

A Forrester Total Economic Impact™
Study Commissioned By Sage
October 2017

The Total Economic Impact™ Of Sage People

Cost Savings And Business Benefits
Enabled By Sage People

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Executive Summary

The Sage People solution, part of the Sage Business Cloud, provides a better way to manage the employment journey from joining to leaving for midsize enterprises, providing People Management, Talent Acquisition, Performance and Talent Management, Payroll Integration, Compensation and Benefits, HR and People Analytics, and Attendance and Leave Management. Sage commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and objectively examine the potential return on investment (ROI) enterprises may realize by deploying its Sage People solution. The purpose of this study is to provide readers and prospects with a framework to evaluate the potential financial impact of the Sage People solution on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester conducted in-depth interviews with seven customers, each with between two and five years of experience using Sage People. For this TEI study, Forrester has created a composite *Organization* to illustrate the quantifiable benefits and costs of investing in Sage People. Based on characteristics of the interviewed customers, the *Organization* is a global, midsize enterprise with 1,000 employees. It has operations in North America and Europe, with minor multisite operations globally. It has been using Sage People for three years to enable its employee journey activities. For more information, see the section titled *The Composite Organization*.

Key Findings

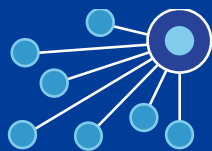
Quantified benefits. The composite *Organization* experienced the risk-adjusted present value (PV) quantified benefits of the following services totaling \$1,950,709 (see the Financial Analysis section for more details):

- › People Management — labor savings: \$292,652.
- › Talent Acquisition — labor savings: \$143,243.
- › Performance and Talent Management — HR and management labor savings: \$395,731.
- › Payroll Integration and Compensation and Benefits — labor savings: \$402,870.
- › HR and People Analytics — labor savings: \$716,213.

Unquantified benefits. The interviewed customers experienced the following benefits; however, they were not able to quantify these benefits for this study:

- › Sage People's Reporting and Analytics service helped one interviewed customer determine future investments. For example, it determined that employees who are recruited directly (not via third-party recruiters) have longer tenure and better performance. As a result, the customer shifted its focus away from third-party recruiters and toward direct recruitment, saving recruiting fees.
- › Some of the interviewed customers felt Sage People's Talent Acquisition service helped produce higher qualified candidates than previous hiring processes.

Selected Key Metrics



Total net headcount saved:
8 FTEs



Management savings using
Performance and Talent
Management
\$194,720 annually



HR and People Analytics labor
savings
Over \$700K

Total quantified benefits:
\$1,950,709
(risk- and PV-adjusted)



ROI
62%



Benefits PV
\$1,950,709



NPV
\$747,928



Payback
12.5 months

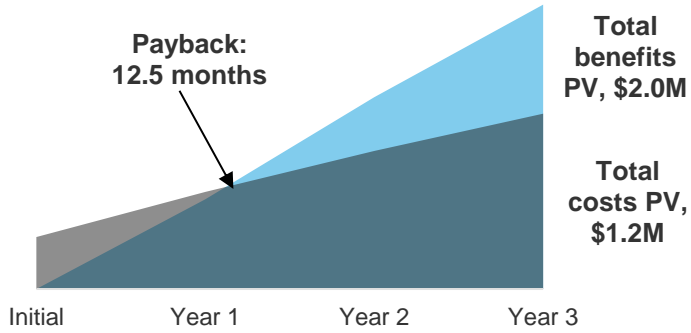
Costs. The *Organization* experienced the following costs totaling \$1,252,000 with a risk-adjusted present value of \$1,202,781 (see the Financial Analysis section for more details):

- › Internal labor to plan and deploy Sage People: \$60,000.
- › Incremental hardware, database and operating system license, and maintenance: \$0.* The *Organization* incurred none of these costs with the Sage People cloud solution.
- › Sage People fees for professional services and cloud subscription: \$652,000.
- › Ongoing internal administrative labor for Sage People: \$540,000.

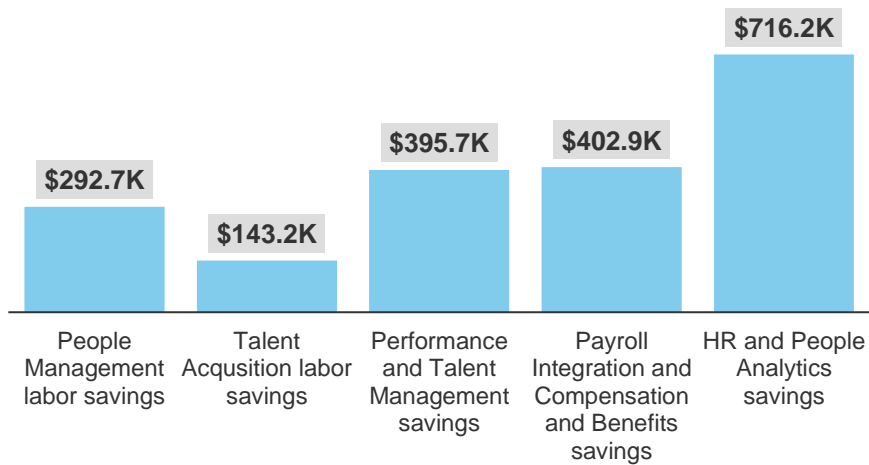
Forrester's interviews and subsequent financial analysis found that the *Organization* experienced benefits of \$1,950,709 over three years versus costs of \$1,202,781, adding up to a net present value (NPV) of \$747,928, with a payback period of 12.5 months and an ROI of 62%.

If risk-adjusted costs, benefits, and ROI still demonstrate a compelling business case, it raises confidence that the investment is likely to succeed because the risks that threaten the project have been taken into consideration and quantified. The risk-adjusted numbers should be taken as "realistic" expectations, as they represent the expected value considering risk. Assuming normal success at mitigating risk, the risk-adjusted numbers should more closely reflect the expected outcome of the investment.

Financial Summary



Benefits (Three-Year)



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TEI Framework And Methodology

From the information provided in the interview, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering investing in Sage People solutions.

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 Sage People solutions can have on an organization:



DUE DILIGENCE

Interviewed Sage stakeholders to gather data relative to the Sage People solutions.



CUSTOMER INTERVIEWS

Interviewed seven customers using the Sage People services to obtain data with respect to costs, benefits, and risks.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organization.



CASE STUDY

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Sage 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 Sage People.

Sage 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.

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

The Sage People Customer Journey

BEFORE AND AFTER THE SAGE PEOPLE INVESTMENT

For this study, Forrester conducted interviews with seven Sage People customers. Interviewed customers are described as follows (each requesting anonymity):

INDUSTRY	REGION	INTERVIEWEE(S)	NUMBER OF ADMINS TO EMPLOYEES
Global staffing	Headquartered in Europe	HRIS manager	2 to 2,600
Sports betting and gaming	Headquartered in Europe	Head of people operations and IT	11 to 6,500
IT management software	Headquartered in the US	Senior VP of HR and HR administrator	35 to 2,400
International currency services	Headquartered in Europe	HR director	2 to 180
Nonprofit — religion	Headquartered in the US	HRIS specialist	3 to 900
Software and services	Headquartered in Europe	VP of HR and HR coordinator	3 to 235
Cloud technology services	Headquartered in the US	EMEA IT manager for HR applications	10 to 4,300

The Composite *Organization*

For this TEI study, Forrester created a composite *Organization* to illustrate the quantifiable benefits and costs of investing in Sage People. The composite *Organization* is a global, midsize enterprise in the business services industry. It is headquartered in the US and has 1,000 employees located in the UK and four other countries. It has been using Sage People for three years to integrate its business process activities and has two administrative users of Sage People.

Key Challenges And Pain Points

The composite *Organization* shared the same issues and challenges as the seven interviewed customers:

- › The *Organization* had no single HR system and found it difficult to provide accurate data to the board.
- › The *Organization* needed to grow the business quickly, without having to grow its HR headcount or suffer any loss in productivity/performance.
- › Managers and employees did not have quick access to the information and answers they needed, having to rely on HR to produce reports from scratch every time.
- › The *Organization* needed a single look and feel at a local level, whilst providing global visibility and compliance.
- › The *Organization* was suffering high attrition levels and recruitment spend, due to inefficient processes and disparate systems.

“Sage People is a brilliant tool. We can make it fit our business needs, and we have the flexibility to customize and make changes.”

EMEA IT manager for HR applications, cloud technology services company



Key Business Goals And Objectives

After an extensive review process evaluating several vendors, the *Organization* selected Sage People, as it believed it could satisfy the following business goals and objectives:

- › Gain real-time visibility and insights across the global workforce, with a single record of truth for each employee.
- › Support a broader business strategy by providing analytics and actionable people-related insights to management.
- › Accommodate future growth and expansion across multiple sites and geographies.
- › Streamline and automate previous disparate business processes.
- › Mobile, on-demand, and 24x7 cloud access for its mobile salesforce.
- › Provide a way to engage employees with a single consistent experience for the entire workforce.

Key Results

The customer interviews revealed key high-level and beneficial functionality attributed to their investments in Sage People's services listed below. (Specific financial benefit details are available in the Financial Analysis section):

- › **Global cloud platform.** The ability to deliver end-to-end functionality across the employment journey, all through simple configuration. Enabling compliance with global policies and local regulations, such as General Data Protection Regulation (GDPR).
- › **People Management.** Functionality that simplified and streamlined core HR operations and processes.
- › **Talent Acquisition.** The ability to attract, hire, and onboard the right talent.
- › **Performance and Talent Management.** Ability to maximize the performance of a workforce with enhanced insights into performance management, skills, and competencies and recognition.
- › **Workforce Experience Management.** Features that empower employees with universal access to a flexible self-service portal.
- › **Payroll Integration and Compensation and Benefits.** Integration with different payroll solutions with security, flexibility, and ease.
- › **HR and People Analytics.** Functionality that allows customers to gain powerful insights and instant workforce visibility with dashboards and analytics that are easily customizable.

“For a midmarket product, Sage People has excellent global reach. We are using Sage People in the 16 countries we have employees. Having current exchange rates and leave/absence management policies for each country is very helpful.”

Senior vice president, HR, IT management software company



Financial Analysis

QUANTIFIED BENEFIT AND COST DATA

Total Benefits

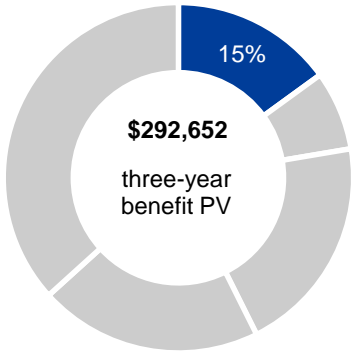
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	People Management labor savings	\$72,000	\$144,000	\$144,000	\$360,000	\$292,652
Btr	Talent Acquisition labor savings	\$57,600	\$57,600	\$57,600	\$172,800	\$143,243
Ctr	Performance and Talent Management savings	\$97,360	\$194,720	\$194,720	\$486,800	\$395,731
Dtr	Payroll Integration and Compensation and Benefits savings	\$162,000	\$162,000	\$162,000	\$486,000	\$402,870
Etr	HR and People Analytics savings	\$288,000	\$288,000	\$288,000	\$864,000	\$716,213
Total benefits (risk-adjusted)		\$676,960	\$846,320	\$846,320	\$2,369,600	\$1,950,709

People Management Labor Savings

According to the interviewed customers, the implementation of Sage People’s People Management solution resulted in time, effort, and labor (full-time equivalent, or FTE) savings in the following areas and tasks.

- › **People records.** The ability to store and analyze personal and work details including qualifications, skill sets, and mandatory training compliance.
- › **Team manager role.** The ability to provide instant team visibility with intuitive people search, dynamic project planning, and auditable workflows.
- › **HR manager role.** A 360-degree view of the global workforce with insightful trends analysis.
- › **Record keeping.** Key financial and people data with the ability to review consolidated and historical records.
- › **Attendance and Leave Management.** The ability to manage a global workforce with flexible absence and attendance management and reporting.
- › **Separation and termination.** A simplified process with a single button initiation to trigger notifications for exit interviews and postemployment activities.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the *Organization* expects risk-adjusted total benefits to be a PV of more than \$1.9 million.



People Management labor savings — 15% of total benefits

Modeling and assumptions. Based on customer interviews, our *Organization* will save two FTEs annually (only one FTE in Year 1 due to learning curves) using the functionality in the above bullets.

Risks. Forrester considered the following potential risks when assigning a risk adjustment. The labor savings have been risk-adjusted (reduced) by 20% in the table below because most interviewed customers were not taking advantage of all the functionality. Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$292,652.

People Management Labor Savings: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
A1	Labor savings	FTE	1.0	2.0	2.0
A2	Average fully loaded cost of internal labor	Interviews	\$90,000	\$90,000	\$90,000
At	People Management labor savings	A1*A2	\$90,000	\$180,000	\$180,000
	Risk adjustment	↓20%			
Atr	People Management labor savings (risk-adjusted)	At-20%	\$72,000	\$144,000	\$144,000

Talent Acquisition Labor Savings

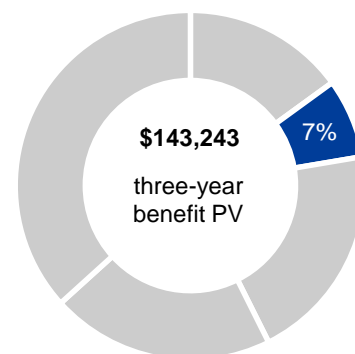
According to the interviewed customers, the implementation of the Sage People Talent Acquisition solution resulted in time, effort, and labor (FTE) savings in the following areas and tasks. One customer reported faster time-to-hire for revenue-generating employees, although they could not quantify the benefit.

- › **Resource planning.** Gain the ability to sync hiring plans with real-time organization visibility, projection analysis, what-if modeling, and comprehensive reporting.
- › **Recruitment.** Gain full visibility of talent pool and leverage multichannel sourcing, social recruitment, job board posting, Google search, and post code radius searches.
- › **Candidate portal.** Enable rigorous selection through resume parsing, manage applicant details, apply and book interviews, schedule aptitude testing, and check references.
- › **Selection and acquisition.** Seamlessly recruit, advance, and select candidates while keeping hiring managers up to date with alerts.
- › **Onboarding.** Create the right first impression with automated workflows to inform departments of new hires and provide relevant information.

Modeling and assumptions. With Sage People Talent Acquisition, HR staff are saving 4 hours of time and effort per candidate during the interview cycle. The *Organization* will recruit 400 candidates each year with a goal of hiring 100 new employees. It will save 4 hours per candidate and, at an hourly rate of \$40, will save \$64,000 per year.

Risks. To be conservative, the labor savings have been risk-adjusted

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.



Talent Acquisition labor savings — 7% of total benefits

(reduced) by 10% in the table below to reflect variations in how long it may take to redeploy Talent Acquisition hours saved to other tasks or positions in the *Organization*.

Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$143,243.

Talent Acquisition Labor Savings: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
B1	Number of candidates recruited	Interviews	400	400	400
B2	Hours saved per candidate in interview cycle	Interviews	4	4	4
B3	Hourly cost of internal HR staff	Interviews	\$40	\$40	\$40
Bt	Talent Acquisition labor savings	B1*B2*B3	\$64,000	\$64,000	\$64,000
	Risk adjustment	↓10%			
Btr	Talent Acquisition labor savings (risk-adjusted)	Bt-10%	\$57,600	\$57,600	\$57,600

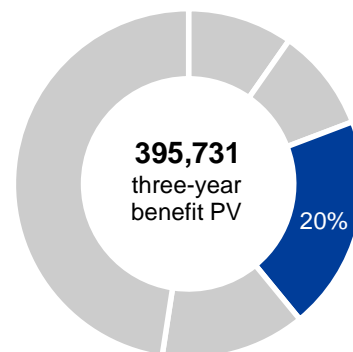
Performance and Talent Management Savings

Using Sage People Performance and Talent Management resulted in time, effort, and labor (FTE) savings in the following areas and tasks for interviewed customers.

- › **Talent Management.** Identify, manage, develop, and retain key people.
- › **Performance Management.** Support a wide range of frameworks, from simple real-time feedback and instant recognition to formal goal setting and performance reviews.
- › **Recognition.** Provide colleague recognition, outside of annual or formal periodic reviews, that is linked to a job profile.
- › **Skills and competencies.** Categorize skills, competency, and training needs to build teams through skills matching or enhance career development.

Modeling and assumptions. The *Organization's* HR staff could save two FTEs or 4,160 hours per year (one FTE or 2,080 hours in Year 1 due to learning curves). Across the *Organization*, each of 40 managers was able to save 35 hours per year or 1,400 total hours (only 700 hours in Year 1 due to learning curves) utilizing Performance and Talent Management and recognition functionality, compared to previous legacy processes.

Risks. Only three interviewed customers were using the Performance and Talent Management. To be conservative, the benefits have been risk-adjusted (reduced) by 20% in the table below. This yielded a three-year risk-adjusted total PV of \$395,731.



Performance and Talent Management savings — 20% of total benefits

Performance And Talent Management Savings: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
C1	HR staff labor savings	Hours	2,080	4,160	4,160
C2	Hourly cost of HR staff	Interviews	\$40	\$40	\$40
C3	Total HR staff labor savings	C1*C2	\$83,200	\$166,400	\$166,400
C4	Manager labor savings utilizing Performance Management and Recognition	Hours	700	1,400	1,400
C5	Hourly cost of managers	Interviews	\$55	\$55	\$55
C6	Total manager labor savings	C4*C5	\$38,500	\$77,000	\$77,000
Ct	Performance and Talent Management savings	C3+C6	\$121,700	\$243,400	\$243,400
	Risk adjustment	↓20%			
Ctr	Sage People - Performance and Talent Management product savings (risk-adjusted)	Ct-20%	\$97,360	\$194,720	\$194,720

Workforce Experience

With only three interviewed customers using Workforce Experience, none could quantify benefits, although each felt there were significant intangible benefits afforded employees, as follows:

- › **Company-branded.** The *Organization* can configure and tailor the self-service user interface (UI) experience to match the company brand identity.
- › **Highly configurable processes.** The *Organization* can allow employees to personalize page screen layouts with simple drag-and-drop features, which has increased employee engagement.
- › **Mobile experience.** The *Organization* can keep employees informed and involved with company news and tailored content, accessible securely on connected devices globally.
- › **Social collaboration communications.** The *Organization* can leverage social features to foster employee collaboration and survey tools to gauge engagement.
- › **Integrated employee communications and feedback.** The *Organization* can serve specific content and obtain feedback, with the ability to track and measure employee interaction with the content

Modeling and assumptions. There are no benefits quantified for Workforce Experience.

Risks. Not applicable.

“Sage People’s customer success team continues to have a high-touch, brilliantly responsive approach to customer service.”

HR director, international currency services company



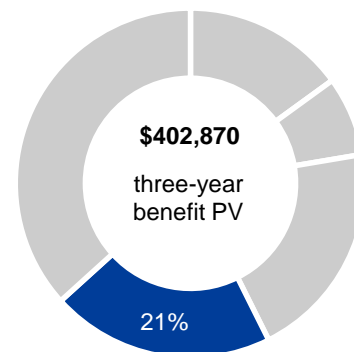
Payroll Integration And Compensation And Benefits Savings

The interviewed customer using Sage People's Payroll Integration functionality saw value in the way the service provides seamless integration with payroll solutions with security, flexibility, and ease. The solution includes the following features:

- › **Flexible and open.** Connect with other third-party payroll solutions via Enterprise Connector.
- › **Dual exchange.** Connect to and manages one- or two-way transfers of data to different payroll apps with highly configurable data transfer capabilities.
- › **Automated process.** Gain control over the process to deliver accurate and timely payments.
- › **Trusted and secure.** Hosted on a leading enterprise cloud platform, Salesforce App Cloud.
- › **Compensation and benefits.** Keep historical records of salary, bonus, commissions, stock options, and benefits.

Modeling and assumptions. The payroll functionality in Sage People provides the *Organization* with more visibility into payroll integration, compensation, and benefits, all in a more productive manner. The *Organization* can save one payroll accountant and one HR staff due to the functionality and features listed above.

Risks. To be conservative, the productivity improvement benefits have been risk-adjusted (reduced) by 10% in the table below to reflect how long it may take to redeploy the accountant and HR staff to other value-added tasks in the *Organization*. This yielded a three-year risk-adjusted total PV of \$402,870.



Payroll Integration and Compensation and Benefits savings — 21% of total benefits

Payroll Integration And Compensation And Benefits Savings: Calculation Table

REF	METRIC	CALC.SOURCE	YEAR 1	YEAR 2	YEAR 3
D1	Labor savings — payroll accountant and HR staff	FTE	2	2	2
D2	Average fully loaded cost of internal labor	Interviews	\$90,000	\$90,000	\$90,000
Dt	Payroll Integration and Compensation and Benefits savings	D1*D2	\$180,000	\$180,000	\$180,000
	Risk adjustment	↓10%			
Dtr	Payroll Integration and Compensation and Benefits savings (risk-adjusted)		\$162,000	\$162,000	\$162,000

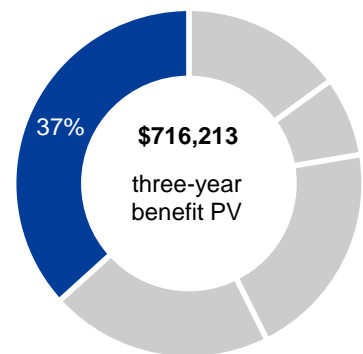
HR And People Analytics Savings

Sage People's Analytics and Reporting functionality allows the *Organization* to gain actionable insights and workforce visibility with dashboards analytics and people science, which are real-time and easily customizable. Each of the seven interviewed customers were taking advantage of this service — and most to a great extent.

- › **Report accessibility.** The *Organization* is using this service to provide 60 managers, leaders, and users with the ability to access reports themselves, which saves time compared to the previous highly manual reporting process.
- › **Fewer ad hoc requests.** HR and finance receive fewer ad hoc report requests from managers and leaders since they now have access to Sage People reports.
- › **More reports.** The number and frequency of reports and report recipients has increased since the deployment of Sage People. HR and finance are able to do more accurate reports, more frequently, and for more managers with Sage People.
- › **Reporting results.** Some reports help determine future investments; for example, one customer determined that employees who are recruited directly (not via third-party recruiters) have longer tenure and better performance. As a result, the customer shifted its focus away from third-party recruiters and toward direct recruitment, saving recruiting fees (not quantified here).

Modeling and assumptions. Some interviewed customers did a workload assessment that answered the question, “If we had to do all these reports manually (like we used to do), how many more FTEs would we need?” Interviewed customers estimated it would take four more FTEs to generate the quantity and quality of customized reports that Sage People is currently producing.

Risks. Consistent with previous benefit categories, Forrester risk-adjusted (reduced) the HR and People Analytics benefit by 20% to reflect that these four FTEs were never hired; therefore, there’s uncertainty as to the savings. This yielded a three-year risk-adjusted total PV of \$716,213.



HR and People Analytics savings — 37% of total benefits

HR And People Analytics Savings: Calculation Table

REF.	METRIC	CALC./SOURCE	YEAR 1	YEAR 2	YEAR 3
E1	Labor savings	FTE	4	4	4
E2	Average fully loaded cost of internal labor	Interviews	\$90,000	\$90,000	\$90,000
Et	HR and People Analytics savings	E1*E2	\$360,000	\$360,000	\$360,000
	Risk adjustment	↓20%			
Etr	HR and People Analytics savings (risk-adjusted)	Et-20%	\$288,000	\$288,000	\$288,000

Unquantified Benefits

Unquantified benefits. The interviewed customers experienced the following benefits; however, they were not able to quantify them for this study:

- › Sage People's Reporting and Analytics helped one interviewed customer determine future investments. For example, it determined that employees that are recruited directly (not via third-party recruiters) have longer tenure and better performance. As a result, the customer shifted its focus away from third-party recruiters and toward direct recruitment, saving recruiting fees.
- › Some of the interviewed customers felt Sage People's Talent Acquisition service helped produce higher qualified candidates than previous hiring processes.

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are scenarios in which a customer might choose to implement Sage People's solutions and later realize additional uses and business opportunities. No single interviewed customer was using all of Sage People's services. Since there is value in all the Sage People services, current and future customers should consider including the features and functionality of additional services.

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

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

Total Costs Associated With Sage People

REF	COST	CALC/ SOURCE	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PV
F1	Planning and deployment labor hours	Interviews	1,500	0	0	0	-	-
F2	Average cost per hour	Interviews	\$40.00	\$0	\$0	\$0	-	-
F3	Planning and deployment costs	F1*F2	\$60,000	\$0	\$0	\$0	-	-
F4	Sage People subscription cost per employee	Sage People quote	\$0	\$129.00	\$129.00	\$129.00	-	-
F5	Number of employees	Composite Organization	0	1,000	1,000	1,000	-	-
F6	Annual Sage People subscription fee	F4*F5	\$0	\$129,000	\$129,000	\$129,000	-	-
F7	Sage People professional service fees	Sage People quote	\$265,000	\$0	\$0	\$0	-	-
F8	Internal labor for ongoing administration and management (hours)	Interviews	0	2	2	2	-	-
F9	Average fully loaded cost of internal labor	Interviews	\$0	\$90,000	90,000	90,000	-	-
F10	Labor for ongoing administration and management	F8*F9	\$0	\$180,000	\$180,000	\$180,000	-	-
Ft	Total costs associated with Sage People	F3+F6+F7+F10	\$325,000	\$309,000	\$309,000	\$309,000	-	-
	Risk adjustment	↑10%						
Ftr	Total costs associated with Sage People (risk-adjusted)		\$357,500	\$339,900	\$339,900	\$339,900	\$1,377,200	\$1,202,781

Total Costs Associated With Sage People

The total costs of Sage People are as follows:

- › The internal labor associated with planning and deploying Sage People totaled 1,500 hours at a cost of \$40.00 per hour. The following departments or roles were represented in the planning and deployment phase: reporting, performance management, talent acquisition, business unit managers, project manager, SAP developers, legal, and a digital marketing person for integration with the *Organization's* website. Total planning and deployment costs were \$60,000 (row F3).

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the organization expects total risk-adjusted costs to be a PV of \$1,202,781.

- › Sage People subscription fees for 1,000 employees totaled \$129,000 per year (row F6).
- › Sage or partner professional services fees of \$265,000 include software installation in a cloud environment, post-installation support, configuration setup, data conversion, analysis and modeling, testing, and training (row F7)
- › Customer interviewees reported an average of two FTEs for ongoing administration and management of Sage People at a cost of \$180,000 per year. This includes ongoing labor to operate and maintain the integration points with other systems and applications, along with help desk support, training new users, and managing the relationship with Sage People (row F10).

Risks. Forrester risk-adjusted (increased) costs by 10% to reflect the uncertainty associated with pre-environment variables such as the extent to which customers had already adopted human resources information system (HRIS) processes. Also, globally extensive organizations may find their costs higher, reflecting various countries' languages, laws, and regulations.

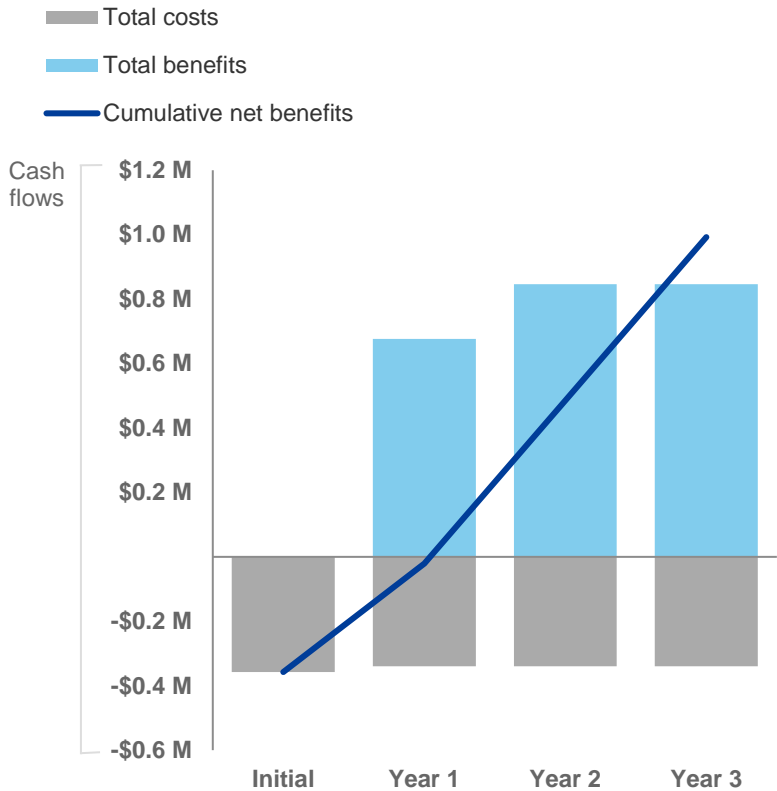
The *Organization's* total risk-adjusted costs for the Sage People solution are \$1,377,200 with a present value of \$1,202,781.

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

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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



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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$357,500)	(\$339,900)	(\$339,900)	(\$339,900)	(\$1,377,200)	(\$1,202,781)
Total benefits	\$0	\$676,960	\$846,320	\$846,320	\$2,369,600	\$1,950,709
Net benefits	(\$357,500)	\$337,060	\$506,420	\$506,420	\$992,400	\$747,928
ROI						62%
Payback period						12.5 months

If risk-adjusted costs, benefits, and ROI still demonstrate a compelling business case, it raises confidence that the investment is likely to succeed because the risks that threaten the project have been taken into consideration and quantified. Assuming normal success at mitigating risk, the risk-adjusted numbers should more closely reflect the expected outcome of the investment.

Overview of Sage People

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

ABOUT SAGE PEOPLE

Sage People enables midsize, multinational companies to manage workforces through its global, cloud HR and people system, transforming how organizations acquire, engage, manage, and develop their employees. Implemented quickly and simple to use, the system increases workforce visibility and HR productivity and provides better experiences across the entire workforce.

Services include talent acquisition, people management, payroll integration, compensation and benefits, time and attendance, engagement and communications, performance management, talent development, and reporting and analytics. All of this delivered on any device, via a seamless self-service experience.

MAKE SMARTER DECISIONS ABOUT YOUR WORKFORCE

Know your people as well as your customers. With real-time workforce visibility and actionable insights, Sage People gives organizations the ability to put data in front of decision makers to make better decisions, proactively.

- › Identify, manage, develop, and retain key people leveraging a full-featured talent management toolset.
- › Provide instant colleague recognition, outside of formal periodic reviews, that is linked to the job profile.
- › Create secure and multiple organizational models based on real-time business needs and what-if scenarios.
- › Map the career journey from resourcing to selection, management, and succession, factoring in career and development guidance.

INCREASE PRODUCTIVITY AND ACCURACY

Improve HR productivity by eliminating manual processing using Sage People's configure (not coding) capabilities.

- › Ability to automate key transactional HR processes.
- › Simple configuration (not coding) capabilities, delivering rapid setup, user adoption, and time-to-value.
- › Easy integration to payroll and other third-party applications.
- › Built on the Salesforce App Cloud for global and local compliance and security.

DELIVER GREAT WORKFORCE EXPERIENCES

Lasting businesses are built on connections. In today's fast-moving world, employees expect to be provided with collaboration tools like Sage People that do just that. A single technology that provides employees with information on their terms. It's mobile, it's social, and it's in the office.

- › Empower employees to manage and update their information with a self-service portal.
- › Keep historical records of salary, bonus, commissions, stock options, and benefits.
- › Easily manage the global workforce with flexible absence and attendance management and reporting.

ACHIEVE GLOBAL AND LOCAL COMPLIANCE

An intuitive solution that scales as quickly as the business. With Sage People, organizations can use a single HR and People system for every aspect of employment. A single database and source of truth help to manage dispersed employees while helping to ensure compliance globally. Regardless of geography. Sage People keeps organizations legal and compliant with regulations such as GDPR, giving them the ability to focus on growth.

LEAD AN AGILE BUSINESS

Extend and expand capabilities with proprietary and third-party applications. Sage People resides on the No. 1 cloud platform in the world, allowing organizations to leverage all of its power for building the business.

Appendix A: Total Economic Impact

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

Total Economic Impact Approach



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



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



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



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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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