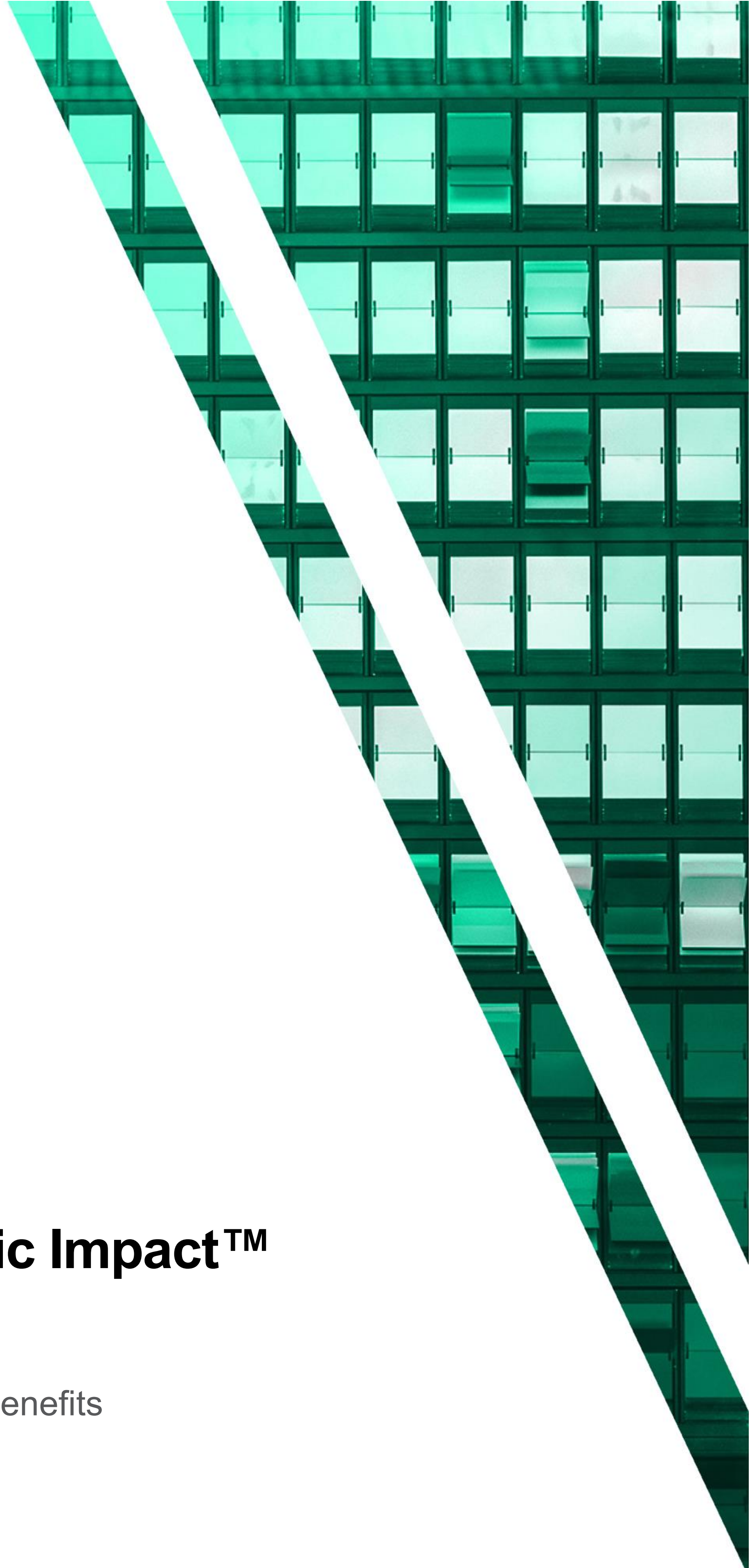
FORRESTER®



The Total Economic Impact™ Of Demandbase

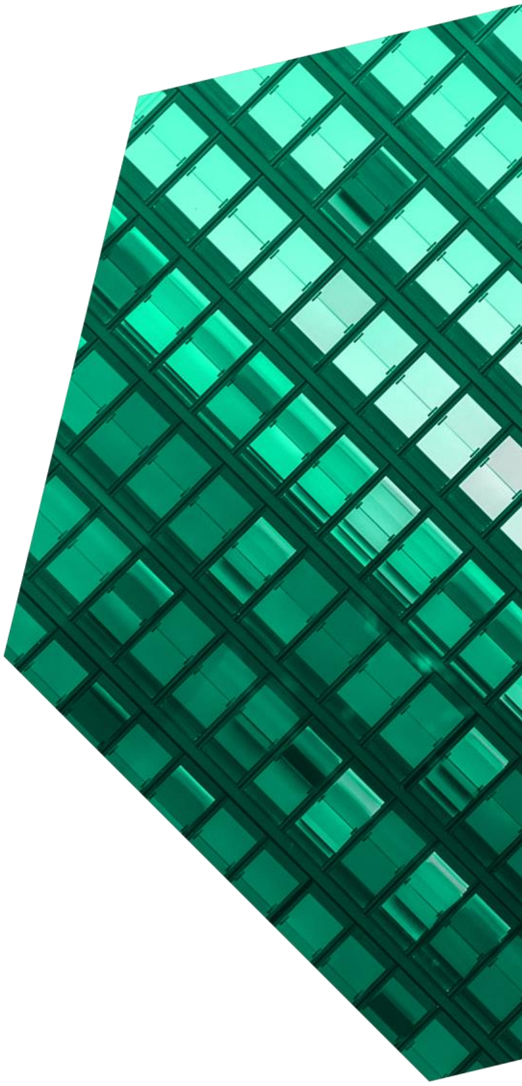
Cost Savings And Business Benefits Enabled By Demandbase

APRIL 2022

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY DEMANDBASE

Table Of Contents

Consulting Team: Amy Harrison
Sam Sexton



Executive Summary

Account-based marketing (ABM) is rooted in the premise that not all accounts are equal, which means that accounts need to be prioritized. Account-based marketers should target accounts that are a high priority for sales leadership and augment this list based on their own due diligence.[1] Marketing organizations risk irrelevance when their work doesn't matter to sales or customers. When organizations identify which accounts growth is most likely to come from, they can begin to support their growth goals.[2]

Demandbase's stated mission is to transform the way B2B sales and marketing teams go to market (GTM). The firm is a Leader in Forrester's latest Wave report on ABM platforms.[3] The Demandbase One go-to-market platform unites sales and marketing teams around rich, reliable account intelligence — activated wherever companies interact with customers: in advertising, account-based experience (ABX), sales, and systems — so they can spot opportunities earlier, engage more intelligently, and close deals faster.

Demandbase commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Demandbase.[4] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Demandbase on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Demandbase. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization.

Prior to using Demandbase, these interviewees noted how their organizations experienced varying states of account-based marketing maturity. Some experienced strained relationships with their sales colleagues because of misaligned goals or

KEY STATISTICS

Return on investment (ROI)
367%

Net present value (NPV)
$1.94M

"Demandbase greatly impacted our ability to create metrics. Without a tool like Demandbase One, we wouldn't be able to map to MQAs [marketing-qualified accounts]. How could we map contacts engaged by marketing or track their engagement minutes? We wouldn't be able to know exactly where in the buyer journey stage with actual data the account is. We wouldn't be able to have a proper definition of what ABM influenced nationally."

ABM specialist, software

techniques. Old-school approaches to demand generation focused on lead development based on job titles, skills, or company size, which might result in a name but was lacking intent. Salespeople were left dissatisfied by leads that didn't convert to opportunities or closed deals.

ABM teams worked to develop healthy relationships with sales, and multiple interviewees expressed how they created aligned goals for the coming fiscal year. After the investment in Demandbase, the interviewees experienced growth in account engagement, lead conversions, and increased revenue. The marketing operations manager at a software organization described how budgets shifted to reflect their company's big bet on ABM: "We are investing a lot in marketing, and the proportion of the pie going to ABM is growing. We started at 5%; now it's almost 100% going through ABM, so it's a drastic change."

KEY FINDINGS

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

- **Increased profit worth $968,000 over three years.** By running successful ABM pilot programs, interviewees saw tangible improvements that paved the way for fully funded ABM efforts. Results included increased engagement in up to 50% of early-stage opportunities — or nearly doubling the number of accounts in the marketing qualified account (MQA) stage. An ABM specialist at a software organization reduced the cost of their new initial meeting by 75%, while the demand generation manager proudly reported a 2% higher conversion rate from lead to opportunity. These improvements ultimately led to an increase in won deals.
- **Marketing productivity gains of $141,000.** Early account-based marketing efforts were manual, requiring many hours spent gathering and analyzing data to build account lists. By leveraging Demandbase's account intelligence functions, ABM teams saved days determining which accounts were most likely to buy and what content would generate the most interest. ABM teams increased their productivity and improved KPIs, such as a 3% improvement in the close rate for marketing sourced leads. The marketing operations manager at a software organization reflected that the ultimate measure for the success of an ABM program is increased revenue: "By actually bringing value in revenue to the company, it allows us to make sure we're investing in the right activities. Demandbase gives us a reflection of what moved the needle to go through the customer lifecycle."
- **Sales productivity gains of $1.2 million.** Sales teams lacked a centralized toolset that allowed them to view historical account activity often used to build comprehensive account plans. Because of this, as well as the sheer number of accounts that reps were responsible for, sales leadership didn't force them to create account plans. After implementing Demandbase, sales and marketing worked together to pursue a targeted account-based strategy. Sales leadership drove the effort for teams to develop account plans. In turn, marketing focused on driving adoption of Demandbase by working with sales enablement to train their reps and sales development specialists (SDRs). SDRs saw immediate improvements in their metrics, doubling their productivity. The ABM specialist said that in six months, her team opened 22 new opportunities.
- **Avoided cost of third-party tools totaling $129,000.** By choosing Demandbase as their ABM platform, interviewees could eliminate or decrease their spending with third-party vendors. Most found that Demandbase had more than 80% of the capabilities they needed, and they only contracted with outside vendors to supplement specific business needs.

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

- **Improved sales and marketing relationship.** Interviewees noted that Demandbase drove sales and marketing alignment. ABM teams found success when leading reps adopted Demandbase and evangelized it to their sales colleagues. The ABM specialist reported a 90% adoption rate of account executives (AEs) and SDRs using the tool. The demand generation manager was invited to all the regional sales kickoffs for the first time, which she attributed to the positivity around the account-based marketing program.
- **Improved marketing team morale.** Seeing ABM efforts bear fruit was energizing for the marketing teams. A demand generation manager at a software organization said: "The marketing team can see what's working now. It's good for morale knowing that the campaign they run influences and impacts revenue."
- **Improved ROI on agency relationships.** An ABM specialist at a software organization noted that by taking ownership of audience creation, they were able to create targeted campaigns aligned to their target audiences. Because of this, they ran more campaigns with their agency and saw a better return from their paid ads.

Costs. Risk-adjusted PV costs include:

- **Fees paid to Demandbase of $528,000.** Costs paid to Demandbase comprised a baseline software-as-a-service (SaaS) license fee, annual advertising fees paid both to Demandbase and third parties, and a one-time professional services fee for installation. In addition, the composite pays ongoing fees for premium support.
- **Total implementation and maintenance costs of $483,000.** The interviewed decision-makers explained that Demandbase required a brief pre-implementation planning phase, necessitating a few FTEs to take time from other work to participate. One FTE dedicated a few days per

"Demandbase has opened the sales team's eyes to say, 'Wow, marketing supports us.' We've gone from a cost center to a revenue center. We've shown sales the campaigns we ran and how they contributed to the sales process. It's changed everything."

— Demand generation manager, software

month to maintain the solution on an ongoing basis.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $2.47 million over three years versus costs of $528,000, adding up to a net present value (NPV) of $1.94 million and an ROI of 367%.

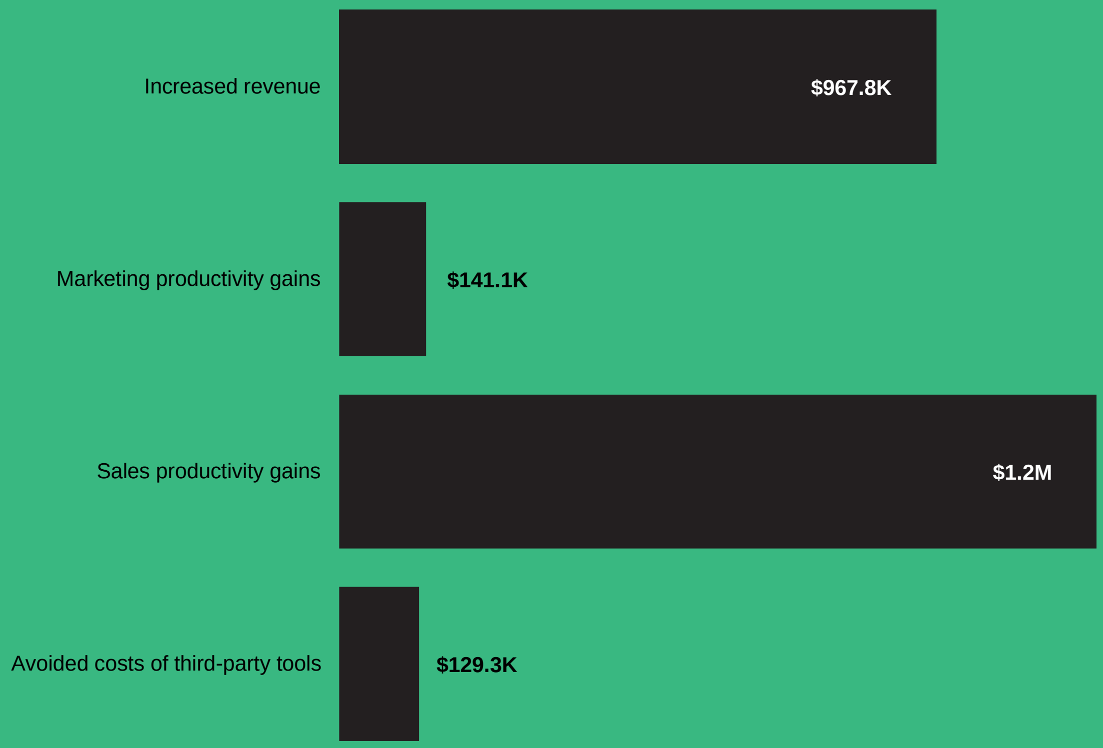
ROI
367%

BENEFITS PV
$2.47M

NPV
$1.94M

PAYBACK
<6 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

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

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 Demandbase can have on an organization.

DUE DILIGENCE

Interviewed Demandbase stakeholders and Forrester analysts to gather data relative to Demandbase.

DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Demandbase to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.

FINANCIAL MODEL FRAMEWORK

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

CASE STUDY

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Demandbase 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 Demandbase.

Demandbase 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.

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

The Demandbase Customer Journey

Drivers leading to the Demandbase investment

Interviewed Decision-Makers

Interviewee	Industry	Region	Total Employees
ABM specialist	Software	Global	500
Demand generation manager	Software	Global	500
VP of marketing analytics	Financial services	Global	3,000
Marketing operations manager	Software	Global	950

KEY CHALLENGES

Forrester interviewed four representatives from organizations with experience using Demandbase. Interviewees experienced varying states of account-based marketing maturity, ranging from companies that had no account-based marketing program to more mature companies that ran a pilot program by manually creating target account lists. Others chose to rely entirely on their agency partners.

Along with these issues, the interviewees noted how their organizations struggled with common challenges before implementing Demandbase, including:

- **Strained relationship between marketing and sales.** The demand generation manager at a software organization said she saw an opportunity to improve the sales and marketing relationship: “When I got here, sales and marketing did not talk to each other, to the point that marketing wasn’t even sending over leads to the inside sales team. It was a very strained relationship.”

- **Unaligned goals.** Another interviewee described how their organization previously worked in a siloed manner. Since implementing Demandbase, they are beginning to figure out how to align the goals of disparate groups to work toward a common goal. The ABM specialist at a software organization said: “This year, we left our metrics as we had currently set [them] up. We had to escalate to the CMO to talk to the chief sales officer to make sure they understood our end goal. ABM will not work if sales and marketing are not aligned, even from the very top.”

- **Disparate account intelligence and intent data.** The ABM specialist at a software organization cited sales account intelligence and unified intent data as the most significant reasons to explore Demandbase. They noted, “We had visibility into Facebook and Instagram through the agency, but we wanted to home in on account intelligence because it was one thing that we saw sales didn’t have.”

- **“Old school” demand gen.** The marketing operations manager for a software organization described how his team previously generated leads for sales: “Our lead generation approach was old school. For instance, we would get leads from LinkedIn, then we would use them to build audiences using skills, job titles, company size, territories — which is good, but that’s not ABM. To generate leads from an ABM perspective, you first identify the accounts to work on, then generate leads from these accounts. Now, we are working from an account perspective, not a general audience perspective."

"We put together a targeted list of accounts for the first ABM test we ran. Twenty-five percent of the accounts showed a lift in engagement in the current 30 days versus the previous 30 days. In addition, 31 of those accounts were net-new to the website, where they clicked through, which was great.

"We reached 58% of the accounts with ads, just in the US. If we expanded our target worldwide, we probably would've gotten much more. It was an exciting pilot."

VP of marketing analytics, financial services

- **An absence of sales account plans.** Sales leaders said their reps had too many accounts to build an account plan for each. Marketing had access to account intelligence via their agency, but they wanted sales to have the tools to understand which accounts to prospect and whom to target. The ABM specialist explained: "Sales reps didn't hold their teams accountable for creating account plans because there were too many. Demandbase allows them to build their own account list or upload a custom list. Now, sales can review the latest activity for their account. Marketing can automatically send sales reps weekly reports, which they use as a jumping-off point for their prospecting efforts that week. That was the biggest selling point for us."

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Provide them with a value proposition for both marketers and direct salespeople.
- Provide account intelligence and intent data.
- Integrate with existing CRM systems.
- Improve the sales/marketing relationship.
- Integrate with their web traffic analytics solutions.
- Provide account identification.
- Most importantly, allow marketing and sales teams to drive revenue.

COMPOSITE ORGANIZATION

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

Description of composite. The global, $200 million business-to-business software organization provides sales, customer support, and service support for its international customers. The composite organization has experienced rapid growth and has only tried account-based marketing with one large account but lacks a wholesale ABM strategy. Sales is king at the composite organization, resulting in a strained relationship with marketing. As such, marketing consistently struggles to prove its value.

Deployment characteristics. The composite organization has a total of 650 employees. The sales organization is 200 people strong, while marketing employs 20 people.

The composite ran a small pilot program before deploying Demandbase on a larger scale. After seeing early success, the marketing team rolled out Demandbase to the entire sales team, holding weekly training sessions to speed adoption. In addition, the marketing team attends weekly sales meetings and the monthly sales call to evangelize the Demandbase capabilities.

Key assumptions

- **$200M in revenue**
- **Software industry**
- **650 employees**
- **200 salespeople**
- **20 marketers**

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	Increased profit	$187,747	$401,779	$619,061	$1,208,587	$967,838
Btr	Marketing productivity gains	$64,282	$52,378	$52,378	$169,037	$141,077
Ctr	Sales productivity gains	$493,477	$493,477	$493,477	$1,480,431	$1,227,204
Dtr	Avoided costs of third-party tools	$52,000	$52,000	$52,000	$156,000	$129,316
	Total benefits (risk-adjusted)	$797,506	$999,634	$1,216,916	$3,014,055	$2,465,435

INCREASED PROFIT

Evidence and data. Forrester research finds that many companies start their ABM programs with a pilot program. By testing the chosen ABM strategy — large-account, named-account, or industry ABM — on a small scale, the ABM team can improve its understanding of the competencies, infrastructure and alignment required before rolling out the program to a broader set of accounts.[5]

Interviewees ran successful pilots and saw tangible results from their programs. ABM marketers were able to identify and target the right accounts and the right buying groups within those accounts, which resulted in increased account engagement, awareness, and ultimately, conversions. Interviewees experienced:

- **Increased target account engagement.** The marketing operations manager at a software company described how engaging with an account earlier in the buying journey impacted their ability to increase account engagement. He said: **"**Engagement starts slowly, and you see a peak of activity leading to an opportunity moving to [sales stage] closed-won. The activity starts with browsing, exploring new content, bringing in sales, intro calls, discovery meetings, and closing the deal. We've seen increased engagement in 20% to 50% of early-stage opportunities, depending on the target account. Before, we didn't know which accounts were browsing or searching keywords about our business. But now, Demandbase gives us a significant advantage to impact the result. We have more room to influence and drive them toward [our company]."

- **Reduced cost of new initial meetings by 75%.** One important metric used by the ABM specialist is the cost of booking new initial meetings (NIMs). She described how they reduced the cost of a NIM, attributing 30% of the credit for the reduction to Demandbase. "Our cost per NIM is going down continuously because we're able to book more meetings through the many ABM tactics that we have going on. At the beginning of the year, our cost per NIM was almost $12,000, and now, we're all the way down to $3,000." In addition, she reported that her cost per NIM uncovered by webinars went from $29,000 to $5,000.

- **Improved marketing-qualified accounts.** Aside from metrics such as number of emails and site visits, the demand generation manager at a software firm said that her team has a revenue, pipeline, influence, and account penetration goal. She explained: “We are trying to achieve 75% marketing influence on every opportunity, and then from our target accounts list, our goal is to be engaged with at least 50% of those. We have 285,000 contacts, and we would need the biggest team in the world to be able to engage all of those.” She reported that her early results have seen improvements in the movement of contacts through the marketing stages. “We’ve seen movement from people being unengaged to engaged. We have over 2,500 accounts; it’s moved from 1% to 1.5%, and we’re getting faster there. We’ve seen more movement from people being active and prioritized. From prioritized to open opportunity, the metric has gone from 70% to almost 90%.” Finally, she reported a 2% higher conversion rate from lead to opportunity.

“We have increased the total number of accounts in the MQA stage. We’re able to accurately see in Demandbase One where our accounts are in the different buyer journey stages. We create campaigns for specific stages, with the goal of pushing them down the funnel. In May, the national team had 183 accounts in the MQA stage, and we closed in November at 336.”

ABM specialist, software

“The webinars team previously invited attendees by targeted job title, but there was a better way. We pulled a list of companies [that] researched keywords related to the webinar content and targeted accounts higher in the buyer journey funnel. As soon as we started implementing that strategy, we tripled the invitations. Previously, only 28% of attendees were from named accounts, but our most recent webinar had 92%. It is huge.”

ABM specialist, software

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Over the course of a 12-month period, the composite organization’s account-based marketing team drove 4,346 clicks on targeted ads.
- Five percent of those who clicked on targeted ads ultimately converted to an opportunity.
- The close rate for marketing-sourced leads improved from 16% to 19% the first year using Demandbase. In Years 2 and 3, the improvement grew to 21% and 22%, respectively.
- The composite organization’s average deal size is $150,000, which also grew in Years 2 and 3.
- The account-based marketing team at the composite drove an incremental $978,000 in

revenue and an increased profit of $235,000 in Year 1, increasing to $3.2 million in incremental revenue and $774,000 in increased profit by Year 3.

"Now that we have Demandbase, we're able see what programs have worked [at] driving pipeline and revenue. Product marketers can better plan which campaigns to run, and it's helped our campaign managers choose the right messaging for their target market. We can prove we're not going on hunches anymore."

ABM specialist, software

Risks. The increased revenue will vary by:

- The size and scope of the marketing campaigns delivered by the ABM team.
- The average deal size of the organization.
- The close rates and average sales cycle for each organization.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly $968,000.

Increased Profit

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Accounts that clicked on targeted ads over a 12-month timeline	Interviews	4,346	5,215	6,258
A2	Conversion rate from clicked to opportunity	Assumption	5%	5%	5%
A3	Number of opportunities	A1*A2	217	261	313
A4	Close rate for marketing-sourced leads before Demandbase	Interviews	16%	16%	16%
A5	Close rate for marketing-sourced leads after Demandbase	Interviews	19%	21%	22%
A6	Average deal size	Assumption	$150,000	$160,500	$171,735
A7	Incremental revenue closed after Demandbase	(A3*A6)*(A5-A4)	$977,850	$2,092,599	$3,224,277
A8	Operating margin	NYU Stern School of Business	24%	24%	24%
At	Increased profit	A7*A8	$234,684	$502,224	$773,826
	Risk adjustment	↓20%			
Atr	Increased revenue (risk-adjusted)		$187,747	$401,779	$619,061
	Three-year total $1,208,587		**Three-year present value $967,838**		

MARKETING PRODUCTIVITY GAINS

The previous benefit focused on the incremental downstream revenue outputs derived from using Demandbase. This marketing productivity benefit focuses on the associated time savings marketers achieve using Demandbase.

Evidence and data. Before using Demandbase, many of the account-based marketing efforts previously attempted by organizations were manual efforts requiring many hours spent gathering and analyzing data to build account lists. Describing his previous process to construct a target account list, the VP of marketing analytics at a financial services organization explained, "It was a manual process of reaching out to each of the business [units] we support and talking to their experts about who and what is hot in the field."

The VP described how his team used Demandbase to develop targeted campaign content. He said: "Demandbase brings us what's relevant and hot right now. It's a big timesaver, and it's data-based. Previously, [the team] would spend many hours researching, reading, and slogging through website trends data. By the time you set up all those meetings and do your legwork, we saved at least a day a month of research, and it's something that you've got to keep up on because topics change."

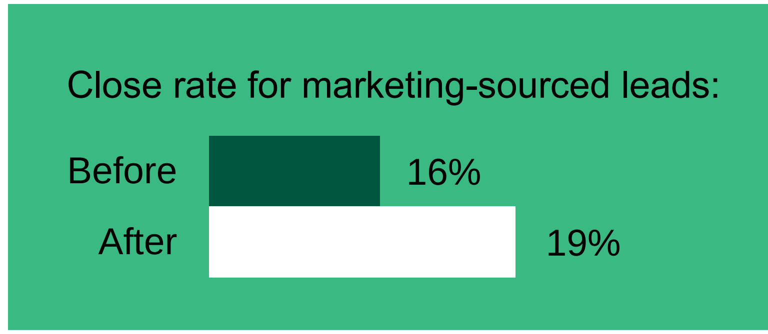
The VP also described efficiencies his team gained as they reported the reach, effectiveness, and quality of audience for the marketing channels utilized: "No matter what we're doing in marketing on the website, whether it's a new paid social, organic social, paid search, or content hub activity, [with] the ability to quickly slice by those companies and do the firmographic slicing, the reports give a great quality of audience measurement. Having that data integrated into your clickstream or data lake allows us to quickly answer the question, 'How good is this ad?' That time savings is the gift that keeps on giving. Some executives used to joke that we were flying blind regarding our media spend analytics and who was visiting the website. Demandbase handled the ‘who's visiting’ well."

The VP described the tradeoff between developing his own client engagement model versus importing data feeds into Demandbase and using its engagement scoring model. He explained: "We could load all our data in Demandbase because they have engagement minutes and they do engagement scoring. My team's life would be easier if we ran it all out of Demandbase and ported the data there. If I were starting without having built a model already, I would have used Demandbase and saved on infrastructure and the person-hours to build and maintain that model. We work in SQL and Python, but by working in Demandbase, you get the same result — but instead of a technical person needing to write code, a businessperson builds a rule with more of a point-and-click. The initial build saves three months, and then we would save two days a month maintaining the tool."

> **“We went after 600 accounts, and a lot of them had never heard of us. They actually brought 260 accounts to the website for the first time ever, which was huge for us for brand awareness. [We saw] increased awareness in new and expanding markets. We have had over 1,000 accounts visit our website for the first time through our ads alone.”**
>
> *Demand generation manager, software*

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The composite organization has five marketing professionals who save 8 hours per month building and maintaining target account lists for their assigned sales teams.
- The five marketing professionals save 24 hours a month building out reports for sales and executives and answering ad hoc questions.
- The composite chooses to utilize the Demandbase engagement scoring model versus building its own client engagement model. This saves 480 hours (three months) of time to build the tool plus an additional 16 hours per month for ongoing maintenance.
- Given a fully burdened salary of $62 per hour, the composite saves more than $160,000 in the first year.



- Marketers apply 50% of the time saved to additional work.

Risks. The marketing productivity gains will vary by:

- The size and scope of the organization leveraging Demandbase.
- The decision to leverage Demandbase for the client engagement model.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $141,000.

Marketing Productivity Gains

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Hours saved building target account lists	Composite	96	96	96
B2	Hours saved in monthly reporting	Composite	288	288	288
B3	Number of marketing professionals who worked on each task	Assumption	5	5	5
B4	Subtotal of hours saved building target account lists and monthly reporting	B1+B2*B3	1,920	1,920	1,920
B5	Hours saved building and maintaining a client engagement model	Composite	672	192	192
B6	Average fully burdened hourly salary of marketing manager	TEI standard	$62	$62	$62
B7	Productivity gains due to hours saved building target account lists	(B4+B5)*B6	$160,704	$130,944	$130,944
B8	Productivity recapture	Assumption	50%	50%	50%
Bt	Marketing productivity gains	B7*B8	$80,352	$65,472	$65,472
	Risk adjustment	↓20%			
Btr	Marketing productivity gains (risk-adjusted)		$64,282	$52,378	$52,378
	Three-year total: $169,037		**Three-year present value: $141,077**		

SALES PRODUCTIVITY GAINS

Evidence and data. The adoption of Demandbase was the catalyst to create aligned goals between sales and marketing and for sales to develop target account plans. The ABM specialist from a software company described that sales leaders didn't require teams to build account plans because they had too many companies in their territories. In addition, sales lacked a centralized toolset that allowed them a good view of historical account activity.

> **"It's to the point now, if we give an SDR somebody that has made it all the way to [the] prioritize [stage], 90% of the time they are converting that as an opportunity. Being able to deliver give better-quality leads that sales can convert has been huge for them."**
>
> *Demand generation manager, software*

Sales leadership agreed to pursue a targeted account-based strategy and required sales teams to create targeted plans. In turn, marketing focused on driving adoption of Demandbase by working with sales enablement to train their reps and SDRs. SDRs were previously goaled on booking a certain number of meetings. However, the account-based approach emphasized the importance of booking meetings with the right people at the correct accounts. Today, SDRs open Demandbase One and start their prospecting by going to the weekly target accounts and corresponding contacts.

SDRs are measured solely by the number of new initial meetings booked, completed new initial meetings, and successful new initial meetings. The ABM specialist reported that the SDR team saw immediate improvements in their metrics, including the number of answered calls, email responses, and meetings booked with a successful outcome. She said: "Six months after launching the ABM strategy, we created data dashboards where we would go through all the insights in Demandbase One, and we would suggest who to prioritize [and] the message they should be pushing through an outreach sequence. We saw SDRs double their productivity, which was great." She continued, "In the first half of the year, we were able to open up 22 new opportunities in the accounts I look after."

> **"The president of this division, who is the head of sales, sent out an email to the entire salesforce. He said, 'If I would've had this when I was a salesperson, I'd have made quota by June of every year. If you are not using this, you're wrong."**
>
> *Demand generation manager, software*

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The composite sales team previously spent mor than a full day per quarter reviewing, prioritizing, and updating their target account lists. They now spend less than an hour, saving them 32 hours a year.

- The composite's sales team previously spent one week creating account plans. They now only spend two days, saving 24 hours.
- The composite's sales team of 200 salespeople comprises sales representatives and sales development representatives.
- The average fully burdened hourly salary of a sales team member is $70 per hour.
- Sales teams apply 50% of the time saved to additional work.

Risks. Sales productivity gains will vary by:

- The size and composition of the sales team.
- Sales teams salaries.
- The amount of time marketing and sales spend on building out an account plan.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of more than $1.2 million.

Sales Productivity Gains

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Hours saved prioritizing target account lists	Composite	32	32	32
C2	Hours saved creating account plans	Composite	24	24	24
C3	Total number of salespeople	Assumption	200	200	200
C4	Average fully burdened hourly rate for a software salesperson	TEI standard	$70	$70	$70
C5	Productivity gains due to time saved prioritizing target accounts	C1*C3*C4	$448,615	$448,615	$448,615
C6	Productivity gains due to time saved creating account plans	C2*C3*C4	$336,462	$336,462	$336,462
C7	Productivity recapture	TEI standard	50%	50%	50%
Ct	Sales productivity gains	C5+C6*C7	$616,846	$616,846	$616,846
	Risk adjustment	↓20%			
Ctr	Sales productivity gains (risk-adjusted)		$493,477	$493,477	$493,477
	Three-year total: $1,480,431		**Three-year present value: $1,227,204**		

AVOIDED COSTS OF THIRD-PARTY TOOLS

Evidence and data. Interviewees discussed their thought processes behind choosing Demandbase. Generally, they reported evaluating vendors that provided account identification, buying-intent data, and business information. Through their evaluation processes, they determined which categories of products they needed to provide the solution they desired.

- The VP of marketing analytics at a financial services firm said that his team compared various products for account identification. He said: "[The competitor] is a good tool; it just scores differently. Demandbase is just as good if not better for account identification, and it does a lot more. Another nice thing — Demandbase is expanding and buying other tools. We'll get even more capability when we integrate our email and Salesforce."
- The demand generation manager at a software company asked sales leaders to investigate whether Demandbase's business information capabilities would address most of their business needs. She explained that if it's 80% of the information they need, it will enable them to reduce or drop the competitive contract.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The composite organization previously paid $25,000 annually for the solution they used for account identification and to collect intent data.
- The composite organization previously paid $60,000 annually for their business information database subscription. However, due to the overlapping capabilities in Demandbase, they were able to reduce their contract to $20,000 per year.

Risks. The avoided cost of third-party tools will vary by:

- Whether the organization was previously using intent data or account identification tools.
- The degree to which the organization requires specific industry-related business information.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of more than $129,000.

Avoided Costs Of Third-Party Tools

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Avoided cost of account identification and intent data solutions	Composite	$25,000	$25,000	$25,000
D2	Reduced cost of business database	Composite	$40,000	$40,000	$40,000
Dt	Avoided costs of third-party tools	D1+D2	$65,000	$65,000	$65,000
	Risk adjustment	↓20%			
Dtr	Avoided costs of third-party tools (risk-adjusted)		$52,000	$52,000	$52,000
	Three-year total: $156,000		**Three-year present value: $129,316**		

UNQUANTIFIED BENEFITS

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

- **Improved relationship between sales and marketing.** The ABM specialist at a software firm noted that Demandbase was a crucial tool driving sales and marketing alignment. She described a virtuous circle where early adopters of Demandbase helped evangelize the benefits of using the tool: "When we first rolled out Demandbase, the top sales reps were most eager to use it. In their quarterly business reviews, they would bring up that using Demandbase gave them an edge by knowing more about their accounts. We were able to get the A players on board, whom other AEs look up to, which helped us bring along the rest of the team. Now, 90% of our AEs and SDRs are using the tool."

- **Improved marketing team morale.** Marketing budgets look like an attractive target to slash in times of economic uncertainty, which can demoralize marketers.[6] Conversely, presenting the evidence that ABM efforts bear fruit is energizing for the marketing team. The demand generation manager at a software company said: "The marketing team can see what's working now. It's good for morale knowing that the campaign they run influences and impacts revenue. It has added a boost."

  Improved ROI on agency relationships. The ABM specialist at a software firm explained that while they are spending more with their agency, they see more return: "In the past, the agency created our audiences, and we didn't audit as much. The ROI was not there. Now that we own building the audiences, we've seen a better return from our paid ads, and we increased how much we're spending with the agency. Not because they're helping us more when it comes to creating the campaign but because we want to run more and more campaigns because Demandbase One allows us to improve our campaigns."

FLEXIBILITY

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

- **Website personalization.** The ABM specialist at a software organization noted: "We have only started personalizing our websites, mostly just the header and the hero image. With Demandbase One, you're able to personalize much further to share different assets that are relevant to specific industries and specific personas — so that's something we'll do more in the new year."

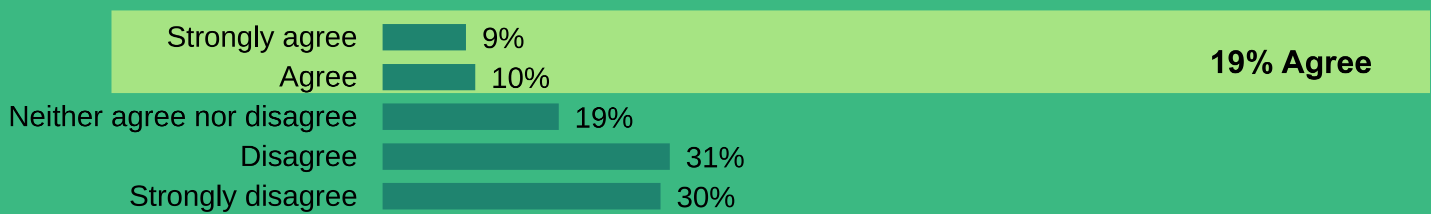
- **Future budget shifting to account-based marketing. The** VP of marketing analytics at a financial services company explained: "The more we use account-based marketing, we're going to shift more dollars from nontargeted channels. TV is great for awareness and halo effect, but you can't measure it. Even [with] display and native, we don't know the quality of that audience. After this year's campaigns, it'll be easy to shift money over to things we can measure better."

- **Demandbase becoming the marketing automation platform.** The demand generation manager at a software firm said: **"**One day I would like to see Demandbase handle our marketing automation, too. The minute they add email in, I'm done with [our current marketing automation platform]." In a survey of 67 technology professionals, 19% agreed they would consider replacing their marketing automation solution with an ABM platform in the next three years (see Figure 1).

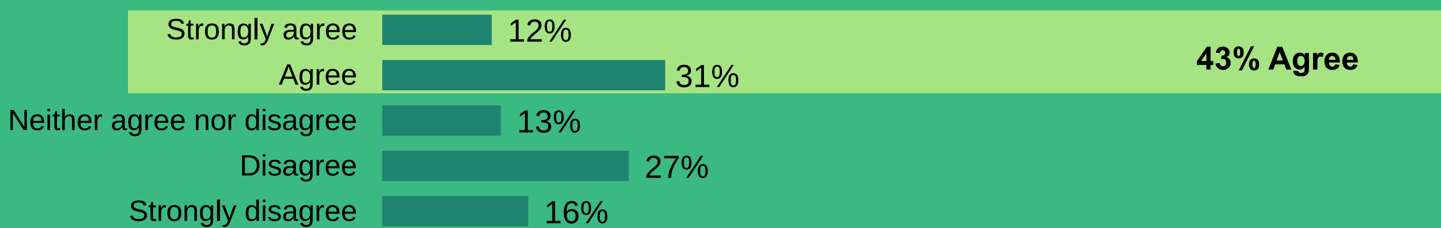
Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Figure 1

"I would consider using an ABM platform as the core marketing automation solution in my organization's martech stack and replacing our existing marketing automation platform ***in the next year***."



"I would consider using an ABM platform as the core marketing automation solution in my organization's martech stack and replacing our existing marketing automation platform ***within three years.***"



Base: 67 vendors, users, and technology experts
Source: Forrester's Q3 2020 Global B2B Marketing Tech Tide™ Survey

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	Fees paid to Demandbase	$5,760	$192,000	$192,000	$192,000	$581,760	$483,236
Ftr	Total implementation and maintenance costs	$8,928	$14,285	$14,285	$14,285	$51,782	$44,452
	Total costs (risk-adjusted)	$14,688	$206,285	$206,285	$206,285	$633,542	$527,688

FEES PAID TO DEMANDBASE

Evidence and data. Interviewees broke down the fees associated with the Demandbase investment into four categories:

- A baseline SaaS license fee to Demandbase.
- An annual advertising fee paid both to Demandbase and third parties.
- A one-time professional services fee for installation.
- Ongoing fees for premium support.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The SaaS fee is $48,000 annually.
- The premium support fee totals 25% of SaaS cost.
- The professional services are 10% of SaaS cost.
- Advertising fees total $100,000 per year.

Risks. Costs can vary between organizations based on the following:

- Whether organizations engage with Demandbase's premium support and professional services.
- The percentage of total SaaS fees and professional service fees.
- The total amount of fees to Demandbase.

"The Demandbase team is a pleasure to work with, and we're already seeing how Demandbase One has helped us a lot. But we know that there is so much more we could be using the tool for. That's why we use professional services hours to continue growing the value we get from Demandbase One."

ABM specialist, software

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $483,000.

Fees Paid To Demandbase						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Demandbase fees	Composite		$48,000	$48,000	$48,000
E2	Average advertising fees	Composite		$100,000	$100,000	$100,000
E3	Professional services install fees	Composite	$4,800			
E4	Ongoing premium support	Composite		$12,000	$12,000	$12,000
Et	Fees paid to Demandbase	E1+E2+E3+E4	$4,800	$160,000	$160,000	$160,000
	Risk adjustment	↑20%				
Etr	Fees paid to Demandbase (risk-adjusted)		$5,760	$192,000	$192,000	$192,000
	Three-year total: $581,760			**Three-year present value: $483,236**		

TOTAL IMPLEMENTATION AND MAINTENANCE COSTS

Evidence and data. Interviewees detailed their organizations' implementation and maintenance efforts to Forrester:

- The interviewed decision-makers explained that Demandbase required a brief pre-implementation planning phase, necessitating a few FTEs to take time from other work to participate.
- One FTE also had to spend a few days per month to maintain the solution.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Three FTEs spend one week on pre-implementation planning efforts.
- One FTE in the same category spends two days per month on maintenance.
- The fully burdened salary for an FTE performing implementation and ongoing maintenance is $62 per hour.

Risks. Costs can vary between organizations based on the following:

- Fully burdened salary of implementation and maintenance FTEs.
- Number of FTEs required for implementation and maintenance.
- Amount of time required for pre-implementation planning.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $44,000.

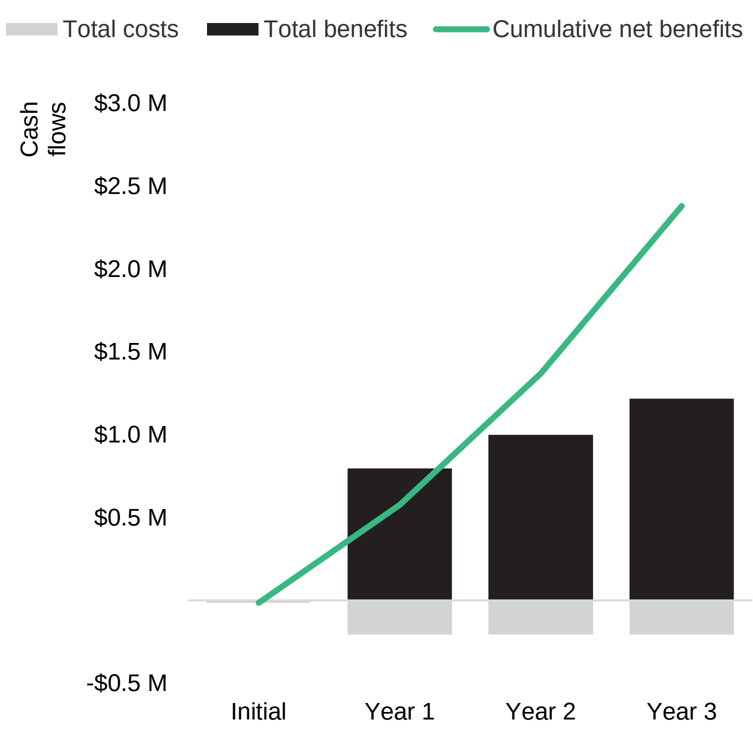
> **"It's a strong tool, and the best way to get value out of it is just to start using it. The more we use it, the more value we get out of it. We're all busy, but it has a lot to offer."**
>
> *VP of marketing analytics, financial services*

Total Implementation And Maintenance Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Pre-implementation planning efforts	Composite	120			
F2	Average fully burdened salary of marketing manager	TEI standard	$62	$62	$62	$62
F3	Employee implementation costs	F1*F2	$7,440			
F4	Ongoing maintenance costs	Interviews		$11,904	$11,904	$11,904
Ft	Total implementation and maintenance costs		$7,440	$11,904	$11,904	$11,904
	Risk adjustment	↑20%				
Ftr	Total implementation and maintenance costs (risk-adjusted)		$8,928	$14,285	$14,285	$14,285
	Three-year total: $51,782			**Three-year present value: $44,452**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($14,688)	($206,285)	($206,285)	($206,285)	($633,542)	($527,688)
Total benefits	$0	$797,506	$999,634	$1,216,916	$3,014,055	$2,465,435
Net benefits	($14,688)	$591,221	$793,349	$1,010,631	$2,380,512	$1,937,747
ROI						367%
Payback (months)						<6

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

[1] Source: "Prioritizing Accounts For A One-To-One Account-Based Marketing Approach," Forrester Research, Inc., January 8, 2020.

[2] Source: "Account-Based Marketing: Three Strategy Options," Forrester Research, Inc., January 1, 2018.

[3] Source: "The Forrester New Wave™: Account-Based Marketing Platforms, Q1 2022," Forrester Research, Inc., March 21st, 2022.

[4] 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.

[5] Source: "Evaluating The Success Of An Account-Based Marketing Pilot," Forrester Research, Inc., January 1, 2018.

[6] Source: "Cutting Marketing Resources Is A Bad Idea, Especially In A Recession," Forrester Research, Inc., June 26, 2020.


FORRESTER®