The Total Economic Impact™ Of Smartsheet

Cost Savings And Business Benefits Enabled By Smartsheet

JANUARY 2022

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY SMARTECH
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**ABOUT FORRESTER CONSULTING**

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Executive Summary

Smartsheet offers users a dynamic platform that can scale from a single project to enterprise-wide initiatives. Organizations can manage strategic portfolios and successful business transformations. Smartsheet makes it possible for anyone to manage projects, automate manual tasks and entire workflows, rapidly build new solutions, and equips users with easy and secure access to real-time insights needed to move their business towards corporate goals and initiatives.

Shifts to digital work environments accelerated by the COVID-19 pandemic have exacerbated the existing need for organizational alignment, employee innovation, and the ability to rapidly adapt to constant change at scale. Classic collaboration tools help with ad hoc conversations and information sharing but organizations need greater capabilities to meet the needs of modern working environments. People desire flexible tools that can help them build automated solutions, collaborate transparently in the context of their work, execute at speed, and track and report on actual work performance to meet deadlines and objectives. Smartsheet is a secure, scalable collaborative work management platform that goes beyond the traditional workflow management features to provide users with increased visibility, the ability to build solutions and automate workflows, and easy reporting that enables informed decision making. The Smartsheet platform is easy for teams to start using, and robust enough to enable entire enterprises to align global teams, manage strategic initiatives, and undergo successful business transformations.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed nine decision-makers with experience using Smartsheet. Those nine customers had varied use of the Smartsheet platform, ranging from basic project management to external delivery and marketing ops to large-scale digital transformation initiatives. For the purposes of this study, Forrester aggregated the interviewees’ experiences and combined the results into a single composite organization.

Prior to using Smartsheet, interviewees typically lacked a collaborative work management platform and instead relied on static spreadsheets, manual processes, or even paper systems. Different teams used different tools to get work done across the organization and there was no one source of truth for the status of projects, programs, and strategic initiatives across teams. Leadership lacked visibility into work and often relied on reaching out to project or team leads for updates, an inefficient method for both sides. Project teams and working groups also struggled with tracking down resources and data across a variety of static and/or disparate tools.
After the investment in Smartsheet, the interviewed organizations saw significant benefits from the increased visibility into the status of projects, programs, and organizational transformation initiatives, resulting in productivity gains for teams and leadership, more efficient resource allocation, and even increased revenue delivery. Interviewed organizations also experienced software cost savings and reduced development costs because of their investment in Smartsheet.

**KEY FINDINGS**

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

- **Reduced time spent on project, portfolio, and program set up by 80%:** Smartsheet enabled project management teams to templateize and automate repetitive aspects of new initiative set up. Some examples include automating approval workflows and management reports. Automating these tasks greatly reduced the number of manual steps end-users had to go through and freed up end user time by 80% during the set-up portion of these programs. This also had the added benefit of creating a more consistent experience for clients leading to more repeatable processes for clients.

- **Reduced work management related emails by 75%:** By creating one source of truth for work being managed across teams, Smartsheet gave clients instant visibility into project status. Smartsheet’s ability to track the status of work and convey updates in real-time reduced the number of update emails required by 75%. Instead of needing to open additional forms of communication to get updates, customer stakeholders could easily reference Smartsheet.

- **Reduced time spent on review cycles by 50%:** The increased visibility into project status also reduced the number of project review meetings required for each project. This allowed project managers to free up time that could then be used to address more business-critical tasks or to take on additional project work. In combination with the reduction in project management emails and time spent on project set up, the resultant productivity savings delivered a benefit of $6.1 million over the three-year modeled period.

- **Improved managed resource utilization by 2%:** Saving more than 40 hours per employee annually. In addition to the productivity gains that Smartsheet users experienced, managed resources who collaborate on these projects also saw productivity gains. Teams who use

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"Yes, you’re buying an IT tool, but you’re also buying much more than that. You’re buying a fundamentally new way of working and thinking that can be very powerful. I’ve talked to users, and they have described how they are solving problems they didn’t even know existed."

— Head of health, safety, and environment, agrichemical
EXECUTIVE SUMMARY

Smartsheet to enter updates, find forms, and fill out project information found that team members who didn’t interact with Smartsheet as heavily still saved time because of having a more efficient project process. Over the modeled period this leads to $7.5M in savings.

- **Reduced reporting time by 75%**. Benefits extend beyond end-users to management. Much like end-users, managers and executives use Smartsheet to track the status of projects and initiatives in real-time. Instead of relying on manually building status reports, Smartsheet automated the report creation, saving employees 75% of the time previously spent on generating these custom reports. Over the three-year modeled period, these efficiencies led to more than $990,000 in savings.

- **Freed up 80% of time employees previously used staffing projects**. Smartsheet provides users with a deeper understanding of employee capacity by providing the latest information on project status in one central location. Previously, interviewees stated that their project management and professional services teams struggled to efficiently staff projects. The process often involved contacting team members directly and asking about capacity or trying to piece together capacity by consulting a variety of project management tools. Smartsheet allowed employees tasked with staffing projects to reclaim 80% of the time they previously spent on these tasks, leading to more than $464,000 in savings over three years.

- **Enabled software cost savings resulting in over $1.1M of savings over three years**. By using Smartsheet, interviewees were able to scale back their investments in guest licenses for legacy CRM, ERP, or project management tools without the need for additional investment. Smartsheet provides external and internal stakeholders with the ability to receive up to date insight on project details without the need for additional investment.

- **Increased revenue delivery**. Interviewees noted the efficiencies created by Smartsheet have helped expand their professional services team’s ability to deliver projects. By automating administrative and repetitive tasks and increasing visibility, team members can focus increased attention on higher-value work. With more time on project work, individuals have reduced the time it takes to complete an engagement, allowing for increased project delivery which in turn contributes to annual revenue growth for the organization. Over the three-year analyzed period, the composite organization attributes more than $1.5 million in professional services growth to Smartsheet.

- **Reduced development costs**. Smartsheet enabled interviewees to avoid investing in alternative solutions or attempting to build out their own applications and workflows. Using the low-code and no-code capabilities of Smartsheet, users can create applications in less time and at lower cost than developing a solution from scratch or investing in a ready-made product from a third-party vendor. These innovation enabling qualities of Smartsheet allow the composite to reap similar benefits, totaling savings of nearly $996,000 over the three-year period.

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

- **Increased customer satisfaction.** Smartsheet delivers a more consistent experience to customers through automated forms and reports. Teams can also set up customer facing dashboards through Smartsheet granting customers instant access to project status and updates. Through increased visibility, consistent experience, and faster engagement delivery,
interviewees reported an increase in customer satisfaction.

- Increased employee satisfaction. Smartsheet's ability to automate repetitive tasks and decrease the amount of time spent on emails, meetings, and status updates frees up employee time to focus on less mundane tasks. Interviewees also noted Smartsheet's ability to empower employees to problem solve on their own by providing an easy, no-code platform to leverage for their challenges drove increased job satisfaction.

- Improved time to market. Smartsheet reduces the amount of time spent on project setup, in project review, and improves staffing decisions. Employees can dedicate more of their time to business-critical work and as a result handle more projects and deliver faster results.

- Improved decision making. Time and time again interviewees emphasized the unprecedented amount of visibility Smartsheet granted leadership and project managers into their engagements. With these real-time insights, leaders can make better decisions in less time as they have improved access to necessary information.

Costs. Risk-adjusted PV costs include:

- Licenses and services costs. Interviewees paid an annual fee to Smartsheet for user licenses and professional services engagements.

- Implementation and training costs. The interviewed organizations dedicated time and resources to implementing Smartsheet across their teams. The organizations also allocated time to train license holders on the capabilities of the platform.

- Platform management costs. In addition to the cost of implementing and training, the interviewees' organizations dedicated an average of 4 FTEs at 35% capacity to managing Smartsheet.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $18.73M over three years versus costs of $2.40M, adding up to a net present value (NPV) of $16.33M and an ROI of 680%.
Benefits (Three-Year)

- Productivity gains for project managers: $6.1M
- Productivity gains for leadership: $989.6K
- Resource allocation time savings: $464.3K
- Productivity gains for end users/managed resources: $7.5M
- Software cost savings: $1.1M
- Increased revenue delivery: $1.6M
- Reduced development costs: $996.0K
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 Smartsheet.

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 Smartsheet can have on an organization.

DUE DILIGENCE
Interviewed Smartsheet stakeholders and Forrester analysts to gather data relative to Smartsheet.

DECISION-MAKER INTERVIEWS
Interviewed nine decision-makers at organizations using Smartsheet to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewees’ 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 decision-makers.

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.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by Smartsheet 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 study to determine the appropriateness of an investment in Smartsheet.

Smartsheet 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.

Smartsheet provided the customer names for the interviews but did not participate in the interviews.
The Smartsheet Customer Journey

Drivers leading to the Smartsheet investment

<table>
<thead>
<tr>
<th>Interviewed Decision-Makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee</td>
</tr>
<tr>
<td>Professional services senior manager</td>
</tr>
<tr>
<td>Services organization director</td>
</tr>
<tr>
<td>Business operations lead</td>
</tr>
<tr>
<td>Senior project manager</td>
</tr>
<tr>
<td>Lead enterprise project manager</td>
</tr>
<tr>
<td>Head of health, safety, and environment</td>
</tr>
<tr>
<td>Transformation and product management senior executive</td>
</tr>
<tr>
<td>Director, corporate functions/enterprise director</td>
</tr>
<tr>
<td>Global design operations lead</td>
</tr>
</tbody>
</table>

KEY CHALLENGES

Prior to using Smartsheet, interviewees typically relied on static spreadsheet tools, manual processes, or even paper systems to track project status and milestones. Different teams used different project management and collaboration tools causing confusion and a lack of cohesion across teams and leading to disconnected people and data.

The interviewees noted how their organizations struggled with common challenges, including:

- Inconsistent work execution and cumbersome project management workflows. The interviewees found that in their legacy states projects were often tracked via spreadsheet or on an outdated system. This did not allow them to create a repeatable process and limited their ability to easily track project progress unless they were the owner of the spreadsheet/solution instance. Customers sought a software solution that would allow them to create a consistent

repeatable process without restricting their ability to easily adapt to dynamic situations.

As they scale, teams adopt a suite of tools and processes that solve immediate execution needs but not broader strategic goals. Tools that address these strategic needs are often rigid, top-down project structures, meaning teams, processes, and critical information become increasingly siloed. This makes it to manage changing priorities and preventing the business from keeping pace with shifting priorities and demands of their customers.

- Lack of visibility and transparency leading to siloed information. The limited visibility provided by legacy solutions greatly restricted the interviewee’s ability to create customer reports that could give them insight into organizational trends. Prior to investing in Smartsheet the interviewed decision-makers shared that they would manually pull data from all over their...
organization which often required extensive emailing and reminders. This process limited their ability to create accurate updated reports restricting accurate analysis and capacity planning.

- Need to drive more efficient projects through better resource utilization. Prior project management workflows often created confusion around staffing capacity, it was not uncommon for projects to be over staffed or to have project managers over capacity as staffing employees and managers had limited ability to understand employee bandwidth.

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

Description of composite. The composite organization is a global, multibillion-dollar organization with approximately 20,000 employees. The composite organization has global operations and offers a professional services implementation team to complement its sales team. The average value of a professional services engagement is $125,000. Many of the projects that the organization completes require input from external collaborators which required the composite organization to maintain a series of guest licenses with its legacy project management provider. In addition to the external collaborators who join project managers a collection of internal managed resources is involved in delivery of projects and initiatives.

Deployment characteristics. The composite organization initially deploys Smartsheet to 500 project managers and de facto project managers across its professional services, operations, marketing, design, and communications teams. In tandem with these employees 30 staffing employees and 30 members of these management teams have access to Smartsheet.

Key assumptions
- 1,000 Smartsheet users by Year 3
- Average professional services engagement value $125,000
Analysis Of Benefits

- Quantified benefit data as applied to the composite

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Benefit</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
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<tbody>
<tr>
<td>Atr</td>
<td>Productivity gains for project manager</td>
<td>$1,776,600</td>
<td>$2,487,240</td>
<td>$3,197,880</td>
<td>$7,461,720</td>
<td>$6,073,276</td>
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<td>Btr</td>
<td>Productivity gains for leadership</td>
<td>$303,264</td>
<td>$404,352</td>
<td>$505,440</td>
<td>$1,213,056</td>
<td>$989,614</td>
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<td>Ctr</td>
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<td>$189,696</td>
<td>$237,120</td>
<td>$569,088</td>
<td>$464,264</td>
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<td>Dtr</td>
<td>Improved utilization for end-users / managed resources</td>
<td>$1,520,000</td>
<td>$2,979,200</td>
<td>$4,924,800</td>
<td>$9,424,000</td>
<td>$7,544,042</td>
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<td>Etr</td>
<td>Software cost savings</td>
<td>$324,000</td>
<td>$453,600</td>
<td>$583,200</td>
<td>$1,360,800</td>
<td>$1,107,588</td>
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<td>Ftr</td>
<td>Increased revenue delivery</td>
<td>$478,125</td>
<td>$637,500</td>
<td>$796,875</td>
<td>$1,912,500</td>
<td>$1,560,223</td>
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<td>Gtr</td>
<td>Reduced development costs</td>
<td>$400,500</td>
<td>$400,500</td>
<td>$400,500</td>
<td>$1,201,500</td>
<td>$995,984</td>
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<td>Total benefits (risk-adjusted)</td>
<td>$4,944,761</td>
<td>$7,552,088</td>
<td>$10,645,815</td>
<td>$23,142,664</td>
<td>$18,734,991</td>
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PRODUCTIVITY GAINS FOR PROJECT MANAGERS

Evidence and data. The interviewed organizations found that one of the largest areas of benefit they received from using Smartsheet came in the form of productivity gains due to increased visibility into project status and automation of previously manual tasks.

Prior to investing in Smartsheet the interviewed decision-makers typically relied on manual spreadsheets or outdated project management software to track project status. This created issues during project kick offs, ongoing project status communication, and during internal project status reviews. The interviewees sought a solution that could help streamline these critical project steps while also enabling project managers to deliver a consistent experience to all clients.

The interviewees described that in their legacy state project managers were tasked with all portions of project set up and kick off. This often required them to remake all materials needed to build many components of these new engagements from scratch. Different project managers did not follow a standard methodology, leading to discrepancies on a project-to-project basis. The lead enterprise project manager for a computer software organization described these difficulties by saying, “Our workflows before, were all manual. When a sale was made, an email would be sent to someone in professional services asking them to get the project started… Our new toolsets were configured for each new customer. So, we didn’t have any ability to build very repeatable processes.”

Implementing Smartsheet allowed project managers to quickly templatize project set up allowing for a faster, more consistent and scalable process. The lead enterprise project manager described how Smartsheet changed their organization’s approach to new projects by saying, “A major benefit we’ve experienced has been the efficiencies in our new project workflows. Smartsheet has allowed us to quickly build out a toolset for every implementation in
a consistent manner, with little room for error. When we did it manually, our projects were filled with spelling errors and inconsistencies. We even had inconsistencies in how we named our customers. So Smartsheet has created an efficient, repeatable, and professional product for us. We probably spend less than a third of the time building out these toolsets and the end results are probably five times better.”

The efficiencies created by Smartsheet are not limited to the beginning of projects. Smartsheet allowed the interviewed organizations to provide increased visibility to their customers. Previously, the interviewees stated that their project managers were often inundated with client emails enquiring about project status and progress. Additionally, project managers would spend significant time attempting to track down information or documents which could cause delays in project timelines. A senior manager within professional services described how email status updates were affecting his team’s productivity. “I have a slew of operations people who would fill an inbox with emails. Imagine writing a detailed description of these projects manually in an email a thousand times a day.”

Smartsheet provided the interviewed organizations with the capability to share in-depth project status updates without the need to write a detailed email. Customers can access the sheet and see the progress the project management team has made, allowing project managers to avoid the time they previously spent sending project status emails. The senior manager within professional services described how Smartsheet reduced email volume by saying, “Using Smartsheet to create dashboards and share them with all the concerned parties, allows these parties to simply bookmark the dashboard. The dashboard is updated in real-time, they can come back and view all of that information whenever they feel like it. So, it’s reduced the work overhead for my operations people because now customers and resellers just refer to the dashboard that they bookmarked. The answer to every question they can come up with is sitting right there. So, the reduction in email volume to my operations team was dramatic.”

Finally, project management teams who fully embrace Smartsheet from both an end user and management perspective can reduce the time they spend completing project review steps. End-users and managers can build custom dashboards and reports which track the progress of each individual project. This allows end-users to spend less time catching up their superiors on project status and more time addressing pressing concerns about their projects.

“Just take the project manager alone... what used to take three hours to create is now instantaneous. That’s me contacting the customer faster, I can get kickoff calls scheduled quicker. I can be more responsive to the customer’s timeline because I’m not sitting in the back doing my administrative stuff... That’s done for me.”

Senior manager within professional services, security software

Modeling and assumptions. For the composite organization Forrester assumes:

- The composite organization makes Smartsheet available to 500 project managers in Year 1. For this report a project manager is defined as any employee who oversees the planning and execution of a project for the organization’s professional services, marketing, design.
operations, or communications teams. As the organization matures on its use of Smartsheet more project managers use the solution. In Year 2, 700 project managers use Smartsheet and by Year 3, 900 project managers use the solution.

“It has evolved over the last few years more into a platform that lets you just automate your business process as much as possible… Take repeatable tasks and automate them through getting people as out of the way as much as possible. You take yourself from 50% to 75% of what they’re trying to accomplish.”

Senior project manager, media & entertainment

- In legacy states new projects would require 12 hours’ worth of work to get started. These tasks typically consisted of building custom project delivery schedules, spreadsheets, and to-dos. Smartsheet allows project managers to template the process of starting a new project, allowing them to automate many of the formerly manual tasks required to get a new project started. This reduces the time spent on these tasks by 80%.

- With legacy tools customers lacked visibility into their projects and frequently reached out to project management teams looking for updates on project status or progress. Project managers would spend 4 hours monthly managing emails. The increased visibility provided by Smartsheet reduces the volume of emails and allows project managers to reduce the time they spend on these tasks by 75%.

- Finally, end-users spent 6 hours each month in internal project review and status meetings. The increased reporting abilities inherent to Smartsheet allows these users to reduce the time they spend in meetings by 50%.

- The average hourly salary for project manager at the composite organization is $47.

- Forrester assumes that 50% of these time savings are dedicated to work that drives additional business value.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- The average annual salary of these key business leaders.

- Differing use of Smartsheet, which can impact the level of productivity savings achieved.

- The number of teams and the specific use cases that utilize Smartsheet will affect this benefit. Expanding use of Smartsheet to use cases outside of project management could lead to potentially significant increases in productivity savings.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over $6,000,000.
### Productivity Gains For Project Managers

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<td>A1</td>
<td>New projects annually (per project manager)</td>
<td>Interviews</td>
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<td>A2</td>
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<td>A3</td>
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<td>80%</td>
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<td>A4</td>
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<td>Assumption</td>
<td>500</td>
<td>700</td>
<td>900</td>
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<td>A5</td>
<td>Fully burdened salary of project managers</td>
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<tr>
<td>A6</td>
<td>New project time savings</td>
<td>(A1<em>A3</em>A4*A5)</td>
<td>$2,250,000</td>
<td>$3,158,400</td>
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<td>A7</td>
<td>Project managers using Smartsheet</td>
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<td>500</td>
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<td>A8</td>
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<td>Interviews</td>
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<td>A9</td>
<td>Reduction in time spent managing emails with Smartsheet</td>
<td>Interviews</td>
<td>75%</td>
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<td>A10</td>
<td>Email time savings</td>
<td>(A7<em>A9</em>A5*12)</td>
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<td>Reduction in time reviewing project progress (hours monthly)</td>
<td>Interviews</td>
<td>6</td>
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<td>Reduction in time reviewing project progress</td>
<td>Interviews</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
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<td>A13</td>
<td>Reduced review cycle time savings</td>
<td>A11<em>A12</em>A4<em>A5</em>12</td>
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<td>(A6+A10+A13)*A14</td>
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<td>A16</td>
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<td>$1,776,600</td>
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<td>$3,197,880</td>
</tr>
</tbody>
</table>

**Three-year total:** $7,461,720

**Three-year present value:** $6,073,276

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**PRODUCTIVITY GAINS FOR LEADERSHIP**

Evidence and data. In addition to the productivity savings experienced by end-users, managers who make use of Smartsheet are able to work more efficiently.

Prior to investing in Smartsheet, managers and other executives relied on manually created and maintained reports and dashboards to track project status, new sales opportunities, and employee bandwidth. This often required managers to pull data from multiple sources or through meetings with their direct reports. The business operations lead of a technology manufacturer described, “Before Smartsheet I was spending time hunting down input from 20 to 40 different people, and those people are going down into their teams to get additional information. We were spending the better part of two..."
plus weeks trying to get all those little pieces in one place. And now, it’s not something that we are spending our time on because we have all the data in Smartsheet, it’s just a matter of putting the data in one place where I can see it and keeping it up to date. Which is a lot less work than trying to chase a group of people at the end of the quarter.”

Smartsheet removes the burden of data collection and review from managers by delivering the desired information in an easy to build report or dashboard. This drives more efficient project and employee management workflows while allowing leaders to make informed decisions faster. The lead enterprise project manager for computer software organization described these efficiencies by saying, “So, it saves me time from going to each individual project manager and saying, now, where are you on this? It’s just a time saver…People aren’t having to create dashboards or reports over and over. They’re all stored in the Control Center, so we don’t have to recreate the wheel repeatedly.”

Modeling and assumptions. For the composite organization Forrester assumes:

- 30 members of the composite organization’s leadership teams (managers and executives) use Smartsheet in Year 1. As Smartsheet is adopted by more teams the number of leadership employees using Smartsheet expands to 40 in Year 2 and 50 in Year 3.

- Prior to investing in Smartsheet these employees were spending 6 hours weekly collecting, transforming, and presenting data related to project statuses. Using Smartsheet to automate custom reports and dashboard building allows these employees to reduce the time they spend on these tasks and in meetings by 75%.

- The average hourly salary for these leadership individuals is $96.

- Forrester assumes that 50% of these time savings are dedicated to work that drives additional business value.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- The number of leadership individuals using Smartsheet will vary on an organizational basis dependent on the extent of their Smartsheet deployment.

- Hourly salaries will vary based on the level of executives who use Smartsheet, the vertical they operate in, and location.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of approximately $989,000.
**Productivity Gains For Leadership**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Leadership individuals using Smartsheet</td>
<td>Assumption</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>B2</td>
<td>Hours saved in review cycles and project reporting (weekly)</td>
<td>Interviews</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>B3</td>
<td>Time saved in review cycles and project reporting (weekly)</td>
<td>Interviews</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>B4</td>
<td>Average hourly salary of leadership using Smartsheet</td>
<td>Assumption</td>
<td>$96</td>
<td>$96</td>
<td>$96</td>
</tr>
<tr>
<td>B5</td>
<td>Productivity recapture</td>
<td>Assumption</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Bt</td>
<td>Productivity gains for leadership</td>
<td>B1<em>E2</em>B3<em>B4</em>B5*52</td>
<td>$336,960</td>
<td>$449,280</td>
<td>$561,600</td>
</tr>
<tr>
<td>Btr</td>
<td>Productivity gains for leadership (risk-adjusted)</td>
<td>$303,264</td>
<td>$404,352</td>
<td>$505,440</td>
<td></td>
</tr>
</tbody>
</table>

Risk adjustment ↓10%

Three-year total: $1,213,056

Three-year present value: $989,614

---

**RESOURCE ALLOCATION TIME SAVINGS**

Evidence and data. The interviewed organizations noted that an additional benefit of using Smartsheet was that it significantly simplified staffing workflows. Smartsheet provides staffing employees with the ability to gain increased insight into the utilization of the project management team. This reduces the time staffing employees spend reviewing staff allocation and allows them to make accurate decisions regarding project resources. The director of a financial services software organization described how using Smartsheet can make their staffing resources more efficient: “I think Smartsheet has allowed us to be more efficient in staffing or resourcing because I just have a better idea of what people’s workload is. I’m able to see exactly where they are on their projects based on their project plan and gain an understanding of where they are struggling. So, I think it’s made us a little bit more efficient in the workload distribution and so we’re not under staffing or over staffing as needed for that quarter.”

Modeling and assumptions. For the composite organization Forrester assumes:

- Initially Smartsheet is used by 30 staffing employees. This investment of resources grows to 40 employees in Year 2 and 50 in Year 3
- Prior to investing in Smartsheet these employees spent an average of 5 hours a week navigating staffing issues that arose from a lack of visibility. Typically, these issues involved emailing project managers, hosting meetings to discuss capacity, and planning new project allocation. Providing access to Smartsheet for staffing employees

---

Reduce staffing allocation activities by 75%
gives them a platform where they can gain a high-level view of individual capacity rates across their teams allowing them to reduce the time, they spend on staffing related tasks by 80%.

- The average hourly salary of the employees involved in these processes is $24.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- Legacy staffing software solutions will limit the extent to which Smartsheet can affect these workflows.

### Resource Allocation Time Savings

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Staffing employees who use Smartsheet</td>
<td>Assumptions</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>C2</td>
<td>Hours lost due to staffing issues prior to using Smartsheet (weekly)</td>
<td>Interviews</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>C3</td>
<td>% of time reclaimed with Smartsheet</td>
<td>Interviews</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>C4</td>
<td>Hourly salary of staffing employees</td>
<td>Assumptions</td>
<td>$24</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td>C5</td>
<td>Resource allocation time savings</td>
<td>C1<em>C2</em>C3<em>C4</em>52</td>
<td>$149,760</td>
<td>$199,680</td>
<td>$249,600</td>
</tr>
<tr>
<td>C5r</td>
<td>Resource allocation time savings (risk-adjusted)</td>
<td>C1<em>C2</em>C3<em>C4</em>52</td>
<td>$142,272</td>
<td>$189,695</td>
<td>$237,120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three-year total: $569,088</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Three-year present value: $464,264</td>
<td></td>
</tr>
</tbody>
</table>

### IMPROVED UTILIZATION FOR END-USERS /MANAGED RESOURCES

Evidence and data. In addition to users who directly interact with Smartsheet, the interviewed organizations saw that managed resources and end-users who interacted with Smartsheet (even in some cases tangentially) saw increases in their own productivity. In legacy project management workflows, project managers and end-users alike spent time searching for documents, sending emails, and attending project status meetings. The efficiencies created by Smartsheet helped reduce the amount of time that end-users spent on these menial tasks by automating many of the tasks common across project teams.

Many of these projects involve multiple internal resources outside of the main users of Smartsheet. However, the efficiencies that Smartsheet creates are experienced by all members of the project team.

One interviewee described this benefit by saying, “Not having to pay for every user that needs to view any of those actions with the tool, or even view items...”
in the tool is one of the major factors of our adopting the tool in the first place. Actual licensed users that create sheets and items in the tool are a subset of the user base. The ‘creators’ are primarily creating things in Smartsheet for the ‘free’ users to use and consume. It is essential to how we use it.”

Modeling and assumptions. For the composite organization Forrester assumes:

- The composite organization completes 5,000 projects annually. For this analysis a project is defined as the planning, organizing, and delineating of responsibilities for the completion of a specific goal. The number of projects increases to 7,000 in Year 2 and 9,000 in Year 3.
- The composite organization maintains a ratio of manager resources/end-users to project managers for 4 to 1. This represents 2,000 users in Year 1, 2,800 in Year 2, and 3,600 in Year 3.
- The efficiencies created by Smartsheet enables the extended project teams to improve resource utilization rates and reduce time spent on menial tasks leading to a 2% productivity gain to their total bandwidth.
- The average hourly salary of employees involved in these workflows is $38.
- Forrester assumes that 25% of these time savings are dedicated to work that drives additional business value.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- The extent to which Smartsheet is integrated in project workflows and replaces legacy action items will affect the productivity gains end-users /managed services experience
- The number of non-Smartsheet users affected by this benefit will vary by project type and legacy organizational workflows.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $7,544,042.

Increased end-user productivity by 2%
**SOFTWARE COST SAVINGS**

Evidence and data. Smartsheet’s collaboration capabilities make it a valuable resource for organizations who rely on third-party vendors, external stakeholders, or additional project collaborators to provide input to complete their projects. The interviewees described how in their legacy state projects that relied on contribution from individuals outside of their organization were often accompanied with the cost of additional user licenses from legacy project management solutions.

Using traditional CRM, ERP, or project management solutions to track project status or collaborate on project milestones often required additional stakeholders to be granted access via a guest license. This was a costly workflow to maintain as the burden of paying for these licenses was entirely on the interviewed organizations. However, after transitioning to Smartsheet the interviewed decision-makers found they were quickly able to reduce their investment in these legacy solutions. As one Senior Manager described, “We created a dashboard that we can share with all of the stakeholders from our client companies. To be a viewer of a Smartsheet artifact, you do not require a license. So, if I have 600 projects and let’s say each project has two people from the customer, one person from the reseller, and maybe one person from the distributor, that’s four people per project outside of my organization who want to know what’s going on with that project. Thanks to Smartsheet I don’t have to come out of pocket to supply them with the license so they can view that information over the course of the project lifecycle. This is an enormous cost saver for us.” Smartsheet users were able to maintain customer engagement leading to better communications and ultimately improved project delivery as a result.

**Modeling and assumptions.** For the composite organization Forrester assumes:

- The composite organization uses the capabilities of Smartsheet to scale back user software licenses for outside stakeholders. 1,000 licenses are retired in Year 1. As with the other benefits, the more Smartsheet use expands within an organization the more this benefit grows. In Year
2. 1,400 licenses are retired and by Year 3, 1,800 licenses have been retired.

- The composite organization pays an average of $30 per license per month on the licenses from various providers.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- The number of projects that require external stakeholder input as well as the number of external stakeholders required will vary on an organizational basis.
- The cost of an individual license will vary based on the function of the platform.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1,107,588.

<table>
<thead>
<tr>
<th>Software Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ref.</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>E1</td>
</tr>
<tr>
<td>E2</td>
</tr>
<tr>
<td>Ei</td>
</tr>
<tr>
<td>Ei</td>
</tr>
<tr>
<td>Ei</td>
</tr>
</tbody>
</table>

Three-year total: $1,360,800
Three-year present value: $1,107,588

**INCREASED REVENUE DELIVERY**

Evidence and data. The efficiency gains provided by Smartsheet have many effects on the organizations who deploy them. One effect highlighted by the customers was how driving project efficiencies can shorten project timelines and allow for additional revenue opportunities. A manager in professional services described how Smartsheet can reduce project timelines by saying, “Smartsheet has automated so many different portions of our project delivery process. This includes contacting customers faster, scheduling kickoff calls quicker, my team is more responsive to the customers timelines because they are not sitting in the back doing administrative stuff.”

Delivering projects more efficiently plays a role in increasing the amount of revenue that customer can deliver. A poignant example of this was shared by a
customer who used Smartsheet to enhance its professional services delivery offering. The project managers in charge of running these engagements were able to reduce the average project timeline for delivery due in part to the use of Smartsheet. This allowed them to take on additional projects each year eliminating the need to invest in additional project managers and focus on driving revenue growth. “We are seeing increases in our repeat business, our customers want their projects to be run with the methodology that we have devised because it is simply better than their own. This has actually resulted in a revenue increase because they are more than willing to purchase our project management capabilities after having such positive experiences with them.”

Over three-year period, increased professional services profit by $16M

Modeling and assumptions. For the composite organization Forrester assumes:

- The efficiencies and time savings generated by the composite organization allow project managers working within the composite’s professional services team to dedicate a portion of this time to additional project work. In Year 1 this time is used to complete an additional 45 professional services engagements. This number increased to 60 in Year 2 and 75 in Year 3.

- The average value of a professional services engagement is $125,000, and the composite organization has a 10% profit margin on its professional services engagements.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- Increases in revenue may be experienced by any team that uses Smartsheet to improve customer facing workflows. This benefit highlights its effect on professional services however implementing the platform on sales, account management, or amongst partner programs could also result in increases in revenue.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $1,560,223.
## Increased Revenue Delivery

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>New projects per year due to accelerated project timelines</td>
<td>Interviews</td>
<td>45</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>E2</td>
<td>Profit associated with each project</td>
<td>Interviews</td>
<td>$125,000</td>
<td>$125,000</td>
<td>$125,000</td>
</tr>
<tr>
<td>E3</td>
<td>Professional services profit growth since implementation of Smartsheet</td>
<td>E1*E2</td>
<td>$5,625,000</td>
<td>$7,500,000</td>
<td>$9,375,000</td>
</tr>
<tr>
<td>E4</td>
<td>Profit margin</td>
<td>Assumption</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Et</td>
<td>Increased revenue delivery</td>
<td>E3*E4</td>
<td>$562,500</td>
<td>$750,000</td>
<td>$937,500</td>
</tr>
<tr>
<td></td>
<td>Risk adjustment</td>
<td></td>
<td>↓15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etr</td>
<td>Increased revenue delivery (risk-adjusted)</td>
<td></td>
<td>$476,125</td>
<td>$637,500</td>
<td>$796,875</td>
</tr>
</tbody>
</table>

**Three-year total: $1,912,500**

Three-year present value: $1,560,223

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### REDUCED DEVELOPMENT COSTS

Evidence and data. Finally, the interviewed organizations were able to use the Smartsheet platform to build out capabilities and enhancements to both their productivity suite and other key aspects of their organization.

The interviewed decision-makers highlighted how using the WorkApps solution inherent to the Smartsheet platform allowed their line of business employees to create useful applications with no need for formal coding experience. Without Smartsheet, customers would invest in competitive solutions or attempt to build out these capabilities themselves. Smartsheet’s low-code/no-code capabilities allow for quick and easy customization of desktop and mobile apps that are often highly valuable to an organization. One poignant example shared during the Smartsheet customer interviews was from an organization who had used WorkApps to empower employees to contribute to health and safety protocols. The head of health, safety, and environment for an agrichemical organization described how this has helped their organization: “What we really liked about Smartsheet was that it has a low-code/no-code system. This allowed us to develop a workflow internally in less than an hour. The application we created allows for quick reporting of health and safety issues. If someone sees a water puddle in a hallway that could result in a slip and fall, that person would take a picture of the actual water puddle, would click on the QR code, it would open the form we created and catalog the issues. Once the form is submitted Smartsheet would send an alert to the facility manager, the agency manager, and to the submitter. Within minutes, we would be able to correct that unsafe condition or address an unsafe behavior that may have been observed. So, by launching the application we built within Smartsheet we have been able to see significant savings. If we didn’t have any investment beyond the license that we were paying for, I would have to go out into the market and buy a competitive solution and those programs can carry monthly costs in the tens of thousands of dollars. Or

Avoided **5,000 hours** of development time annually
we could try and have our development team build this for us which would have taken significantly more time."

Modeling and assumptions. For the composite organization Forrester assumes:

- The composite organization uses the Smartsheet platform to build out 5 internal and external capabilities annually. These capabilities range from integrations with email systems to send automated messages and reminders to live project status updates delivered on a mobile application.

- Without the use of Smartsheet’s low-code/no-code capabilities a team of developers would collectively spend 1,000 hours longer attempting to build similar capabilities for the composite organization.

- The average hourly salary for developers working at the composite organization is $89.

Risks. The following risk factors may affect the extent to which an organization experiences these benefits:

- The number of capabilities organizations build and deploy each year will vary based on their intended use case of Smartsheet, as well as the extent of use throughout the organization.

- Established development workflows, the complexity of the app development, and the size of development teams can lead to variations in the time it takes to build out these capabilities.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of nearly $996,000.

<table>
<thead>
<tr>
<th>Reduced Development Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ref.</strong></td>
</tr>
<tr>
<td>G1</td>
</tr>
<tr>
<td>G2</td>
</tr>
<tr>
<td>G3</td>
</tr>
<tr>
<td>Gt</td>
</tr>
<tr>
<td>Gt</td>
</tr>
</tbody>
</table>

Three-year total: $1,201,500

Three-year present value: $995,984
UNQUANTIFIED BENEFITS

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

- Increased customer satisfaction. As highlighted in the increased revenue benefit, the interviewed decision-makers found that customers who interacted with Smartsheet tended to be more satisfied with the quality of work provided to them than those that did not. Smartsheet provides more substantial insights into project status which allows customers to feel more engaged in the process leading to a better experience. The vice president of SaaS transformation within the interviewed financial services software organization described how Smartsheet can affect customer experience by saying, “From the customer perspective, I think they feel more like they’re a part of the implementation. They can see what they need to plan for better, they can be more organized within the organization, and they can align resources for the appropriate times based on what they’re seeing in this toolkit. So, I think we’ve seen much, much happier members on the implementation side of our customer teams.”

- External end-user labor savings. Similar to internal users who experienced improved productivity and utilization, Smartsheet also allows for free collaboration with external users. This increased efficiency and effectiveness can further improve the customer experience and cost savings in the case of billable external labor.

- Increased employee satisfaction. Much like customers who interact with Smartsheet, employees who use the platform reported increased satisfaction rates. Reducing the number of menial tasks that employees must keep track of allows them to focus more on strategic opportunities or on ways to improve their delivery. In general, this was a significantly more enjoyable way to spend their time. The senior manager within professional services highlighted how he has seen morale improve since implementing Smartsheet, “The primary users of Smartsheet are the project managers and the platform has made their lives so much easier. Previously a lot of this stuff was manual, now the Smartsheet Control Center allows me to develop project plan blueprints that are almost 85% complete as soon as you process the project. So instead of having to build a 300-line project plan from scratch, you get one delivered to you on a silver platter that’s 85% complete. So, it has changed the life of my project managers.” Making improvements in employee satisfaction can have effects on the bottom lines as companies with a higher eNPS often experience less turnovers and don’t have to dedicate resources to interviewing, hiring, and training new candidates.

- Improved time to market. All the efficiencies created by Smartsheet can help contribute to an organization’s ability to deliver projects faster. Improving project setup, reducing review time, and increasing stakeholder buy-in can drive products through development faster allowing customers to go live with these products more quickly than they could previously. For customer facing products this could lead to recognizing revenue faster. Internal initiatives that are created faster may drive employee efficiencies and other cost savings more quickly than anticipated. Both paths have the potential to contribute to company growth and efficiency.

- Improved decision making. The interviewees found that by using Smartsheet to consolidate key data into an easy to understand, easy to maintain platform enabled their organization to make better, more informed decisions. Whether these decisions were related to staffing, new project opportunities, or workflows improvements increasing visibility into all aspects of project life cycles allowed decision-makers to remove guess
work from their decisions and come to improved conclusions more quickly.

FLEXIBILITY

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

- Driving more advanced digital transformation initiatives. As the interviewed organizations have matured on their deployment of Smartsheet they have continually used the platform to push the boundaries of conventional norms on their teams. Whether by automating email response or building entire applications within the platform the more they used it the more value they got. This has led them to see Smartsheet as a key driver in their digital transformation journey. Using the capabilities of the platform the interviewees believed they would be able to plan an easier transition to cloud environments no matter the type of deployment or provider they chose. The business operations lead for a technology manufacturer shared this sentiment by saying, “Smartsheet works because everybody gets so excited about the various capabilities it has and everybody wants to see each other’s use cases and share their use cases. It’s flexibility and adaptability make it an invaluable asset in our future as we know the more we use it, the more use-cases we will discover and optimize.”

- Expand use of Smartsheet to new teams and use cases. The interviewees believed that expanding their use of Smartsheet beyond their established project management use case could bring additional value to their organization. Customers highlighted sales, supply chain management, and customer experience as three of the many different teams that could use Smartsheet to drive additional efficiency and revenue gains for the organization.

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

Quantified cost data as applied to the composite

### Total Costs

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Cost</th>
<th>Pre-purchase costs</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Htr</td>
<td>Licenses and services costs</td>
<td>$0</td>
<td>$340,032</td>
<td>$473,616</td>
<td>$607,200</td>
<td>$1,420,848</td>
<td>$1,156,737</td>
</tr>
<tr>
<td>Itr</td>
<td>Evaluation, planning, implementation, and training costs</td>
<td>$367,488</td>
<td>$150,568</td>
<td>$178,640</td>
<td>$178,640</td>
<td>$875,336</td>
<td>$786,219</td>
</tr>
<tr>
<td>Jtr</td>
<td>Platform management costs</td>
<td>$0</td>
<td>$184,800</td>
<td>$184,800</td>
<td>$184,800</td>
<td>$554,400</td>
<td>$459,570</td>
</tr>
<tr>
<td></td>
<td>Total costs (risk-adjusted)</td>
<td>$367,488</td>
<td>$675,400</td>
<td>$837,056</td>
<td>$970,640</td>
<td>$2,850,584</td>
<td>$2,402,526</td>
</tr>
</tbody>
</table>

### LICENSES AND SERVICES COSTS

Evidence and data. The composite organization pays an annual fee to Smartsheet for use of the platform. The price is determined on a per user per month basis and will vary on an organizational basis, and the cost is determined by myriad factors including the number of sessions addressed by the agents.

In addition, most customers chose to invest in professional services to tailor the solution to their individual needs and integrate the platform with their legacy solutions.

Modeling and assumptions. For the composite organization Forrester assumes:

- The composite organization initially spends $268,800 on user licenses. As use of Smartsheet is adopted by more teams this investment also expands, growing to $374,400 in Year 2 and finally $460,000 in Year 3.

- The composite organization also employs Smartsheet’s professional services team to help customize the solution to meet their needs. These professional services costs represent 15% of the annual license fee paid to Smartsheet.

Risks. The following risk factors may affect the extent to which an organization experiences these costs:

- Individual licensing costs will vary based on the number of Smartsheet users.
- The need to deploy professional services will vary on an organizational basis.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1,156,737.
### Licenses And Services Costs

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Calculation</th>
<th>Pre-purchase costs</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Cost of Smartsheet licenses (creator and collaborators)</td>
<td>Assumption</td>
<td></td>
<td>$298,800</td>
<td>$374,400</td>
<td>$480,000</td>
</tr>
<tr>
<td>H2</td>
<td>Professional services engagement</td>
<td>Assumption</td>
<td></td>
<td>$40,320</td>
<td>$56,160</td>
<td>$72,000</td>
</tr>
<tr>
<td>H3</td>
<td>Licenses and services costs</td>
<td>H1 + H2</td>
<td>$0</td>
<td>$309,120</td>
<td>$430,560</td>
<td>$552,000</td>
</tr>
<tr>
<td>Htr</td>
<td>Licenses and services costs (risk-adjusted)</td>
<td>$0</td>
<td>$340,032</td>
<td>$473,616</td>
<td>$607,200</td>
<td></td>
</tr>
</tbody>
</table>

Risk adjustment: +10%

Three-year total: $1,420,848
Three-year present value: $1,156,737

---

**EVALUATION, PLANNING, IMPLEMENTATION AND TRAINING COSTS**

Evidence and data. The interviewed organizations incurred indirect costs for internal labor to deploy Smartsheet. The interviewees spent some upfront time researching Smartsheet, planning for the implementation, and executing this plan. Typically, these companies would initially deploy Smartsheet to a selection of teams and expand their investment to new teams and initiatives over time. As a result, these customers often had product managers to help plan and implement Smartsheet across their organization. While the composite organization deployed their own professional services team for the deployment, other customers may choose to use external labor with specialized Smartsheet implementation teams.

The interviewed organizations also stated that users typically spent some time training on how to best use Smartsheet and how to adapt legacy workflows to fully utilize the power of the platform.

Modeling and assumptions. For the composite organization Forrester assumes:

- Initially a team of 12 employees plan and implement the various use cases of Smartsheet.

Each employee dedicates 480 hours across several months to these tasks. As Smartsheet grows throughout the organization 5 product managers are retained to help plan and implement Smartsheet within new teams. These employees dedicate 160 hours each year to these tasks.

- All Smartsheet users participate in some platform training. On average these employees spend 2 hours annually learning how to use the platform, becoming familiar with new product features, and refreshing their skills.

- It can be estimated that an organization choosing to use external consultants for implementation would experience a higher hourly cost for labor. This would be offset by a lower time-to-implementation due to more familiarity and experience in deploying Smartsheet solutions.

- The hourly salary for the employees involved in implementation and training is $58.

Risks. The following risk factors may affect the extent to which an organization experiences these costs:
Implementation and training will vary depending on each organization’s internal processes regarding vendor onboarding.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $786,219.

### Evaluation, Planning, Implementation, and Training costs

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Calculation</th>
<th>Pre-purchase costs</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>I1</td>
<td>Smartsheet product managers involved in planning and implementation</td>
<td>Interviews</td>
<td>12</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td>I2</td>
<td>Time spent planning for and implementing Smartsheet (per product manager)</td>
<td>Interviews</td>
<td>480</td>
<td>160</td>
<td>160</td>
<td>160</td>
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<tr>
<td>I3</td>
<td>Hourly salary of employees</td>
<td>Assumption</td>
<td>$58</td>
<td>$58</td>
<td>$58</td>
<td>$58</td>
</tr>
<tr>
<td>I4</td>
<td>Cost to implement Smartsheet</td>
<td>I1<em>I2</em>I3</td>
<td>$334,080</td>
<td>$46,400</td>
<td>$46,400</td>
<td>$46,400</td>
</tr>
<tr>
<td>I5</td>
<td>Employees involved in training</td>
<td>Assumption</td>
<td>560</td>
<td>780</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>I6</td>
<td>Hours spent training on use of Smartsheet</td>
<td>Interviews</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
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<tr>
<td>I7</td>
<td>Average hourly salary of Smartsheet users</td>
<td>Assumption</td>
<td>$58</td>
<td>$58</td>
<td>$58</td>
<td></td>
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<tr>
<td>I8</td>
<td>Cost to train employees</td>
<td>I5<em>I6</em>I7</td>
<td>$64,960</td>
<td>$90,480</td>
<td>$116,000</td>
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<tr>
<td>I9</td>
<td>Implementation and training costs</td>
<td>I4+I8</td>
<td>$334,080</td>
<td>$136,880</td>
<td>$162,400</td>
<td>$162,400</td>
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<tr>
<td></td>
<td>Risk adjustment</td>
<td></td>
<td></td>
<td>↑10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Itr</td>
<td>Implementation and training costs (risk-adjusted)</td>
<td></td>
<td>$367,480</td>
<td>$150,560</td>
<td>$173,640</td>
<td>$178,640</td>
</tr>
</tbody>
</table>

### Three-year total: $875,336

### Three-year present value: $786,219

**PLATFORM MANAGEMENT COSTS**

Evidence and data. Finally, the interviewed organizations dedicated portions of their employees’ time to managing the platform internally. The interviewees noted that ongoing management was typically minimal and only required a small percentage of employee time. These employees would spend time onboarding and training new users, communicating with their Smartsheet representatives, and planning for and executing platform upgrades.
Modeling and assumptions. For the composite organization Forrester assumes:

The composite organization has four product managers dedicate 35% of their time to these management activities. The average annual salary for these employees is $120,000.

Risks. The following risk factors may affect the extent to which an organization experiences these costs:

- Management costs will vary based on legacy management workflows, organizational ability to handle platform changes and the need for ongoing customization in the platform.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $459,570.

<table>
<thead>
<tr>
<th>Platform Management Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ref.</strong></td>
</tr>
<tr>
<td>J1</td>
</tr>
<tr>
<td>J2</td>
</tr>
<tr>
<td>J3</td>
</tr>
<tr>
<td>Jt</td>
</tr>
<tr>
<td>Jr</td>
</tr>
</tbody>
</table>

Three-year total: $554,400
Three-year present value: $459,570
## 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. Forester 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)

<table>
<thead>
<tr>
<th></th>
<th>Pre-purchase costs</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total costs</strong></td>
<td>($367,488)</td>
<td>($675,400)</td>
<td>($337,056)</td>
<td>($970,640)</td>
<td>($2,850,584)</td>
<td>($2,402,526)</td>
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<tr>
<td><strong>Total benefits</strong></td>
<td>$0</td>
<td>$4,944,761</td>
<td>$7,552,088</td>
<td>$10,645,815</td>
<td>$23,142,664</td>
<td>$18,734,991</td>
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<tr>
<td><strong>Net benefits</strong></td>
<td>($367,488)</td>
<td>($4,269,361)</td>
<td>$6,715,032</td>
<td>$9,675,175</td>
<td>$20,292,060</td>
<td>$16,332,465</td>
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<tr>
<td><strong>ROI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>680%</td>
</tr>
<tr>
<td><strong>Payback period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&lt;6 months</td>
</tr>
</tbody>
</table>
Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

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