

A Forrester Total Economic
Impact™ Study
Commissioned By
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The Total Economic Impact™ Of SAP Jam Collaboration

FORRESTER®

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Executive Summary

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

To better understand the benefits, costs, and risks associated with an SAP Jam implementation, Forrester fielded a survey in 2015 and again in 2016 to 30 enterprise-size SAP Jam customers heavily involved in their organization's implementation of SAP Jam to assess the overall impact of the platform on their organization. Forrester also conducted in-depth interviews of five customers with multiple years of experience using SAP Jam.

Prior to SAP Jam, customers had a multitool, multivendor collaboration architecture that was disjointed and included both social and enterprise productivity tools. Furthermore, the tools varied in use by department and geography and were not integrated with back-end systems, such as customer relationship management (CRM) and human capital management (HCM) software, causing employees to have to search for information in different locations. In many cases, employees defaulted to email exchanges for collaboration and lost productive time searching for information, emailing, and waiting for responses. They frequently could not access corporate information via mobile devices. As a result, vital corporate information, data, and expertise were siloed, making it difficult to access and share widely across the organization for maximum business benefit and impact. With SAP Jam, employees, customers, and partners can solve business problems, make decisions, and drive results using a secure, cloud-based platform that provides collaboration tools that are linked to applications, processes, and data. The centralization of the collaboration program enables organizations to decrease the time it takes to find and share information and to close deals, adding revenue while decreasing costs associated with common business processes such as onboarding new employees and responding to employee support issues. Said one global virtual learning leader of an agricultural, financial, and industrial products provider: "Our employees can now find people more quickly and extract expertise from within the organization. Before SAP Jam, we were so decentralized that we looked for outsiders to help us because we didn't know how to get at the expertise within the organization. With SAP Jam, we now have access to other business units or locations in the world."

SAP Jam can decrease time to access information and expertise, improve mobile workers' ability to collaborate, decrease sales cycle times, and lower costs associated with software and common business processes such as onboarding and training employees and resolving customer services issues.

Quantitative surveys and qualitative interviews revealed that over three years, organizations can:

- **Decrease time to access information and expertise by 15%, providing a \$17.6 million gain, an increase over 2015.**
- **Reduce the costs to train and onboard new employees by 19%, a 6% increase over 2015, saving \$5.7 million.**
- **Reduce costs to create content and travel costs associated with training.**
- **Reduce costs of license fees from multiple collaboration products by 20%.**
- **Reduce the time to close new business by 9%, leading to increased sales efficiency of \$4.8 million over three years.**
- **Resolve customer service issues more quickly, leading to a 14% reduction in costs.**

SAP JAM COLLABORATION IMPROVES ACCESS TO INFORMATION AND REDUCES COSTS

Our survey of 30 customers, seven in-depth interviews with several existing customers, and subsequent financial analysis found that a composite organization based on these interviewed organizations experienced the risk-adjusted ROI, benefits, and costs shown in Figure 1. (See Appendix A for a description of the composite organization.)

The composite organization analysis points to benefits of \$23,459,105 over three years versus costs of \$3,741,410, adding up to a net present value (NPV) of \$19,717,695.

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



Source: Forrester Research, Inc.

› **Benefits.** The composite organization experienced the following risk-adjusted benefits that represent those experienced by the surveyed and interviewed companies:

- **A decrease in time to access information and expertise by 15%, leading to a \$17.6 million gain.** The average employee using SAP Jam was 15% more efficient because the collaboration platform decreased the number of hours per week spent emailing, searching for information, and awaiting responses. This is a 1% improvement over 2015 and represents the expanded use of SAP Jam across a global organization.
- **A 19% reduction in the cost and time to train and onboard new employees, more cocreation of training content, and fewer travel costs associated with training, saving \$5.7 million over three years.** SAP Jam reduces the time and expense to train new employees because it provides a community in which new hires can engage with one another, work together on onboarding activities, and receive support from experts in other departments. Furthermore, the learning and development organization can cocreate content with subject matter experts in a collaborative way, further reducing costs. They also eliminate travel to some training events that had significant time and travel costs.
- **A 9% reduction in time to close deals, resulting in over \$4.7 million in savings over three years.** The average time required to close a deal decreased by 9%, shaving off about 10 hours from every deal put together by a team. With an average of eight people working on every deal, that saved time means increased productivity for those workers. Furthermore, this time freed up enables sales professionals to close more deals per year.
- **A reduction in licenses for redundant or poorly adopted collaboration software.** Because individual areas of the organization invest in point-product collaboration tools such as Jive, Lithium, Whatsapp, and others, the use of SAP Jam reduces the overlap in those licenses by 20%, providing a license cost savings.
- **Faster time-to-resolution for internal support issues (14%), enabling faster expansion of the business and leading to \$209,019 in savings.** Using SAP Jam for internal support, employees can easily locate the best experts and info from across the company to find the answers they need. The platform reduced internal support call center costs as a result.

› **Costs.** The composite organization experienced the following risk-adjusted costs:

- **Software licensing fees of \$2.8 over three years.** These are annual recurring license fees that are based on per-user pricing. The users include both internal employees and external users, including customers, partners, vendors, and suppliers. The price per user varies based on the type of user.
- **Initial implementation costs of \$760,000.** These initial, one-time fees cover professional service fees to help setup and configuration within the customer environment for integration of SAP Jam with SAP CRM powered by SAP HANA and the SuccessFactors HCM Suite. It also includes the fees to have work patterns or community templates enabled for their use. It also encompasses planning and training costs, which can be internal and external.
- **Ongoing training and support costs of \$825,000 over three years.** These costs are incurred by the companies using SAP Jam for the ongoing training and rollout of the software to their employees, along with professional services paid to SAP or a third party. Furthermore, the IT team also needed to provide ongoing management of the solution.

Disclosures

The reader should be aware of the following:

- › The study is commissioned by SAP and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.
- › Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in SAP Jam Collaboration.
- › SAP reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.
- › SAP provided the customer names for the interviews but did not participate in the interviews.

TEI Framework And Methodology

INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing SAP Jam Collaboration. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision, to help organizations understand how to take advantage of specific benefits, reduce costs, and improve the overall business goals of winning, serving, and retaining customers.

APPROACH AND METHODOLOGY

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

- › Interviewed SAP marketing, sales, and/or consulting personnel, along with Forrester analysts, to gather data relative to SAP Jam and the marketplace for SAP Jam.
- › Interviewed seven organizations currently using SAP Jam to obtain data with respect to costs, benefits, and risks.
- › Designed a composite organization based on characteristics of the interviewed organizations (see Appendix A).
- › Constructed a financial model representative of the interviews using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the interviews as applied to the composite organization.
- › Risk-adjusted the financial model based on issues and concerns the interviewed organizations highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While interviewed organizations provided cost and benefit estimates, some categories included a broad range of responses or had a number of outside forces that might have affected the results. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling SAP Jam's service: benefits, costs, flexibility, and risks.

Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix B for additional information on the TEI methodology.

FIGURE 2
TEI Approach



Source: Forrester Research, Inc.

Analysis

COMPOSITE ORGANIZATION

For this study, Forrester fielded a survey to 30 enterprise-size SAP Jam customers heavily involved in the implementation of SAP Jam for their organization. The survey asked about their use of SAP Jam, the benefits they've received, and the overall impact that the platform has had on their organization. The organizations were global organizations, and 83% had more than 1,000 employees. They are primarily using SAP Jam for project team collaboration, recruiting and training, mentoring and coaching, customer support, and IT collaboration for technical teams. To complement the quantitative survey, Forrester conducted five qualitative interviews with current SAP Jam customers to get an in-depth understanding of the business problems they were trying to solve and the efficiencies that they gained by using SAP Jam. The following bullets describe the customers included in the quantitative and qualitative portions of the study:

- › For the quantitative portion of the study, Forrester surveyed 30 North American-based enterprise-size SAP customers from a variety of industries, including manufacturing, business and consumer services, retail, and healthcare. The respondents included managers, directors, and senior-most leaders in business and IT. They were from companies with global offices and more than 1,000 employees.
- › For the qualitative portion of the study, Forrester interviewed the following organizations:
 - A media, services, and education company based in Germany that operates in about 54 countries around the world. The company has 120,000 employees and generated revenues of €17.1 billion in the 2015 financial year. The company has 12,000 Jam subscribers.
 - An agricultural, financial, and industrial products provider with 150,000 employees in 68 countries; 70% to 80% of professional staff are SAP Jam subscribers.
 - A manufacturing company based in the US with global operations and \$3 billion in revenue. The organization has 14,000 employees, 12,000 of whom use SAP Jam.
 - A US-based manufacturer of RV real estate community with over 200 property locations. The organization has 1,500 SAP Jam licenses.
 - A South American global conglomerate company holding company with different types of companies within its portfolio of companies. It has 2,500 employees and revenue of over \$5 billion.

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

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

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 that Forrester synthesized from these results represents an organization with the following characteristics:

- › A global organization with headquarters in the United States with global offices in Europe and Asia.
- › 15,000 employees.

- › A strong focus on optimizing human resources, sales, marketing, and internal support functions.
- › Centralized administration of Jam Groups with groups numbering in the hundreds used for project teams, training, and common interest groups.

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

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

- › The organization began by rolling out SAP Jam to a small subset of its organization as a pilot program. An annual IT leadership summit event for the office of the CIO was chosen to test the effectiveness of SAP Jam.
- › After a successful initial rollout of a version of SAP Jam included with the SAP SuccessFactors HCM Suite, it upgraded to the SAP Jam, enterprise edition, and rolled it out to 50% of its organization (7,500 employees), focusing first on the human resources function. SAP Jam gained increasing traction from departments that had a specific business use case for the tool across all areas of the business.
- › The organization maintained central control over the creation of SAP Jam groups and maintained a balance of those groups between project team collaboration, general access to corporate information, and personal interest groups. The organization plans to shift ownership of Jam groups to the business units but will require training for those group administrators to keep adoption levels and quality of content high.
- › As those teams began to collaborate and show progress around those processes, adoption spread throughout the organization, and it grew to 60% adoption in the second year and 70% in the third, resulting in 10,500 of its employees having access to the collaboration platform.
- › The organization plans to increase use of the solution and enable more employees to create Jam groups.

BACKGROUND ON COMPOSITE ORGANIZATION'S DECISION TO IMPLEMENT SAP JAM COLLABORATION

Situation

The composite organization was not able to deliver an effective collaboration program because the use of different social and communication tools was not consistent across the organization. Over time, different geographies and departments developed their own habits and cultures around collaboration. Critical information and data that the organization needed to access companywide was siloed and disjointed. Employees lost valuable time searching through emails, exchanging conversations and spreadsheets, and waiting for responses. Furthermore, the collaboration systems were not integrated with back-end data from human resources or customer relationship management systems, which limited the potential for the collaboration to have maximum business impact. The organization saw the potential for a more effective social collaboration platform to address several business challenges, including:

- › **Providing a centralized repository for expertise, training materials, and corporate knowledge.** As a global organization, the composite organization recognized that, although geographically separated, their workforce could gain more applicable knowledge from internal expertise than from reinventing the wheel or paying for outside consultants. They wanted employees — from new to the most experienced — to have a location they could count on to find the answers to their questions or access to experts. This was especially true for its workers who were not located in an office but were working afield and in factories.
- › **Improving new employees' onboarding time and time-to-productivity.** To reduce employee turnover and speed employees' time-to-productivity, the composite organization was seeking a way to maximize the learning systems it

already had and provide immediate access to existing expertise within the enterprise. The organization wanted to quickly connect new employees with others who could answer questions or provide guidance. Because the organization was heavily using SAP SuccessFactors Employee Central and SAP SuccessFactors HCM solutions, it was an easy extension of those platforms to use SAP Jam to extend learning beyond the classroom or online training time.

- › **Improving business processes generally by providing a better way to collaborate.** Across the composite organization — from marketing to IT to sales and service — groups of employees struggled to collaborate in the most efficient way without getting lost in email chains and outdated spreadsheets. The organization wanted to provide a central location for collaboration that supported project teams across geographies. The SAP Jam group functionality lets the organization centralize the most important project work, layering discussion threads and sharing videos among the group.
- › **Increasing accountability among employees to contribute to a project.** One unanticipated benefit of SAP Jam Collaboration was the increased visibility of the project team effort. With that visibility came increased accountability on the team and personal levels. Within a Jam group, there is an expectation that team members will share relevant work documents and information with teammates. Also, the assignment of tasks among work group members and the clear shared responsibility for getting those tasks accomplished is inherent within the solution. Regarding personal accountability, it's expected that an employee will search for an answer on SAP Jam first, before mass-emailing or calling around to get help. Said one learning project lead of a real estate property company, "It's all about getting that personal accountability; if I'm able to go into a system and get my own question answered before I have to call someone else, the system is successful."
- › **Improving access to information for the ever increasing mobile workforce.** The organization had two distinct but equally mobile-dependent groups: 1) young, digital-native employees and 2) employees who do not have desktop computers. The newer generation of workers (many who start as interns in this organization) expect to be mobile and to collaborate from any device. Meanwhile, the factory workers or maintenance and repair professionals are on job sites and rarely sit down. These workers had no access to collaboration tools because they didn't use computers in their jobs.
- › **Decreasing costs associated with training a globally distributed organization.** The organization spent a significant amount of time and money creating training materials to support its diverse workforce. This included content creation, putting together in-person meetings, and having employees travel for onsite trainings. This was not scalable, was expensive, and didn't enable employees to continue the learning after the in-person sessions had ended.

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

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

Solution

The composite organization selected SAP Jam Collaboration for its ability to provide a social collaboration platform that was cloud-based and encompassed the existing data, systems, and processes in the organization. Because the organization was already using SAP CRM, SAP SuccessFactors Employee Central, and SuccessFactors HCM solutions with positive results, selecting SAP Jam was a logical conclusion for its enterprise social collaboration. Furthermore, it integrated well with other corporate applications such as SharePoint, KRONOS, OnBase, and

its mobile apps. Said one senior director, corporate HR strategy and systems, “With our approach to Jam, it has become our technical platform for collaboration across 600 individual companies, multiple divisions and in 54 countries.” The organization evaluated several vendor offerings, including ones already in use in the organization. However, those alternatives could not provide the level of integration, security, and reliability that SAP Jam offered. The organization was able to provide a customizable tool that encouraged employees to own collaboration while managing the security, integration, and data management technical requirements from a centralized IT standpoint.

Results

The interviews and survey revealed that, overall, SAP Jam Collaboration:

- › **Increases access to information and people.** The most significant benefit experienced by the organization was the reduced time and effort to find information. With SAP Jam as their collaboration tool, employees did not need to spend time at the beginning of each meeting determining what type of social or communication tool they’d use. Instead, they were all using the same tools and understood the appropriate uses for them. They saved a significant amount of time by not having to search for information or locate expertise through emails and phone calls. Because these teams crossed geographic and departmental boundaries, the increased efficiency was magnified. Furthermore, the integration with SAP business application data brought more contextual information and data while the teams were collaborating. Said one manager of corporate systems in IT, “We have 700 sales people, and they are out in the field; they’re not caught up on emails — they’re out and delayed trying to get critical information about the contacts’ distributors and leads. Now, with SAP Jam, if they have a question it can be posted and they can get answers quicker.”
- › **Improves communication and transparency — both horizontal and vertical.** The composite organization was able to provide information more quickly and accurately and get it in the hands of employees faster. The managers using SAP Jam felt they could communicate more easily and transparently using SAP Jam. They could reduce their travel (and associated costs) while improving the company culture. Furthermore, they noted improved communication among a large, geographically dispersed workforce during times of change or uncertain economic periods. With a central collaboration and communication platform, senior management was able to turn this challenge into an opportunity to increase transparency. Said one senior leader, “If you get real information from management — especially in a time of crisis or economic downturn — you get the real version and the negative impact is less.”
- › **Enables factory and field service workers to collaborate while mobile.** The composite organization has about 20% of its workforce in factories or on client sites serving as service technicians and saw a significant increase in that group of workers’ ability to share information and expertise. Previously, they would have relied on calling a support line to troubleshoot an issue with equipment, for example, or would have had to wait until they were back at their office to access corporate handbooks. With SAP Jam, they can access training of all kinds with their mobile devices. The success of this has prompted some customers to change their mobile device policies. Said one senior director, corporate HR strategy and systems, “We have a printing facility where there are only one to two computers to share. They were trying to train on how to fix a machine. One of the colleagues came up with the idea to take pictures with his cell phone about fixing the issue and enabled 400 employees to have access to it in a Jam private group. They have posted how-tos with pictures and it makes their lives easier. We even changed the company policy — before, they couldn’t have cell phones while working and now they can.”
- › **Creates communities of practice and sharing.** The organization found that it was easy to set up communities of practice within the organization because of Jam groups. The groups can be based on demographics of employees and job categories they hold, and they can automatically be added to those communities. This gives employees an immediate community within their discipline that can help them be successful in their current job and to improve for future promotions. Said one global virtual learning leader, “We take a subset of the plants managers in different areas of the world and put them together in a Jam group to help them solve problems together and to see what other locations are doing. They don’t have to look and find that person; they are put in a group and those resources are available to them. Having those conversations has people working collaboratively to figure things out.”

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

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

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

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

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

BENEFITS

The composite organization experienced a number of quantified benefits in this case study:

- › Decreased time to access information and expertise.
- › Reduced cost to train employees and onboard new ones.
- › Reduced time to close new business.
- › Reduced license costs for redundant or poorly adopted collaboration software.
- › Improved efficiency of resolving internal support issues.

Other important benefits mentioned by the composite organization were increased efficiency of mobile workforce — specifically those who do not have a desktop computer, work in factories, or do field technician work — and improved ideation and problem-solving among geographically distributed teams.



Decreased Time To Access Information And Expertise

The composite organization indicated that a key benefit from the SAP Jam implementation was the decreased time to access information and expertise when completing work projects. The organization indicated that collaboration across the organization was critical to its operations and competitiveness, along with being important to its culture. Not only do employees need to work on teams crossing departments and geographies, but they also need to interact with external partners and customers. The composite organization needed to provide an efficient way for employees to access information and expertise, whether they were in marketing, human resources, sales, product, IT, or support. Prior to SAP Jam, the composite organization had to rely on email and phone to work as a team or to locate expertise within the organization. Workers with no desktop or laptop computer (20% of the organization) had no access to shared resources. As a result, the composite organization's employees spent unnecessary time (sometimes up to half a meeting) trying to locate information and expertise within their existing, disjointed tool set. Furthermore, they often could not move forward with other work as they pursued critical information and expertise.

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

~ Training and development manager, South American holding company

Surveyed and interviewed customers reported a decrease in time to access information and expertise by 15% after the implementation of SAP Jam for social collaboration. This is a percentage point higher than in 2015. With most employees spending about 6.5 hours per week searching for information and expertise and awaiting email responses, shaving off that time results in significant savings. This results in a significant gain for the

organization; however, not all of that efficiency gain will be redirected to completing new work, so an estimation of 50% productivity captured was calculated. The total benefit resulting from decreased time to access information and expertise over the three years was \$19,541,925. However, organizations that use SAP Jam have a wide range of employees who use the tool (and varying associated salaries). Not every organization uses the Jam groups and functionality as effectively as others; some have tightly managed groups with training for facilitators, and some organizations allow anyone to create a group. To compensate, this benefit was risk-adjusted and reduced by 10%. The risk-adjusted total benefit resulting from decreased time to access information and expertise over the three years was \$17,587,733. See the section on Risks for more detail.

FIGURE 1
Primary Business Drivers For Using SAP Jam In The Organization

Create a single location for teams to form groups and collaborate.

Make it easier to locate experts within the organization.

Improve knowledge sharing between departments and geographies.

Increase opportunity for informal learning among employees.

Improve employees' ability to get work done while mobile.

Base: 30 enterprise-size SAP Jam customers
Source: Forrester Research, Inc.

TABLE 1
Decreased Time To Access Information And Expertise

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
A1	Number of employees actively using SAP Jam (nonsales)	Assumes 4% of staff is sales and subtracts it from total to avoid double counting		7,100	8,640	10,080
A2	Number of hours per week spent with email and searching for information and awaiting responses			6.5	6.5	6.5

A3	Hourly salary			\$36	\$36	\$36
A4	Weeks per year			50	50	50
A5	Percentage productivity improvement			15%	15%	15%
A6	Percent of time captured			50%	50%	50%
At	Decreased time to access information and expertise	A1*A2*A3*A4*A5*A6 1 st Year assumes benefit realized after 6 months of ramp up time	\$0	\$3,115,125	\$7,581,600	\$8,845,200
Risk adjustment			90%			
Atr	Decreased time to access information and expertise (risk-adjusted)		\$0	\$2,803,613	\$6,823,440	\$7,960,680

Source: Forrester Research, Inc.



Reduced Cost To Train Employees And Onboard New Ones

The composite organization also identified the reduced cost to train employees and onboard new team members as a significant financial benefit of SAP Jam. To retain new employees and maximize their contribution from day one, the composite organization was able to connect new employees with people and content and deliver effective training using SAP Jam. The organization reported a 19% reduction in training and onboarding costs as a result of the social collaboration platform. This is up from 13% reported in 2015 and shows that the adoption of SAP Jam and integration of it in the core learning/development and onboarding processes is likely increasing its impact.

This is driven by several things. For those new employees, it resulted from being able to provide a community where new hires can engage with one another, work together on onboarding activities, and receive support from experts in other departments such as human resources, payroll, facilities, and IT. While training them, SAP Jam provides access to topic-based communities and peer resources and allows them to find experts easily, which helped them get answers to questions and perform their new job more quickly. Furthermore, the integration of SAP Jam with learning management systems and mobile devices made learning experiences more comprehensive and accessible. In addition, the organization noted that it has reduced the cost to cocreate new content. With so much new content to create and material to update across a large organization, the ability to collaborate with business unit leads and hiring managers to create content in SAP Jam reduced that cost by 11%. Yet another driver of reduced training costs was being able to replace some in-person training events, such as leadership summits, with blended or on-line events. Reducing the number of people required to travel for these events brought overall costs down by 20%. The total benefit resulting from reduced cost to train employees and onboard new ones over the three years was \$6,357,000. However, the risk-adjusted total benefit resulting from reduced cost to train employees and onboard new ones over the three years was \$5,721,300. See the section on Risks for more detail.

TABLE 2

Reduced Cost To Train Employees And Onboard New Ones

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
------	--------	-------------	---------	--------	--------	--------

B1	Number of employees		15,000	15,000	15,000
B2	Average cost to onboard a new employee	Source: customer survey	\$11,500	\$11,500	\$11,500
B3	Average annual percentage turnover		4%	4%	4%
B4	Percentage reduction in cost to train and onboard new employees	Source: customer survey	19%	19%	19%
B5	Total cost reduction to train and onboard new employees	Source: customer survey	\$1,311,000	\$1,311,000	\$1,311,000
B6	Annual spend per employee on training	Source: customer survey	\$1,000	\$1,000	\$1,000
B7	Number of employees trained annually	48%	7,200	7,200	7,200
B8	Training spend per employees annually		\$7,200,000	\$7,200,000	\$7,200,000
B9	Reduced cost to train due to cocreation of content	11%	\$792,000	\$792,000	\$792,000
B10	Annual travel cost for leadership onsite		\$2,000	\$2,000	\$2,000
B11	Number of employees involved in onsite leadership training		40	40	40
B12	Reduction in travel expenses due to ability to conduct training online supported by SAP Jam		\$80,000	\$80,000	\$80,000
B13	Percentage of travel expense reduction attributed to SAP Jam	20%	\$16,000	\$16,000	\$16,000
Bt	Reduced cost to train employees and onboard new ones	B5+B9+B13	\$0	\$2,119,000	\$2,119,000
Risk adjustment			90%		
Btr	Reduced cost to train employees and onboard new ones (risk-adjusted)		\$0	\$1,907,100	\$1,907,100

Source: Forrester Research, Inc.



Reduced Time To Close New Business

The composite organization indicated that a key benefit from the SAP Jam implementation was a reduction in the time required to close new business. Connecting the right people and information from across the company at the right time was a challenge. Prior to SAP Jam, the composite organization had about eight people working on any one deal for about 15 hours over a number of weeks. This included pulling sales-related data from the CRM system and locating experts from across the organization to help provide information to close the deal. Because

these deals required knowledge of the customer account, a collaborative team approach, and an understanding of any prior work done with the client, SAP Jam's integration with the CRM system was critical to reducing the close time. Now, the composite organization can close a deal 9% faster, eliminating about 10 hours of the 120 combined hours spent by team members to close deals. One use case for sales collaboration was described by a manager of corporate IT, who said, "Sales is using SAP Jam as a true collaboration mechanism for video role-playing, demonstrating how they solve sales challenges. Soon we'll be launching it to 700 sales people. They found SAP Jam to be very easy to use, especially with their mobile devices to upload video. It means the smarter and more experienced sales people are communicating with other sales people to increase sales and efficiency."

Following the SAP Jam implementation, the composite organization reduced average deal completion time by 9%, or 10 working hours. Before SAP Jam, sales employees had to spend time piecing together deal-specific information and expertise using a variety of methods, such as email, phone, and internet search. With SAP Jam, customer-specific information from CRM is integrated with SAP Jam groups, so account teams can collaborate more easily around a deal. With an estimated 300 sales people (growing to 1,000 as adoption increases) working on about 7,000 deals annually, and eight people contributing about 15 hours each to that deal at an average hourly salary of \$25, the total benefit resulting from a 9% reduction in time to close new business over the three years was \$5,958,225.

Surveyed and interviewed organizations provided a broad range of average deal sizes, which vary by industry and type of product sold. To compensate, this benefit was risk-adjusted and reduced by 20%. The risk-adjusted total benefit resulting from reduced time to close new business over the three years was \$4,766,580. See the section on Risks for more detail.

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

~ Training and development manager, South American holding company

TABLE 3
Reduced Time To Close New Business

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
C1	Number of sales people actively using SAP Jam			300	800	1,040
C2	Average number of deals per year	Source: customer survey		7,000	7,350	7,718
C3	Average number of resources working on a sales deal	Source: customer survey		8	8	8
C4	Average number of hours spent on each deal per resource	Source: customer survey		15	15	15
C5	Average hourly salary of sales team member			\$25.00	\$25.00	\$25.00

C6	Percentage reduction in time to close deals	Source: customer survey		9%	9%	9%
Ct	Reduced time to close new business	$C2 \times C3 \times C4 \times C5 \times C6$	\$0	\$1,890,000	\$1,984,500	\$2,083,725
	Risk adjustment		80%			
Ctr	Reduced time to close new business (risk-adjusted)		\$0	\$1,512,000	\$1,587,600	\$1,666,980

Source: Forrester Research, Inc.



Reduced License Costs For Redundant Or Poorly Adopted Collaboration Software

The composite organization indicated that a key benefit from the SAP Jam Collaboration implementation was a reduction in license costs for redundant or poorly adopted collaboration software. Prior to using SAP Jam Collaboration, the business functions tended to purchase point collaboration products, such as Whatsapp, Slack, video training capabilities, and myriad other free and subscription-based programs. This was not only added expense to the operational budget, but it posed some security threats for the organization, since many of the tools were not enterprise-sanctioned tools. Said one manager of corporate IT, "Our security department was not happy to find out that they were using Whatsapp for enterprise-related stuff; they killed it because Jam is secure." Other departments were paying for the use of Sharepoint but could get much of the same document management capabilities within SAP Jam with role-based access to that content. The composite organization reported a 20% reduction in licenses costs for redundant or poorly adopted collaboration software. Assuming that those same employees have access to SAP Jam, with an industry average per user price of \$123 per year, the organization saves around \$1,000,000 annually in license costs. The total benefit resulting from reduced license costs for redundant or poorly adopted collaboration software was \$664,200 over three years. Not all organizations have the ability to fully consolidate licenses, because their technology systems in different geographies may vary and require unique collaboration solutions. To compensate, this benefit was risk-adjusted and reduced by 20%. The risk-adjusted total benefit resulting from reduced license costs for redundant or poorly adopted collaboration software over the three years was \$531,360. See the section on Risks for more detail.

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

~ Manager corporate systems, IT, manufacturing industry

TABLE 4

Reduced License Costs For Redundant Or Poorly Adopted Collaboration Software

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	Number of licenses			7,500	9,000	10,500
D2	Percentage reduction for poorly adopted collaboration software	Source: customer survey		20%	20%	20%

D3	Average price per license	Source: industry average		\$123	\$123	\$123
Dt	Reduction in licenses for redundant or poorly adopted collaboration software	D1*D2*D3	\$0	\$184,500	\$221,400	\$258,300
	Risk adjustment		80%			
Dtr	Reduction in licenses for redundant or poorly adopted collaboration software (risk-adjusted)		\$0	\$147,600	\$177,120	\$206,640

Source: Forrester Research, Inc.



Improved Efficiency Of Resolving Internal Support Issues

The composite organization identified another key benefit as faster time-to-resolution for internal support issues. Prior to SAP Jam, the volume of internal customer support calls was significant and growing, numbering in the tens of thousands per month. Every call cost about \$1.60 and required the help desk agent to search for information and expertise to help answer the question. The organization uses a separate system for external customer support calls, and is then serving internal customers and business partners. With SAP Jam, the organization saw a 14% reduction in support call costs. Not all calls can benefit from Jam, but the organization estimates that 34% of them can, and that adds up when the average call volume assumed for this composite organization is 80,000.

With SAP Jam, the composite organization can provide internal support agents with access to experts from across their group, team, and company to get answers, collaborate on a support issue, or locate a specific piece of information required to close the support ticket. Furthermore, groups are able to upload their own how-to videos that can be accessed from mobile devices, which can eliminate the need for a phone call. Said one learning project lead from a real estate properties group: “Our maintenance team members use SAP Jam to look up home repairs and how to do them — unclogging a drain, building a window screen, etc. They record their own videos and upload them through the Jam mobile app. They can now complete more repairs in a given time period without calling for help.” Another customer noted that “with SAP Jam we can grow the company without having to grow the support team as much.” The total benefit resulting from improved efficiency of resolving internal support issues totaled \$232,243 over three years. However, not all organizations have a high volume of internal customer support calls, and the percentage of those calls that can benefit from SAP Jam depends on how well the Jam groups are established, populated, and maintained. To compensate, this benefit was risk-adjusted and reduced by 10%. The risk-adjusted total benefit resulting from improved efficiency of resolving internal support issues over the three years was \$209,019. See the section on Risks for more detail.

TABLE 5
Improved Efficiency Of Resolving Internal Support Issues

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Average internal support calls per month			80,000	80,000	80,000
E2	Number of calls per year			960,000	960,000	960,000

E3	Percent of calls that can benefit from SAP Jam	Source: customer interviews	34%	36%	38%	
E4	Number of calls that benefit from SAP Jam per year		326,400	345,600	364,800	
E5	Cost per call	Source: customer interviews	\$1.60	\$1.60	\$1.60	
E6	Annual cost for internal support calls that benefit from SAP Jam	E4*E5	\$522,240.00	\$552,960.00	\$583,680.00	
E7	Percentage reduction in internal support costs attributed to SAP Jam	Source: customer survey	14%	14%	14%	
Et	Improved efficiency of resolving internal support issues	E6*E7	\$0	\$73,114	\$77,414	\$81,715
Risk adjustment			90%			
Etr	Improved efficiency of resolving internal support issues (risk-adjusted)		\$0	\$65,802	\$69,673	\$73,544

Source: Forrester Research, Inc.

Total Benefits

Table 6 shows the total of all benefits across the five areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$23,466,887.

TABLE 6
Total Benefits (Risk-Adjusted)

Ref.	Benefit	Initial	Year 1	Year 2	Year 3	Total	Present Value
Atr	Decreased time to access information and expertise	\$0	\$2,492,100	\$6,065,280	\$7,076,160	\$15,633,540	\$12,594,597
Btr	Reduced cost to train employees and onboard new ones	\$0	\$1,842,300	\$1,842,300	\$1,842,300	\$5,526,900	\$4,581,527
Ctr	Reduced time to close new business	\$0	\$1,512,000	\$1,587,600	\$1,666,980	\$4,766,580	\$3,939,038
Dtr	Reduced license costs for redundant or poorly adopted collaboration software	\$0	\$738,000	\$885,600	\$1,033,200	\$2,656,800	\$2,179,068
Etr	Improved efficiency of resolving internal	\$0	\$65,802	\$69,673	\$73,544	\$209,019	\$172,656

support issues

Total benefits (risk-adjusted)

\$0

\$6,650,202

\$10,450,453

\$11,692,184

\$28,792,839

\$23,466,887

Source: Forrester Research, Inc.

COSTS

The composite organization experienced a number of costs associated with the SAP Jam Collaboration solution:

- › Software licensing fees.
- › Initial implementation costs.
- › Ongoing training and support costs.

These represent the mix of internal and external costs experienced by the composite organization for initial planning, implementation, and ongoing maintenance associated with the solution.



Software Licensing Fees

The composite organization incurred software licensing fees for SAP Jam annually. These are annual recurring license fees that are based on per-user pricing. The users include both internal employees and external customers and partners. The price per user varies based on the type of user. During initial implementation, the composite organization incurred software licensing fees for 7,500 SAP Jam users and 500 external users for a total of \$779,460. In years 2 and 3, the licensing fee increased as the number of users increased to 9,000 and then 10,500 users in the third year, with 1,000 external users

TABLE 7
Software Licensing Fees

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Number of SAP Jam internal users			7,500	9,000	10,500
F2	Number of SAP Jam external users			500	1,000	1,000
Ft	License licensing fees	$F1+F2*\text{license cost}$	\$0	\$779,460	\$949,800	\$1,102,080
	Risk adjustment		100%			
Ftr	License licensing fees (risk-adjusted)		\$0	\$779,460	\$949,800	\$1,102,080

Source: Forrester Research, Inc.



Initial Implementation Costs

Although the composite organization began using a free version of SAP Jam when it first piloted the tool, it quickly determined that a full upgrade was needed to unlock the full potential. This implementation required an investment of resources, including professional services provided by SAP to the composite organization, along with internal labor fees associated with the implementation. Companies that implement SAP Jam are often SAP customers using other software suites, including the SAP SuccessFactors HCM Suite and the SAP CRM solutions such as the on-premises SAP CRM or SAP Hybris Cloud for Customer. The initial integration with these existing tools has a fee. Furthermore, the composite organization paid an additional fee to have the SAP Jam work patterns customized for its use. SAP Jam can contextualize data available to the organization and relate it to a particular process, such as the sales process (this is called a work pattern). A work pattern brings together application data, process, content, and a network of experts to surround the social collaboration tool with the

relevant data for that process. The organization also incurred planning costs to roll out SAP Jam effectively across the organization. In addition to the planning for training events to be launched through SAP Jam, the organization also has to ensure that all of the users have the proper access to the tool and that they are assigned to the right groups with access to training materials or Jam groups related to their field. These planning fees total, on average, \$200,000. Furthermore, the organization incurred training costs of around \$160,000. This training includes educating all of the Jam group administrators and the learning and development managers who are responsible for Jam sites that relate to their courses. Initial implementation costs total \$760,000 at the beginning of the effort.

TABLE 8
Initial Implementation Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
G1	Professional services fees		\$400,000			
Gt	Planning costs	Source: customer survey	\$200,000	\$0	\$0	\$0
Gt	Training costs	Source: customer survey	\$160,000	\$0	\$0	\$0
Gt	Initial implementation costs (risk-adjusted)		\$760,000	\$0	\$0	\$0
	Risk adjustment		100%			
Gtr	Initial implementation costs (risk-adjusted) (risk-adjusted)		\$760,000	\$0	\$0	\$0

Source: Forrester Research, Inc.



Ongoing Training And Support Costs

Each year, the composite organization incurred an ongoing cost to train and roll out SAP Jam to new users in the company. It is also necessary to train users on the platform and ensure their effective, ongoing use of the tool. Organizations identified change management, communication, internal time and effort for planning, and data migration as some of the drivers of these costs. These costs were incurred by the composite organization and not paid to SAP because the organization provided its own internal training. The training fees will vary by company, but all customers surveyed and interviewed for this research accounted for these costs in their overall budget

TABLE 9
Ongoing Training And Support Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
H1	Ongoing training				\$150,000	\$150,000

H2	Professional services			\$150,000	\$150,000
H3	Ongoing IT management of solution		\$75,000	\$75,000	\$75,000
Ht	Ongoing training and support costs		\$75,000	\$375,000	\$375,000
Risk adjustment		100%			
Htr	Ongoing training and support costs (risk-adjusted)	\$0	\$75,000	\$375,000	\$375,000

Source: Forrester Research, Inc.

Total Costs

Table 10 shows the total of all costs as well as associated present values (PVs), discounted at 10%. Over three years, the composite organization expects total costs to be a PV of a little more than \$3.7 million.

TABLE 10
Total Costs (Risk-Adjusted)

Ref.	Cost Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	License fees	\$0	\$779,460	\$949,800	\$1,102,080	\$2,831,340	\$2,321,568
Gtr	Initial costs	\$760,000	\$0	\$0	\$0	\$760,000	\$760,000
Htr	On-going training and support costs	\$0	\$75,000	\$375,000	\$375,000	\$825,000	\$659,842
	Total costs (risk-adjusted)	\$760,000	\$854,460	\$1,324,800	\$1,477,080	\$4,416,340	\$3,741,410

Source: Forrester Research, Inc.

FLEXIBILITY

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

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

RISKS

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

TABLE 11
Benefit Risk Adjustments

Benefits	Adjustment
Decreased time to access information and expertise	↓10%
Reduced cost to train employees and onboard new ones	↓10%
Reduced time to close new business	↓20%
Reduced license costs for redundant or poorly adopted collaboration software	↓20%
Improved efficiency of resolving internal support issues	↓10%

Source: Forrester Research, Inc.

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

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

- › Not every organization uses the Jam groups functionality as effectively as others – some have tightly managed groups with training for facilitators, and some organizations allow anyone to create a group. To compensate, the decreased time to access information and expertise benefit was risk-adjusted and reduced by 10%.
- › Organizations that use SAP Jam have a wide-ranging approach and budget for training employees and providing new hire programs. Not all organizations provide in-person leadership summits as did the composite organization. To compensate, the reduced cost to train employees and onboard new ones benefit was risk-adjusted and reduced by 10%.
- › Surveyed and interviewed organizations provided a broad range of average deal sizes, which vary by industry and type of product sold. To compensate, the reduced time to close new business benefit was risk-adjusted and reduced by 20%.
- › Not all organizations have the ability to fully consolidate licenses because their technology systems in different geographies may vary and require unique collaboration solutions. To compensate, the reduced license costs for redundant or poorly adopted collaboration software benefit was risk-adjusted and reduced by 20%.
- › Not all organizations have a high volume of internal customer support calls, and the percentage of those calls that can benefit from SAP Jam depends on how well the Jam groups are established, populated, and maintained. To compensate, the improved efficiency of resolving internal support issues benefit was risk-adjusted and reduced by 10%.

Generally with social collaboration tools, the adoption rate is critical for the overall success and impact of the implementation. The organizations surveyed and interviewed for this study reported a very strong adoption rate of 52%, on average. At this

rate, enough of the organization is using the tool that it not only becomes an expected part of the process of completing work efforts, but it also becomes culturally embedded. An organization that does not see adoption growth risks its investment in the collaboration tool, and abandonment of the tool could result. To ensure adoption, organizations must have a formal rollout plan, identify internal champions and evangelists, adequately train users, and monitor the ongoing usage and adoption of the platform.

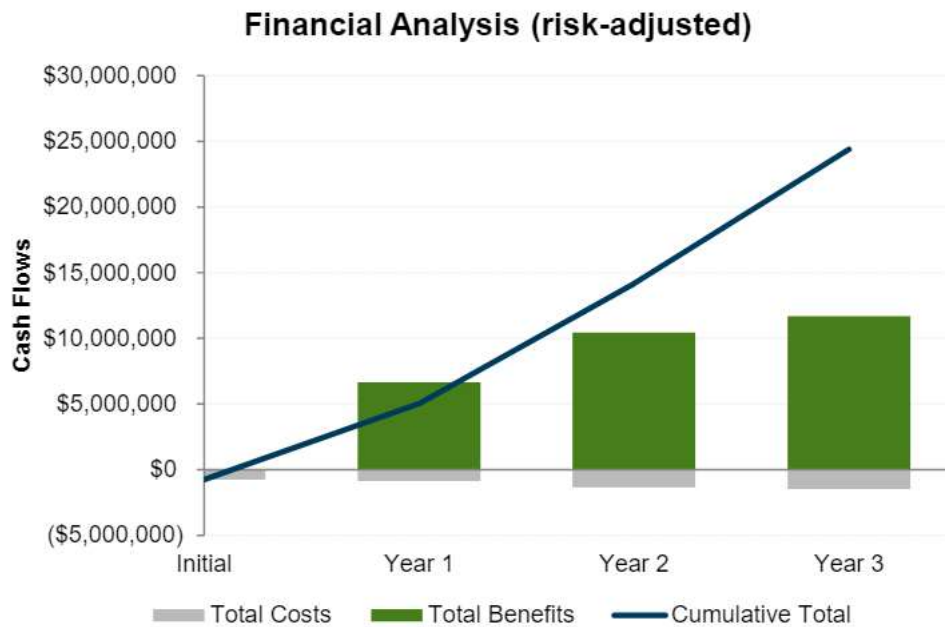
Table 11 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates for the composite organization. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

Financial Summary

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

Table 12 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 11 in the Risk section to the unadjusted results in each relevant cost and benefit section.

FIGURE 3
Cash Flow Chart (Risk-Adjusted)



Source: Forrester Research, Inc.

TABLE 12
Cash Flow (Risk-Adjusted)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Costs	(\$760,000)	(\$854,460)	(\$1,324,800)	(\$1,477,080)	(\$4,416,340)	(\$3,741,410)
Benefits	\$0	\$6,650,202	\$10,450,453	\$11,692,184	\$28,792,839	\$23,466,887
Net benefits	(\$760,000)	\$5,795,742	\$9,125,653	\$10,215,104	\$24,376,499	\$19,725,477
ROI						527%

Source: Forrester Research, Inc.

SAP Jam Collaboration: Overview

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

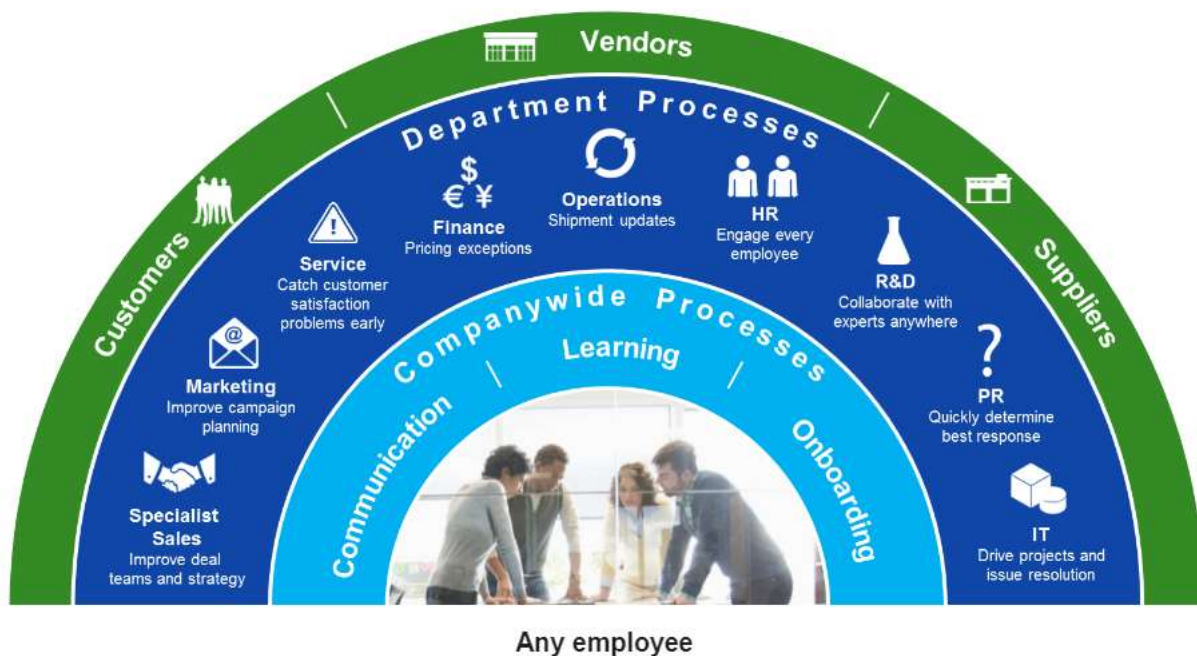
SAP Jam is a social software platform that transforms the way people work — by bringing together people, processes, information, and applications to enable better problem-solving and decision-making. With SAP Jam, enterprises can use social networking to allow their employees, customers, and partners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

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

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

SAP Jam: Social Collaboration Across Your Entire Network

Supporting companywide or cross-departmental social processes



Source: SAP

Appendix A: Composite Organization

For this TEI study, Forrester has created a composite organization to illustrate the quantifiable benefits and costs of implementing SAP Jam. The composite company is intended to represent a US-based company with 15,000 employees and is based on characteristics of the surveyed and interviewed customers. The composite organization:

- › Is a US-based company with global offices in Europe and Asia.
- › Has a strong focus on optimizing human resources, sales, and supply chain management functions.
- › Has invested in creating a culture of collaboration that helps it attract and retain talent.

In purchasing SAP Jam, the composite company has the following objectives:

- › Provide a unified social collaboration program to its employees.
- › Integrate with its SuccessFactors HCM Suite and products for HR, talent management, and account management.
- › Integrate enterprise collaboration with back-end data from the CRM and HR systems.
- › Centralize horizontal and vertical communication in one location to reduce costs.

Appendix B: Total Economic Impact™ Overview

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

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

BENEFITS

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

COSTS

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

FLEXIBILITY

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

RISKS

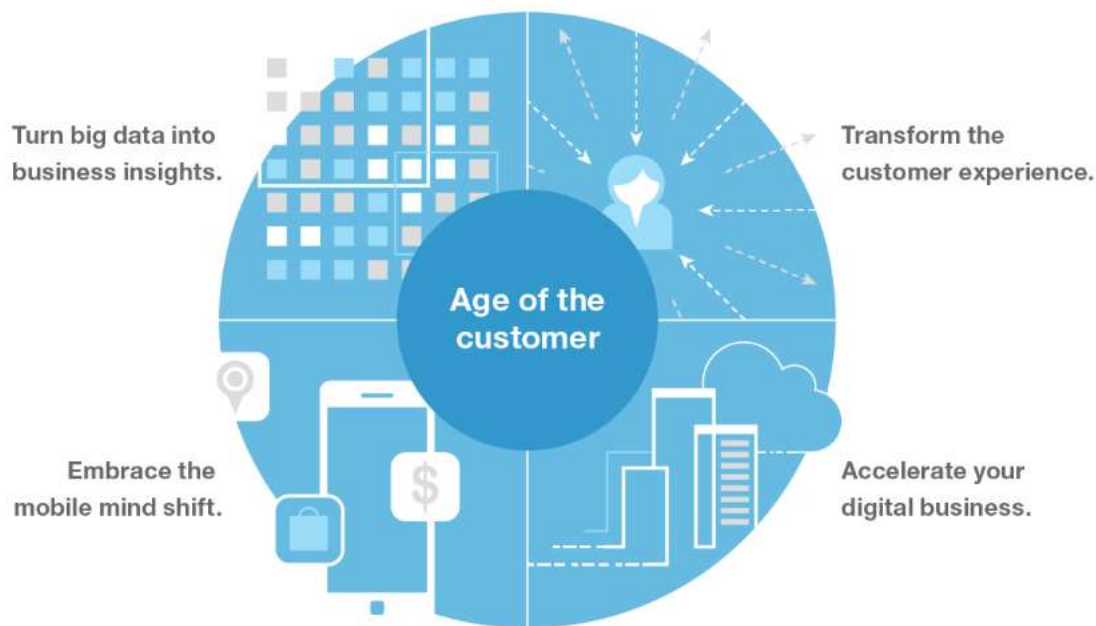
Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections, and 2) the likelihood that the estimates will be measured and tracked over time.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

Appendix C: Forrester And The Age Of The Customer

Your technology-empowered customers now know more than you do about your products and services, pricing, and reputation. Your competitors can copy or undermine the moves you take to compete. The only way to win, serve, and retain customers is to become customer-obsessed.

A customer-obsessed enterprise focuses its strategy, energy, and budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.

CMOs and CIOs must work together to create this companywide transformation.



Forrester has a four-part blueprint for strategy in the age of the customer, including the following imperatives to help establish new competitive advantages:



Transform the customer experience to gain sustainable competitive advantage.



Accelerate your digital business with new technology strategies that fuel business growth.



Embrace the mobile mind shift by giving customers what they want, when they want it.



Turn big data into business insights through innovative analytics.

Appendix D: Glossary

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

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

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

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

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

A NOTE ON CASH FLOW TABLES

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

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.

TABLE [EXAMPLE]					
Example Table					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3

Source: Forrester Research, Inc.