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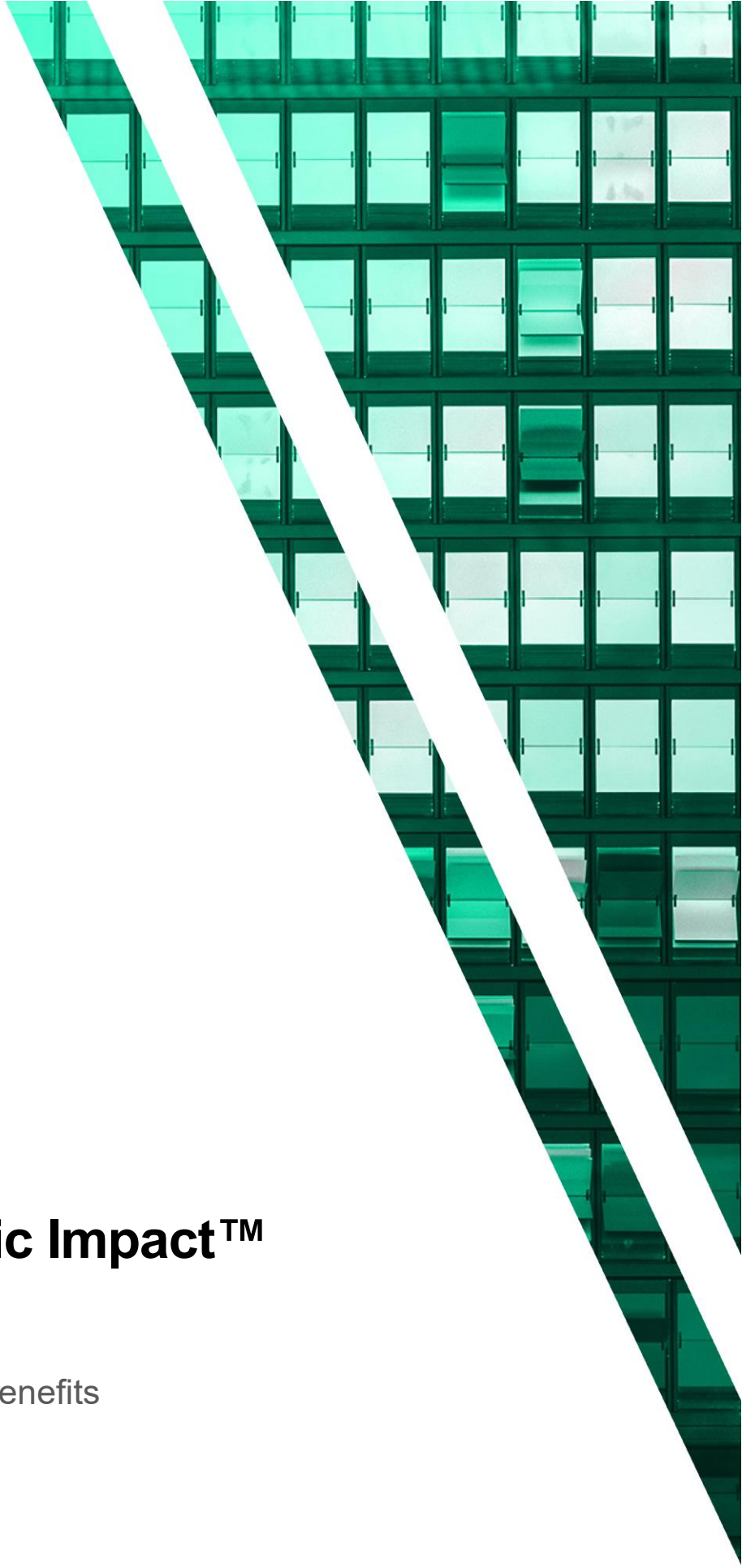

The Total Economic Impact™ Of Kimble

Cost Savings And Business Benefits Enabled By Kimble PSA

April 2021

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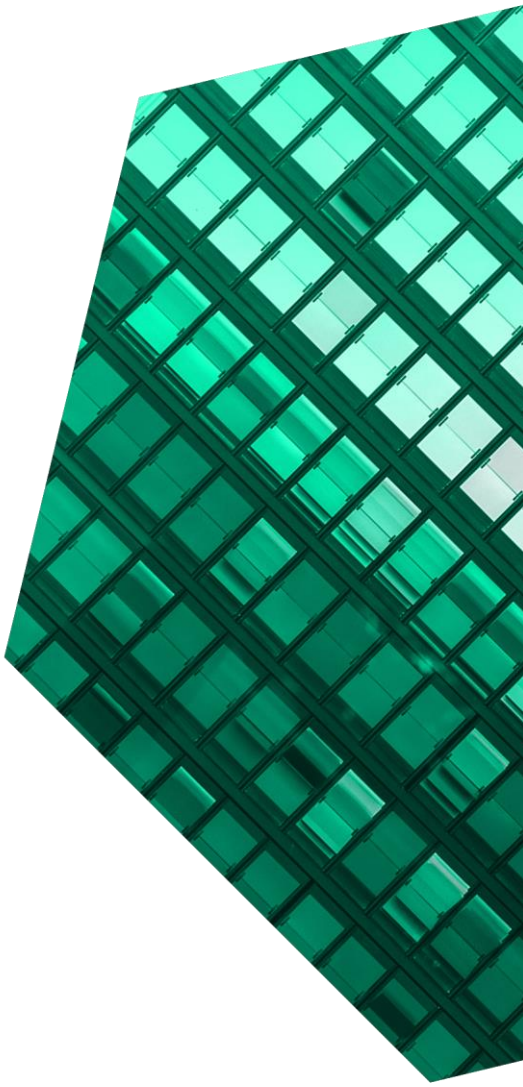


ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

As professional services organizations demand higher operational efficiency, they must replace manual and error-prone operational processes. Professional services automation (PSA) is a technology that helps organizations automate full-scale project and service delivery, including pipeline management, resource planning, customer collaboration, project delivery, and project financial management. It helps to achieve successful project delivery and long-term business growth.

Kimble's Salesforce-native professional services automation solution keeps users across the business, from sales to delivery to finance, clear on what to prioritize to increase customer satisfaction and optimize resource utilization, profitability, and business scalability.

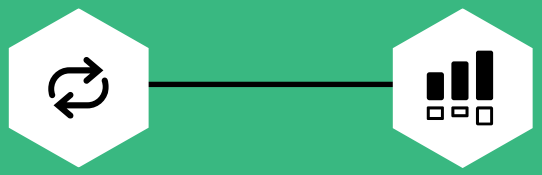
Kimble and Salesforce commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study to examine the potential return on investment (ROI) enterprises may realize by deploying Kimble.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Kimble on their organizations.

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

Prior to using Kimble, these customers relied on several disintegrated systems to manage resourcing, time entry, expenses, and billing. However, legacy environments could not meet the demand of the growing businesses and limited their ability to scale.

After the investment in Kimble and other change management initiatives, customers experienced better visibility into revenue and resources to achieve higher project margins and billable resource utilization. The streamlined processes and user-friendly interface increased operational efficiency for billable and nonbillable resources.

KEY STATISTICS



Return on investment (ROI)
489%

Net present value (NPV)
$20.5M

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits, as modeled by the composite organization, include:

- **Increased overall project margin by 8%.** The composite organization completes a companywide digital transformation, including cloud migration, data integration, Salesforce and Kimble deployment, and change management. The companywide transformation achieves an average 8% project margin increase; 5% of the margin increase can be attributed to Kimble's ability to provide better visibility on project margins in real time. Over three years and a cumulative total of 3,920 projects, Kimble-influenced project margin improvement is worth more than $4.05 million to the organization.

- **Improved utilization of billable resources by 10%.** The composite organization expands sales and delivery capabilities to new markets, which increases the number of deals. Kimble allows executives and project managers to see resource availability in real time to identify underutilized resources.

  More rigorous time entry and billing features in Kimble prevent human errors and improve the accuracy of reported billable utilization. The billable utilization improves by 10% with Kimble; 10% can be attributed to Kimble's ability to identify underutilized resources and reduce revenue leakage. Over three years, Kimble-influenced billable utilization improvement is worth more than $12.33 million.

Billable utilization improvement

$12.3 million

- **Improved financial cycle closing efficiency by 50% and consultant admin efficiency by 75%.** The time needed to close the monthly financial cycle decreases from four to two days. In addition, the time required for consultants to complete timesheets and expense reports decreases from 1 hour to 15 minutes a week. Over three years, the productivity gain from improved efficiency is worth about $6.38 million.

Operational efficiency gains

$6.3 million

- **Saved costs from decommissioned systems and admin resources.** Kimble replaces several disintegrated systems and the three extra admin resources required to manage those systems (who are reassigned). Over three years, the savings from decommissioned systems is worth nearly $1.94 million.

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

- **Improved consistency of operational data.** Kimble sets a standard for data entry and operational processes. If consultants have made errors or submitted incomplete timesheets, the system can catch the discrepancies and verify the data.
- **Improved forecast accuracy.** With improved data quality, managers can forecast based on existing data, instead of experience.
- **Match best-fit resources to projects more efficiently.** More accurate forecasts enable managers to reduce swings in utilization rate.

> **"Kimble gave us a clear picture of resourcing skill levels, so we can match skills to projects more accurately."**
>
> *Business management lead, IT consulting*

- **Maintained business continuity during the pandemic.** One organization launched Kimble when the pandemic started. If the organization had not had Kimble, the billing team would have had to go into the office to complete the whole billing process, which would have been a challenge during the lockdowns.

Costs. Risk-adjusted PV costs include:

- **Consultant and full-access licenses cost $2.03 million over three years.** The composite organization uses two types of licenses: Consultant licenses include access to time and expense reporting, and full-access licenses include access to all features.
- **Implementation and learning efforts cost $1.79 million.** Throughout the eight-month

implementation phase, the organization needs support from Kimble and from dedicated employees and SMEs internally. As part of system launch, users also go through some training.

- **Maintenance efforts cost $376K over three years.** This includes the cost of system admins employed internally.

The customer interviews and financial analysis found that a composite organization experiences benefits of $24.7M over three years versus costs of $4.2M, adding up to a net present value (NPV) of $20.5M, an ROI of 489%, and a payback period of less than six months from the launch of Kimble.

Kimble is not just an operational service, but a fully connected workflow from opportunity management, straight through project resolution.

— Head of service delivery, IT consulting

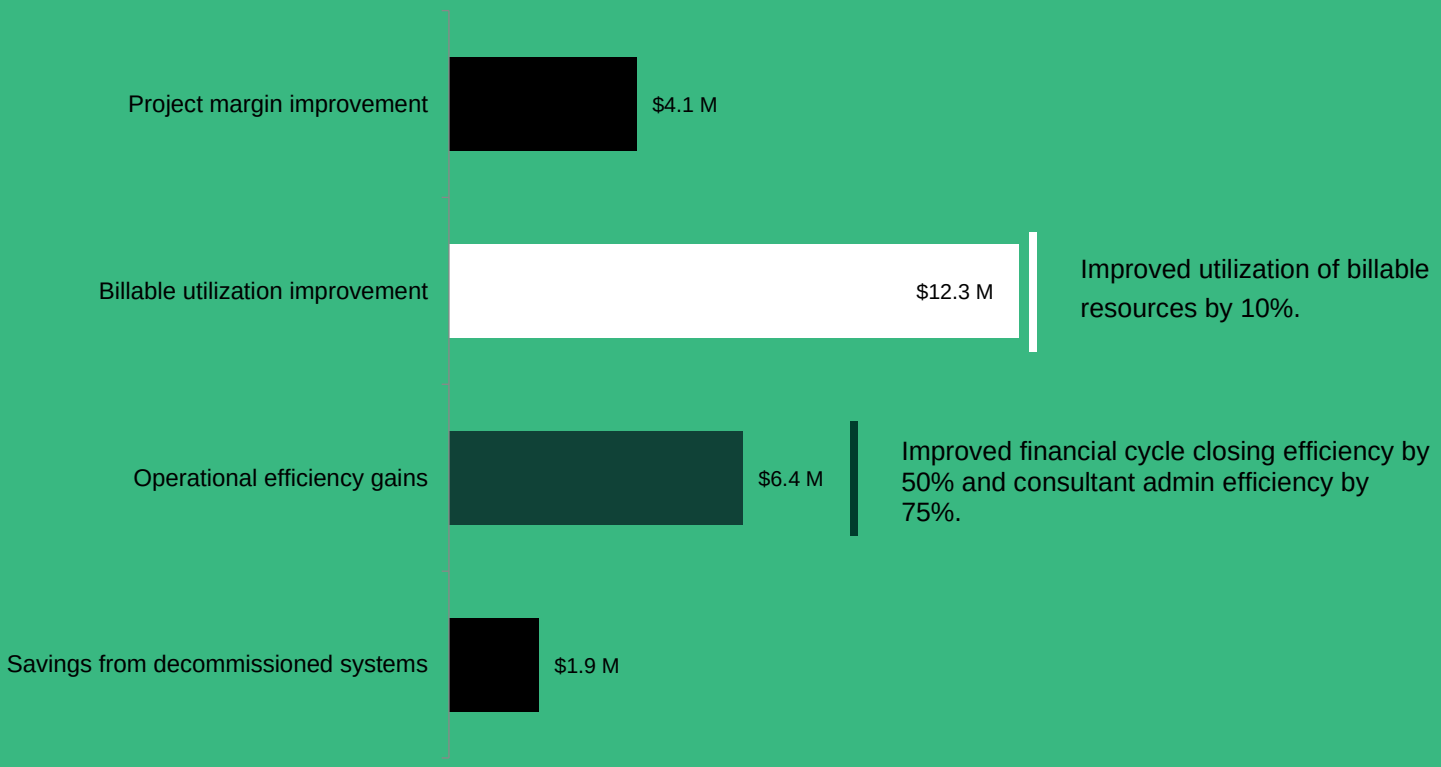
ROI
489%

BENEFITS PV
$24.7M

NPV
$20.5M

PAYBACK
< 6 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Kimble PSA.

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 Kimble can have on an organization.

DUE DILIGENCE

Interviewed Kimble stakeholders and Forrester analysts to gather data relative to the Kimble solution.

CUSTOMER INTERVIEWS

Interviewed six decision-makers at organizations using Kimble PSA to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

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

FINANCIAL MODEL FRAMEWORK

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

CASE STUDY

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

The Kimble PSA Customer Journey

Drivers leading to the Kimble investment

Interviewed Organizations

Industry	Region	Interviewee	Number of licenses
IT training and recruiting	Headquartered in United Kingdom	Commercial system manager	7,450
Software, hardware, IT consulting	Headquartered in United States	Senior director, services operations	3,600
Business and IT consulting	Headquartered in United States	Director of client success	1,700
IT consulting	Headquartered in United Kingdom	Head of service delivery	700
Education technology	Headquartered in United States	Director of business operations	450
IT consulting	Headquartered in United Kingdom	Business management lead	400

KEY CHALLENGES

The interviewees cited several common challenges, including:

- **Limited visibility in resourcing and revenue forecast.** Prior to using Kimble, these organizations lacked a tool to help them easily understand the status and volume of upcoming projects, as well as consultant capacity. Managers often overestimated future revenue, and delivery resources were underutilized or did not get staffed on the best-fit projects.

> **"Revenue forecasting before involved more estimating, where today it relies solely on data."**
>
> *Director of client success, business and IT consulting*

- **Inconsistent and time-consuming time entry for billable consultants.** For any professional services organization, getting accurate and timely data on billable hours is crucial to its operation. The organizations with relatively small consulting teams were using spreadsheets for time entry, which became difficult to maintain when the team got bigger. The organizations with an existing on-premises system also faced barriers to prevent time-entry errors and provide more user-friendly features.

> **"When verifying the timesheets, the billing team always found a lot of manual errors and discrepancies."**
>
> *Commercial system manager, IT training and recruiting*

- **Disintegrated operational systems that were not easy to scale.** Interviewees stated that they had to use multiple systems to manage time entry, expenses, invoicing, and forecasting, which were not integrated. Some interviewees also had custom-built systems. As their teams expanded, it required more effort to manage and scale the usage of these systems.

"The previous system we had was cumbersome to use. In addition, it required multiple people to manage and maintain the system."

Director of business operations, education technology

WHY KIMBLE?

The interviewees said their organizations selected Kimble for the following reasons:

- Ability to integrate with Salesforce.
- Easy configuration process and scalability.
- Rigorous system that prevents inaccurate data entry.
- User-friendly interface on both desktop and mobile devices.
- Post-sales product enhancement and customer services.

COMPOSITE ORGANIZATION

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

Description of the composite. The global, billion-dollar professional services organization provides software, IT, and management consulting for its enterprise clients. Headquartered in the US, the organization has a growing presence in North America, EMEA, and APAC. The average deal size of its consulting projects is $350,000.

Deployment characteristics. The consulting arm of the organization has 1,300 billable resources globally, including consultants, project managers, and management. Because of rapid business growth in recent years, it adds about 200 billable resources every year. To support consulting operations, the composite organization has about 400 nonbillable resources for finance, operations, IT, and training functions. There are additional employees in the software function of the business and in total they account for the 5,000 employees in the organization.

Prior to Kimble, the organization used an on-premises PSA solution along with several systems for CRM, finance, expense, billing, etc.

Key assumptions

- **$1 billion annual revenue**
- **5,000 employees globally**
- **$350K average consulting deal size**
- **1,300 billable consultants in Year 1**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Project margin improvement	$1,386,000	$1,638,000	$1,915,200	$4,939,200	$4,052,637
Btr	Billable utilization improvement	$4,199,000	$4,998,000	$5,837,800	$15,034,800	$12,333,877
Ctr	Operational efficiency gains	$2,150,133	$2,594,938	$3,029,305	$7,774,376	$6,375,205
Dtr	Savings from decommissioned systems	$772,474	$778,459	$784,623	$2,335,555	$1,935,102
	Total benefits (risk-adjusted)	$8,507,607	$10,009,396	$11,566,928	$30,083,931	$24,696,821

PROJECT MARGIN IMPROVEMENT

Evidence and data. When the interviewees' organizations decided to use Kimble, they also embarked on companywide transformations through cloud migration, team restructuring, and change management.

- Before adopting Kimble, most solutions used by the organizations were on-premises. IT teams used traditional waterfall methods for development requests. They also required dedicated staff for operations and maintenance.
- Interviewees noted that they were using different systems for sales, project management, and finance, which caused a lack of overall visibility of the entire project lifecycle.
- To be able to use Kimble along with other cloud-based solutions, including Salesforce, more effectively, the organizations completed data cloud migration and started using DevOps and more data analytics as part of their digital transformations.
- Within the cloud environment, integrated with Salesforce, organizations could take full advantage of Kimble and allow access to entire project lifecycles.
- Kimble provides project managers and executives a dashboard to understand sold versus actual margin for all projects in near-real time, which allows them to adjust sales and staffing strategy if needed. With Salesforce integration, executives also have a better understanding of the unbillable effort, including total cost of sales.
- Organizations have achieved a 5% to 10% overall project margin improvement.

> **"We are able to view project margin and compare the actual versus projected at any time in Kimble."**
>
> *Director of client success, business and IT consulting*

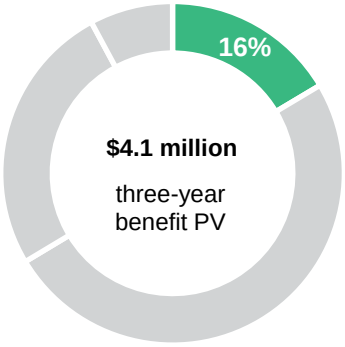
Modeling and assumptions. For the composite analysis, Forrester assumes:

- The consulting arm of the organization delivers 1,100 projects in Year 1. The number increases to 1,300 in Year 2, and 1,520 in Year 3.
- The average deal size of each consulting project is $350,000.
- Based on project margin improvement rate interviewees provided, the composite organization achieves an 8% project margin improvement after using Kimble. The improvement is associated with the organization's companywide digital transformation, including cloud migration, data integration, restructure, and change management.
- Kimble is an important accelerator during the transformation journey. Among all the factors contributing to the margin increase, 5% can be attributed to having better visibility and control over projects using Kimble.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- The number and average deal size of projects.
- Differences in project margins.
- The environment of the Kimble deployment.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $4.05 million.



Project margin improvement: 16% of total benefits

Project Margin Improvement

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Number of projects delivered annually	Composite	1,100	1,300	1,520
A2	Average deal size of each project	Composite	$350,000	$350,000	$350,000
A3	Project margin improvement	Composite	8%	8%	8%
A4	Attribution to Kimble	Assumption	5%	5%	5%
At	Project margin improvement	A1*A2*A3*A4	$1,540,000	$1,820,000	$2,128,000
	Risk adjustment	↓10%			
Atr	Project margin improvement (risk-adjusted)		$1,386,000	$1,638,000	$1,915,200
	Three-year total: $4,939,200			**Three-year present value: $4,052,637**	

BILLABLE UTILIZATION IMPROVEMENT

Evidence and data. The interviewees' organizations have experienced improved visibility and accuracy of billable utilization with Kimble, which has enabled them to achieve their resource utilization targets and maximize the usage of available billable hours.

- Previously, the interviewees had a poor understanding of resource availability and could not quickly identify the most suitable resources to be assigned. The challenge became more significant as their businesses expanded globally.
- With the previous systems, billing and time entry errors could result in a lower billable utilization rate on paper.
- With Kimble, decision-makers can see the utilization rate of consultants in real time and identify underutilized resources across the board. More rigorous time entry and billing features in Kimble have also reduced revenue leakage.

> **"We have a higher grade of predictable revenue. Being able to see the peaks and drops in a year helps us from a resourcing perspective."**
>
> *Head of service delivery, IT consulting*

- For organizations with most resources already at or over capacity, this feature yields other benefits, such as enabling project managers to balance consultant workload and start the hiring process sooner when existing resources are insufficient. See the Unquantified Benefits section for more details on this benefit.

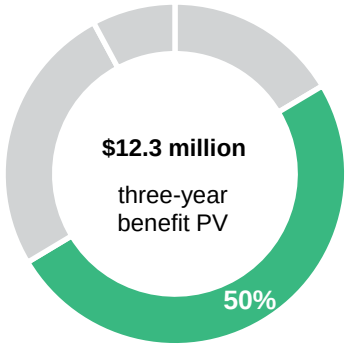
Modeling and assumptions. For the composite analysis, Forrester assumes:

- The composite organization has 1,300 billable consulting resources in Year 1, expanding to 1,500 in Year 2, and 1,700 in Year 3.
- There are 2,000 billable hours per consultant per year.
- The average hourly billing rate per consultant is $190 in Year 1 and increases by 3% YoY.
- The composite organization's billable utilization rate increases from 68% to 78% after adopting Kimble.
- The composite organization expands sales and delivery capabilities to new markets, which increases the number of deals. In addition, Kimble can better identify underutilized resources and reduce billing/reporting errors. Out of the 10% billable utilization increase, 10% can be attributed to Kimble's ability to identify underutilized resources.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- The size of the consulting team.
- Consultant billing rates.
- Consultants who are already at or over capacity.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $12.33 million.



Billable utilization improvement: 50% of total benefits

Billable Utilization Improvement					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
B1	Number of consultants	Composite	1,300	1,500	1,700
B2	Number of billable hours per consultant annually	Composite	2,000	2,000	2,000
B3	Average hourly billing rate per consultant	Increasing 3% YoY	$190	$196	$202
B4	Billable utilization improvement	Composite: 78% - 68%	10%	10%	10%
B5	Attribution to Kimble	Assumption	10%	10%	10%
Bt	Billable utilization improvement	B1*B2*B3*B4*B5	$4,940,000	$5,880,000	$6,868,000
	Risk adjustment	↓15%			
Btr	Billable utilization improvement (risk-adjusted)		$4,199,000	$4,998,000	$5,837,800
	Three-year total: $15,034,800			**Three-year present value: $12,333,877**	

OPERATIONAL EFFICIENCY GAINS

Evidence and data. Interviewees reported that Kimble users in their organizations can complete administrative tasks more efficiently with Kimble, which enables the executives to streamline operational processes and allow their employees to focus on more strategic work.

- Organizations experienced delays in financial period closing at the end of each month due to time-consuming manual processes to correct issues such as timesheet errors, ineligible or missing expense claims, and inaccurate project close dates. The resultant delays in invoicing had a significant impact on cash flow. Kimble has significantly reduced these issues.
- Previously, consultants needed to set apart an hour a week to complete time entry in the systems on their laptops. With Kimble, consultants can complete their timesheets and expense reports on the web or mobile portals. The system also detects invalid data entries to reduce human errors. This has also improved consultant operational efficiency significantly.

Modeling and assumptions. For the composite analysis, Forrester assumes:

- There are 14 people in the business operations and finance team responsible for financial period closing.
- The fully burdened average hourly salary per operational employee is $34 in Year 1 and increases by 3% YoY.
- It took the team four days to close the monthly financial period before using Kimble. This decreases to three days in the first year of using Kimble and further decreases to two days once the team is familiar with the system.
- The average fully burdened salary for billable resources is $120,000 annually, $58 hourly, in Year 1.[2] The salary increases by 3% YoY.

- It previously took consultants 1 hour per week to complete timesheets and expense reports. The time decreases to 15 minutes per week after implementing Kimble, yielding a 75% productivity increase.
- Eighty percent of the time saved is converted to new productivity.

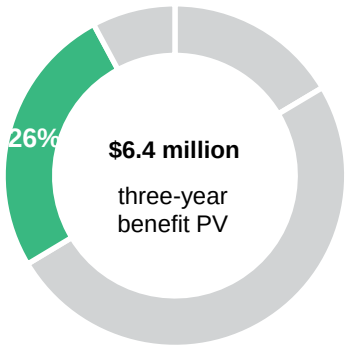
Risks. Organizations may realize results that differ from those presented in the financial model due to:

- The size and average salary of the operations, finance, and consulting team.
- Financial cycle length.
- Expense and time entry requirements.
- The reduction in expenses to report due to COVID-19 travel restrictions/remote working.
- The effectiveness of the change management plan, which can affect adoption rate.
- Productivity conversion.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $6.38 million.

"The ability to enter time and get it approved through a mobile device was a big win for us."

Senior director of services operations, software, hardware, IT consulting



Operational efficiency gains: 26% of total benefits

Operational Efficiency Gains					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
C1	Number of finance employees working on billing cycle closing	Composite	14	14	14
C2	Average fully burdened hourly salary per finance employee	Increasing 3% YoY	$34	$35	$36
C3	Prior hours required for closing billing cycle monthly	Composite	32	32	32
C4	Hours required for closing billing cycle with Kimble monthly	Composite	24	16	16
C5	Billing productivity improvement rate	(C3-C4)/C3	25%	50%	50%
C6	Annual billing productivity improvement	C1*C2*(C3-C4)*12	$45,696	$94,080	$96,768
C7	Average hourly fully burdened salary per consultant	Increasing 3% YoY	$58	$60	$62
C8	Hours required for consultant admin tasks annually	Composite	52	52	52
C9	Hours required for consultant admin tasks with Kimble annually	Composite	13	13	13
C10	Consultant admin productivity improvement rate	(C8-C9)/C8	75%	75%	75%
C11	Annual consultant admin productivity improvement	B1*C7*(C8-C9)	$2,940,600	$3,510,000	$4,110,600
C12	Productivity conversion	Assumption	80%	80%	80%
Ct	Operational efficiency gains	(C6+C11)*C12	$2,389,037	$2,883,264	$3,365,894
	Risk adjustment	↓10%			
Ctr	Operational efficiency gains (risk-adjusted)		$2,150,133	$2,594,938	$3,029,305
	Three-year total: $7,774,376			**Three-year present value: $6,375,205**	

SAVINGS FROM DECOMMISSIONED SYSTEMS

Evidence and data. Kimble replaced several disintegrated systems, including on-premises PSAs, according to interviewees. Simplified processes have also led to reduced maintenance costs.

- The organizations were previously using several systems for sales, project management, time and expense reporting, and finance.
- These previous solutions also needed more dedicated IT staff to manage.
- Kimble replaced the existing systems and reduced the number of system admin staff required so that they could be redeployed to other IT priorities.

> **"With Kimble, we don't have to administer several other systems, so we can keep the same size of operational team but double the delivery team."**
>
> *Senior director of services operations, software, hardware, IT consulting*

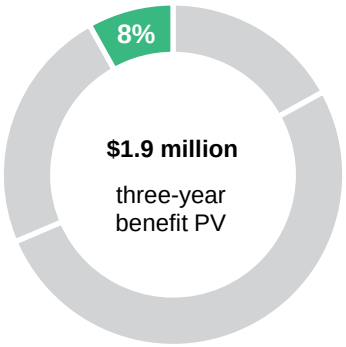
Modeling and assumptions. For the composite analysis, Forrester assumes:

- The cost of the decommissioned systems was more than $600K.
- Three dedicated IT staff members managed the legacy solutions.
- The annual salary for each system administrator is $70,000 in Year 1 and increases by 3% YoY.

Risks. Organizations may realize results differ from those presented in the financial model due to:

- The cost of decommissioned systems.
- Staff required to manage the legacy solutions.
- System admin salaries.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $1.94 million.



Savings from decommissioned systems: 8% of total benefits

Savings From Decommissioned Systems

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Cost of decommissioned systems	Composite	$603,130	$603,130	$603,130
D2	Number of IT staff required to manage the legacy solutions	Composite	3	3	3
D3	Fully burdened annual salary for system admin staff	Increasing 3% YoY	$70,000	$72,100	$74,263
D4	Prior system admin cost	D2*D3	$210,000	$216,300	$222,789
Dt	Savings from decommissioned systems	D1+D4	$813,130	$819,430	$825,919
	Risk adjustment	↓5%			
Dtr	Savings from decommissioned systems (risk-adjusted)		$772,474	$778,459	$784,623
	Three-year total: $2,335,555			**Three-year present value: $1,935,102**	

UNQUANTIFIED BENEFITS

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

- **Improved consistency of operational data.** Kimble sets a standard for data entry and operational processes. If consultants have made errors or submitted incomplete timesheets, the system can catch the errors and guide consultants to fix them. For example, a user cannot complete a timesheet in a new week if the previous week's timesheet is incomplete.

- **Improved forecast accuracy.** With improved data quality, organizations can forecast based on existing data, instead of experience. Several interviewees reported that Kimble provided them a more realistic view of their sales pipeline and took guesswork out of the picture. As one interviewee pointed out, "Kimble makes us do the right thing."

> **"We stopped chasing numbers that are not achievable and went after the real numbers."**
>
> *Business management Lead, IT consulting*

- **Matched best-fit resources to projects more efficiently.** More accurate forecasts enabled the organizations to reduce huge swings in utilization rates. For example, if consultants are all at capacity for the next month, they can tell their clients a more realistic start date. Because project managers have visibility into the skill sets and relevance of consultants to a certain project, they can match resources to projects accordingly.

> **"We now have a much clearer and accurate view of who was staffed on what, down to the week and even hour level."**
>
> *Head of service delivery, IT consulting*

- **Maintained business continuity during the pandemic.** One organization launched Kimble right before the pandemic started. If the organization was not using Kimble, the billing team would have had to go into the office to complete the whole billing process, which would have been a challenge during the lockdowns.

FLEXIBILITY

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

- **Easy configuration and scalability.** As the businesses grow, companies will need to increase the number of users and features. Kimble takes a configuration approach, instead of custom development, to enable customers to easily switch-features on and off.
- **Continuous improvement.** All the interviewees mentioned that the Kimble team listens to their needs and feedback and incorporates this feedback in subsequent releases. This responsiveness provides Kimble customers the confidence to use the system over the long run.

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

> **"Kimble being a SaaS solution has been great. We've seen lots of improvement over the years. They have drastically updated and upgraded their processes to meet customer needs."**
>
> *Director of business operations, education technology*

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	License costs	$728,280	$0	$793,800	$859,320	$2,381,400	$2,029,933
Ftr	Implementation costs	$1,632,450	$0	$95,535	$103,626	$1,831,611	$1,789,260
Gtr	Maintenance costs	$0	$147,000	$151,410	$155,952	$454,362	$375,938
	Total costs (risk-adjusted)	$2,360,730	$147,000	$1,040,745	$1,118,898	$4,667,373	$4,195,131

LICENSE COSTS

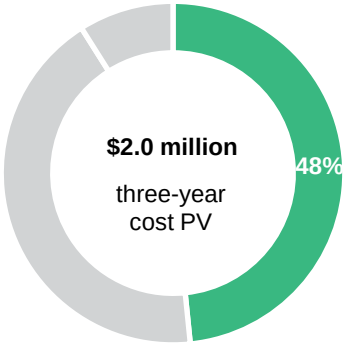
Evidence and data. Interviewees discussed different types of licenses for Kimble. The licenses, for the purpose of this study, are categorized as consultant and full-access licenses. The license issued depends on the use cases of the employees. In general, consultants only need limited functionality such as time and expense reporting. Enterprise and administration users require full access to Kimble.

Modeling and assumptions. For the composite analysis, Forrester assumes:

- The composite organization starts with 1,700 licenses initially and increases to 2,100 licenses by Year 3.
- Delivery-only consultants use consultant licenses. Managers, project managers, IT, operations, finance, and admins require full-access licenses.
- The composite organization only adopts two types of licenses paid on an annual basis.
- The organization pays the license cost upfront.

Risks. A couple of risks may alter the license costs:

- The cost of each type of license.
- The applicable discounts (if any).



License costs: **48**% of total costs

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2.03 million.

License Costs						
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Number of consultant licenses	Composite	1,105		1,275	1,445
E2	Cost per consultant license annually	Provided by Kimble	$240		$240	$240
E3	Total cost of consultant licenses	E1*E2	$265,200		$306,000	$346,800
E4	Number of full-access licenses	Composite	595		625	655
E5	Cost per full-access license	Provided by Kimble	$720		$720	$720
E6	Total cost of full-access licenses	E4*E5	$428,400		$450,000	$471,600
Et	License costs	E3+E6	$693,600	$0	$756,000	$818,400
	Risk adjustment	↑5%				
Etr	License costs (risk-adjusted)		$728,280	$0	$793,800	$859,320
	Three-year total: $2,381,400			**Three-year present value: $2,029,933**		

IMPLEMENTATION COSTS

Evidence and data. Implementation efforts depended on the scale of interviewees' organizations, complexity of existing processes, number of departments involved, and the utilization of an implementation partner. This affected the number of internal employees and subject matter experts (SMEs) involved and the time spent on implementation.

Typically, organizations have dedicated internal employees from finance, IT, and business teams participate throughout the implementation process. Additionally, SME time is required during important checkpoints.

In addition, users need to be trained on the use of Kimble, and the learning curve varies greatly depending on the users' job functions. System admin and enterprise users take a longer time to learn the systems as they access more complex features, such as reporting and forecasting. Finance users need to go through the full finance cycle to fully understand the implications of the system during each phase. Consultants tend to pick up the time entry and expense reporting relatively easily either on the job, through a quick 30-minute lunch training, or via on-demand materials.

> **"During the implementation, we noticed that Kimble professional services consultants had deep knowledge of the product and its uses in real-life business scenarios."**
>
> *Senior director, services operations, software, hardware, IT consulting*

Modeling and assumptions. For the composite analysis, Forrester assumes:

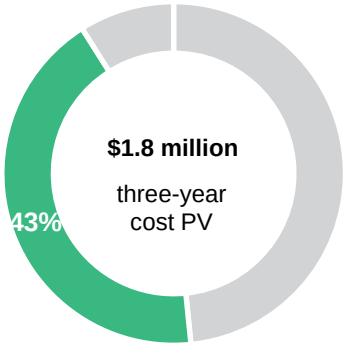
- The implementation services cost from Kimble is $346,800.
- The implementation takes eight months.

- The average employee salary is $5,833 per month, and average salary for SMEs is $10,000 per month.
- Consultant users require 0.5 hours to learn the system, and full-access users require 16 hours.
- The attrition rate for this organization is 12%.[3]

Risks. A few risks may alter the implementation costs:

- The complexity of the existing system and processes. This will determine if the organization needs to hire a change management team or an implementation consulting firm.
- The number of existing active projects. This will affect the timeline for integration and migration to Kimble.
- The number of regions in which Kimble will be deployed.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $1.79 million.



Implementation costs: 43% of total costs

Implementation Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Kimble implementation cost	Assumption	$346,800			
F2	Number of months taken for implementation	Composite	8			
F3	Number of internal employees involved (business, IT, finance)	Composite	10			
F4	Average percentage of time spent on implementation	Composite	100%			
F5	Average monthly salary per employee	Assumption	$5,833			
F6	Number of subject matter experts (SMEs) involved	Composite	10			
F7	Average percentage of time spent on implementation by SMEs	Composite	30%			
F8	Average monthly salary per SME	Assumption	$10,000			
F9	Total internal implementation cost	F2*(F3*F4*F5+F6*F7*F8)	$706,640			
F10	Number of consultant license users	Initial: E1 Year 2&3: 12% attrition rate	1,105	0	303	323
F11	Hours spent per consultant license user on learning/training	Composite	0.5		0.5	0.5
F12	Total consultant license learning cost	Composite	$32,045		$9,090	$10,013
F13	Number of PM and manager users	Initial: Composite Year 2&3: 12% attrition rate	195	0	53	57
F14	Hours spent per enterprise and admin user on learning/training	Composite	16		16	16
F15	Total full-access learning cost	Composite	$398,560		$77,760	$84,192
F16	Total internal learning cost	F12+F15	$430,605	$0	$86,850	$94,205
Ft	Implementation costs	F1+F9+F16	$1,484,045	$0	$86,850	$94,205
	Risk adjustment	↑10%				
Ftr	Implementation costs (risk-adjusted)		$1,632,450	$0	$95,535	$103,626
	Three-year total: $1,831,611			**Three-year present value: $1,789,260**		

MAINTENANCE COSTS

Evidence and data. While the organizations varied in firm size and industry, interviewees reported very similar experiences with maintenance effort and staffing requirements. They reported it requires no more than 2 FTEs for Kimble system maintenance. Being a software-as-a-service platform also means that software upgrades that used to take weeks are now reduced drastically, resulting in nearly negligible interference with day-to-day operations.

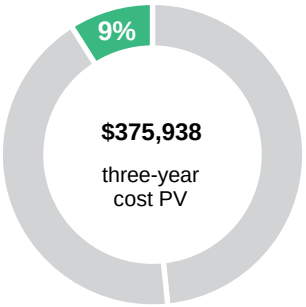
Modeling and assumptions. For the composite analysis, Forrester assumes:

- Two employees are full-time Kimble administrators.
- The annual salary of the Kimble administrators is $70,000 per year in Year 1 and increases by 3% YoY.

Risks. A few risks may alter the maintenance costs:

- The number of employees required to maintain Kimble. However, the variance in reported numbers by the interviewees is low.
- Whether the organization opts for Kimble's enhanced support, which involves a service-level agreement.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $376K.



Maintenance costs: 9% of total costs

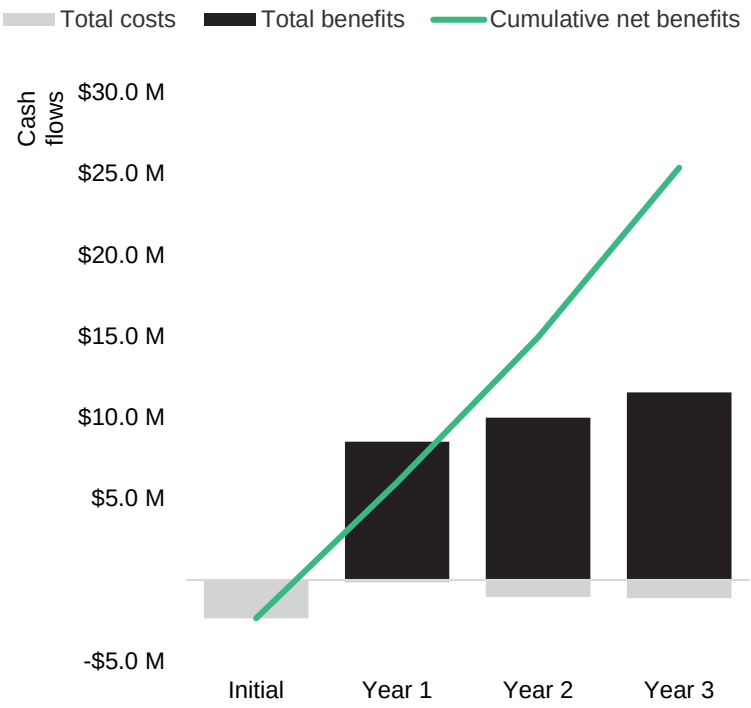
Maintenance Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
G1	Number of full-time Kimble administrators	Composite		2	2	2
G2	Average annual salary per admin	Increasing 3% YoY		$70,000	$72,100	$74,263
Gt	Maintenance costs	G1*G2	$0	$140,000	$144,200	$148,526
	Risk adjustment	↑5%				
Gtr	Maintenance costs (risk-adjusted)		$0	$147,000	$151,410	$155,952
	Three-year total: $454,362				**Three-year present value: $375,938**	

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($2,360,730)	($147,000)	($1,040,745)	($1,118,898)	($4,667,373)	($4,195,131)
Total benefits	$0	$8,507,607	$10,009,396	$11,566,928	$30,083,931	$24,696,821
Net benefits	($2,360,730)	$8,360,607	$8,968,651	$10,448,030	$25,416,558	$20,501,690
ROI						489%
Payback						<6 months

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

Appendix B: Supplemental Material

Related Forrester Research

"Now Tech: Project Business Automation Solutions, Q3 2020," Forrester Research, Inc., September 16, 2020

Appendix C: Endnotes

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

[2] Source: "2021 Professional Services Maturity Benchmark," Services Performance Insights, LLC, February 2021, (https://spiresearch.com/spi-research/reports/2021psmb.html).

[3] Ibid.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