insights, and automation for application users as well as the data and analytics for management to develop and execute a rigorous and successful digital adoption strategy that maximizes value over time.

WalkMe 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 WalkMe Digital Adoption Platform (DAP).[1] Forrester defines a digital adoption platform as technology that analyzes and automates processes and provides step-by-step guidance so users can complete tasks easily in the moment of need. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the WalkMe Digital Adoption Platform on their organizations. By driving digital adoption, organizations can realize the full potential of their technology investments and grow revenue with their customer-facing applications. WalkMe specializes in digital adoption with in-app guidance, insights, and automation for end users, as well as management analytics to inform a successful digital adoption strategy and to maximize value.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using the WalkMe Digital Adoption Platform. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organization.

Interviewed customers were facing digital transformations (project/program) that led to increasing complexity of their digital enterprise solutions landscapes. In most cases, this resulted in a missed opportunity to fully optimize the use of

KEY STATISTICS

Return on investment (ROI)
368%

Net present value (NPV)
$15,757,883

applications and to drive digital adoption for employees and end-users/customers.

Prior to using WalkMe, the interviewed customers typically did not have any specific digital adoption platforms or solutions in place. However, they mostly were familiar with the concept, and developed a strategy to increase digital adoption and leverage some of the possible benefits. Nevertheless, prior attempts without a supporting technology solution yielded limited success, which finally led them to invest in WalkMe. The customers reported several key benefits, mainly including the increased efficiency in application usage, savings in onboarding and training costs, a reduction in IT and customer support, savings in software license fees, an increase in end-user adoption and upsell opportunities, and a reduced sales cycle due to better data quality and integrity.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Increased application usage and process efficiency.** By customizing applications, processes become more efficient and users can remove unnecessary steps. By deploying WalkMe's step-by-step guided functionality, completing a task is more streamlined and simplified. And due to increased data integrity and quality, some steps involved in error handling can be removed. This saves users the time for more meaningful tasks. In total, this saves the composite organization more than 267,000 hours of unnecessary time spent using applications. This leads to a present value (PV) of $9.8 million to the composite organization over three years.

- **Increased training and onboarding efficiency by over 100%.** In-person training and training content are not always efficient ways to coach and educate staff, especially during programs that include large change management efforts. Leveraging efficiencies in this area was a priority for all the interviewed customers, whether it was for new employees using the applications for the first time or for existing employees using new applications or new features and capabilities of application upgrades.

  The interviewees also mentioned that WalkMe helped them leverage these efficiencies through scaling existing resources, improving self-service support, and enabling new resources. This significantly reduced the need for off-the-job training of new and existing employees taking on new responsibilities.

  For the composite organization, this saves an average of 50% in onboarding time and 60% in training time on applications, and it saves significant time on classroom training. This leads to an overall PV of $3.3 million over three years.

> **"For one platform, we used WalkMe automation to reduce 15 clicks to one click."**
>
> *Senior manager, IT transformation center of excellence, software industry*

- **Saved 50% in IT support calls and help desk tickets.** Interviewees explained that adding WalkMe provided guidance for application usage for the user, therefore reducing the need for outside help and support. For the composite organization, this reduces the need for IT support, resulting in fewer IT support calls and help desk requests, which leads to a three year PV of $1.3 million.

- **Saved 20% in software licenses fees.** Interviewees reported that the increased transparency about the usage of applications allowed them to better ensure that enterprise applications were used to their full potential. For the composite organization, this enables future license savings of 10% in Year 2, and about 20% savings in Year 3, leading to a three-year PV of about $1.1 million.

- **Increased retention by an average of 35% and growth in upsell by 10% growth in upsell.** Interviewees who used WalkMe on their customer-facing software products/mobile applications said WalkMe improved the user experience due to better ease and effectiveness of the mobile application. For the composite organization, this helps to increase customer retention by about 35% and grow upsell opportunities by 10% over three years. New users are able to onboard more quickly, which increases adoption and reduces user friction. Feedback and improvement suggestions are built

into the mobile application, enabling rapid fixes and improvements that better align capabilities to the user's requirements. Overall, this leads to a PV of $2 million over three years.

- **Saved an average of 50% in customer support call costs.** The WalkMe solution provides in-application guidance for product usage for the customer, therefore reducing the need for help and support. Interviewees said their organizations reduced effort for customer support because users were better supported and guided through complex tasks. For the composite organization, this results in 50% fewer support calls and requests from customers and a three-year PV of $937,190.

- **Led to one-month earlier revenue and profit due to reduction in sales cycle.** By eliminating errors when filling in purchase orders and other contractual documentation, organizations can reduce the sales cycle by avoiding an additional cycle of going back and forth with order inputs, approvals, and documentation.

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

- **Reduced change fatigue.** By streamlining and simplifying tasks WalkMe enabled employees to be more productive and increase their overall satisfaction, reducing change fatigue and frustrating experiences. One organization found that employees gave higher ratings to applications with WalkMe included, with as high as 90% rating them positively.

- **Increased flow and employee productivity.** According to Forrester research, an increased employee experience (EX) is mainly driven by the concept of "flow," which means employees are enabled to focus on their most important work and get things done in a productive way with purpose and autonomy.[2]

Interviewees reported a high engagement of employees with WalkMe content which led to completion of their tasks in simpler, faster, and more productive ways. This increased flow while improving employee experience and loyalty.

- **Increased overall customer satisfaction.** Interviewees reported that their customer satisfaction metrics increased after implementing and using WalkMe. A key reason for this is due to the increased effectiveness and ease of the experience customers had with the mobile application and product/service. Coupled with emotion, these are the key tenets of a great customer experience (CX). Forrester research correlates that CX improvements have a direct impact on customer retention, enrichment, and advocacy, all of which positively impact revenue.[3]

Costs. Risk-adjusted PV costs for all applications in scope include:

- **Implementation costs of $350,182.** Implementing WalkMe on an application involves collaboration between the client organization and the WalkMe team to build step-by-step guidance tailored to users' roles and to set up the analytics platform to better understand the end user experience. Interviewees said implemention costs ranged from $5,000 for external professional services costs for a small application to around $25,000 for larger applications. Overall, this leads to a three-year PV of costs of $350,182 for the composite organization.

- **Maintenance costs of $387,384.** The total maintenance/professional services fees are comprised of the resource cost for internal staff effort plus the fees paid to WalkMe for professional services support. Maintenance includes updating WalkMe content when workflows or business processes change and ensuring that guidance remains relevant and helpful. Some of the interviewees said their organizations incurred professional services

costs as they engaged WalkMe to support development projects (e.g., setting up a center of excellence). For the composite organization, the maintenance costs are $387,384 over three years.

- **Software license fees of $3.5 million.** This is comprised of an average $6 monthly fee per internal user for a firm that resembles the composite organization and a $0.30 fee per end user/customer using the mobile application.

The customer interviews and financial analysis found that the composite organization experiences benefits of $20,042,842 over three years versus costs of $4,284,959, adding up to a net present value (NPV) of $15,757,883 and an ROI of 368%.

The study results and customer interviews indicate that the value of WalkMe continues to grow as organizations implement more use cases. In Year 1, most of the interviewees said their organizations experienced large benefits from help desk cost savings, increased application usage and process efficiencies, savings related to training and onboarding, and a one-off benefit from a reduced sales cycle. For the composite organization, these benefits increase over time, and they are supplemented by software license savings in Year 2, customer support call savings, and increased growth

in the customer-facing application in Year 3 (the year WalkMe is rolled out on the mobile application).

> **"I would estimate 80-90% cost savings on training post-WalkMe. We have saved approximately $1 - $1.5 million altogether, including trainer salaries."**
>
> *Head of talent technologies, innovation and creative solutions, healthcare*

ROI
368%

BENEFITS PV
$20,042,842

NPV
$15,757,883

PAYBACK
<3 months

$20,042,842

three-year total benefits PV

Reduction in sales cycle: $1,363,637; 7%

Reduction in customer support call costs: $937,190; 5%

Increased user retention and upsell: $2,028,550; 11%

Software licensing savings:$1,099,880; 5%

Savings in IT support and help desk tickets: $1,349,601; 7%

Increased onboarding and training efficiencies: $3,257,640; 16%

Increased application usage and process efficiency: $9,803,489; 49%

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in the Digital Adoption 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 the Digital Adoption Platform can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by WalkMe 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 Digital Adoption Platform.

WalkMe 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.

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

DUE DILIGENCE
Interviewed WalkMe stakeholders and Forrester analysts to gather data relative to the WalkMe Digital Adoption Platform.

CUSTOMER INTERVIEWS
Interviewed four decision-makers at organizations using the WalkMe Digital Adoption Platform to obtain data with respect to costs, benefits, and risks.

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

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

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

Interviewed Organizations			
Industry	**Region**	**Interviewee**	**Number of WalkMe users**
Software as a service (SaaS)	Headquartered in US	Senior VP of customer success	120,000
Healthcare	Headquartered in US	Head of talent technologies, innovation, and creative solutions	55,000
Software	Headquartered in US	Senior manager, IT transformation center of excellence	18,500
Energy	Headquartered in EMEA	Continuous improvement and customer excellence manager	1,200

KEY CHALLENGES

Most organizations are facing a rapid, all-encompassing digital transformation that often leads to increasing complexity of their digital enterprise solution landscapes. In most cases, this results in missing an opportunity to fully optimize the use of applications and to drive digital adoption for employees and customers.

The interviewees said their organizations struggled with common challenges, including:

- **Poor employee experience and lack of engagement.** Rapid digital transformation led to a great amount of change in applications, processes, and functionality. This ultimately stressed employees while their experience and engagement suffered due to change fatigue, and it is common during large digital transformations.

- **Need for streamlined change management, more effective training, and product adoption.** Interviewees said their organization had a high dependency on instructor-led training to onboard users when launching a new product or application. Instructor-led training burdens training resources and is very costly.

- **Customizing platforms to suit business needs.** For customers, standard out-of-the-box solutions often did not concisely fit with their workflows and had limited ability to be customized without incurring a heavy cost. Therefore, it was difficult to identify areas to streamline processes and improve operational flow.

- **Increased pressure to maximize use of expensive software licenses.** Most of the interviewees said their organization experienced increased cost pressures on application and solutions used. This was mainly due to extensive support and help desk costs incurred and increased license fees due to the extended digital enterprise solutions landscape.

COMPOSITE ORGANIZATION

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

Description of composite. The global, $30 billion B2B SaaS organization offers a mobile app that customers use. The organization has global operations, requiring the use of several internal applications and platforms to meet everyday business needs. Application types include human capital management (HCM), CRM, enterprise resource planning (ERP), finance, and business intelligence platforms. This study's ROI model focuses on these business application types. However, users can also deploy the WalkMe Digital Adoption Platform on other applications such as supply chain and procurement tools.

	Number of applications using WalkMe	Number of users (internal)	Number of users (external)
Y1	3	15,250	
Y2	6	25,500	
Y3	7	25,500	50,000

SOLUTION REQUIREMENTS

After conducting an RFP and business case process evaluating multiple vendors, the composite organization chooses WalkMe's Digital Adoption Platform and begins deployment of the solution using a phased approach:

- On average, the interviewees said their organization initially deployed WalkMe on three internal applications

Key assumptions

- **$10 billion in revenue**
- **30,000 employees**
- **Uses WalkMe on 7 applications:**
  - **6 internal applications**
  - **1 external customer-facing application**

- The following year, the composite organization increases the deployment of WalkMe's Digital Adoption Platform across three more internal applications that cover 25,500 users within the organization.

- In the final phase, the organization adds WalkMe's Digital Adoption Platform to its software for external use by customers via a mobile application. For the purposes of this study, Forrester assumes 50,000 customers use the application.

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increased application usage and process efficiencies	$2,575240	$4,593019	$4,880083	$12,048,342	$9,803,489
Btr	Increased onboarding and training efficiencies	$918,340	$1,535,585	$1,535,585	$3,989,509	$3,257,640
Ctr	Savings in IT support and help desk tickets (internal)	$380,457	$636,174	$636,174	$1,652,805	$1,349,601
Dtr	Software licensing savings	$0	$329,400	$1,101,600	$1,431,000	$1,099,880
Etr	Increased user retention and upsell	$0	$0	$2,970,000	$2,970,000	$2,028,550
Ftr	Savings in customer support calls	$0	$0	$1,247,400	$1,247,400	$937,190
Gtr	Reduced sales cycle (one-off)	$1,500,000	$0	$0	$1,500,000	$1,363,637
	Total benefits (risk-adjusted)	$5,374,037	$7,094,178	$12,370,841	$24,839,057	$20,042,842

INCREASED APPLICATION USAGE AND PROCESS EFFICIENCIES

Evidence and data. By a large margin, interviewees said the biggest benefit of using the platform is increasing efficiency and usage of applications. There are several drivers behind this:

- By customizing applications, the processes become more efficient and organizations can remove unnecessary steps. One interviewee said: "If users are engaging in extra clicks and wasting time, we use WalkMe to help create what we call a frictionless path. Not only does it make them more productive, it also improves the user experience."

- Guidance can be included within the applications facilitating their usage. One interviewee said, "For one platform, we used WalkMe automation to reduce 15 clicks to one click."

- WalkMe also provides detailed data into how applications are being used. In turn, organizations can use this information to improve the application and optimize it, further enhancing user productivity.

- WalkMe also guides users to important functionality not being used in an application.

- One of the interviewees said: "The user is in an application performing tasks. They can get guided help, so they don't need to find a manual, open another website, or open another tab".

Modeling and assumptions. To quantify the impact of this benefit, Forrester makes these assumptions about the composite organization:

- 10% of an average user's time is spent on software applications.

- 75% of application users adopt WalkMe in Year 1 and this increases to 85% in Year 3.

- Application usage time is reduced by 7% following the implementation of WalkMe.

- The average annual user salary is $75,000, which is equivalent to an hourly rate of $43.

- Forrester applied a 50% productivity conversion factor, as is standard TEI best practice. This assumes that only half of the time made available is put back into productive use.

Risks. A moderate 15% risk adjustment was applied to adjust for differences in the way organizations are set up in terms of implementing and supporting software applications along with differences in user adoption and times spent with the application type in scope. This results in a three-year PV of $9,803,489.

$9.8 million

three-year benefit PV   49%
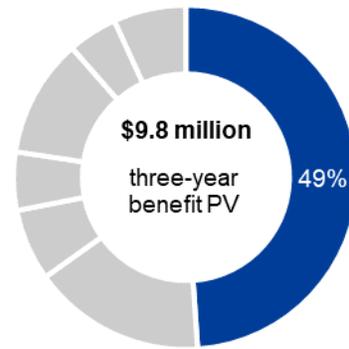
Increased Application Usage And Process Efficiencies					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Number of users		15,250	25,500	25,500
A2	Percentage of user adoption		75%	80%	85%
A3	Number of users applicable (showing rounded value)	A1*A2	11,438	20,400	21,675
A4	Total time spent with applications using WalkMe (hours)	Assumption: average 10% of user's time	2,013,088	3,590,400	3,814,800
A5	Total time saved by using the application (hours) (showing rounded value)	A4*7% reduction	140,916	251,328	267,036
A6	Average user labor cost per hour (showing rounded value)	Interviews: $75,000/220 days/8 hours	$43	$43	$43
A7	Productivity conversion factor	Assumption: 50%	50%	50%	50%
At	Increased application usage and process efficiencies	A5*A6*A7	$3,029,694	$5,403,552	$5,741,274
	Risk adjustment	↓15%			
Atr	Increased application usage and process efficiencies (risk-adjusted)		$2,575,240	$4,593,019	$4,880,083

INCREASED ONBOARDING AND TRAINING EFFICIENCIES

Evidence and data. Each of the interviewees highlighted the efficiencies in change management, training, and onboarding that WalkMe delivers.

- In-person training and training content are not always efficient ways to educate staff, especially during times of a lot of change management

effort of rapidly changing applications. Leveraging efficiencies in this area was a priority for each of the interviewees' organizations, whether it was for new employees using applications for the first time or existing employees using new applications or new features and capabilities of application upgrades.

Modeling and assumptions. To quantity this benefit for the composite organization, Forrester calculated efficiencies in onboarding and ongoing training, as well as the reduction in classroom usage costs. The onboarding component requires the following assumptions:

- Annual staff turnover is 10%.

- The average annual user salary is $75,000, which is equivalent to an hourly rate of $43.

- 80% of employees being onboarded use WalkMe.

- The average onboarding time per new employee on applications prior to implementing WalkMe was 8 hours. This is reduced by 50% following the implementation.

For the composite organization, the training component requires the following assumptions:

- 80% of WalkMe users adopt the platform for application feature training.

- On average, users require 4 hours per year (1 hour per quarter) of training time on new applications and new application features and capabilities.

- The average reduction in application feature training time is 60%.

Forrester calculated the reduction in classroom costs using the following assumptions:

- Previously, 25% of application users were able to participate in classroom-based training.

- The average class size is 20 users.

- Each use of a classroom incurs an hourly cost of $250.

Risks. Forrester applied a moderate risk adjustment of 10% to adjust for different onboarding and training setups and requirements. Forrester also applied a 50% productivity conversion rate for user efficiencies, as is standard TEI best practice. This assumes that

only half of the freed-up user time goes back to productive use and results in a three-year PV of $3,257,640.

$3.3 milllion
three-year benefit PV

16%
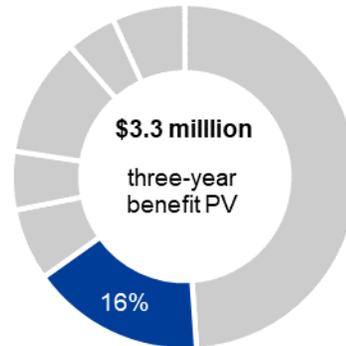
Increased Onboarding And Training Efficiencies

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Total number of users	A1	15,250	25,500	25,500
B2	Average user labor cost per hour (showing rounded value)	Interviews: $75,000/220 days/8 hours	$43	$43	$43
B3	Number of employees onboarded	Interviews: B1*10% employee average turnover	1,525	2,550	2,550
B4	Number of new users using WalkMe for onboarding	Interviews: B3*80%	1,220	2,040	2,040
B5	Total onboarding training time (hours)	Interviews: B4*8 hours per user	9,760	16,320	16,320
B6	Reduction in onboarding time (percentage)	Interviews: B5*50%	4,880	8,160	8,160
B7	Number of users using WalkMe for training on application features	Interviews: B1*80%	12,200	20,400	20,400
B8	Total application feature training time (hours)	Assumption: B7*4 hours per user per year	48,800	81,600	81,600
B9	Reduction in application training time (hours)	Interviews: B8*60%	29,280	48,960	48,960
B10	Total value of onboarding and application training time savings	(B6+B9)*B2	$1,468,880	$2,456,160	$2,456,160
B11	Productivity conversion factor		50%	50%	50%
B12	Number of users applicable for former classroom training (showing rounded value)	B1*25%	3,813	6,375	6,375
B13	Classroom cost savings (onboarding)	Interviews: $250 per hour per classroom (class of 20 users)	$95,313	$159,375	$159,375
B14	Classroom cost savings (training)	Interviews: $250 per hour per classroom (class of 20 users)	$190,625	$318,750	$318,750
B15	Classroom cost savings	B13+B14	$285,938	$478,125	$478,125
Bt	Increased onboarding and training efficiencies	(B10*B11)+B15	$1,020,378	$1,706,205	$1,706,205
	Risk adjustment	↓10%			
Btr	Increased onboarding and training efficiencies (risk-adjusted)		$918,340	$1,535,585	$1,535,585

SAVINGS IN IT SUPPORT AND HELP DESK TICKETS (INTERNAL)

Evidence and data. Interviewees explained that applying WalkMe to internal applications reduced the need for internal IT support, resulting in fewer IT support calls and help desk requests from employees. The solution provides guidance for application usage for the user, therefore reducing the need for help and support.

- One interviewee said: "Customizing the business process by adding a button to the application . . . saves whoever is supporting the application a ton of phone calls and emails."

- Another interviewee said: "We anticipated a high support volume. But when we put WalkMe in it, it was reduced by 50%."

Modeling and assumptions. To quantify this benefit for the composite organization, Forrester makes the following assumptions:

- Previously, each active internal user of an application made an average of six support calls and help desk requests per year.

- Each IT support call and help desk request requires 20 minutes for the IT support team. This includes not only time spent on the call or handling the message itself, but also time spent on any follow-up, ticket logging, and other related tasks.

- IT support employees earn an annual salary of $50,000, which is equivalent to an hourly rate of around $28.

- Following the implementation of WalkMe, both the number of support calls and help desk requests reduced by 50%.

- Forrester applied a 50% productivity conversion rate, as is standard TEI best practice. This assumes that only half of the freed up user time goes back to productive use.

Risks. Because different organizations will have different legacy setups, application implementations, and IT support team setups, Forrester applied a moderate risk adjustment of 10% to account for differences in the impact on IT support and help desk requests. This yields a three-year PV of $1,349,601.

$1.3 million
three-year
benefit PV

7%
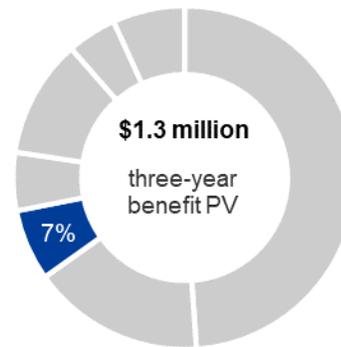
> **"There was a 50% reduction in calls for product support, which could result in a reduction of effectively eight in headcount."**
>
> *Senior VP of customer success, software as a service*

Savings In IT Support And Help Desk Tickets (Internal)

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Number of users applicable	A1	15,250	25,500	25,500
C2	Number of IT support calls and help desk tickets	Assumption: C1*average 6 calls per ticket	91,500	153,000	153,000
C3	Reduction in IT support calls and help desk tickets	Interviews	50%	50%	50%
C4	Average time per IT support call and help desk ticket (hours)	Assumption: 20 minutes	0.33	0.33	0.33
C5	Average IT help desk and support cost per hour (showing rounded value)	Assumption: $50,000/220 days/8 hours	$28	$28	$28
Ct	Savings in IT support and help desk tickets (internal)	C2*C3*C4*C5	$422,730	$706,860	$706,860
	Risk adjustment	↓10%			
Ctr	Savings in IT support and help desk tickets (internal) (risk-adjusted)		$380,457	$636,174	$636,174

SOFTWARE LICENSING SAVINGS

Evidence and data. Interviewees reported that increased transparency about the usage of applications by user groups allowed their organizations to better ensure enterprise applications were used to their full potential. This enabled future license savings.

- One interviewee stated they expect savings of around $100,000 regarding the $400,000 overall contract of one application alone.

Modeling and assumptions. To quantify this benefit for the composite organization, Forrester makes the following assumptions:

- With the help of WalkMe, the organization can save about 10% of licenses in Year 2, and this increases to 20% in Year 3.

- The average application license cost per user per month is $20.

Risks. Forrester applied a moderate risk adjustment of 10% to account for differences in nonusers identified per application type in scope as well as differences to the average application license costs per user. This yields a three-year risk-adjusted total PV of $1,099,880.

5%

$1.1 million three-year benefit PV
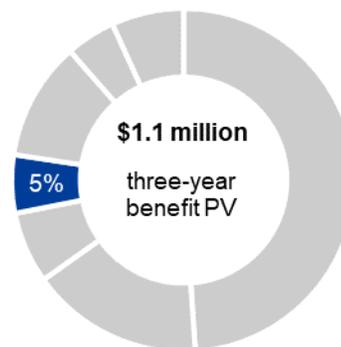
Software Licensing Savings

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Number of users	A1	15,250	25,500	25,500
D2	Nonusers identified		0%	10%	20%
D3	Average software cost per user per month		$20	$20	$20
Dt	Software licensing savings	$D1^{PY}*D2*D3*12$	$0	$366,000	$1,224,000
	Risk adjustment	↓10%			
Dtr	Software licensing savings (risk-adjusted)		$0	$329,400	$1,101,600

INCREASED USER RETENTION AND UPSELL

Evidence and data. Interviewees from organizations that used WalkMe on their customer-facing software products or mobile applications said they were able to drive adoption, increase customer retention, and grow upsell opportunities.

- A better user experience due to better ease and effectiveness resulted in higher adoption and increased customer retention and order value/ spend per user.

- Organizations were able to onboard new users more quickly. This increased adoption and reduced user friction.

- Feedback and improvement suggestions are built into the apps, which enables rapid fixes and improvements.

Modeling and assumptions. To quantify this benefit for the composite organization, Forrester makes the following assumptions:

- Before implementing WalkMe, the average retention rate was 68%.

- After implementing WalkMe, the retention rate increases by 35%.

- The revenue per external user/customer is $20 per month.

> **"There's a higher satisfaction rate with products that include WalkMe."**
>
> *Senior manager, IT transformation center of excellence, software industry*

- The average increase in order value/upsell is an average of 10%.

Risks. Forrester applied a moderate risk adjustment of 10% to account for differences in retention ratios, customer experience maturity, and revenue per user/customer per application type in scope. Forrester adjusts this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $2,028,550.

11%

$2.2 million

three-year benefit PV
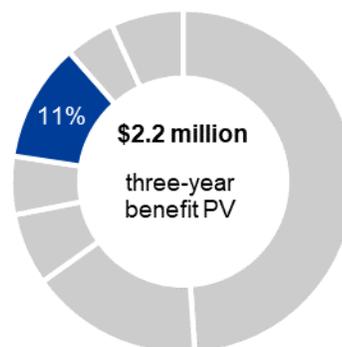
Increased User Retention And Upsell

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Total external users (baseline)			45,000	50,000
E2	Retention rate	Assumption: 68%			
E3	Increase in retention	Interviews: 35%			
E4	Incremental users retained	$E1^{CY}$-$E1^{PY}$			5,000
E5	Revenue per external user	Assumption: $25 per month			$25
E6	Average increase in order value and upsell	Assumption: 10%			$3
Et	Increased user retention and upsell	(E1*E6+E4*E5)*12	$0	$0	$3,300,000
	Risk adjustment	↓10%			
Etr	Increased user retention and upsell (risk-adjusted)		$0	$0	$2,970,000

SAVINGS IN CUSTOMER SUPPORT CALL COSTS

Evidence and data. Interviewees said reduced effort for customer support resulted in fewer support calls and requests from customers. They stated they were able to save an average of 50% in support calls from customers using the mobile application due to increased guidance and increased ease of using the product and mobile application and built-in guidance and self-service enablement.

Modeling and assumptions. To quantify this benefit for the composite organization, Forrester makes the following assumptions:

- Previously, each active customer/external user of the mobile application would make an average of six support calls or requests on average per year.

- Each customer support call or request requires 20 minutes for the customer support team. This includes not only time spent on the call or handling the message itself, but also time spent on any follow-up, ticket logging, and other related tasks.

- Customer support employees earn an annual salary of $50,000, which is equivalent to an hourly rate of about $28.

- After implementing WalkMe, the number of support calls reduced by 50%.

- Forrester applied a 50% productivity conversion rate, as is standard TEI best practice. This

5%

$937,190

three-year
benefit PV
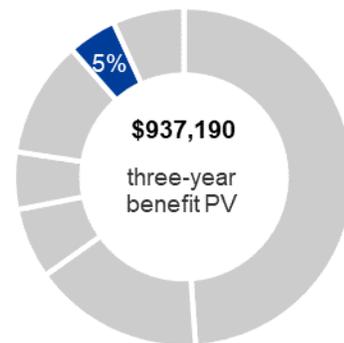
Savings In Customer Support Calls

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
F1	Number of users applicable (external)		0	0	50,000
F2	Number of IT support calls/help desk tickets	Assumption: F1*average 6 calls per tickets per user	0	0	300,000
F3	Reduction in IT support calls/help desk tickets	Interviews			50%
F4	Average time per IT support call/help desk ticket	Assumption: 20 minutes	0.33	0.33	0.33
F5	Average IT help desk/support cost per hour (showing rounded value)	Assumption: $50,000/220 days/ 8 hours	$28	$28	$28
Ft	Savings in customer support calls	F2*F3*F4*F5	$0	$0	$1,386,000
	Risk adjustment	↓10%			
Ftr	Savings in customer support calls (risk-adjusted)		$0	$0	$1,247,400

assumes that only half of the freed-up time goes back to productive use.

Risks. Forrester applied a moderate risk adjustment of 10% to account for differences in organizational setups, mobile application implementations, and customer support team setups. This yields a three-year PV of $937,190.

REDUCED SALES CYCLE (ONE-OFF)

Evidence and data. Interviewees said the increased data quality and integrity from using WalkMe resulted in a reduction of the sales cycle and earlier time to revenue and profit.

- Interviewees said this is a one-off benefit and an immediate quick win.

- Essentially, WalkMe helped the organizations avoid the need for rework and enabled earlier return on capital from earlier revenues. This led to less delays and errors in the ordering process.

Modeling and assumptions. To quantify this benefit for the composite organization, Forrester makes the following assumptions:

- 80% of total revenue is processed via CRM applications.

- An average of 5% of revenues are delayed because of errors or incomplete forms in the CRM order and booking process.

- The composite organization has a 25% profit margin.

- The return on profit generated a month earlier was 20% of the delayed profit (20% ROCE).
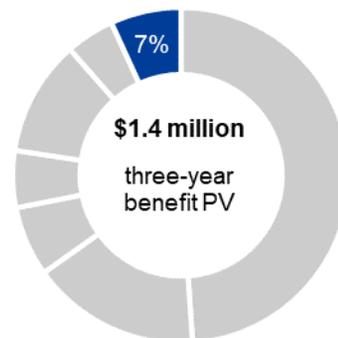
7%

$1.4 million

three-year benefit PV

Risks. Forrester applied a moderate risk adjustment of 10% to account for differences in the revenue impacted by CRM applications, order/booking processes, and profit margins. This yields a three-year PV of $1,363,637.

Reduced Sales Cycle (One-Off)					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
G1	Revenue impacted by CRM	Assumption	$8,000,000,000	$8,000,000,000	$8,000,000,000
G2	Percent delayed because of errors/incomplete forms	Interviews	5%	0%	0%
G3	Delayed revenue	G1*G2	$400,000,000	$0	$0
G4	Delayed profit	G3*25% margin	$100,000,000	$0	$0
G5	Return on profit generated 1 month earlier (20% return on capital employed) (showing rounded value)	G4*20%*1/12	$1,666,667	$0	$0
Gt	Reduction in errors shortens sales cycle (showing rounded value)	G5	$1,666,667	$0	$0
	Risk adjustment	↓10%			
Gtr	Reduced sales cycle (one-off) (risk-adjusted)		$1,500,000	$0	$0

UNQUANTIFIED BENEFITS

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

- **Improved employee experience and engagement.**

  - **Reducing change fatigue.** By streamlining and simplifying tasks, WalkMe enabled employees to be more productive and increase their overall satisfaction with the technologies that they use for work. This reduced change fatigue and decreased frustrating experiences. One interviewee said their organization's user sentiment survey revealed the following: "Two weeks post go live for the [application] process of entering timesheets, 100% of users said they were either satisfied or very satisfied with their WalkMe engagement."

  - **Increasing flow and employee productivity.** According to Forrester[4] research, an increased employee experience is mainly driven by the concept of flow, which means employees are enabled to focus on their most important work and get things done in a productive way with purpose and autonomy.

    One interviewee said 95% of users engaged with WalkMe to accomplish their task for one application, which led to completion of tasks in simpler, faster, and more productive ways. This increased flow and improved employee experience,

which ultimately impacted employee retention.

- **Improved customer experience quality.** Interviewees reported that their customer satisfaction metrics increased after implementing and using WalkMe. A key reason for this is due to the increased effectiveness and ease of the experience customers had with the mobile application and product/service. Coupled with emotion, these are the key tenets of a great customer experience. Forrester research[5] correlates that CX improvements have a direct impact on customer retention, enrichment, and advocacy. Each of these positively impact revenue.

- **Better insights-driven decision making.** As Forrester research points out, most firms are feasting on data, but they are starving for insight.[6] Even if they have the insight, they do not act on it, especially at scale. Customer-centric firms will have to make data widely available, systematically convert that data into insight, and act on it in their customers' moments of need. WalkMe helps to reach that scale via increased adoption and leverage of tools and applications that generate insights and share these insights faster within the organization. Together with the improved quality and integrity of data, this leads to an increase in the quality of decision-making.

- **Increased flexibility.** The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement WalkMe and later realize additional uses and business opportunities, including:

  - **Enable more users at scale.** Organizations can roll out to more regions and business units or implement WalkMe on other applications. As WalkMe can be used internally on employees and externally on customers, organizations

that are not already engaging both groups can develop new use cases.

- **Make use of WalkMe's new features and apply WalkMe to new use cases over time.** WalkMe introduces new functions periodically. Organizations can leverage features such as automation to optimize process efficiency or tap into analytics to understand user behavior for further product development.

- **Improved long-term planning.** WalkMe reduces manual errors, which translates to the collection of higher-quality data. In addition, WalkMe uncovers data that was previously too labor-intensive to extract. This enables organizations to mine broader and more reliable data sets to reveal new insights, and it improves long-term planning and decision-making. For example, insights generated by WalkMe can help reduce the risk of bad technology decisions that influence future agility and flexibility around the operating and business models.

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Htr	Implementation costs	$159,500	$134,750	$82,500	$0	$376,750	$350,182
Itr	Maintenance costs	$0	$89,775	$179,550	$209,475	$478,800	$387,384
Jtr	Software license fees	$0	$1,098,000	$1,530,000	$1,710,000	$4,338,000	$3,547,393
	Total costs (risk-adjusted)	$159,500	$1,322,525	$1,792,050	$1,919,475	$5,193,550	$4,284,959

IMPLEMENTATION COSTS

Evidence and data. Implementing WalkMe on an application involves collaboration between the client organization and the WalkMe team to build step-by-step guidance tailored to users' roles and to set up the analytics platform to better understand the end user experience.

Interviewees said the implementation process was quick with the timeframe from planning to execution dependent on the scale and complexity of the application. Some completed implementation within a week. But in the case of a large-scale integration with a HCM platform, the process required three months.

The interviewees' organizations typically allocated a project manager to coordinate activities and IT staff to ensure cybersecurity and compatibility with the overall technology stack. In some cases, the team would consult with a product manager or business

> **"WalkMe has a really nice implementation team and process, so a lot of the heavy lifting was on their side."**
>
> *Head of talent technologies, innovation and creative solutions, healthcare*

analyst to make sure the step-by-step guidance addressed workflow pain points.

It must be stated that WalkMe offers collections of platform-specific content combined with WalkMe's proprietary Element Library repository, which can speed up implementation. Using these Solution Accelerators can act as an additional strong benefit because. It will decrease the time and resources required to initially implement WalkMe and reduce the ongoing resources required to maintain commonly implemented system platform processes.

Modeling and assumptions. The implementation cost for the composite organization is comprised of internal effort and a fixed implementation fee paid to WalkMe.

The composite organization implements the platform on a total of seven applications. It completes implementation for three in Year 1, then completes three more in Year 2 and the final one in Year 3.

On average, each implementation takes between one month for a small application involving two FTEs (a project manager and a member of IT support staff) working with the WalkMe team. For a large application, this increases to two months of effort including four FTEs.

There is also a professional services cost of $5,000 for a small application and up to $25,000 for a large application.

Risks. As each implementation varies with the scale and complexity of the application, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $350,182.

Implementation Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
H1	Number of large applications implemented		1	0	1	0
H2	Number of midsize applications implemented		1	2	0	0
H3	Number of small applications implemented		1	1	0	0
H4	Professional services cost (large applications)	Interviews: $25,000 each	$25,000	$0	$25,000	$0
H5	Professional services cost (midsize applications)	Interviews: $15,000 each	$15,000	$30,000	$0	$0
H6	Professional services cost (small applications)	Interviews: $5,000 each	$5,000	$5,000	$0	$0
H7	Total professional services costs	H4+H5+H6	$45,000	$35,000	$25,000	$0
H8	Internal effort (large applications)	Interviews: 4 FTEs for 2 months per app	$50,000	$0	$50,000	$0
H9	Internal effort (midsize applications)	Interviews: 3 FTEs for 2 months per app	$37,500	$75,000	$0	$0
H10	Internal effort (small applications)	Interviews: 2 FTEs for 1 month per app	$12,500	$12,500	$0	$0
H11	Average salary	Assumption: $75,000				
Ht	Implementation costs	H7+H8+H9+H10	$145,000	$122,500	$75,000	$0
	Risk adjustment	↑10%				
Htr	Implementation costs (risk-adjusted)		$159,500	$134,750	$82,500	$0

MAINTENANCE COSTS

Evidence and data. Total maintenance/professional services fees are comprised of the resource cost for internal staff effort plus the fees paid to WalkMe for professional services support.

Maintenance includes updating WalkMe content when workflows or business processes change and ensuring the guidance remains relevant and helpful. One interviewee estimated that their organization's routine maintenance took place every three months on average, and the team spent 3 hours on each content update.

Interviewees said their organizations incurred professional services costs as they engaged WalkMe to support development projects (e.g., setting up a center of excellence) or implemented WalkMe on new applications.

Modeling and assumptions. The composite organization has three applications to maintain in Year 1, and this increases to six in Year 2 and seven in Year 3.

For each application, one product manager dedicates two months of effort to maintain its WalkMe content. The composite organization also pays WalkMe for approximately four days of professional services performed by two FTEs per application per year, each costing $800 per day.

Risks. The costs may vary depending on the complexity and volume of content associated with the applications, as well as the salary of internal staff and the rates of the professional services team. To

account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $387,384.

Maintenance Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
I1	Number of applications applicable			3	6	7
I2	Product manager (client side)	Interviews: 1 FTE for 2 months per application		$37,500	$75,000	$87,500
I3	Average salary	Interviews: $75,000				
I4	Professional services (external)	Interviews: 2 FTEs for 10 days ($800 daily rate) per application		$48,000	$96,000	$112,000
It	Maintenance costs	I2+I4	$0	$85,500	$171,000	$199,500
	Risk adjustment	↑5%				
Itr	Maintenance costs (risk-adjusted)	Assumption	$0	$89,775	$179,550	$209,475

SOFTWARE LICENSE FEES

Evidence and data. WalkMe software license fees are calculated based on the number of users. The interviewees said their organizations either had an enterprise license or they started with one application before increasing their investment in the solution.

Modeling and assumptions. The composite organization incurs a per user license cost of $6 per month for internal-facing applications. As the number of internal users increases from 15,000 in Year 1 to more than 25,000 in Year 3, the annual software license fees for internal users grow from just over $1 million in Year 1 to nearly $1.7 million in Year 3. The license fee for the external-facing application depends on the number of end users or customers using the application. Forrester assumes that this fee

is $0.30 per user with an estimated 50,000 users in Year 3.

Risks. No risk adjustment is required because these prices are standard. This yields a three-year, risk-adjusted total PV of $3,547,393.

Software License Fees

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
J1	License fee per user per month (internal)	Interviews		$6	$5	$5
J2	Number of users (internal)	A1		15,250	25,500	25,500
J3	License fee per user per month (internal)	Interviews		0	0	$0.30
J4	Number of users (external)	Assumption		0	0	50,000
Jt	Software license fees	(J1*J2*12)+(J3*J4*12)	$0	$1,098,000	$1,530,000	$1,710,000
	Risk adjustment	0%				
Jtr	Software license fees (risk-adjusted)		$0	$1,098,000	$1,530,000	$1,710,000

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

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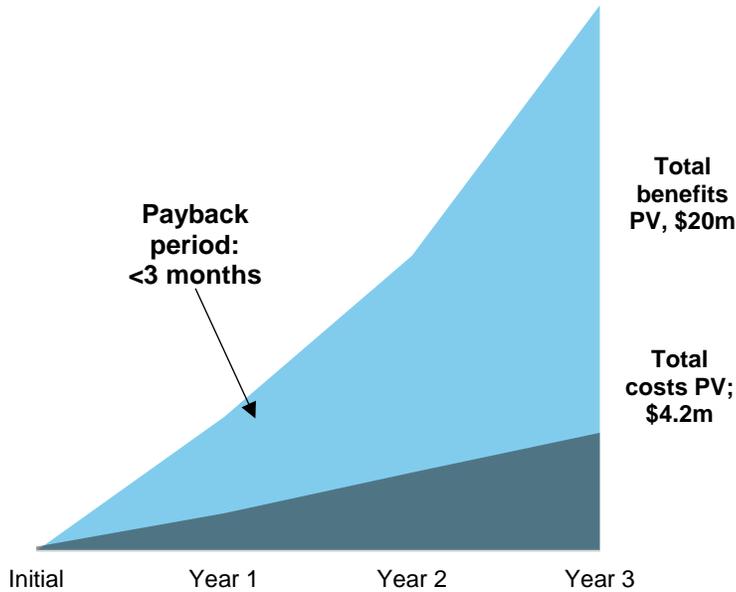
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($159,500)	($1,322,525)	($1,792,050)	($1,919,475)	($5,193,550)	($4,284,959)
Total benefits	$0	$5,374,037	$7,094,178	$12,370,841	$24,839,057	$20,042,842
Net benefits	($159,500)	$4,051,512	$5,302,128	$10,451,366	$19,645,507	$15,757,883
ROI						368%
Payback period (months)						<3

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."

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]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.

[2] Source: "Design For Work: Boost Productivity And Satisfaction By Transforming Enterprise UX," Forrester Research, Inc., October 7, 2020.

[3] Source: "Build An Insights-Driven Business," Forrester Research, Inc., December 10, 2019.

[4] Source: "Design For Work: Boost Productivity And Satisfaction By Transforming Enterprise UX," Forrester Research, Inc., October 7, 2020.

[5] Source: "The ROI Of CX Transformation," Forrester Research, Inc., August 15, 2019.

[6] Source: "Build An Insights-Driven Business," Forrester Research, Inc., December 10, 2019.