

FORRESTER®

# The Total Economic Impact™ Of Digitate ignio™

Cost Savings And Business Benefits  
Enabled By ignio

APRIL 2022

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### ABOUT FORRESTER CONSULTING

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## Executive Summary

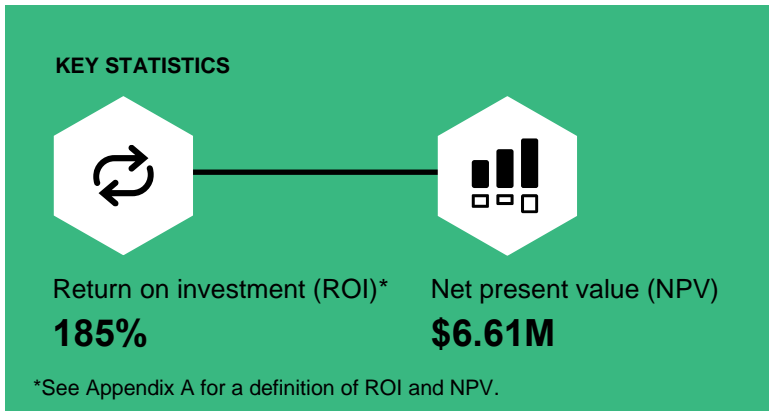
Digitate ignio improves business agility and resiliency by streamlining and automating IT operations through proactive and predictive monitoring, alerting, and repairing system behaviors. This delivers significantly better system performance and uptime and enhances security and compliance. Business outcomes improve across a wide range of areas such as revenue assurance, employee productivity, and happier customers. ignio also reduces IT effort to monitor and respond to alerts, freeing up their time to work on higher-value activities.

Digitate's ignio products combine IT and business context, artificial intelligence (AI), machine learning (ML), and automation to streamline IT and business operations. They achieve this by creating a unified view of on-premises, hybrid, and multicloud environments; reducing and prioritizing alerts, proactive monitoring, and predictive healing before processes fail; and automating previously manual activities. ignio products include ignio AIOps, which works on real-time synchronous and asynchronous transactions, ignio AI.ERPOps, which is specific to SAP processes, and ignio AI.Workload Management, which focuses on batch processes.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six decision-makers across five companies with experience using ignio. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

Prior to using ignio, these interviewees noted that their organizations often had system performance issues, which could lead to missed business process



service level agreements (SLAs), along with system degradation and downtime. IT organizations also spent too much time diagnosing and responding to alerts, which reduced the time they had available to work on other activities. These limitations led to a wide range of IT difficulties, security and compliance problems, dissatisfied business users and customers, and business shortcomings such as lost revenues.

After the investment in ignio, the interviewees significantly reduced the number of alerts, the mean-time-to-detect (MTTD) incidents, the mean-time-to-repair (MTTR) incidents, the mean-time-between-failures (MTBF), and mean-time-to-failure (MTTF). Key results from the investment include less IT effort associated with these alerts and associated system problems; faster detection and incident resolution; less downtime, which delivered associated benefits such as revenue assurance and brand protection; and better security and compliance. By extension,

these outcomes contributed to creating happier customers and internal business users.

## Reduced MTTD and MTTR

# 90+%



### KEY FINDINGS

**Quantified benefits.** Risk-adjusted present value (PV) quantified benefits, as applied to the composite organization, include:

- **Monitored systems downtime was reduced by up to 90%.** Interviewees used ignio AIOps and ignio AI.ERPOps to monitor and heal an increasing portfolio of real-time system processes as well as SAP. Through better alerting, more proactive intervention, and automation, by Year 3 of the study, the complete outage downtime for systems managed with ignio AIOps was reduced by 75% and SAP outages were reduced by 90%. Applying typical downtime hourly costs, the total benefits was worth \$6.1 million over three years.

- **Revenue assurance increased up to 1% from better business processes and meeting SLAs.** ignio helps improve business processes and ensure that they are completed when and as planned. This means that revenues are not lost due to incomplete or incorrect invoicing or improperly setting up new customers, and results in the right product mix and better customer retention. This benefit begins to be realized in Year 2 of the study, since it is an advanced use case implemented subsequent to initial efforts. The total value over the life of the study is \$2.2 million.
- **Improved IT operations team productivity and scaling meant the team could avoid new headcount by 60%.** Two different IT teams were responsible for monitoring and responding to problems with real-time systems covered by ignio AIOps and ignio AI.ERPOps for SAP. Between them, they had 10 team members. Over the three years of the study, 1.5 additional FTEs would have been needed each year for the ignio AIOps-related team to provide adequate monitoring and respond to the increasing number of systems and workloads covered by ignio AIOps. For ignio AI.ERPOps, two additional FTEs would have been required beginning in the first year of the

***“ignio helps us get the data we need to complete business processes on time. This ensures that we are receiving all of the revenue we should. ignio also saves us a lot of effort from failed business processes.”***

— Service delivery manager, utility

study to provide the same level of support achieved with ignio AI.ERPOps' streamlining and automation. Using a fully burdened cost (including benefits and payroll taxes) of \$130,000 per IT employee, the three-year benefit was \$1.4 million.

- **Security and compliance improved, with the likelihood of a breach reduced by up to 7.5%.** Interviewees used ignio for streamlining and automating patching and said that ignio helps detect and remediate potential security problems faster. ignio's reporting also makes compliance tracking and filing easier. All of this reduces operational risk. The reduced breach quantified benefits is a combination of less business user downtime during remediation and lower IT security team costs. The benefit increases over time as more use cases are implemented. Together, the three-year benefit was worth \$462,000.

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

- **Increased business user satisfaction and productivity.** System performance issues and downtime are a source of frustration for business users. Reducing both means users don't have to wait for processes to complete, can finish their work on time, and are happier as a result.
- **Improved customer experience.** Many system performance events reduce customer satisfaction. This can cover a wide range of activities such as difficulty making online purchases, receiving inaccurate bills, not being able to get answers to questions, etc. Forrester's research found that improved customer experience (CX) can increase customer retention, improve cross-sell and upsell opportunities, win more new customers, and decrease the costs to serve customers.<sup>2</sup>

**Costs.** Risk-adjusted PV costs include:

- **Internal costs totaled \$1.5 million.** Internal costs include the effort to implement ignio AIOps and ignio AI.ERPOps as well as the ongoing effort to manage the products and roll out additional use cases. The combined implementation lasted four months, followed by rolling out initial use cases, and benefits begin to be realized on a rolling basis as various use cases go live. The ongoing effort between the two products to further roll out new and enhanced use cases is 3.25 FTEs.
- **External costs totaled \$2.1 million.** External costs include implementation and ongoing professional services, incremental hosting/compute costs, and ignio SaaS subscriptions. Some companies that have managed services contracts to monitor and manage systems may have higher external costs, with a corresponding reduction in internal costs.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$10.18 million over three years versus costs of \$3.57 million, adding up to a net present value (NPV) of \$6.61 million and an ROI of 185%.



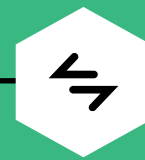
ROI  
**185%**



BENEFITS PV  
**\$10.18M**



NPV  
**\$6.61M**



PAYBACK  
**9 months**

### Benefits (Three-Year)

Improved uptime and performance

**\$6.1M**

Revenue assurance

**\$2.2M**

Reduced IT costs

**\$1.4M**

Improved security and compliance

**\$462.6K**

## 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 ignio products.

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 ignio can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Digitate 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 ignio.

Digitate 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.

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



### DUE DILIGENCE

Interviewed Digitate stakeholders and Forrester analysts to gather data relative to ignio.



### DECISION-MAKER INTERVIEWS

Interviewed six decision-makers at five organizations using ignio 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.

# The Digitate ignio Customer Journey

## Drivers leading to the ignio investment

Interviewed Decision-Makers			
Interviewee	Industry	Region	Number Of Employees
Head of IT, productivity and automation tools Product manager, productivity and automation tools	Retail	APAC	180,000
Managing director of technology infrastructure	Financial services	North America	1,300
Director of program management office	Manufacturing	North America	5,000
Senior manager for global SAP support	Power management	APAC	85,000
Service delivery manager	Utility	EMEA	170,000

### KEY CHALLENGES

There are many common challenges IT organizations face that ignio products help solve. Some of them stem from complex IT estates with different systems across the stack that need to interact and talk to one another. This complexity makes it difficult to coordinate business processes and consolidate signals into a single view.

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

- **Identifying problems early enough to minimize or eliminate business impacts.** A major contributor to interviewees struggling to identify and fix the most important problems was “too much noise” — too many alerts and them not being properly prioritized. Interviewees wanted to eliminate this noise by using business rules, AI, and ML to filter and automate responses as often as possible. Additionally, they wanted better insights into downstream impacts and to be able to take corrective actions early enough to avoid missed SLAs and business impacts.
- **Hiring enough resources to handle the level of effort.** Interviewees used a mix of internal resources and outsourced managed services for monitoring and remediation efforts. In both approaches, the amount of effort was increasing

as systems became more complex. Interviewees struggled to build internal teams to handle the amount of work, and those who were outsourcing much of the work were facing ever increasing bills. One interviewee said that their managed services partner proposed using ignio as a way to reduce the managed services effort and cost.

- **Supporting a move to the cloud.** Many companies are continuing to move systems and workloads to public and private clouds. This brings a whole new set of complexities and challenges in the form of orchestrating processes across multicloud and hybrid environments and integrating signals across more systems. Customers using ignio AI.ERPOps for SAP said that moving to SAP S/4 HANA was a driving factor in looking at the ignio products.

**“Our processes are complex, and the cost to maintain them in a manual way would continue to add a lot of cost. We found that with ignio we could automate 60% of the tickets being generated.”**

*Senior manager for global SAP support, power management*



## 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 six decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section.

**Description of composite.** The composite organization is a financial services organization with \$1.5 billion in revenues and 5,000 employees. It has primary operations in North America, but it also has some operations across all major financial centers around the world.

**Deployment characteristics.** It first deployed ignio AIOps, followed by ignio AI.ERPOps. Both products were deployed in the cloud using the ignio SaaS model and pricing. The deployed use cases over the life of the study were some of the most common that Digitate customers deploy, including:

- **ignio AIOps use cases**
  - **IT observability.** End-to-end visibility of enterprise IT health through metric and log monitoring to identify anomalies in real time.
  - **Silent operations.** Reduction in alert noise, early notifications to prevent future problems, automated remediation, and prescriptive insights.
  - **Automated, machine-first approach.** Automated technology lifecycle activities, automated root cause analysis, and automated SLA resolution.
  - **Continuous security and compliance.** Detect and remediate potential security problems faster with compliance controls and automated fixes.
  - **Enabling agile IT operations.** Blueprint the IT landscape to eliminate application

and infrastructure blind spots, adapt IT operations to technology changes, proactively identify and correct for performance and capacity risks, and predict capacity consumption for efficient planning.

- **ignio AI.ERPOps use cases**
  - **Managing healthy systems.** Zero-touch monitoring, self-healing, and proactive scheduling.
  - **Alerting.** AI pattern mining to remove duplicates, set priorities, and automate actions.
  - **Predictive analytics.** Ingest data from multiple sources to detect anomalies based on normal behaviors.

### Key assumptions

- **Using ignio AIOps and ignio AI.ERPOps**
- **Experiencing 7 hours of major outages annually**
- **A team of 10 IT FTEs monitoring systems impacted by ignio**
- **Five major breaches per year**

# 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	Improved uptime and performance	\$1,881,000	\$2,522,250	\$3,078,000	\$7,481,250	\$6,107,051
Btr	Revenue assurance	\$0	\$937,125	\$1,874,250	\$2,811,375	\$2,182,635
Ctr	Reduced IT costs	\$409,500	\$585,000	\$760,500	\$1,755,000	\$1,427,119
Dtr	Improved security and compliance	\$96,055	\$192,110	\$288,165	\$576,330	\$462,594
Total benefits (risk-adjusted)		\$2,386,555	\$4,236,485	\$6,000,915	\$12,623,955	\$10,179,399

## IMPROVED UPTIME AND PERFORMANCE

Although the interviewed customers vary greatly in size, industry, and geography, they all said that implementing ignio has dramatically improved covered systems' performance and uptime. This can be measured through metrics such as the number of tickets (especially P1 tickets that represent outages), MTTD, MTTR, MTTF, and MTBF. Interviewees said that these improvements have tangible impacts on their business operations and outcomes.

**Evidence and data.** Interviewees shared the following examples of how system uptime and performance have improved at their organizations:

- The retail organization reported:
  - Average effort per incident decreased by 80%.
  - One-third of incidents were proactively resolved before customer experience was impacted.
- The financial services organization reported:
  - One outage in 2021 in a system that was not yet covered by ignio, which would have been identified and fixed before occurring.
- 85% reduction in the number of alerts.
- 95% reduction in MTTD.
- 85% reduction in MTTR.
- 70% of all incidents were resolved automatically.
- The manufacturer reported:
  - 95% reduction in MTTD.
  - 80% reduction in MTTR.
- The power management company reported:
  - The time to move system changes into production has been reduced by two-thirds.
  - 75% reduction in MTTR.
- The utility company reported:
  - 100% elimination of downstream business impacts.
  - 95% reductions in MTTD and MTTR.

**“When our [merchandizing] system goes down, we cannot send the right products to our stores to sell our customers. We had this problem occur four to six times per year. What we have done with ignio AIOps to reduce these business disruptions is phenomenal.”**

*Head of IT, productivity and automation tools, retail*

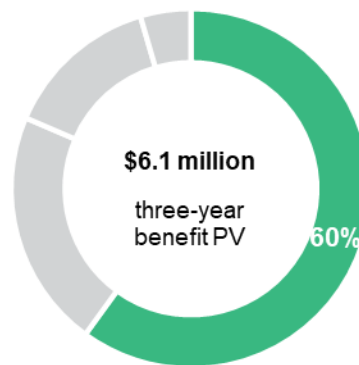
**Modeling and assumptions.** For the financial analysis, Forrester made the following assumptions:

- This benefit calculates the value of a reduction in critical system outages, and the subsequent revenue assurance benefit considers the impact of better business processes and meeting SLAs.
- Prior to implementing ignio AIOps, there are 4 hour per year in complete outages.
- For SAP, which is managed using ignio AI.ERPOps, the previous-state outages are 3 hours per year.
- The number of outage hours are reduced over time as more automation and streamlining are applied, and as the systems learn through AI and ML.
- The average hourly cost of an outage, including components such as lost revenues and operations issues, is calculated using Forrester’s downtime calculator.<sup>3</sup> This is estimated to be \$450,000 per hour for real-time systems covered by ignio AIOps and \$700,000 for SAP.

**Risks.** Risks that can affect the size and ability to realize this benefit include:

- The number and nature of the systems ignio is being used for, along with the business impacts of outages.
- The frequency of system outages prior to implementing ignio.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$6,100,000.



Improved Uptime And Performance						
Ref.	Metric	Source	Year 1	Year 2	Year 3	
A1	Hours of business critical (total) outages: pre-ignio AI Ops	Composite	4.00	4.00	4.00	
A2	Hours of business critical (total) outages: post-ignio AI Ops	A1* Y1: 40% reduction Y2: 60% reduction Y3: 75% reduction	2.40	1.60	1.00	
A3	Average hourly (total) outage cost: business critical apps	Forrester research	\$450,000	\$450,000	\$450,000	
A4	Hours of SAP (total or partial) outages: pre-ignio AI.ERPOps	Composite	3.00	3.00	3.00	
A5	Hours of SAP (total or partial) outages: post-ignio AI.ERPOps	A4* Y1: 60% reduction Y2: 75% reduction Y3: 90% reduction	1.20	0.75	0.30	
A6	Average hourly (totally or partial) outage cost: SAP	Forrester research	\$700,000	\$700,000	\$700,000	
At	Improved uptime and performance	(A1-A2)*A3+(A4-A5)*A6	\$1,980,000	\$2,655,000	\$3,240,000	
	Risk adjustment	↓5%				
Atr	Improved uptime and performance (risk-adjusted)		\$1,881,000	\$2,522,250	\$3,078,000	
<b>Three-year total: \$7,481,250</b>			<b>Three-year present value: \$6,107,051</b>			

### REVENUE ASSURANCE

Better monitoring, remediation, and agility help companies improve business processes. Combined with meeting associated SLAs, this has many business impacts that assure revenues are accrued when and as expected. The result is higher top-line revenues that trickle down to bottom-line gains.

**Evidence and data.** In addition to the examples shared in the previous benefit category, interviewees shared the following examples of how they achieved revenue assurance from better business processes:

- The utility company collected €5.0 million in backlog revenue per year through more accurate billing. It also prevented €2.0 million per year in revenue losses from better payment system processes and monitoring.
- The financial services company reduced missing a mission-critical SLA from 11 days to three days

per quarter. These system performance problems affected trading desk activities.

- For the retailer, the impact of missing an SLA/system performance issue has been reduced from 4 hours to 1 hour. This typically happened once per quarter and meant that the stores did not have all the products that they needed to sell.

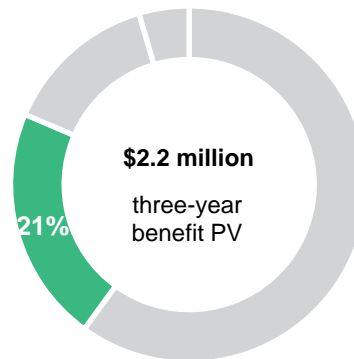
**“Predictive analytics helps us meet our start-of-day SLAs. This is very valuable to our organization.”**  
*Managing director of technology infrastructure, financial services*

**Modeling and assumptions.** For the financial analysis, Forrester made the following assumptions:

- Total revenues are \$1.5 billion per year, which is held constant for model simplicity.
- This benefit begins to be realized in Year 2 of the study because the advanced use cases for revenue assurance are rolled out in Year 1.
- The benefit increases over time as business processes are continually improved, achieving a 1% improvement in revenue assurance by Year 3 of the study.
- A 14.7% net profit margin is used to isolate the bottom-line benefits. This is the average net margin for a financial services company.

- Implementing use cases that improve business process performance and meeting SLAs.
- Total revenues and net margin rate.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$2,182,000.



**Risks.** Risks that can affect the size and ability to realize this benefit include:

Revenue Assurance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Annual revenues	Composite	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000
B2	Revenue assurance	B1* Y1: B1*0.0% Y2: B1*0.5% Y3: B1*1.0%	\$0	\$7,500,000	\$15,000,000
B3	Net margin	Investopedia	14.7%	14.7%	14.7%
Bt	Revenue assurance	B2*B3	\$0	\$1,102,500	\$2,205,000
	Risk adjustment	↓15%			
Btr	Revenue assurance (risk-adjusted)		\$0	\$937,125	\$1,874,250
<b>Three-year total: \$2,811,375</b>			<b>Three-year present value: \$2,182,635</b>		

### REDUCED IT COSTS

The interviewed companies were able to improve system performance and business outcomes while reducing the IT effort required for monitoring and repair. This translated into avoided additional hires to provide the level of results achieved with ignio AI.ERPOps for SAP and ignio AIOPs for managing

other real-time systems, on-prem infrastructure, cloud environments, etc. For companies using a third party for managed services, this translated into lower outsourced managed services costs.

**Evidence and data.** Interviewees shared the following examples of how their IT cost and efforts were reduced:

- The retailer said that the reduced patching effort for just one system with 180 servers more than paid for the cost of ignio. Across the board, there has been a 15% reduction in support headcount. Additionally, the amount of time spent per incident has been reduced from 300 minutes to 45 minutes.
- The manufacturer said that they have been able to support large annual growth without adding headcount to their infrastructure and business solutions teams responsible for monitoring and remediation.
- The financial services company has a managed services contract, and implementing ignio reduced the contract costs by 27%.
- The power management company achieved a 60% reduction in cost per ticket.
- The utility company was able to generate 150,000 bills per day “with near zero issues.”

**Modeling and assumptions.** For the financial analysis, Forrester made the following assumptions:

**“We would have needed to grow our SAP team by 50% to achieve the improved monitoring we have with ignio.”**

*Director of program management office, manufacturing*

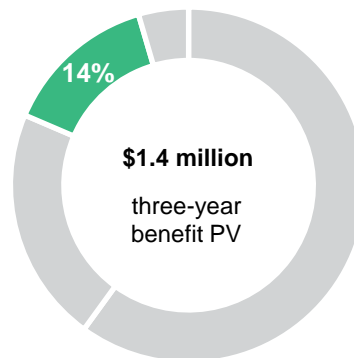
- The team responsible for monitoring and remediation of systems covered by ignio AIOps is six FTEs. This team would need to grow by 1.5 FTEs (25%) each year to provide the same level of service achieved with ignio AIOps for a constantly increasing number of systems and use cases.

- The corresponding team responsible for SAP includes four FTEs. There would be a need to grow the team by two FTEs (50%) in Year 1 of the study to provide a similar level of service.
- The fully burdened cost for these resources, including salary, benefits, and payroll taxes, is \$130,000.

**Risks.** Risks that can affect the size and ability to realize this benefit include:

- Having previous system that achieve a high level of automation.
- Not making full use of streamlining and automation capabilities built into ignio.
- A lower fully burdened cost.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1,427,000.



Reduced IT Costs					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Avoided additional hires attributed to ignio AIOps	6 FTEs * 25% per year	1.5	1.5	1.5
C2	Cumulative avoided extra headcount from ignio AIOps	C1+C2 <sub>py</sub>	1.5	3.0	4.5
C3	Avoided additional hires attributed to ignio AI.ERPOps	4 FTEs * 50%	2.0	2.0	2.0
C4	Average fully burdened cost	TEI standard	\$130,000	\$130,000	\$130,000
Ct	Reduced IT costs	(C2+C3)*C4	\$455,000	\$650,000	\$845,000
	Risk adjustment	↓10%			
Ctr	Reduced IT costs (risk-adjusted)		\$409,500	\$585,000	\$760,500
<b>Three-year total: \$1,755,000</b>			<b>Three-year present value: \$1,427,119</b>		

### IMPROVED SECURITY AND COMPLIANCE

ignio helped the interviewees improve security and compliance in a couple of ways. First, ignio AIOps was used to streamline and automate patching processes, including security patches. Second, the improved monitoring from ignio AIOps and ignio AI.ERPOps could identify potential security incidents faster, and breaches could be remediated faster. Regarding compliance, ignio helps monitor objectives such as proper separation of duties.

**Evidence and data.** Interviewees shared the following examples of how their IT security and compliance have improved:

- The retailer said that patching frequency, including security patches, has increased from twice per year to monthly.
- The financial services company was using ignio to streamline patching “across all known vulnerabilities in a reasonable time frame.”
- The financial services company also reported using ignio to make SOX compliance easier by applying separation of duty and least privileged access in an automated fashion.

**“We are getting a lot of value from automating patch management, vulnerability testing, and remediation. Digitate includes a lot of predefined use cases for security vulnerabilities.”**

*Managing director of technology infrastructure, financial services*

**Modeling and assumptions.** For the financial analysis, Forrester made the following assumptions:

- There are five major security breaches per year that ignio can help prevent through better patching, detection, and remediation.
- Forrester’s research has found that the average cost of a breach is \$163 per employee.<sup>4</sup>
- ignio, as one part of a total security stack, reduces the likelihood of these breaches. This improves over time as more use cases are added

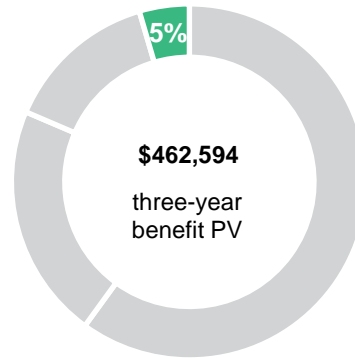
and existing ones are refined. By Year 3, the reduction is 7.5%.

- Each security incident affects 10% of the workforce, and each affected worker experiences 3.8 hours of downtime waiting for systems to come back online.

**Risks.** Risks that can affect the size of and ability to realize this benefit include:

- The ability of other security tools to do what Ignio is doing.
- Lower likelihood and/or severity of a breach.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$462,000.



Improved Security And Compliance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Average number of security breaches	Composite	5.0	5.0	5.0
D2	Average cost of a breach	5,000 employees*\$163	\$815,000	\$815,000	\$815,000
D3	Total security breach costs	D1*D2	\$4,075,000	\$4,075,000	\$4,075,000
D4	Reduced likelihood of a breach	Forrester research	2.5%	5.0%	7.5%
D5	Avoided costs of remediation, customer resolution, fines, brand rebuild, and all other external-facing costs	D3*D4	\$101,875	\$203,750	\$305,625
D6	Number of affected employees	5,000 employees*5%	250	250	250
D7	Average fully burdened cost	\$85,000/2,080 hours	\$40.87	\$40.87	\$40.87
D8	Number of hours per breach	Forrester	3.8	3.8	3.8
D9	Cost of reduced internal productivity	D1*D4*D6*D7*D8	\$4,853	\$9,706	\$14,558
Dt	Improved security and compliance	D5+D9	\$106,728	\$213,456	\$320,183
	Risk adjustment	↓10%			
Dtr	Improved security and compliance (risk-adjusted)		\$96,055	\$192,110	\$288,165
<b>Three-year total: \$576,330</b>			<b>Three-year present value: \$462,594</b>		



## UNQUANTIFIED BENEFITS

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

- **Increased business user satisfaction and productivity.** Employees want to be able to complete their jobs effectively and efficiently. System performance issues and outages are a sense of frustration. Better system performance can reduce user downtime waiting for the right IT systems and resources to be available. This was not quantified separately in the financial analysis to avoid any potential double counting with the quantified reduced downtime and security event benefits.
- **Improved customer experience.** Many of the most valuable systems ignio helps monitor and manage are customer facing. Any degradation of service or full outage can cause dissatisfaction, and conversely, good experiences can result in higher revenues, better customer retention, and attracting new customers. Forrester Research has quantified the value of a 1-point increase in its CX Index™ score across a range of industries.<sup>5</sup> For the interviewed customer industries included in the research, the values are:
  - Retail: \$5.23 annual incremental revenue per customer.
  - Financial services (banks): \$7.36 annual incremental revenue per customer.

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement ignio and later realize additional uses and business opportunities. Many customers begin with one component of the ignio product, e.g., ignio AIOps for real-time systems, and then layer on ignio AI.ERPOps if using SAP and ignio AI.Workload

Management for batch systems. For the composite organization, Forrester assumed that ignio AI.Workload Management is added at some time in the future and is therefore not included in the financial analysis. Adding this product would deliver the following additional use cases and benefits:

- **IT command center.** Visibility across heterogenous batch environments and ability to identify anomalies, reduce false and redundant alerts with dynamic thresholds, manage key batch operations from a central operations console, and automate resolutions for workload failures, including at the infrastructure layer.
- **App-ops team.** Reduce manual dependence on monitoring, monitor and predict batch processes in real-time, predict SLA failures in advance, and perform root-cause and impact analysis of potential future failures.
- **Business teams and IT architects.** Ensure timely completion of critical business processes, stimulate growth and change impacts, plan for peak-period demands, and create continuous improvement of workload environments.

Customers are also constantly adding new use cases into ignio AIOps and ignio AI.ERPOps as well as enhancing existing use cases to increase automation and performance. None of these future opportunities are included in the financial analysis.

# 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	Internal effort	\$375,375	\$443,625	\$443,625	\$443,625	\$1,706,250	\$1,478,605
Ftr	External costs	\$615,563	\$593,250	\$593,513	\$593,788	\$2,396,113	\$2,091,509
	Total costs (risk-adjusted)	\$990,938	\$1,036,875	\$1,037,138	\$1,037,413	\$4,102,363	\$3,570,114

## INTERNAL EFFORT

Internal effort in the Initial Period includes standing up ignio AIOps and ignio AI.ERPOps and the rollout of initial use cases to begin realizing benefits. Ongoing effort includes adding new use cases, improving upon existing use cases, and managing the ignio products. Interviewed organizations' implementations ranged in duration from five to 18 months to do planning, design, and deployment and to roll out the first set of use cases. Team size varied based on how much effort was completed in house or outsourced to a professional services partner. Similarly, ongoing internal effort varied based on if the work was done internally or outsourced to a managed services partner.

**Modeling and assumptions.** For the financial analysis, Forrester made the following assumptions:

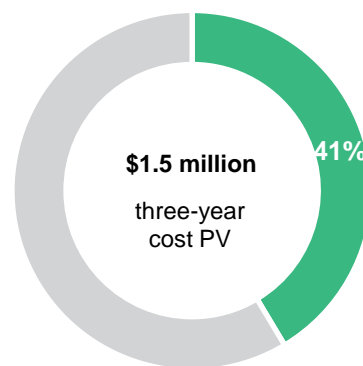
- The initial effort to stand up ignio AIOps and ignio AI.ERPOps is completed mainly with internal resources. It takes two months to stand up ignio AIOps, including necessary testing and basic integrations. ignio AI.ERPOps takes another two months to stand up.
- The subsequent phase of work includes launching initial use cases to begin realizing benefits.

- Ongoing effort to manage the ignio products, improve upon existing use cases, and deploy new use cases requires two FTEs for ignio AIOps and 1.25 FTEs for ignio AI.ERPOps. This increases the benefits already being realized.

**Risks.** Risks that can affect this cost include:

- The size of the deployment.
- The cost of internal resources.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1,478,000.



Internal Effort						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	ignio AIOps: implementation (months)	Composite	2			
E2	ignio AIOps: rolling out use cases (months)	Composite	7	12	12	12
E3	ignio AIOps: FTEs	Composite	2.00	2.00	2.00	2.00
E4	ignio AI.ERPOps: implementation (months)	Composite	2			
E5	ignio AI.ERPOps: rolling out use cases (months)	Composite	4	12	12	12
E6	ignio AI.ERPOps: FTEs	Composite	2.50	1.25	1.25	1.25
E7	Average fully burdened cost (monthly)	\$130,000/12	\$10,833	\$10,833	\$10,833	\$10,833
Et	Internal effort	$((E1+E2)*E3+(E4+E5)*E6)*E7$	\$357,500	\$422,500	\$422,500	\$422,500
	Risk adjustment	↑5%				
Etr	Internal effort (risk-adjusted)		\$375,375	\$443,625	\$443,625	\$443,625
<b>Three-year total: \$1,706,250</b>			<b>Three-year present value: \$1,478,605</b>			

**EXTERNAL COSTS**

External costs cover several categories, including professional services for initial implementation and ongoing support, incremental hosting/computing costs, and ignio’s product fees. Some interviewees did the vast majority of ongoing work internally, and others outsourced nearly all of it to managed services providers. Digitate has several pricing models for their ignio products, including a SaaS model and a traditional on-premises license with annual maintenance. Regardless of model, pricing is driven by the size of the infrastructure — servers, network devices, etc. — and the duration of the contract.

**Modeling and assumptions.** For the financial analysis, Forrester made the following assumptions:

- Initial professional services is equal to the initial internal effort, which is what interviewees most commonly said.
- Most ongoing effort is completed by internal resources, so the one professional services FTE

is focused on implementing new use cases and providing specialized support to the composite organization’s internal IT team.

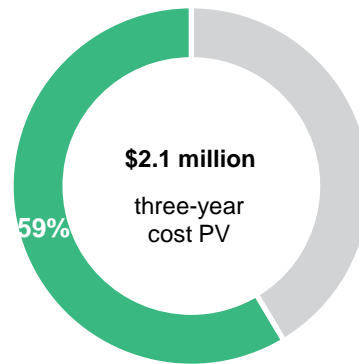
- The SaaS versions of ignio AIOps and ignio AI.ERPOps are implemented. This includes some hosting/compute costs for integrations, but the annual subscription includes the other hosting/compute costs. If choosing the on-premises version, hosting/compute costs could be significantly higher.

**Risks.** Risks that can affect this cost include:

- More effort being outsourced, although there would be a corresponding decrease in internal costs.
- Larger deployments resulting in higher hosting/compute costs if deploying on-premises.
- Higher license/subscription costs depending on the size of the deployment and the license model. Forrester recommends that the reader work with

Digitate to understand what their actual license costs would be.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$2,091,000.

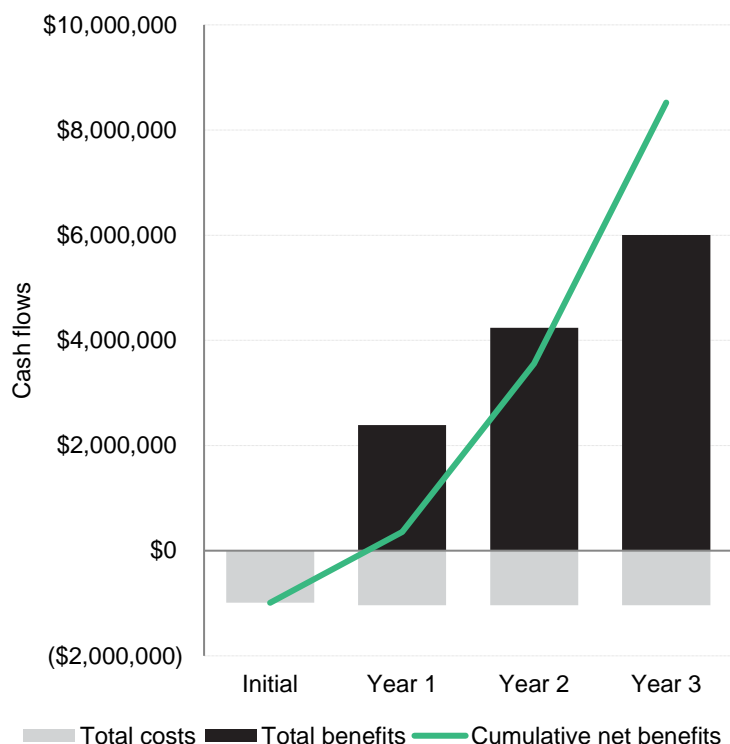


External Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Professional services: implementation	$=E_{t_{initial}}$	\$357,500			
F2	Professional services: ongoing	1 FTE*260 workdays*\$1,00		\$260,000	\$260,000	\$260,000
F3	Hosting/compute	Growing 5% per year	\$3,750	\$5,000	\$5,250	\$5,513
F4	ignio licenses	SaaS pricing model	\$225,000	\$300,000	\$300,000	\$300,000
Ft	External costs	$F1+F2+F3+F4$	\$586,250	\$565,000	\$565,250	\$565,513
	Risk adjustment	↑5%				
Ftr	External costs (risk-adjusted)		\$615,563	\$593,250	\$593,513	\$593,788
<b>Three-year total: \$2,396,113</b>			<b>Three-year present value: \$2,091,509</b>			

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Financial Analysis (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	(\$990,938)	(\$1,036,875)	(\$1,037,138)	(\$1,037,413)	(\$4,102,363)	(\$3,570,114)
Total benefits	\$0	\$2,386,555	\$4,236,485	\$6,000,915	\$12,623,955	\$10,179,399
Net benefits	(\$990,938)	\$1,349,680	\$3,199,347	\$4,963,502	\$8,521,592	\$6,609,285
ROI						185%
Payback period (months)						9

# 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: Endnotes

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<sup>1</sup> 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.

<sup>2</sup> Source: "The ROI Of CX Transformation," Forrester Research, Inc., January 22, 2021.

<sup>3</sup> Source: "Identify And Estimate The Costs Of Downtime On Your Business," Forrester Research Ince, January 2021.

<sup>4</sup> Source: "Forrester Consulting Cost Of A Cybersecurity Breach Survey, Q4 2020," Forrester Research, Inc.

<sup>5</sup> Source: "The ROI Of CX Transformation," Forrester Research, Inc., January 22, 2021.

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