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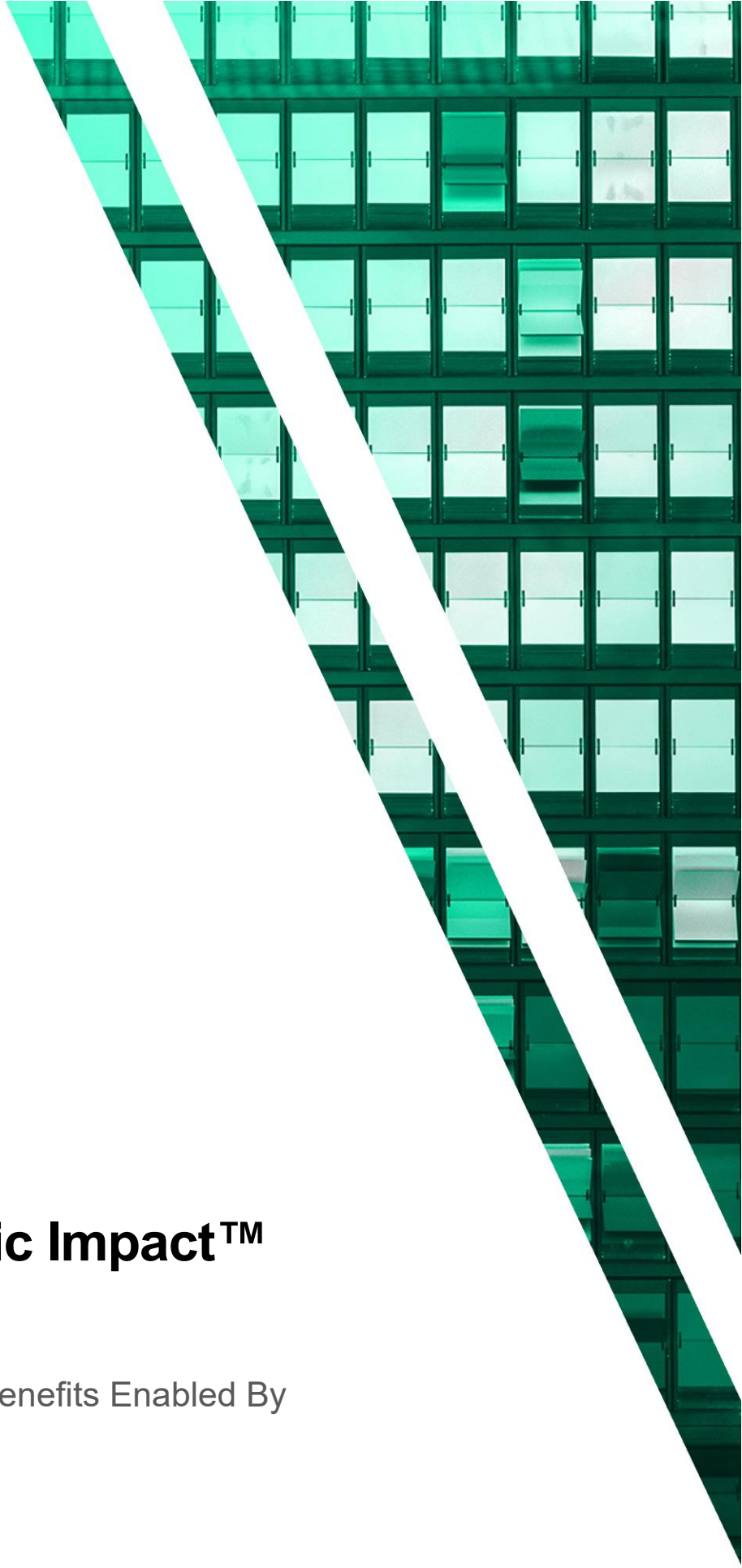

The Total Economic Impact™ Of Anaplan

Cost Savings And Business Benefits Enabled By Anaplan

APRIL 2022

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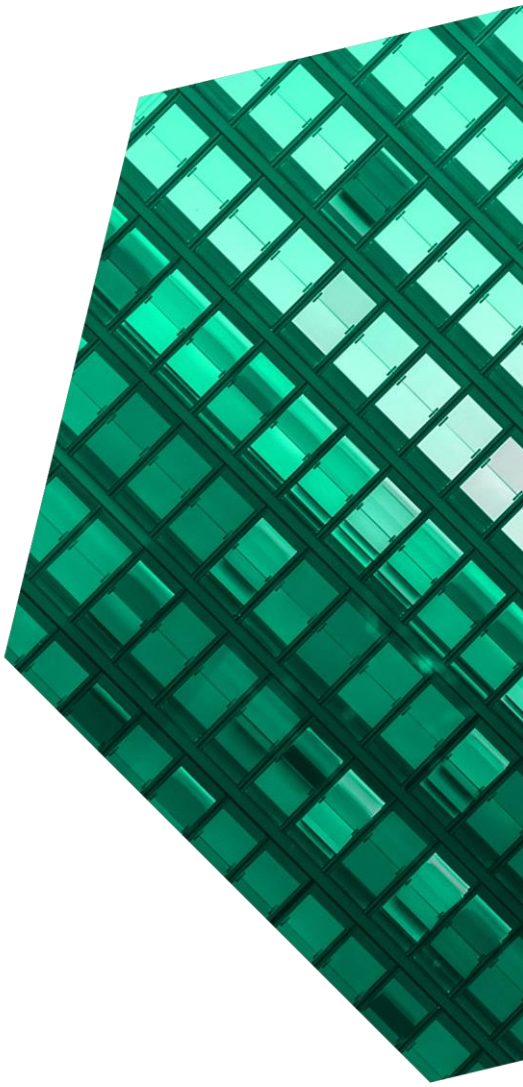
Consulting Team: André Girard



Executive Summary

Business leaders need timely information to monitor and measure enterprise performance and analyze for growth and profitability. Today's leading companies are adjusting the way they build, execute, and adapt their plans and strategies for better decision-making. Adding a centralized, connected planning solution like Anaplan can help companies quickly respond to changing business conditions, find opportunities to capture value, and prepare for future growth.

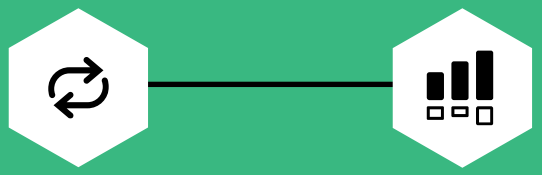
Anaplan offers a cloud-based enterprise planning, modeling, and forecasting platform to help businesses guide decision-making by connecting financial, strategic, and operational plans in real time. Through solutions for finance, sales, supply chain, workforce (HR), and marketing, essential information is shared across a connected architecture via a singular data model, and integrates plans and forecasts into a single source of truth to deliver insights business leaders need to optimize performance outcomes.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six decision-makers with years of experience using Anaplan across four organizations. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization. This organization employs 53,000 employees, manages $1 billion in inventory, and generates revenue of approximately $20 billion.

Before interviewees' organizations deployed Anaplan, planning relied on numerous spreadsheets, point solutions, and legacy tools. Data definitions and modeling practices were inconsistent and siloed, which led to delays, data misinterpretations, and version control issues. The majority of planners' time was spent normalizing and integrating data, which left inadequate time for collaboration, analysis, and scenario planning. Planning teams noted it was difficult to update forecasts with current performance data and other information. As a result of these challenges, decision-makers had lower-than-desired confidence in their decisions and business projections.

KEY STATISTICS



Return on investment (ROI)
303%

Net present value (NPV)
$32.38M

Because of their investments in the Anaplan planning platform, the interviewees' organizations were able to effectively address the stated problems and challenges. Each interviewee said their organization was able to retire a significant portion of spreadsheets, point solutions, and legacy tools. Each of their organizations also established and shared standardized data definitions, modeling practices, and best practices. Planners reduced their time spent

on data management, which created more time for analysis. Managers and executives reported more confidence in their decisions because they could see real-time business performance data to inform and improve their business decisions.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits, both direct cost savings and avoided cost through productivity improvements, are representative of those experienced by the interviewees' companies. Results for a composite organization based on interviewed companies include:

- **SG&A cost ratio improvements of 0.5% to 1.5% through better visibility into real-time forecast and budget data.** Improving visibility enables organizations to make better business decisions with clear understanding of the impacts on revenue growth and operating margin. For the composite organization, the PV of these improvements is worth $12.7 million over three years.
- **Inventory value balance reduction of 10% to 20%.** Interviewees organizations adjusted procurement and distribution practices, empowered by a unified view of inventory, supplier capacity, and granular volume forecasts through Anaplan. Over three years, inventory planning improvements are worth $12.3 million for the composite organization.
- **Avoided IT costs valued at $5.4 million over three years.** Having the ability to directly develop and maintain central planning models that can be shared across the organization reduces the costs for using external model builders and enables teams to retire some legacy planning solutions.
- **Workforce planner productivity improvement of 40%.** Using Anaplan, the composite organization develops a connected, standard workforce planning model that automatically updates user models, reduces rework costs, and minimizes the introduction of errors. Over three years, the PV of these improvements is worth $2.9 million to the composite organization.

In addition, customers improve planning and data management efficiency by normalizing data definitions, implementing shared modeling practices, and establishing best practices. This results in efficiency improvements totaling $9.6 million over three years, including:

- Productivity improvements for global finance teams conducting financial data aggregation and forecasting valued at $5.9 million.
- Productivity improvements for sales representatives and managers conducting planning tasks valued at $3.1 million.
- Productivity improvements for representatives conducting supply and demand planning valued at $633,000.

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

- **Improved ability to manage constant change.** Interviewees said teams were able to maintain consistency in planning practices and modify existing planning models to effectively manage constant and often rapid changes facing their organizations.
- **Enforced consistency.** Planning in Anaplan forced interviewees' organizations to adopt uniform language, practices, and restrictions for both process orchestration and data management. As a result, errors and data misinterpretations were reduced.
- **Better credibility of findings.** The consistency of planning practices and increased collaboration enabled analysts from different teams to better understand how findings have been calculated. As a result, rework was reduced, and the time between decision and action was shortened

significantly. This improved overall team productivity.

- **Improved employee satisfaction.** The overall stress and long hours of planning cycles was greatly reduced. As a result, interviewees reported improvements in employee retention and morale. Analysts, planners, and IT staff were able to spend more time analyzing data, rather than struggling to compile it.

Costs. Risk-adjusted PV costs include:

- **Subscription costs totaling $5.6 million over three years.** Anaplan bases licensing costs on the solutions deployed, user types, number of model builders, and length of the contract. The composite organization initiates four Anaplan solutions in Year 1 and extends its use of planning models through Years 2 and 3 to include more business activities and account for growth of the company.
- **Implementation costs of $2.7 million over two years.** Anaplan implementations typically utilize a core team of internal resources supplemented by partner consultants. The composite organization uses an internal team of eight employees and three consultants who each dedicate 40% of their time during the initial implementation period and during each of the first two years of implementation.
- **Center of excellence (COE) costs of $1.9 million over three years.** A dedicated team of five to six model builders help the composite organization optimize planning solution strategy and utilization.
- **Training costs of $522,000 over three years.** For the composite organization, five model builders undergo 80 hours of training in Year 1 and 8 to 16 hours in subsequent years. An additional 150 analysts are trained on Anaplan during 40 hours in Year 1 and eight hours in subsequent years to upskill and learn about new capabilities.

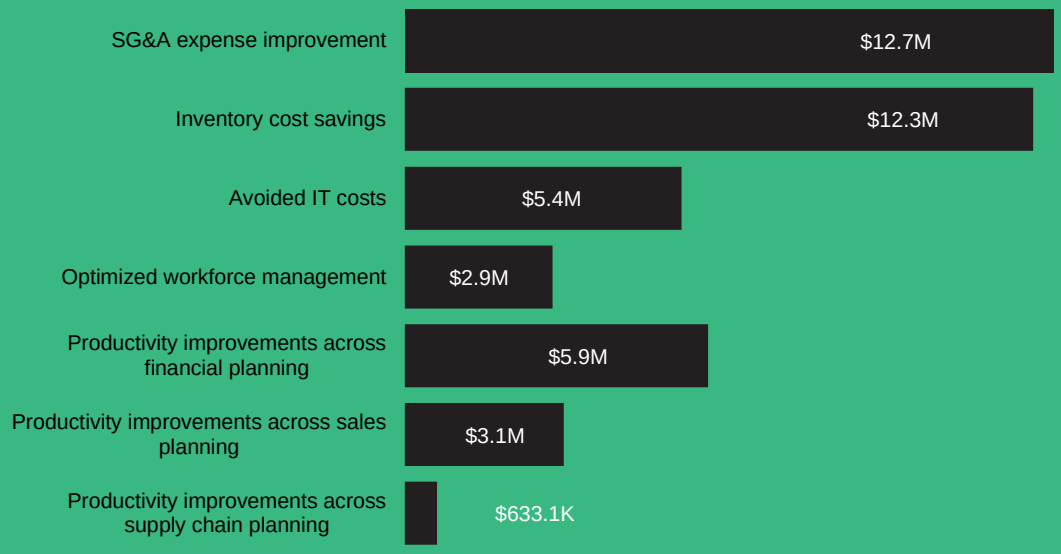
The decision-maker interviews and financial analysis found that the composite organization experiences benefits of $43.08 million over three years versus costs of $10.69 million, adding up to a net present value (NPV) of $32.38 million and an ROI of 303%.

ROI
303%

BENEFITS PV
$43.08M

NPV
$32.38M

Benefits (Three-Year)



“Anaplan was absolutely 100% transformational for how we plan and analyze our data. It supports executives who are making decisions, and it clearly influences our strategy. Anaplan’s flexibility and ability to carry out ROI analysis and planning has made it a critical pillar of our business strategy.”

— Finance director, financial services

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 Anaplan Planning Platform.

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 Anaplan can have on an organization.

DUE DILIGENCE

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

DECISION-MAKER INTERVIEWS

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

COMPOSITE ORGANIZATION

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

FINANCIAL MODEL FRAMEWORK

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

CASE STUDY

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

The Anaplan Customer Journey

Drivers leading to the Anaplan investment

Interviewed Decision-Makers

Interviewees	Industry	Region	Revenue	Employees
Supply chain GM	Electronics	Global (Asia headquarters)	$75B	110,000
Solutions manager	Software	Global (US headquarters)	$21B	57,000
Planning systems manager	Automotive	Global (Europe headquarters)	$17B	40,000
Senior manager of supply chain	Automotive	Global (Europe headquarters)	$17B	40,000
Finance director	Financial services	Global (Europe headquarters)	$5B	14,000
Head of resource planning	Financial services	Global (Europe headquarters)	$5B	14,000

KEY CHALLENGES

Before investing in Anaplan, business planning at the interviewees' companies depended on numerous disconnected spreadsheets, legacy point solutions, and homegrown tools and data sources. The absence of a connected planning solution resulted in shared common challenges:

- **Lack of a centralized planning solution was an obstacle to collaboration and resulted in poor accuracy.** Planning conducted using disconnected legacy planning solutions and homegrown data sources had differing assumptions, definitions, and processes. The resulting siloed nature of planning limited insight into business data, the drivers of projections, and explanations of how forecasts were developed. Interviewees' organizations lacked the ability to share the background of business challenges or provide potential recommendations. Without a single source of truth, planning inaccuracies were common and could lead the companies to millions of dollars of waste and lost revenue.
- **Differing data definitions and modeling techniques across the organization which hampered integration.** The inefficiencies of planning consolidation took staff away from productive, revenue-generating work. A finance director at a financial services company told Forrester: "Planning was quite siloed with different approaches across geographies that were importing into financial planning at the time. Trying to pull our plans together was very slow and took away from doing more value-adding work."
- **Unverified data integrity led to rework and limited business agility.** Plans were not connected, and it was unclear which models used the correct data. Without clear visibility into how projections were developed, stakeholders understandably lacked confidence in planning outcomes. This added labor costs to revalidate projections and delayed the execution of business plans.

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

Each interviewee said their organization searched for a solution that could:

- Replace siloed, ad hoc reporting based on homegrown and commercial point solutions with a centralized, connected modeling platform.
- Facilitate improved communication, collaboration, and planning between business units.
- Increase the visibility and transparency of real-time operational and business performance data.
- Reduce the time planners spend collecting, interpreting, and integrating data to enable more time focused on analysis.
- Automate manual planning and forecasting processes.
- Have a business-owned platform that could be managed internally and scale with organizational growth.
- Support multiple users simultaneously.

COMPOSITE ORGANIZATION

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

Description of composite. The composite organization is a global company with $20 billion in annual revenue, 53,000 employees, and a starting inventory of $1 billion (5% of annual revenue). It has multiple business units that sell a diverse range of products and associated services and financial products around the world, both directly to customers and through distribution channels.

Prior to implementing Anaplan, planners in a few divisions of the organization relied on legacy tools and point solutions that provided little insight into planning logic used by the programs. For most of the organization, planning depended on multiple homegrown sources with assumptions and data definitions that varied across different managers, divisions, and regions. Normalizing and integrating financial projections, demand forecasts, and internal and supply chain capacity were lengthy and frustrating processes. Misinterpretations of data, uncertainty about which model to trust, and poor communication challenges contributed to delays, errors, and a lack of trust in the resulting forecasts.

Deployment characteristics. The composite organization selects and deploys Anaplan to improve the accuracy and efficiency of planning and forecasting for sales, finance, and supply chain teams. The company implements Anaplan sales, finance, supply chain, and HR/workforce management solutions over two years. The company creates a COE team of five model builders to support connecting planning. The COE is expanded to six staff members in Year 2 of the investment. Expertise of staff in the COE and among other internal users enabled the composite organization to eliminate the cost of using external consultants by the end of Year 2.

Key assumptions

- **$20 billion revenue**
- **53,000 employees**
- **Planning solutions: sales, finance, supply chain, HR/workforce management**

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	SG&A expense improvement	$1,500,000	$4,725,000	$9,922,500	$16,147,500	$12,723,516
Btr	Inventory cost savings	$2,231,250	$3,514,219	$9,839,813	$15,585,281	$12,325,519
Ctr	Avoided IT costs	$2,069,791	$2,246,003	$2,253,102	$6,568,895	$5,430,617
Dtr	Optimized workforce management	$1,103,232	$1,169,426	$1,235,620	$3,508,277	$2,897,745
Etr	Productivity improvements across financial planning	$1,628,640	$2,442,960	$3,257,280	$7,328,880	$5,946,800
Ftr	Productivity improvements across sales planning	$842,400	$1,415,232	$1,575,288	$3,832,920	$3,118,969
Gtr	Productivity improvements across supply chain planning	$207,917	$267,322	$297,024	$772,262	$633,101
	Total benefits (risk-adjusted)	$9,583,230	$15,780,161	$28,380,626	$53,744,016	$43,076,267

SG&A EXPENSE IMPROVEMENT

Evidence and data. Before implementing Anaplan, management at the interviewees' organizations had limited visibility into current financial forecast and budget data. Information sharing was inefficient and required manual efforts. Low data integrity led to business decisions made without clear understanding of how they could impact revenue growth and operating margin.

After the deployment of Anaplan, interviewees' organizations achieved real-time insight into financial and operational performance, which enabled them to understand the drivers of business outcomes and identify mitigating and accelerating actions necessary to achieve each organization's stated business objectives. Connecting plans between different business groups helped the organizations achieve data integrity in planning and determine where to make changes. Interviewees shared that creating a single point of truth in Anaplan also helped their organizations maintain consistency through employee churn. They said using Anaplan for budget and forecasting helped their companies improve communication and collaboration and increased confidence in decision quality.

- A solutions manager at a software company explained the challenges his organization faced trying to control selling, general, and administrative (SG&A) expenses before implementing Anaplan. He said: "We didn't have an efficient way to go to that next step and get feedback from the sales managers to come up with final targets. With spreadsheets, we didn't have one way of doing things, and it was very difficult to drive consistency across all of our regions."
- A senior manager of supply chain at an automotive manufacturer said their organization used the connected planning platform to monitor budgets and change the derivative mix of vehicle production across the company's geographic markets. This enabled the organization to maximize its variable profits while mitigating

environmental noncompliance fines. The senior manager said that information centralized in Anaplan guided changes to the company's vehicle lineup that delivered a benefit of more than $40 million by reducing the cost of non-compliance of carbon dioxide (CO2) emissions.

"We just introduced some regulatory requirements. We had to model what we think the impacts would be and then validate what that impact looks like in real terms once it has been introduced. That's really quick now. It was literally done live on the system while the people were talking to us about it."

Planning systems manager, automotive

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- In Year 1 of the deployment, 30% of the composite organization's revenue is generated from business units using Anaplan for budget monitoring. Use of Anaplan expands to 45% and then to 60% in Year 2 and Year 3, respectively.
- The composite organization's SG&A expense ratio is 25% of its revenue.
- By improving visibility into budgets, business units using Anaplan improve the optimization of spend and controlling of costs by 0.5%, 1.0%, and 1.5% in Years 1, 2, and 3, respectively.
- Only 25% of the savings value is attributed to Anaplan due to the numerous factors that contribute to SG&A cost savings, such as economic price shifts, management initiatives, and changes in technology and processes.

Risks. Improvement in SG&A expense could vary for any organization based on several factors. Risks that could impact the realization of this benefit include:

- Whether or not the organization deploying Anaplan enterprise wide chooses to delay implementation of sales planning until later, which would postpone benefits.
- The portion of SG&A expenses that are variable and under management of Anaplan.
- The maturity of the organization's existing budget management processes and visibility into profit and loss (P&L) performance.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $12.7 million.

"We're able to look at business problems and cases for new deals and look at producing more insight onto the numbers themselves, the drivers of those numbers, potential recommendations, and better explanations of our plans. So, it's quite a lot of more added value really helping the business understand the results and the actions it needs to take."

Finance director, financial services

SG&A Expense Improvement

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Revenue	Composite (5% yearly growth)	$20,000,000,000	$21,000,000,000	$22,050,000,000
A2	Percent of SG&A planning using Anaplan	Interviews	30%	45%	60%
A3	Revenue of business units using Anaplan for P&L monitoring	A1*A2	$6,000,000,000	$9,450,000,000	$13,230,000,000
A4	SG&A expense ratio	Assumption	25%	25%	25%
A5	Improvement in SG&A cost ratio through improved visibility, optimizing spend, and controlling costs	Interviews	0.5%	1.0%	1.5%
A6	SG&A savings attributable to Anaplan	Interviews	25%	25%	25%
At	SG&A expense improvement	A3*A4* A5*A6	$1,875,000	$5,906,250	$12,403,125
	Risk adjustment	↓20%			
Atr	SG&A expense improvement (risk-adjusted)		$1,500,000	$4,725,000	$9,922,500
	Three-year total: $16,147,500			**Three-year present value: $12,723,516**	

INVENTORY COST SAVINGS

Evidence and data. Interviewees said that upon implementing Anaplan for supply chain, their organizations shifted away from manual and homegrown forecast processes to improve forecast accuracy. The interviewees' organizations standardized on planning methodology and applied the same assumptions across different managers, regions, and divisions. As a result, planners had a unified view of inventory, supplier capacity, and granular volume forecasts. Better data visibility and improved confidence in projections enabled interviewees' organizations to reduce total inventory balances without sacrificing service levels, which freed working capital for them to invest in other initiatives.

- A planning systems manager in the automotive industry explained that by using the supply chain planning solution, his company was able to better govern days of stock cover needed at each location. He said: "It drove over a billion [dollars] of inventory reduction and release of working capital in a very short time. It was a fantastic piece of work that our CFO was very happy with. Inventory is now controlled very tightly within Anaplan."
- Anaplan enabled supply chain decision-makers to adjust their organizations' procurement and distribution practices. A supply chain GM at an electronics organization said Anaplan improved communication and collaboration in his organization which decreased variance between plans and actual results. As a result, his company reduced the amount of time it took to develop and update supply chain plans by several days.
- Interviewees said that prior to the investment in Anaplan, data was not readily shared between supply planning, demand planning, engineering, and manufacturing groups. As a result, it was difficult to connect supply chain planning and execution processes. The planning systems manager in the automotive industry explained how Anaplan is helping his organization bridge the gap. He said: "The data translation activity of tying a feature selection into parts to order was a huge issue for us as a business. Anaplan is helping us by connecting the business processes and data sets together to make better decisions."

"Before, we used to spend 80% of our time on data entry and only 20% actually analyzing the data and planning. We've flipped that on its head now because the data is already there."

Planning systems manager, automotive

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- The composite's inventory value is equal to 5% of total sales. This is a conservative estimate because typical inventory levels for goods-centric organizations may be 10% or higher.
- The magnitude of savings from improved inventory management encourages the organization to rapidly scale use of the supply chain planning solution.
- The value of inventory balance managed is reduced 10% to 20% as a result of using the Anaplan demand forecasting tool.
- The inventory carrying cost for the composite organization is 15%.
- Several variables impact inventory reduction levels, including economic price shifts, evolving technology, process changes, and business strategies. As a result, Forrester attributes only 35% of the savings value to Anaplan.

- Implementation of the demand planning solution necessitates increased standardization and encourages revisions in other interrelated processes across the supply chain. As a result, Forrester attributes only 35% of the value from the productivity improvement to Anaplan.

Risks. The forecast accuracy and associated reduction in inventory benefit will vary per organization based on several factors. Risks that could impact the realization of an organization's inventory cost savings include:

- Organizations that don't introduce Anaplan for supply chain planning in Year 1 of the investment or that don't not scale it as rapidly may see this benefit delayed or not present.
- Organizations may curtail the speed or scope of implementation due to business process change management expenses.
- The actual carrying costs of an organization may differ from the estimate used for the composite organization.
- Total inventory value, especially for good-centric businesses, may exceed the 5% of total sales estimated for the composite organization.
- Organizations may temporarily alter inventory on-hand practices as a hedge against inflationary pressures or pandemic-related disruptions.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $12.3 million.

Inventory Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Revenue	Composite (5% yearly growth)	$20,000,000,000	$21,000,000,000	$22,050,000,000
B2	Inventory as a percent of revenue	Composite	5%	5%	5%
B3	Average inventory balance	B1*B2	$1,000,000,000	$1,050,000,000	$1,102,500,000
B4	Percent of inventory managed under Anaplan	Interviews	50%	75%	100%
B5	Value of inventory managed under Anaplan	B3*B4	$500,000,000	$787,500,000	$1,102,500,000
B6	Reduction in inventory value balance from better forecasting	Interviews	10%	10%	20%
B7	Carrying cost of inventory	Assumption	15%	15%	15%
B8	Percent of inventory cost savings attributable to Anaplan	Interviews	35%	35%	35%
Bt	Inventory cost savings	B5*B6*B7*B8	$2,625,000	$4,134,375	$11,576,250
	Risk adjustment	↓15%			
Btr	Inventory cost savings (risk-adjusted)		$2,231,250	$3,514,219	$9,839,813
	Three-year total: $15,585,281			**Three-year present value: $12,325,519**	

AVOIDED IT COSTS

Evidence and data. Upon implementing Anaplan, interviewees' organizations reduced IT costs in several areas. First, business-owned development of Anaplan solutions moved from a reliance away from external IT resources to internal model builders. Similarly, simple changes and solution maintenance could be completed more quickly, often without the cost and duration of using external IT resources. The interviewees' organizations also avoided additional IT costs by reducing or eliminating use of duplicated capability often in legacy planning tools and point solutions upon transitioning to Anaplan.

- The interviewees' organizations used Anaplan to directly conduct scenario planning. Instead of requiring one or more weeks of lead time and high IT costs to create changes in existing tools, modeling strategic options could be completed in just one or two days and with minimal IT involvement. Two interviewees said that in some cases, the scenario planning was even done live in meetings with stakeholders to immediately show the potential impacts of business decisions, rather than the delay caused by breaking to develop models and reconvene.
- The efficiency, utility, and flexibility of scenario planning encouraged the interviewees' organizations to increase the frequency of using Anaplan to analyze different scenarios or strategic plans. Interviewees appreciated the ability to model the impact of potential business decisions on KPIs and financial performance. While difficult to quantify, and not measured in this financial model, interviewees' organizations recognized the incremental value provided by this additional layer of scenario analysis.

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- Developing new models requires involvement of the composite company's IT resources, and it cost $300,000 per solution prior to utilizing to Anaplan.
- Responsibility for new model development shifts to Anaplan model builders at a burdened cost of $58 per hour.
- The composite organization annually produces six solutions to support the company's connected planning environment.
- The business value of modeling potential business outcomes drives an increased frequency of conducting scenario planning.
- Use of legacy tools and point solutions is phased out, which reduces licensing and IT support costs.

> **"Previously, we had to build scenario models from scratch in spreadsheets. Now, we just go into the scenario-building area of Anaplan and it's literally the touch of buttons rather than building a whole brand-new model. The scenario planning is much quicker."**
>
> *Head of resource planning, financial services*

Risks. The IT cost reduction benefit could vary by organization based on several factors. Risks that could impact the realization of this benefit include:

- The number of solutions required and the existing business practices of the organization.
- The frequency of scenario planning conducted.
- The license costs of preexisting legacy tools used for planning and the speed with which the organization can transition off those tools.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $5.4 million.

Avoided IT Costs

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	External cost to create new use case before Anaplan	Interviews	$300,000	$300,000	$300,000
C2	Hourly cost of internal model builders (fully loaded)	Interviews	$58	$58	$58
C3	Number of hours for internal Anaplan model builder to create custom new use case	Interviews	690	690	690
C4	Internal cost to create new use case using Anaplan	C2*C3	$40,020	$40,020	$40,020
C5	Number of custom use cases built annually	Interviews	6	6	6
C6	Subtotal: Avoided cost for external model builds	(C1*C5)-(C4*C5)	$1,559,880	$1,559,880	$1,559,880
C7	Number of change requests for scenario planning	6 per month (10% yearly growth)	72	79	87
C8	IT labor per scenario planning change request	Interviews	20	20	20
C9	Reduction in IT time spent per scenario planning change	Interviews	90%	90%	90%
C10	Hourly cost of IT labor (fully loaded)	TEI standard	$58	$58	$58
C11	Subtotal: Avoided IT costs for scenario planning changes	C7*C8*C9*C10	$75,168	$82,476	$90,828
C12	Elimination of software licensing and associated IT support	Interviews	$800,000	$1,000,000	$1,000,000
Ct	Avoided IT costs	C6+C11+C12	$2,435,048	$2,642,356	$2,650,708
	Risk adjustment	↓15%			
Ctr	Avoided IT costs (risk-adjusted)		$2,069,791	$2,246,003	$2,253,102
	Three-year total: $6,568,895			**Three-year present value: $5,430,617**	

OPTIMIZED WORKFORCE MANAGEMENT

Evidence and data. Organizations investing in Anaplan for Workforce use the platform to reduce labor costs through improving the efficiency of workforce planning processes and better aligning staffing needs with strategy and budgets.

After implementing Anaplan, the interviewees' organizations increased the efficiency of workforce management teams by replacing numerous, disparate data sources and disconnected tools with a standard approach in Anaplan. With this change, planning tasks were completed using fewer resources, which saved on labor costs by reallocating staff. Updates made to the connected model flowed through to models for all users, reducing the process cost of rework and minimizing the introduction of errors. Yearly planning models did not need to be recreated every cycle, which left teams with more time for analysis, scenario planning, and aligning workforce strategy to costs.

- The head of resource planning for a financial services company reported that the impetus for adopting Anaplan for workforce management was a resource constraint on her team. She said: "We had a challenge where we lost one-third of our staff, and there was no way we could keep doing our work using spreadsheets. We needed an efficient system and very quickly introduced Anaplan. It was already in our company for finance, so we didn't need to buy it. We just needed to enable the capacity planning elements of it."
- Increasing the efficiency of workforce planning responsibilities enabled teams to increase the frequency of existing tasks like making decisions more frequently or it allowed them to implement new initiatives with productivity savings. For example, the workforce management team supporting contact centers for a financial services company increased the frequency of service-level reporting from three times a day to hourly.
- The data transparency and process standardization provided workforce forecasts with credibility across the interviewees' organizations that delivered additional efficiency gains. Confidence in the outcomes enabled teams to start using new plans immediately rather than revalidating data sources and calculations.

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- The workforce management planning solution is implemented in Year 1 of the Anaplan investment, resulting in a 40% productivity improvement over former processes.
- The burdened cost of a workforce planner is $48 per hour.
- For employees involved in workforce planning, Forrester assumes a 65% productivity recapture to refocus on other value-added tasks.

> **"We can change something once in one place and it changes it for everybody. Whereas before, if we wanted to do something slightly differently and we wanted consistency, everybody had to do it and everybody had to change their spreadsheets."**
>
> *Head of resource planning, financial services*

Risks. The workforce planning benefit will vary by organization based on several factors. Risks that could impact the realization of this benefit include:

- The size of the team and number of employees tasked with management of workforce planning using Anaplan.

- Whether or not the organization implements the Anaplan workforce management solution in Year 1, which may delay the benefit.
- The percent of hourly or contract labor resources within a company's workforce.

Note: The financial model is conservative in that it quantifies productivity improvement savings for labor scheduling tasks. Organizations using Anaplan for labor modeling may experience additional financial value due to improving the accuracy of enterprise labor forecasting needs.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $2.9 million.

Optimized Workforce Management

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Workforce planners using Anaplan	Composite (5% yearly growth)	50	53	56
D2	Average fully burdened hourly cost of workforce planners	TEI Standard	$48	$48	$48
D3	Average number of work hours per year	TEI Standard	2,080	2,080	2,080
D4	Percent increase in workforce productivity using Anaplan	Interviews	40%	40%	40%
D5	Amount of time recovered for work tasks	TEI Standard	65%	65%	65%
Dt	Optimized workforce management	D1*D2*D3*D4*D5	$1,297,920	$1,375,795	$1,453,670
	Risk adjustment	↓15%			
Dtr	Optimized workforce management (risk-adjusted)		$1,103,232	$1,169,426	$1,235,620
	Three-year total: $3,508,277			**Three-year present value: $2,897,745**	

PRODUCTIVITY IMPROVEMENTS ACROSS FINANCIAL PLANNING

Evidence and data. Prior to using Anaplan, financial planning and analysis at the interviewees' organizations relied primarily on internally developed solutions. Creating reports and compiling and integrating data was time-consuming and error-prone due to inconsistent data definitions and modeling practices used across different business lines and regions.

The interviewees' organizations replaced spreadsheet-dependent planning processes with standardized data definitions and consistent analysis techniques in Anaplan. Planning models could be efficiently connected to provide a unified view of the numbers. As a result, interviewees' organizations significantly lowered financial planning labor costs and reduced the frequency of overworked teams.

- The standardized templates, input fields, and analysis process in Anaplan reduced the introduction of data errors that previously occurred from different data formats, hard-coded formulae, logic, and simply mistyping values. Interviewees noted that planning cycle errors due to model itself became very rare.
- In addition to reducing labor costs, consistent data and connected plans in Anaplan enabled interviewees' organizations to improve strategic planning. Decision-makers used some of the time saved on FP&A tasks to introduce more scenario planning to better determine the impact of potential decisions on KPIs and financial performance.
- The interconnection of Anaplan models helped interviewees' organizations make more informed decisions across business functions and geographies. A finance director in financial services noted: "The connected nature of the planning improves the business partnering aspect of finance. As opposed to just handing off numbers, we are consolidating plans, and that improves the quality and timing of the planning process."

"With Anaplan, we have all the regions aligned in their modeling techniques, which allows for improved data consolidation. The timelines are much shorter. We've got consistency in the data that's being provided, so we can do things such as scenario planning instantly on the platform."

Finance director, financial services

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- Financial reporting and forecasting are conducted on a quarterly basis, with significant monthly ad hoc analysis.
- Anaplan for finance increases the efficiency of data collection, integration, and analysis. Improved consistency in reporting reduces by 50% time spent finding and eliminating errors.
- In Year 1, 40% of the finance staff involved in FP&A aggregation and planning at the composite company use Anaplan. Use of the connected planning platform increases to 60% in year 2 and to 80% in year 3.
- The average fully burdened compensation rate for an FP&A analyst is $55 per hour.

Risks. The benefit of financial planning process improvements could vary by organization based on several factors. Risks that could impact the realization of this benefit include:

- The maturity of the organization's previous financial planning processes.

- The size of the finance team involved in financial planning, budgeting, and forecasting will significantly influence the impact of this benefit.
- The cadence of FP&A reporting. The composite organization reports on a quarterly basis, but organizations with more frequent planning, analysis, and reporting may incur greater benefits from the efficiencies Anaplan provides.
- Organizations may not introduce the finance planning solution in the first year of the Anaplan investment. In which case, the benefit may be delayed.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of almost $5.9 million.

Productivity Improvements Across Financial Planning

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Hours performing FP&A consolidation and forecasting tasks before Anaplan per FTE per quarter	Interviews	80	80	80
E2	Data consolidation and forecasting speed improvement by using Anaplan	Interviews	50%	50%	50%
E3	Hours saved on data consolidation and forecasting per FTE per year	E1*4*E2	160	160	160
E4	Global finance team FTE using Anaplan for FP&A consolidation and forecasting tasks	Composite	300	450	600
E5	Total hours for data consolidation and forecasting per year	E3*E4	48,000	72,000	96,000
E6	Amount of time recovered for work tasks	TEI Standard	65%	65%	65%
E7	Average fully burdened hourly cost of FP&A analyst	TEI Standard	$58	$58	$58
Et	Productivity improvements across financial planning	E5*E6*E7	$1,809,600	$2,714,400	$3,619,200
	Risk adjustment	↓10%			
Etr	Productivity improvements across financial planning (risk-adjusted)		$1,628,640	$2,442,960	$3,257,280
	Three-year total: $7,328,880			**Three-year present value: $5,946,800**	

PRODUCTIVITY IMPROVEMENTS ACROSS SALES PLANNING

Evidence and data. Prior to using Anaplan, sales planning at the interviewees' organizations was time-consuming and error prone. Numerous bespoke solutions were used for planning sales territories and aligning quotas to sales strategies. Data misinterpretation and version control issues were rampant, and it was difficult for most of the organizations to effectively implement any form of sales performance management capabilities based on current data sources.

- Interviewees noted that standardizing data definitions and modeling practices minimized errors and the resulting delays caused by misinterpreted information. Better alignment in modeling techniques across the sales organization sped integration and facilitated better collaboration between different stakeholders, particularly distributed field sales and sales operations leaders.
- Interviewees valued how the consolidated view of their numbers in the sales planning solution provided their organizations with the flexibility to quickly do scenario-modeling and "what if" analyses. By adjusting data inputted into the models, decision-makers could quickly develop an understanding of how changes could impact current and future performance.
- In addition to the financial savings from improving the productivity of the sales planning process, interviewees also said they value the positive impact Anaplan had on the quality of the work environment for planners. The solutions manager at a software company said: "The annual planning cycle was a nightmare without Anaplan. We'd have all these inconsistencies and errors, and everyone had to work long hours."

"Essentially, we tell the sales manager, 'Hey, this is the account. This is the recommended target.' And then we collaborate or get feedback from the sales manager about whether the account should be higher or lower or stay the same. The benefit of Anaplan is making that process a lot easier for us."

Solutions manager, software

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- Prior to using Anaplan, sales managers spent 20 hours per quarter collecting and consolidating sales data and submitting forecasts.
- The sales planning solution is implemented in Year 1 of the Anaplan investment.
- Planning efficiency improves in Years 2 and 3 due to use of the sales planning solution across the full years and process optimization.
- The burdened cost of a sales planner is $45 per hour.
- For employees involved in sales planning, Forrester assumes a 65% productivity recapture to refocus on other value-added tasks.

Risks. Sales planning benefits could vary by organization based on several factors. Risks that could impact the realization of this benefit include:

- The size of the sales operations team involved in sales performance management, including territory and quota planning and incentive compensation management.
- The efficiency of the organization's existing sales planning processes.

- If the organization does not implement the Anaplan sales planning solution in Year 1, the benefit may be delayed.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $3.1 million.

Productivity Improvements Across Sales Planning

Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Number of hours per sales manager to gather and consolidate sales forecasts per year before Anaplan	Interviews	80	80	80
F2	Percent improvement in consolidation and forecasting speed using Anaplan	Interviews	50%	80%	85%
F3	Number of hours saved per sales manager per year using Anaplan	F1*F2	40	64	68
F4	Sales managers (FTE) submitting forecast data using Anaplan	Interviews	800	840	880
F5	Total number sale forecasting consolidation and reporting hours saved using Anaplan	F3*F4	32,000	53,760	59,840
F6	Average fully burdened hourly cost of sales manager	TEI Standard	$45	$45	$45
F7	Amount of time recovered for work tasks	TEI Standard	65%	65%	65%
Ft	Productivity improvements across sales planning	F5*F6*F7	$936,000	$1,572,480	$1,750,320
	Risk adjustment	↓10%			
Ftr	Productivity improvements across sales planning (risk-adjusted)		$842,400	$1,415,232	$1,575,288
	Three-year total: $3,832,920			**Three-year present value: $3,118,969**	

PRODUCTIVITY IMPROVEMENTS ACROSS SUPPLY CHAIN PLANNING

Evidence and data. Anaplan for supply chain provides a connected, single point of truth that speeds planning consolidation, improves data transparency, and increases confidence in the results. Using Anaplan enabled the interviewees' organizations to eliminate many manual efforts that were embedded in planning processes and to reduce labor costs by shifting staff to other value-adding activities.

- One interviewee estimated their organization reduced the size of its supply chain planning organization by 40% to 50% while decreasing planning cycle time and data error.
- Two interviewees said their organizations retired or were in the process of eliminating a legacy planning tool. Users described the solutions as unintuitive and reliant on black box planning logic that was not exposed to the user. A supply chain general manager in electronics said that the planning logic for his organization's point solution "cannot be explained."

Modeling and assumptions. Based on the interviews, Forrester makes the following assumptions about the composite organization:

- The supply chain planning solution is implemented in Year 1 of the Anaplan investment.
- The burdened cost of a demand planner is $48 per hour.
- Implementation of the planning solution increases standardization and helps drive revisions to interrelated processes. As such, Forrester attributed only 35% of the productivity gain value to Anaplan.

Risks. Supply chain productivity benefits could vary by organization based on several factors. Risks that could impact the realization of this benefit include:

- The size and complexity of the organization's supply and demand planning functions.
- The efficiency of the organization's existing supply chain planning processes.
- If the organization does not implement the Anaplan supply chain planning solution in Year 1, the benefit may be delayed.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of just over $633,100.

Productivity Improvements Across Supply Chain Planning

Ref.	Metric	Source	Year 1	Year 2	Year 3
G1	Demand planning labor reallocated due to productivity improvement (FTE)	Interviews	7	9	10
G2	Average fully burdened hourly cost of demand planner	TEI Standard	$48	$48	$48
G3	Average number of work hours per year	TEI Standard	2,080	2,080	2,080
G4	Percent of productivity improvements attributable to Anaplan	Interviews	35%	35%	35%
Gt	Productivity improvements across supply chain planning	G1*G2*G3*G4	$244,608	$314,496	$349,440
	Risk adjustment	↓15%			
Gtr	Productivity improvements across supply chain planning (risk-adjusted)		$207,917	$267,322	$297,024
	Three-year total: $772,262			**Three-year present value: $633,101**	

UNQUANTIFIED BENEFITS

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

- **Supporting corporate governance best practices.** Interviewees' organizations used Anaplan to communicate transparent rules and controls to ensure business planning processes adhered to corporate objectives. The connected platform helped decision-makers establish metrics, manage change, and optimize processes.
- **Improved management of constant change.** External factors impacting every company's business during the past few years reinforced the need for businesses to prevail in the face of a dizzying rate of change. The solutions manager at a software company said: "Since we got Anaplan, we were acquired, shifted our fiscal year, changed our segmentation methodology, updated quota setting methodology multiple times, and had significant headcount and revenue growth. All of those things would have been a real nightmare to manage if we were still on spreadsheets. Because we had Anaplan, we were able to maintain that platform and facilitate those changes into our planning model effectively."

"The biggest problem you've got when you're forecasting is that you know it's going to be wrong. Nobody's got a crystal ball. It's how wrong it is that determines how much credibility you have. The more facts and consistency you have, the better it is."

Head of resource planning, financial services

- **Better credibility of findings.** Interviewees described the Anaplan modeling platform as intuitive with clear, consistent formulas and logic. As a consequence, participants spanning different teams more easily understand how findings have been calculated and they can follow the same processes to reach the same results. While interviewees could not put a figure on it, they recognized that improved credibility yielded real financial impact from reducing labor spent revalidating findings and due to quicker action taken on forecasts. Their organizations became more confident and therefore more agile in their decision-making processes.
- **Improved employee satisfaction.** Analysts, planners, and IT staff gained better work experiences after implementing Anaplan. They spent more time on data analysis and investigation of the business problem, and less time compiling data. The stress and long hours of planning cycles was greatly reduced, while introducing more option and scenario analysis to improve decision quality. Interviewees said that once employees see the capabilities of Anaplan, they want to expand its use even further.
- **Enforcement of operational consistency.** The use of Anaplan forced interviewees' organizations to adopt uniform language, practices, and restrictions. The resulting consistency helped them unify siloed business functions that facilitated better collaboration and improved confidence in the projections. Managers appreciated the elimination of "maverick" employees who performed their daily work slightly differently, which in turn reduced the likelihood of misinterpreting the team's work.
- **Business resiliency through staffing changes.** Use of standardized models and practices gives organizations the flexibility to respond to constant change. With Anaplan, managers gained the ability to flexibly move staff around to support

evolving business priorities or balance out-of-office time while reducing the need for knowledge transfer. Given ongoing global employee turnover, interviewees acknowledged Anaplan's capability to reduce brain drain by encoding a company's specific business logic and processes.

FLEXIBILITY

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

- **Supporting distributed and remote working environments.** Anaplan's software-as-a-service (SaaS)-based solution and the availability of online training can support organizations with remote workers. The planning platform's architecture can help facilitate the communication and collaboration across teams, divisions, customers, and suppliers to make better business decisions.
- **Adapting to the complexity of growth.** Without consistent yet flexible processes in place, the complexity of planning can increase exponentially as companies add new workers or product lines or start new initiatives. Anaplan enables organizations to easily adapt plans and integrate organizational changes while maintaining consistent processes. The solutions manager at a software company shared: "Given how much we grew in our business, our headcount, and our complexity, I don't know that we'd be able to do our planning process in spreadsheets anymore because of how complex it is now."
- **Iterative implementation approaches.** Organizations deploying multiple planning solutions to support and connect several business divisions facilitated cross-department collaboration and experienced the largest efficiency gains. However, business considerations may preclude that approach for some companies. Customers can opt to split or phase-in their deployments. In this case, organizations can use the initial planning solution deployments to develop expertise, establish best practices, and estimate the costs and benefits before deciding to invest in additional planning solutions, and enable additional benefits for other departments later.

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

"The flexibility of the tool is the biggest benefit to us. The fact you can scale it very quickly will help us. It's the reason why we spent a lot of time this year thinking about our technology strategy for the next five to 10 years. It's a strategy that it will change, but Anaplan is at the very heart of our supply chain organization and will be for a long time."

Planning systems manager, automotive

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**
Htr	Anaplan subscription	$0	$1,705,000	$2,280,300	$2,854,500	$6,839,800	$5,579,174
Itr	Implementation	$1,432,501	$949,125	$529,950	$0	$2,911,576	$2,733,317
Jtr	Center of excellence	$0	$663,520	$796,224	$796,224	$2,255,968	$1,859,451
Ktr	Training	$0	$426,880	$86,443	$83,242	$596,565	$522,054
	Total costs (risk-adjusted)	$1,432,501	$3,744,525	$3,692,917	$3,733,966	$12,603,909	$10,693,996

ANAPLAN SUBSCRIPTION

Evidence and data. Annual subscription costs for the interviewees' organizations varied depending on the solutions deployed, user types, number of model builders, and length of the contracts.

Modeling and assumptions. The composite organization expands its Anaplan scope across several different solution areas through the forecast period to realize greater benefits. As a result, subscription costs increase in Years 2 and 3.

Risks. Forrester identified potential risks that may impact this cost, including discounting, contract length, the number users, and the planning solutions deployed.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly $5.6 million.

Anaplan Subscription						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
H1	Anaplan subscription	Composite		$1,550,000	$2,073,000	$2,595,000
Ht	Anaplan subscription	H1	$0	$1,550,000	$2,073,000	$2,595,000
	Risk adjustment	↑10%				
Htr	Anaplan subscription (risk-adjusted)		$0	$1,705,000	$2,280,300	$2,854,500
	Three-year total: $6,839,800			**Three-year present value: $5,579,174**		

IMPLEMENTATION

Evidence and data. The magnitude and duration of reported implementation costs varied based on the scope and scheduling of solutions deployed and in the mix of internal and external implementation resources utilized.

Some interviewees' organizations followed an aggressive implementation strategy. These companies accepted higher initial costs in exchange for the accelerated realization of benefits. Costs associated with this approach included using external system integration consultants to accelerate the rollout and to help develop a COE team early in the implementation journey. Other companies opted for an iterative, more gradual approach that slowed the accumulation of financial benefits but reduced initial expenses through fewer consulting resources and more internal staff to support implementation.

Modeling and assumptions. Costs that Forrester modeled for the composite organization demonstrate a moderately aggressive approach to Anaplan deployment. The composite organization uses a core team of eight internal employees who dedicate 40% of their time for six months during the initial implementation and for three months in both Years 1 and 2. The composite also accrues expenses for three consultants who were partially dedicated to implementation during the initial rollout through Year 2.

Risks. Organizations may choose a phased-in implementation and initially deploy Anaplan to one or only a few business units before adding planning solutions in subsequent years. In this case, up-front implementation costs may be lower with higher costs in succeeding years.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $2.7 million.

Implementation

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
I1	Implementation months	Interviews	6	3	3	
I2	Number of internal employees tasked with implementation	Interviews	8	8	8	
I3	Percent of time dedicated to implementation	Interviews	40%	40%	40%	
I4	Average fully burdened hourly cost of model builder	Interviews	$58	$58	$58	
I5	Average number of work hours per month	Assumption	173	173	173	
I6	Implementation and technical consulting professional services	Interviews	$1,053,000	$729,000	$364,500	
It	Implementation	(I1*I2*I3*I4*I5)+I6	$1,245,653	$825,326	$460,826	$0
	Risk adjustment	↑15%				
Itr	Implementation (risk-adjusted)		$1,432,501	$949,125	$529,950	$0
	Three-year total: $2,911,576			**Three-year present value: $2,733,317**		

CENTER OF EXCELLENCE

Evidence and data. Some of the interviewees' organizations implemented a COE team to manage existing models, identify new application areas, enhance system capabilities, advocate for process standardization and best practices, and serve as a resource for modeling expertise, issue resolution, and special project support. Customers utilized COE teams to control the overall cost of centralized planning by reducing dependence on external consultants and managing the project scope.

Modeling and data. The composite organization establishes a COE of five employees in Year 1 of the Anaplan deployment to support connected planning across the organization. The COE team is expanded in Year 2 to advance the broader use of Anaplan. This COE was incremental to the initial project deployment teams

Risks. Forrester identified potential risks that may impact this cost, including that an organization may delay the implementation of a COE until after the first year or two or may decide not to develop a dedicated COE resource. In which case, the financial impact of this cost may be delayed or not incurred.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $1.9 million.

Center Of Excellence

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
J1	Number of model builders in center of excellence	Composite		5	6	6
J2	Average fully burdened hourly cost of model builder	TEI Standard		$58	$58	$58
J3	Average number of work hours per year	TEI Standard		2,080	2,080	2,080
Jt	Center of excellence	J1*J2*J3	$0	$603,200	$723,840	$723,840
	Risk adjustment	↑10%				
Jtr	Center of excellence (risk-adjusted)		$0	$663,520	$796,224	$796,224
	Three-year total: $2,255,968			**Three-year present value: $1,859,451**		

TRAINING

Evidence and data. Interviewees said their organizations developed two primary tiers of Anaplan users: expert model builders and general business users. Each group had demonstrably different training needs tied to their Anaplan-associated responsibilities.

Interviewees' organizations typically developed small corps of dedicated model builders that required the most training. The training demand was often a week or two of focused training in the first year of the Anaplan deployment and a few hours in subsequent years to enhance skills, learn new features, or support planning solution additions. General users or staff with only viewing capabilities needed significantly less training.

Interviewees described Anaplan's web-based platform as intuitive and easy to learn for staff familiar with current spreadsheet or business productivity programs. Instructor-led training could be delivered on location and remotely to support hybrid or remote workers, which was an offering that interviewees' organizations especially appreciated during the height of the COVID-19 pandemic. Anaplan also offers on-demand training for users with different levels of expertise on the platform that can be completed independently online.

Modeling and assumptions. In Year 1 of the Anaplan deployment, the composite organization establishes a five-person core model-builder team that received extensive initial training to support the overall organization. The central model-builder team is expanded to six FTE in Year 2. In addition to the model-builder team, the composite organization invests in initial training for 150 analysts. These analysts are team members from sales, finance, supply chain, and workforce management business units, and they supported model development and utilization of Anaplan planning solutions for those departments.

Risks. Forrester identified potential risks that may impact this cost, including that training costs will vary based on the technical abilities of existing staff and deployment strategics specific to the organization.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $522,000.

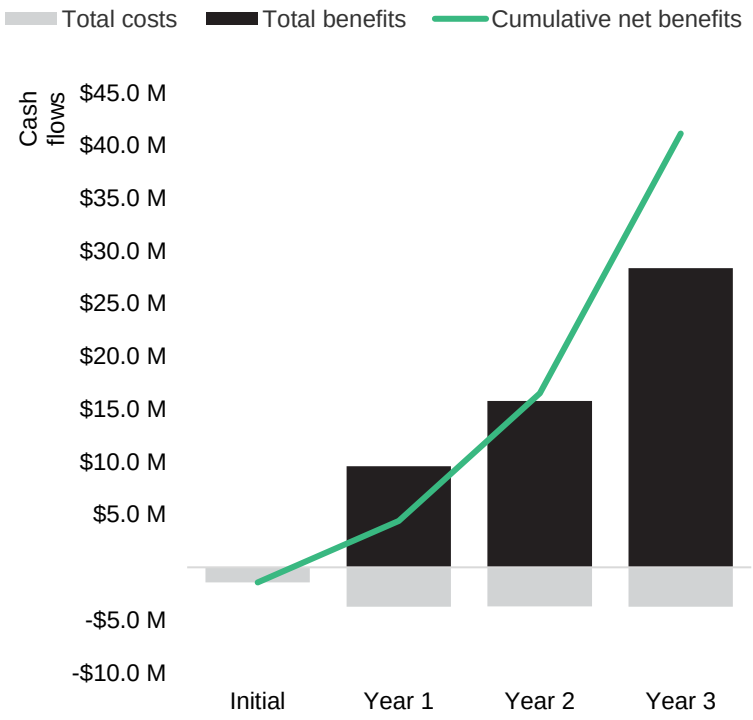
Training

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
K1	Number of model builders	Interviews		5	6	6
K2	Number of hours of training per model builder	Interviews		80	16	8
K3	Number of analysts completing training	Interviews		150	150	150
K4	Number of hours of training per analyst	Interviews		40	8	8
K5	Average fully burdened hourly cost of model builder	TEI Standard		$58	$58	$58
Kt	Training	(K1*K2+K3*K4)* K5	$0	$371,200	$75,168	$72,384
	Risk adjustment	↑15%				
Ktr	Training (risk-adjusted)		$0	$426,880	$86,443	$83,242
	Three-year total: $596,565			**Three-year present value: $522,054**		

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	($1,432,501)	($3,744,525)	($3,692,917)	($3,733,966)	($12,603,909)	($10,693,996)
Total benefits	$0	$9,583,230	$15,780,161	$28,380,626	$53,744,016	$43,076,267
Net benefits	($1,432,501)	$5,838,705	$12,087,244	$24,646,660	$41,140,108	$32,382,271
ROI						303%

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] 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.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