

A Forrester Total Economic Impact™
Study Commissioned By Vision Critical
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The Total Economic Impact™ Of Vision Critical

Driving Business Value And Cost Savings
From Insight Communities And
Vision Critical's Sparq 3 Platform

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Benefits



Increased sales from insight communities

\$4.7 million



70% churn rate decrease

39% AOV increase



Business value enabled by customer insight

\$1.7 million



Cost avoidance of traditional research methodologies

\$2.9 million

Executive Summary

Sparq 3, Vision Critical's SaaS-based customer intelligence platform enables companies to continuously develop a deeper understanding of their customers. Companies use the platform to create secure, double opt-in, online customer communities. These branded insight communities drive continuous customer engagement and deliver ongoing, real-time feedback across the business. Vision Critical's relationship based approach to intelligence gathering allows companies to get a more accurate understanding of customer preferences, attitudes and opinions while strengthening customer relationships.

Vision Critical commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by adopting Vision Critical's approach and methodology. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Vision Critical platform on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several organizations using Vision Critical.

Prior to using Vision Critical, the customers typically used a combination of survey tech vendors and internal market research resources to run their own surveys and market research agencies for surveys, focus groups, and interviews. These organizations found that traditional market research was not moving fast enough to meet the needs of key stakeholders who depend on customer intelligence to positively impact their KPIs. One customer noted, "Lots of questions were being left unanswered because traditional research would take too long." With Vision Critical, these organizations became more agile as their market research teams could quickly provide higher quality insight in less time and at reduced costs. This agile insight, in turn, drove business value for these organizations and, in some cases, increased customer engagement resulting in sales to their insight communities.

Forrester developed a composite organization based on data gathered from the customer interviews to reflect the total economic impact that investing in Vision Critical could have on an organization. The composite organization is representative of the organizations that Forrester interviewed and is used to present the aggregate financial analysis in this study. All values are reported in risk-adjusted three-year present value (PV) unless otherwise indicated.

Forrester's interviews with five existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of \$5,178,226 over three years versus costs of \$750,832, adding up to a net present value (NPV) \$4,427,394 and an ROI of 573%.

Key Findings

Quantified benefits. The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed:

- › **Community members showed a 39% increase in average order value and a 70% lower churn rate than non-community members resulting in increased sales of \$4.7 million.** The composite organization also saw increased customer engagement from insight



ROI
590%



Benefits PV
\$5.2 million



NPV
\$4.4 million



Payback
almost
immediate

community members when compared to regular customers. Increased revenue of \$4,671,108 translates to an incremental profit of \$545,793 for the composite organization. The analysis expects attributed revenue to increase as the insight community size also increases.

- › **Customer-led insight resulted in \$1.7 million in business value.** Organizations used the Vision Critical customer intelligence platform for product design decisions, product launches, optimizing the customers experience and marketing campaigns, among others. The additional customer feedback from these insight communities on Vision Critical drove better business decisions leading to cost savings and additional revenue.
- › **Insight Communities reduce cost of market research vs traditional methodologies such as survey tech vendors, survey panels and other traditional research methodologies by 75%, representing \$2.9 million in research savings to the composite organization.** By using Vision Critical's customer intelligence platform to activate an insight community, the composite organization lowered the cost of survey panels and other traditional market research methodologies by 75% while also increasing the number of surveys that it could run.

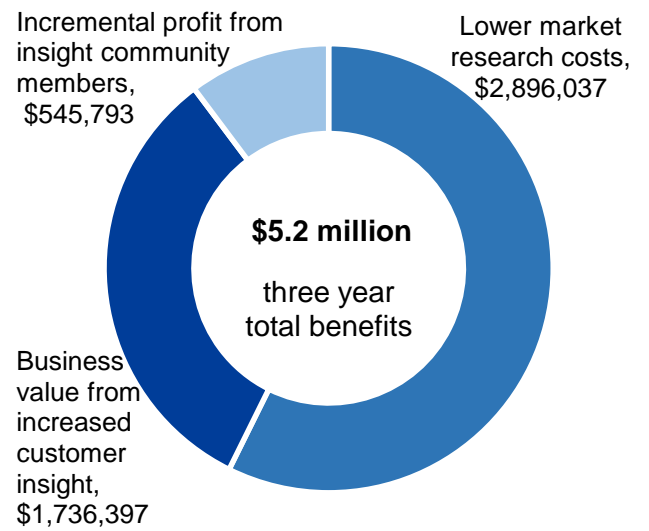
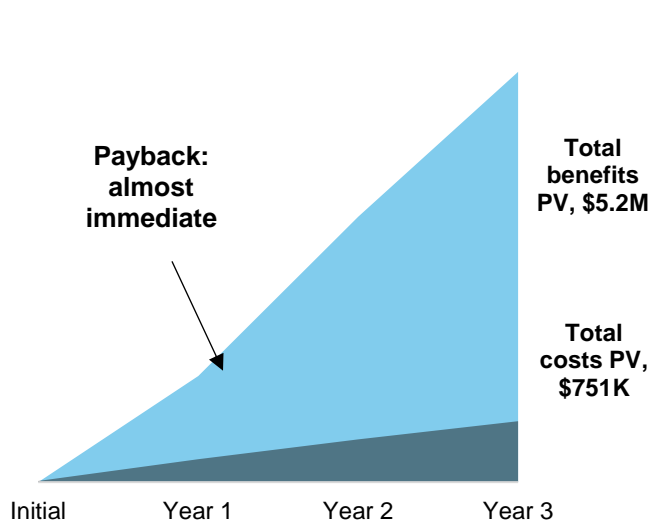
Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › Faster, better access to more customer feedback.
- › Sparq captures the results of the survey activities and uses it to create Relationship Memory™ – a unified, persistent profile of customers that helps break down data silos. Sparq enables richer and more engaging relationships with community members leading to increased interest in membership and higher engagement.
- › Improved survey experience with higher response rates.
- › Democratization of insight.
- › Overall improved customer experience leading to higher engagement, better response rates and stronger customer relationships.

Costs. The interviewed organizations experienced the following risk-adjusted costs over three years:

- › **Vision Critical fees of \$522,239 over three years.** The composite organization maintained one insight community consisting of 10,000 members and, on average, ran approximately 60 surveys on the Vision Critical platform every year.
- › **Implementation costs of \$15,520.** Three members of the market research team spent a third of their time over the course of two months to activate the community via Vision Critical and establish initial membership of the insight community.
- › **Administrative costs of \$213,073 over three years to manage insight community.** To maintain and manage its insight community on the Vision Critical platform, the composite organization allocated the equivalent of one full-time equivalent (FTE) from its market research team.

Financial Summary



TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Vision Critical.

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 Vision Critical can have on an organization:

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



DUE DILIGENCE

Interviewed Vision Critical stakeholders and Forrester analysts to gather data relative to Vision Critical.



CUSTOMER INTERVIEWS

Interviewed five organizations using Vision Critical to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Vision Critical and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Vision Critical.

Vision Critical 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.

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

The Vision Critical Customer Journey

BEFORE AND AFTER THE VISION CRITICAL INVESTMENT

Interviewed Organizations

For this study, Forrester conducted interviews with five organizations that are Vision Critical customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEE	REVENUE	INSIGHT COMMUNITY SIZE
Social networking service	North America/global	Senior market research manager	\$3 billion+	33,000 members (multiple communities)
Food and beverage appliance manufacturing	North America	Consumer insights analyst	\$1 billion+	9,900 members
Sports equipment manufacturing	Europe/global	Global market researcher	\$900 million+	10,000 members
Health care nonprofit	North America	Customer insights director	\$4.5 billion+	5,000 members
Airline	Australia/global	Brand strategy manager	\$2.5 billion+	40,000 members (multiple communities)

Key Challenges

Customers considering Vision Critical had many diverse reasons to explore the product. The major challenges cited by the interviewees included:

- › **Strategic shift to a deeper understanding of customer experience.** Organizations needed deeper insight into customer motivations, goals, and preferences to provide a better customer experience and drive business growth. Ad hoc survey projects with a changing customer base could not provide this historical record and deeper insight.
- › **Traditional market research methods such as survey tech vendors, traditional survey panels, and other market research methodologies did not provide insight with the speed required to support their pivot to a customer-centric strategy.** Organizations wanted to be more customer-centric and integrate customer feedback into their product development, customer experience, and marketing campaign processes but found it took too long to get survey results using traditional methods. One sporting equipment manufacturer noted: “In our business, if you are the first to launch a product, you are the leader. To be competitive, we needed to be more agile. Our old way of concept testing was too time-consuming.” One brand strategy manager noted that it had a gap in the market research strategies it employed, saying, “We needed a forum to get high-volume, quick turnaround insights from our customer base.”
- › **Costs were scaling with the increasing demand for customer insight from stakeholders.** Several companies discussed how they did not have enough manpower or adequate technology in their market research teams to meet the demand of internal stakeholders who depend on dynamic, agile customer intelligence to create personalized

“Traditional market research was not moving fast enough for what [our company] needed. This was not working for our product teams, who needed something quick and agile to make informed decisions. Vision Critical was something that would help us get insights on members on a large scale and in quick fashion. Vision Critical absolutely provided the value that we needed in spades. Studies that took two months now took two weeks. It’s been widely successful, and we use insight communities to drive innovation [at our company].”

*Senior market research manager
social networking service*



products and services. Working with agencies was also cost-prohibitive; to meet this internal demand, they would have to spend more and more on ad hoc pieces of research.

Key Results

The interviews revealed that key results from the Vision Critical investment include:

› **Increased agility and faster access to customer feedback.** For the interviewed organizations, the main benefit of their Vision Critical investment was increased speed and access to customer feedback. One consumer insights team reported that time-to-deliver survey projects went down from four to six weeks to a week at the most, and in some cases, even 48 hours. Another consumer and market intelligence team reported that product testing projects went from three months to three weeks. Similar to this, another market researcher noted that in their organization, pre-Vision Critical studies took at least two months to execute and complete. With Vision Critical, this project time duration was reduced to one and a half to two weeks. For this organization, this meant that many product and marketing projects that used to launch without the needed customer insight due to time constraints were able to benefit from access to these new survey results.

› **Opportunity to establish Relationship Memory with the improved ability to build and nurture relationships over time.** After establishing their insight communities, several organizations noted that the relationship memory gained with the interaction with their insight community members enabled them to develop these customer relationships and increase customer engagement. One brand manager observed: “What helps is that you are able to keep the profiling information of the customers through Vision Critical. When you are doing personalization, you can segment and cut out the data, see how different groups might have different ways to react to the product. Having this stored historical data, combined with longitudinal data, has been very valuable.”

Another organization noted that relationship memory was a “big win” for their team when they ended up having to go back four times to an insight community panel for a project. The consumer insights analyst asserted that this iterative process would not have been possible if they worked with an agency. A project of that scope would also have taken a year instead of the two months that it did.

› **Improved survey experience and results quality.** Several organizations reported that surveys through Vision Critical had significantly higher response rates when compared to other methodologies. One organization reported a 100X increase in survey completion rates with insight community. Another company found that response rates rose to 30% with insight community compared to just 5% to 10% with ad hoc surveys. Using insight communities enables market research teams to run more concise and focused activities to avoid survey loading and fatigue. Survey drop-out rates were also lower for insight community activities versus other methods.

In terms of results quality, several organizations noted that the dynamic reporting through Vision Critical was an improvement in quality compared to their previous environment. As one customer noted: “The

“The value of Vision Critical is that we are able to guide product decisions and marketing decisions based on a real [insight community] member feedback scale as opposed to a gut-level decision.”

*Senior market research manager,
social networking service*



“Vision Critical gave us a quick, fast turnaround for actionable customer feedback at low costs.”

*Consumer insights director,
healthcare non-profit*



“Whenever we work with an external company, it takes forever to get SPSS data or raw data the way we want it. We are spoiled with the dynamic reporting capabilities of Vision Critical. We can just filter, drag, and drop information. It makes it so easy and everyone can use the data within 10 minutes.”

*Consumer insights analyst, food
and beverage appliance
manufacturer*



analytics and reporting of Vision Critical has been absolutely helpful. I love the way we can track results and play with the insights we need. It's fantastic and self-explanatory." Another customer observed: "Now we have access to the open-ended responses. Before we'd just take the data the agency provided and put it up on PowerPoint. Data quality has increased for us because we can now splice the data the way we need."

- › **Democratization of customer insight.** Interviewees also noted that the low cost of survey projects and easy accessibility to customer feedback enabled by Vision Critical meant that various team members were now empowered to use survey results to create better products. As one market research analyst observed, "For ad hoc studies done in the past, the mandate had to come from high up, director level and above, because it takes resources and budget. Now the managers can come and take charge of their own business and make more decisions based on the data. That's the value of democratizing insights, managers can get the insight that they need — it's not death by a thousand paper cuts. Those insights get you the ointment to map over those cuts."
- › **Improved customer experience.** The end goal for the organizations interviewed as they implemented the Vision Critical platform and launched surveys on their insight communities was to gain the necessary customer insight to improve the overall customer experience. For these companies, Vision Critical provided a new shift in the way they collected this customer insight, with a more efficient and scalable way to deliver feedback that would help them improve customer experience and increase success of their process improvements, new product introductions, and marketing campaigns. And research has shown that improved customer experience drives business growth and increased revenue.¹ Vision Critical's platform helped these companies make the insight gathering experience a positive one, driving actions that reinforced these customer relationships. Apart from insight collected through the Vision Critical platform contributing to a better customer experience, the very act of cultivating these relationships through insight community also contributed to a better customer journey.

Other key results for the interviewed organizations that are discussed in the Quantified Benefits section include:

- › **Increased sales and corresponding incremental profit due to higher customer engagement of insight community members.**
- › **Business value from better decisions due to more customer feedback and insight.**
- › **Lower market research costs compared to traditional survey panels.**

"Our goal with the Vision Critical implementation was answering questions left unanswered. The issue was time. Insight communities represent a shift in the way we handle market research. We are now able to condense timelines significantly."

*Senior market research manager,
social networking service*



"Vision Critical is a gamechanger in terms of how we operate as a business. And it's still the very early days of our deployment. We're really happy with them."

*Brand strategy manager,
airline*



Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. Forrester interviewed organizations with annual revenue ranging from \$900 million to \$4.5 billion. Several organizations had one insight community while others had activated multiple insight communities. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. It is a global company with annual revenue greater than \$2.5 billion. The organization has 2,000 employees. It has a customer and market intelligence team of four people with a VP of Customer Insight who reports to the CMO. Prior to engaging Vision Critical to activate a community, the organization was using a combination of outside agencies, survey tech and internal resources, to run ad hoc one-off surveys, focus groups, and interviews. The organization realized that it was spending too much time and too many resources on traditional market research methodologies that were also sub-optimal customer experiences. The company also had huge volumes of unstructured transactional data that lacked the context needed to be actionable. It needed a more agile approach to address the needs of its internal customers in the marketing and product teams and find new ways to leverage the value of the customer data they had stored in various silos across the business. Increasing the number of surveys the organization ran with agencies was not an option, as this was cost-prohibitive and ineffective. Survey quality from survey tech and internal resources was static, incomplete, and difficult to share. Delivering timely results to the marketing and product teams in their competitive environments was also a factor in the organization's decision to consider Vision Critical's approach and technology. After sending out a request for proposal (RFP) and evaluating several vendors, the composite organization chose Vision Critical.

Deployment characteristics. The composite organization implemented Vision Critical's customer intelligence platform. It has one insight community that currently hosts 15,000 members, recruited from an existing email database and loyalty program. The composite organization uses its insight community for two main areas: product development and marketing strategy. Activities that it has run include concept testing, prototype testing, packaging tests, new brand introductions, message testing, brand campaigns, and website optimization. The organization continues to explore how the members use and consume its products, as it aims to identify any pain points in the customer journey as well as opportunities for improvement in the digital experience. The organization runs approximately 60 activities a year on the Vision Critical platform.



Key assumptions

15,000 customers on
Vision Critical insight
community

Approximately
60 activities a year

Greater than \$2.5B
annual revenue

Financial Analysis

QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Incremental profit from increased sales to insight community members	\$149,475	\$224,213	\$298,951	\$672,640	\$545,793
Btr	Business value from increased customer insight	\$601,875	\$753,750	\$753,750	\$2,109,375	\$1,736,397
Ctr	Lower market research costs	\$712,500	\$1,425,000	\$1,425,000	\$3,562,500	\$2,896,037
Total benefits (risk-adjusted)		\$1,463,850	\$2,402,963	\$2,477,701	\$6,344,515	\$5,178,226

Increased Revenue, Incremental Profit, And Reduced Churn From Insight Community Members

Using Vision Critical, organizations have the capability to build and strengthen customer relationships. Apart from surveying customers, Vision Critical enables organizations to share insight back to these customers to demonstrate the value of their feedback, build in-depth customer profiles, and integrate these with outside data sources to get a unified view of their customers. As insight community members continue to participate in the community, find content that is relevant to them, and create relationships with the brand that feel authentic to these customers, customer engagement will also increase.

- › Higher AOVs and reduced churn rates result in higher sales. As organizations grow the size of their insight community, Forrester expects a corresponding increase in revenue and incremental profit.
- › One organization reported that churn rate for insight community members was 70% lower than that of regular customers and average order value (AOV) for members was 39% higher than that of the average customer.
- › One market researcher remarked: "Vision Critical is the mechanism that allows us to have two-way communication with our customers. It's a synergistic relationship. We don't just take; we also give back."
- › By focusing on creating and growing long-term customer relationships, Vision Critical's platform allows companies to create a unified, persistent profile of each customer that contains their most important information. One consumer goods company noted that it could build more personalized campaigns and customer interaction for its community members. It was able to build more targeted branded content for these members. This organization reported that members of its insight community had clickthrough rates between 30% and 50% while a typical prospect would only have clickthrough rates of 7% to 15% on digital campaigns.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of approximately \$5.1 million.

"The benefit of insight community is all about customer centricity. We grab information about the consumer and we know them better. So now we can personalize the content easier and provide a data-driven and better consumer experience — we can maximize their experience of our brand."

Global market researcher, sports and equipment manufacturer



For the composite organization, Forrester assumes that:

- › In the first year of implementation, the number of insight community members was at 10,000, and it grew to 15,000 in year 2 and 20,000 in year 3.
- › At the end of the year, members of insight community saw a 39% growth in average order value (AOV) compared to figures for regular customers across the organization.
- › The average number of orders per customer per year is four, and AOV for a regular customer is \$66.54
- › The profit margin used to quantify the incremental profit from increased sales due to higher customer engagement is 16%.

The amount of incremental profit increases will vary with:

- › AOV, profit margins, and number of orders a year that change per industry.
- › The extent to which the Vision Critical platform is used to provide specific branded and targeted content to insight community members.
- › Number of members and insight communities deployed in an organization.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$545,793.



70% reduction in churn rate and 39% AOV growth for insight community members

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

Increased Sales To Insight Community Members: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Insight community members		10,000	15,000	20,000
A2	AOV	Industry average	\$66.54	\$66.54	\$66.54
A3	Increase in AOV		39%	39%	39%
A4	Average number of orders per year		4	4	4
A5	Additional revenue from insight community members	$A1 \times A2 \times A3 \times A4$	\$1,038,024	\$1,557,036	\$2,076,048
A6	Profit margin		16%	16%	16%
At	Increased sales to insight community members	$A5 \times A6$	\$166,084	\$249,126	\$332,168
	Risk adjustment	↓10%			
Atr	Increased sales to insight community members (risk-adjusted)		\$149,475	\$224,213	\$298,951

Business Value From Increased Customer Insight

Market research teams could now conduct shorter, more focused and engaging surveys compared to their pre-Vision Critical environment. These organizations benefited from timely customer feedback and the additional higher quality customer insights enabled by their communities. These, in turn, drove better business decisions and brought additional business value to the organizations. Without Vision Critical, these organizations would have lost the opportunity to run as many surveys as they do and lost out on the corresponding value generated by the insight gained from those activities.

- › Organizations used the Vision Critical platform to gain better understanding of how customers use their products, to vet new product ideas, to test marketing messaging, and to improve corporate partnership programs. Specific survey examples from interviewees include product concept and prototype tests, packaging tests, advertising and digital campaign tests, and new brand introductions. One organization noted that Vision Critical enabled it to extract data for both strategic, longitudinal studies and very quick tactical requests, such as personal customer preferences to guide its product managers and product marketing managers. Another organization noted, “We’ve been able to get so granular, and get feedback on packaging, the web logo, just surgically go through every piece of the copy.”
- › One airline conservatively estimated that it can attribute at least \$100,000 of business value from surveys it has run on the Vision Critical platform. This is incremental value from the ability to validate ideas for projects geared toward increasing conversion. Another organization realized \$90,000 of cost savings a year with the results from surveys on billing processes vetted by its insight community.
- › The Vision Critical platform and insight community were used by several organizations for major product launches. Interviewees noted instances where they changed product concepts and approaches after negative results toward the initial proposals from their insight communities. One interviewed company used Vision Critical as a critical component of a product relaunch — the revamp of their member desktop experience. One market research manager estimated that faster feedback from their insight community saved two months of work on a one-year project.
- › One sports equipment manufacturer estimated that Vision Critical shortened time and effort on a media launch from five weeks to one. At an average of 10 marketing personnel working on a media launch and a rate of five media launches per year, Vision Critical has saved the organization approximately \$1.5 million a year.
- › Vision Critical provided these organizations with a way to quickly test product features and services to ensure launch success in the market. One interviewee estimated that the cost of a failed product launch was between \$2 million and \$5 million for their organization. Another consumer goods company that used Vision Critical for a product launch at a big-box retailer estimated that cost failure for that project would be approximately \$500,000, consisting of packaging and shipping costs with retailer fees.

For the composite organization, Forrester assumes that:

- › Business value due to Vision Critical is quantified only on the additional surveys that it could run to meet the demands of stakeholders because



**Between \$2-5 million
saved in development
and marketing costs
by preventing the
launch of a flawed
product**

of its shift from traditional research methods to the Vision Critical platform. Out of 60 surveys in Year 2, agile insight from 45 of those surveys would not have been generated or shared with stakeholders without access to an insight community.

- › There is a wide range of activities sent to the organization's insight community, from product changes, to process changes, to marketing campaign tests. The average business value generated because of better business decisions from increased customer engagement with Vision Critical is conservatively estimated at \$7,500 per survey.
- › Better business decisions from insight enabled by Vision Critical have prevented the failure of at least one major product launch each year. The average cost of one failed product launch is conservatively estimated at \$500,000.

The business value driven by increased customer insight through Vision Critical will vary with:

- › The ability of organizations to operationalize survey findings.
- › The cost of a failed product launch, depending on industry and company size.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$1,736,397.



Four weeks
Project time saved
with faster
survey results

Business Value From Increased Customer Insight: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of additional surveys versus pre-Vision Critical environment	$A1 - (A1/4)$	22.5	45	45
B2	Average value of survey impact	$B1 * B2$	\$7,500	\$7,500	\$7,500
B3	Total business value from additional surveys		\$168,750	\$337,500	\$337,500
B4	Number of surveys for a major product/service launch (yearly)		1	1	1
B5	Cost of a failed product/service launch		\$500,000	\$500,000	\$500,000
B6	Total business value from cost avoidance of failed product/service launch	$B4 * B5$	\$500,000	\$500,000	\$500,000
Bt	Business value from increased customer insight	$B3 + B6$	\$668,750	\$837,500	\$837,500
	Risk adjustment	↓ 10%			
Btr	Business value from increased customer insight (risk-adjusted)		\$601,875	\$753,750	\$753,750

Lower Market Research Costs

Interviewed customers reduced their market research costs by using the Vision Critical platform instead of relying on previous traditional market research methods, such as survey tech vendors, traditional survey panels, and other market research methodologies.

- › One consumer goods organization estimated that it gained a 7x return on its investment on lower research costs alone for the 80 surveys it ran over a year with its insight community when compared to traditional survey panels and other market research methodologies it would have used.
- › One interviewee remarked, “Historically, we were used to doing full service, expensive ad hoc campaigns where we weren’t doing the building or writing.” This organization traditionally ran six campaigns a year, but, in moving to a lower-cost model with Vision Critical, the company increased its survey projects to 50 a year.
- › Another organization increased its survey project output by 4x, according to one market researcher, who noted that with the Vision Critical investment, “We spend less time and do more with the same budget.” This European company spent approximately between \$40,000 and \$46,000 on traditional survey projects, and its market research team estimated that running surveys to its insight community only cost, on average, \$5,000 per survey. Another interviewed company estimated that it saved between \$20,000 and \$25,000 in agency fees per survey by running surveys on Vision Critical instead.

For the composite organization, Forrester assumes that:

- › Lower market research costs are quantified in terms of cost avoidance savings of traditional survey panels, survey tech vendors, and other market research methodologies.
- › Insight community members on the Vision Critical platform were surveyed 30 times in the first year. This number increased to an average of 60 surveys annually in subsequent years.
- › To be conservative, the cost of a survey, when executed through agencies and traditional market research methods, would on average be approximately \$25,000 per survey project.

Forrester also considered several impact risks that could potentially reduce anticipated cost avoidance savings on traditional research methodologies:

- › Variability in an organization’s pre-Vision Critical environment and the costs charged by agencies.
- › Variability in size and scope of surveys conducted pre-Vision Critical.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$2,896,037.



7x ROI
on lower market
research costs
alone

Direct Cost Avoidance Of Traditional Survey Panels: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of surveys		30	60	60
C2	Cost per survey		\$25,000	\$25,000	\$25,000
Ct	Direct cost avoidance of traditional survey and other market research methodologies	$C1 \times C2$	\$750,000	\$1,500,000	\$1,500,000
	Risk adjustment	↓5%			
Ctr	Direct cost avoidance of traditional survey and other market research methodologies (risk-adjusted)		\$712,500	\$1,425,000	\$1,425,000

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Vision Critical and later realize additional uses and business opportunities, including:

- › Organizations can also take advantage of Vision Critical's open platform to integrate with other applications and access the benefits of this innovation. In this way, the Vision Critical platform can be used with other third-party tools for data collection, customer segmentation, customer sampling, and deployment. As the industry innovates, customers on the Vision Critical platform have the flexibility to tap into this innovation and use Vision Critical in partnership with other solutions for user experience testing, online focus groups, qualitative research, and quantitative research, among others.
- › Value will be gained as Vision Critical continues to expand its AI and machine learning capabilities. Customers can expect Sparq to automatically identify granular, dynamic customer segments and personas so brands can tailor customer journeys and engagement programs at scale.
- › Additional benefits around increased customer engagement and improved customer experience may be seen by organizations when they implement Vision Critical's new Member Hubs. Member Hubs are a social community space that supports simple content sharing, facilitate two-way dialogue and nurture ongoing customer relationships. This will make it easier for organizations to share information with their community members and vice versa and potentially resulting in increased customer lifetime value.
- › Additional market research cost avoidance savings and business value benefit from improved customer insight may be achieved as large organizations use multiple insight communities to support a variety of different business units and objectives.
- › One healthcare nonprofit planned to use Vision Critical for an insight community for its employees to get a 360-degree view of patient and employee experiences in its organization. As the director for customer insights noted: "We want to get our employees' point of view on different initiatives. We want to know how to position these initiatives to get their buy-in. They are the ones interacting with the patients, so it's important." The organization expects this future use case for Vision Critical to ultimately contribute to increased customer satisfaction.

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

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

"Sparq 3 will really help us be more agile — way more agile in our data flow since we'll be able to plug it in. Once we connect our CRM controller to Sparq 3, we'll be able to, on one click, launch a fixed survey. Sparq 3 is really exciting and will help us in competitive innovation."

Global market researcher, sports and equipment manufacturer



Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	Vision Critical fees	\$0	\$210,000	\$210,000	\$210,000	\$630,000	\$522,239
Etr	Implementation cost	\$15,520	\$0	\$0	\$0	\$15,520	\$15,520
Ftr	Administrative costs	\$0	\$85,680	\$85,680	\$85,680	\$257,040	\$213,073
	Total costs (risk-adjusted)	\$15,520	\$295,680	\$295,680	\$295,680	\$902,560	\$750,832

Vision Critical Fees Over Three Years

Vision Critical fees are based on several factors, including the number of insight communities deployed, as well as number of community members. The composite organization runs one insight community on the Vision Critical platform with a membership base that grows from 10,000 in year 1 to 20,000 by year 3. Total fees for the Vision Critical customer for the composite organization are \$200,000 per year. As fees are variable, readers of this study should consult with Vision Critical for pricing specific to their organizations when conducting their own analyses.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$522,239.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of \$750,848.

Vision Critical Fees: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Annual fees		\$200,000	\$200,000	\$200,000
Dt	Vision Critical fees	D1	\$200,000	\$200,000	\$200,000
	Risk adjustment	↑5%			
Dtr	Vision Critical fees (risk-adjusted)		\$210,000	\$210,000	\$210,000

Implementation Costs

Organizations reported that the initial setup and recruitment of the insight community ranged from one and a half months in some cases to four months at the most. Actual set-up of the Vision Critical Sparq3 platform can range from one to two weeks. The length of this total project implementation time was dependent on the ability of each organization to quickly recruit insight community membership and start survey activity. For faster time-to-value, Vision Critical typically recommends driving faster customer recruitment, and fielding survey activity while waiting for the initial recruitment target to be complete.

Implementation costs were modeled using the following:

- › The composite organization had three market research resources spend one-third of their time on the deployment of Vision Critical and the startup of its insight community. The average fully loaded annual compensation for these resources was \$81,600 or approximately \$39.23 per hour.



Two months
Total time for setup,
deployment and insight
community recruitment

- › Total implementation time, including building initial pool of insight community members, took two months. This consists of the two-week period to set-up the Vision Critical Sparq 3 platform and the six weeks that the composite organization spent on recruitment for the initial target size of the insight community.

The following factors may affect the actual implementation cost and timeline experienced by other organizations:

- › The required size of insight communities may vary according to requirements of each organization. Additional insight communities will require additional, albeit incremental, setup time.
- › Number of market research resources and their fully loaded compensation.
- › Organizations with more complex user agreements with their customers may need longer times for legal vetting of insight community membership agreements.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$15,520.

Implementation Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Number of people		3			
E2	Hourly fully loaded rate per person	\$81,600/ 2,080 hours	\$39.23			
E3	Hours	172 hours* 2 months*1/3	114.7			
Et	Implementation costs	E1*E2*E3	\$13,495	\$0	\$0	\$0
	Risk adjustment	↑15%				
Etr	Implementation costs (risk-adjusted)		\$15,520	\$0	\$0	\$0

**Note that E2 and E3 have been rounded in the table.*

Administrative Costs

To ensure successful ongoing relationships with insight community members, Vision Critical customers need to allocate resources to ongoing management of the insight community. Actively engaging insight community members is critical to the program's realization of benefits, particularly around increasing sales.

Market research organizations with mature consumer and market intelligence practices typically can reallocate existing resources to ongoing administration of the insight community and the Vision Critical platform. Organizations that did not have a deep bench on their consumer insights team and had previously relied on agencies might need to expand their internal team. One interviewed organization estimated that management of the Vision Critical platform and insight community took 80% of one consumer insights analyst's time and 20% of another analyst resource's time. The composite organization was modeled with the following parameters:



% time = 1 FTE
Management of
insight community
and Vision Critical

- › Ongoing management and administration of the insight community and Vision Critical platform required the equivalent of one FTE, with a fully loaded compensation of \$81,600 per year.

The following risks may affect ongoing administrative costs:

- › Number of members and insight communities deployed in an organization.
- › The number of surveys sent out to the insight community every year.
- › The fully loaded compensation of a market researcher.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$213,073

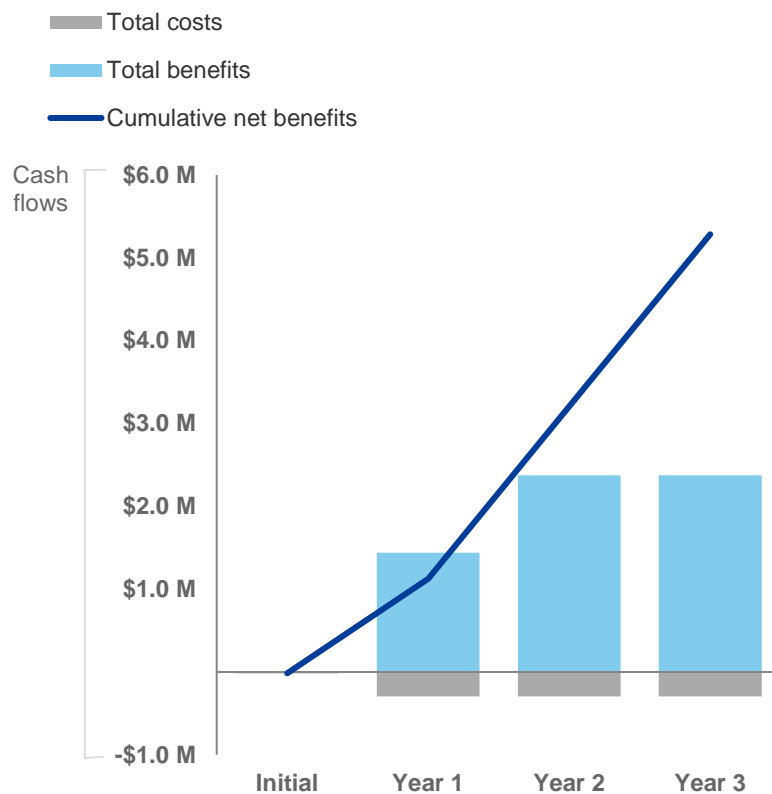
Administrative Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Number of market research FTEs			1	1	1
F2	Annual fully loaded rate per market research FTE			\$81,600	\$81,600	\$81,600
Ft	Administrative costs	F1*F2	\$0	\$81,600	\$81,600	\$81,600
	Risk adjustment	↑5%				
Ftr	Administrative costs (risk-adjusted)		\$0	\$85,680	\$85,680	\$85,680

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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



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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$15,520)	(\$295,680)	(\$295,680)	(\$295,680)	(\$902,560)	(\$750,832)
Total benefits	\$0	\$1,463,850	\$2,402,963	\$2,477,701	\$6,344,515	\$5,178,226
Net benefits	(\$15,520)	\$1,168,170	\$2,107,283	\$2,182,021	\$5,441,955	\$4,427,394
ROI						590%
Payback period						almost immediate

Vision Critical: Overview

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

Sparq 3 from Vision Critical is the only customer intelligence platform that makes it easier for companies to gather and share agile insight while providing a research experience that helps create and strengthen customer relationships and grow customer lifetime value.

Sparq helps companies engage customers in authentic two-way conversations that create customer relationships at scale. Enhanced customer relationships help insight teams uncover richer insight and deeper intelligence in less time with less effort and higher ROI compared to traditional methods.

Sparq captures this intelligence and uses it to create Relationship Memory™ – a unified, persistent profile of customers that helps break down data silos. The open platform allows companies to combine attitudinal data with their most important transactional data – which is traditionally static, isolated and lacking context – to create an unparalleled understanding of each customer.

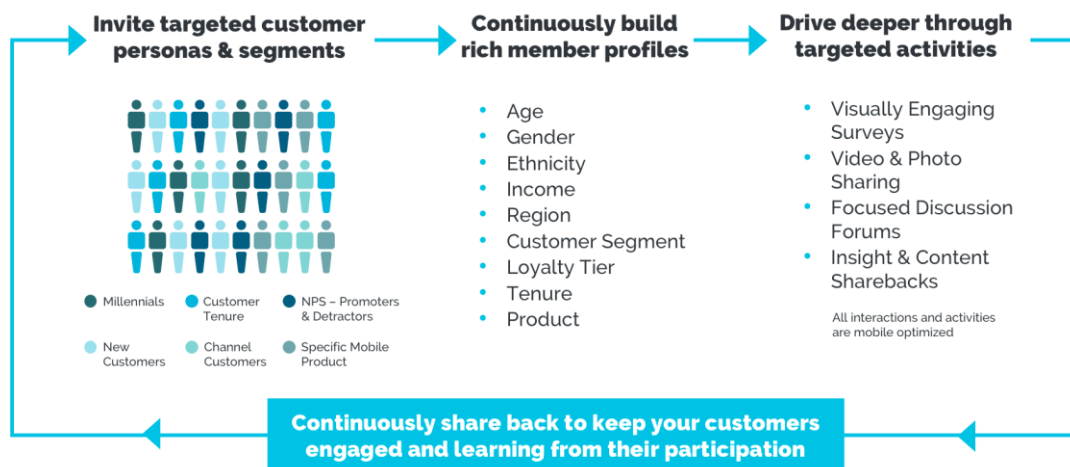
Sparq's proprietary machine learning suite analyzes these profiles to find patterns, create dynamic personas and unlock powerful insight. Artificial intelligence capabilities also continually optimize how brands engage and gather insight from their customers.

Sparq helps companies accelerate the transformation to becoming truly customer-centric companies by making it easy to share intelligence across the enterprise. The entire company and its systems share a single view of the customer to make more customer-centric decisions by accessing the intelligence through secure integrations and collaborative destinations called Stakeholder Hubs.

Key Features Of Vision Critical's Customer Relationship Intelligence Platform

- › Agile insight in a matter of hours
- › Unlimited qualitative and quantitative activities
- › Gather data using any survey and discussion tool
- › Real-time access and reporting
- › Content hubs that make sharing insight and engaging customers and stakeholders at scale easier than ever
- › Relationship Memory™
- › Proprietary, artificial intelligence capabilities
- › Enterprise-grade security and privacy tools that help manage sensitive data and protect members' privacy

How It Works



Appendix A: Total Economic Impact

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

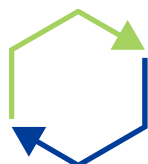
Total Economic Impact Approach



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



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



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



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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Supplemental Material

Related Forrester Research

“Anchor Your CX Strategy In Customer Understanding,” Forrester Research, Inc., November 24, 2015.

¹ Source: “Drive Business Growth With Great Customer Experience, 2017,” Forrester Research, Inc., October 12, 2017.