The Total Economic Impact™ Of Marketo Engage

Business Benefits And Cost Savings Enabled By Marketo Engage

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Key Benefits

Increase customer engagement:
$4.5 million

Improve lead conversion:
$9.3 million

Enhance marketing team productivity:
25%

Executive Summary

Marketers look to technology to collect data, generate insights, target audiences, and deliver relevant interactions to continuously improve and enhance customer engagement.[1] More targeted and relevant content helps push leads over the hump into sales wins. Forrester has found that B2B companies using marketing automation solutions grow revenue faster than their competitors do.[2] Forrester is also seeing increased adoption of these solutions in B2C use cases, especially where high-consideration purchase decisions (and the complexity they bring) require an approach more akin to B2B marketing than traditional B2C marketing.

Adobe's Marketo Engage aligns marketing and sales throughout the customer journey. The platform offers lead nurturing, account-based marketing, personalization, cross-channel engagement, and marketing measurement to help companies create marketing that resonates with customers and enhances customer experiences. It is used across a range of industries including technology, financial services, healthcare, business services, manufacturing, and education. Forrester named the platform a leader in the most recent Forrester Wave™: B2B Marketing Automation Platforms vendor evaluation.[3]

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using Marketo Engage. The platform helped the interviewed companies manage the B2B customer journey, which increased customer engagement and improved lead conversion to grow revenue.

Prior to using Marketo Engage, the customers typically used legacy marketing automation solutions with limited flexibility. The marketing teams devoted significant time to manual work on email campaigns and content landing pages, and the companies had limited visibility into their customers' buyer journeys.

With Marketo Engage, the marketing teams could now redirect their energy toward higher-value work driving customer engagement. With increased visibility into the customer buyer journey, the marketers identified content and messaging to resonate at each stage of the buyer journey. Marketo Engage helped the sales teams identify the most promising leads and turn them into sales wins. The companies easily integrated Marketo Engage with their CRMs and other marketing tools.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:
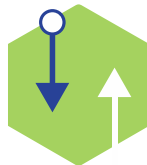
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ROI
267%

Benefits PV
$15.7 million

NPV
$11.4 million

Payback, post installation <3 months

› **Increased customer engagement, $4.5 million benefit.** With Marketo Engage, the interviewed customers used audience segmentation and personalization tools to develop more-effective marketing campaigns and increase customer engagement. Marketo Engage leverages artificial intelligence (AI) to push the most relevant content to each customer. For email marketing campaigns, open rates improved 20% and click through rates improved 15%. Customer attendance at events and webinars increased 33% and 50% respectively.

› **Improved lead conversion, $9.3 million benefit.** Through revenue attribution and other means, Marketo Engage helped the companies understand what content and channels to emphasize at each stage of the customer journey. This enabled the companies to increase conversion of marketing qualified leads (MQLs) to sales qualified leads (SQLs) by 25%. The companies integrated Marketo Engage with their CRMs, further helping the sales teams to focus their efforts effectively.

› **Enhanced marketing team productivity by 25%.** With Marketo Engage, the marketing teams spent less time on manual tasks. They instead focused on higher-value activities to help drive customer engagement and revenue. Marketing team productivity improved 25%.

› **Avoided marketing support costs, $1.2 million benefit.** The interviewed companies were able to bring vendor services in house after deploying Marketo Engage, saving outsource fees.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:
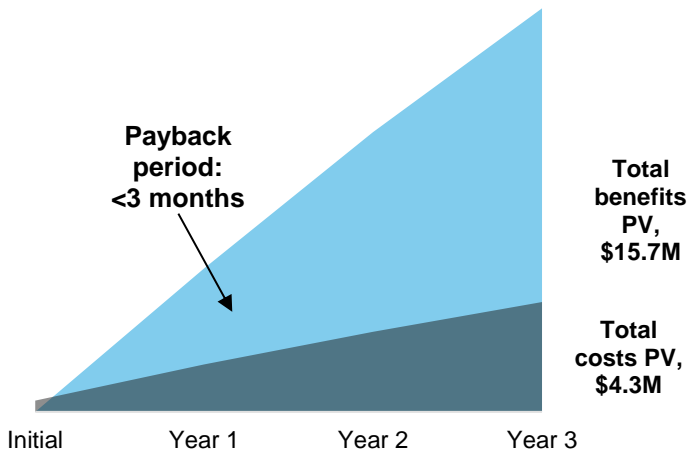
› **Quickly repivoted marketing campaigns.** With Marketo Engage, marketers were able to quickly assess marketing campaign effectiveness and repivot campaigns if needed. This allowed the companies to use their marketing dollars more effectively.

› **Enabled cross-channel coordination.** Marketers used Marketo Engage to manage cross-channel marketing. The platform allowed the interviewed companies to easily set up triggers or dynamic campaigns to launch additional content. For example, with Marketo Engage, customers who attended an event received relevant product follow-up information. Website visitors received emails with custom content depending on which parts of a website they visited or their search topics.

› **Supported secondary marketing use cases.** Some interviewed companies used Marketo Engage for multiple use cases (i.e. B2B and B2C), but for purposes of this study, only the benefits of their primary use case are quantified.

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

› **Marketo Engage installation and subscription cost, $1.9 million.** The interviewed companies used third-party professional services firms to help set up Marketo Engage. They also paid ongoing annual fees for the platform.

› **Internal team to support Marketo Engage, $2.4 million.** A cross-functional team of five demand-marketing and marketing operations professionals was dedicated to support Marketo Engage.

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Forrester's interviews with six existing customers and subsequent financial analysis found that an organization based on these interviewed organizations would experience benefits of $15,686,458 over three years versus costs of $4,269,752, adding up to a net present value (NPV) of $11,416,230 and an ROI of 267%.

Financial Summary
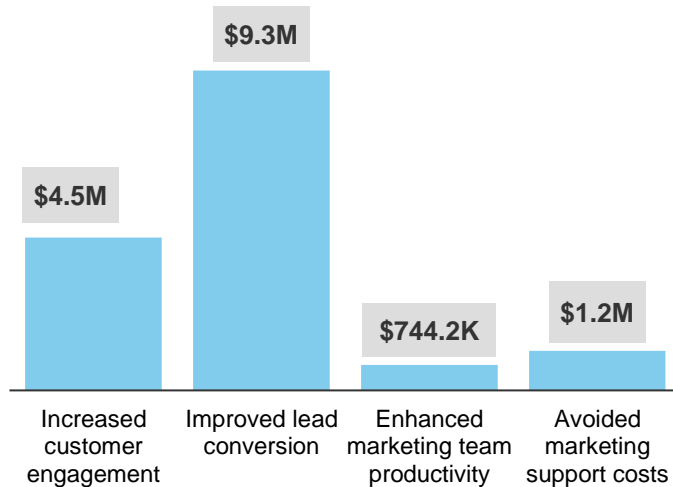
Payback period: <3 months

Total benefits PV, $15.7M

Total costs PV, $4.3M

Initial   Year 1   Year 2   Year 3

Benefits (Three-Year)

Increased customer engagement	Improved lead conversion	Enhanced marketing team productivity	Avoided marketing support costs
$4.5M	$9.3M	$744.2K	$1.2M

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

TEI Framework And Methodology

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

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 Marketo Engage can have on an organization:

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

CUSTOMER INTERVIEWS
Interviewed six organizations using Marketo Engage to obtain data with respect to costs, benefits, and risks.

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

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

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

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The Marketo Engage Customer Journey

BEFORE AND AFTER THE MARKETO ENGAGE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted six interviews with Marketo Engage customers. Interviewed customers include the following:

› A US telecom services company with $24 billion of annual revenue and 45,000 employees. Fifty employees use Marketo Engage to support both B2B and B2C marketing.

› A global technology company with $54 billion of annual revenue and 54,000 employees. Approximately 40 employees use Marketo Engage to support both B2B and B2C marketing.

› A global cybersecurity company with $3 billion of annual revenue and 7,000 employees. Seventy-five employees use Marketo Engage to support B2B marketing.

› A software company operating in the US and Europe with $12,500,000 of annual revenue and 1,100 employees. Twenty-five employees use Marketo Engage to support B2B marketing.

› A US software company with $200 million of annual revenue and 800 employees. Thirty employees use Marketo Engage to support B2B marketing.

› An Asian health and lifestyle company with $10 million of annual revenue. Fifteen employees use Marketo Engage to support B2C marketing.

Key Challenges

Prior to their investments in Marketo Engage, the interviewed companies had the following challenges:

› **The companies had limited visibility into their customers' buyer journeys.** The companies did not have integrated views of the customer across their customer lifecycles. The legacy marketing platforms did not easily support audience segmentation, lead scoring, lifecycle modeling, advanced prospect targeting, and marketing attribution.

› **Lead nurturing was limited.** The companies did not fully understand who was in their customer databases and how to classify them. This made it challenging to understand what content would resonate with each customer and when to reach out. It often took several months to follow up on the initial contact with a lead.

› **Content was not personalized.** It was challenging to get personalized and custom content to the right targets and customers at the right time.

› **The marketing teams spent a lot of time on back-office work.** Before Marketo Engage, the marketing teams spent a lot of time coding emails and developing landing pages.

› **The legacy platforms were difficult to use.** The interviewed companies found their existing legacy marketing automation platforms to be difficult to use and inflexible.

"Our prior platform was more difficult to use. It required more support and more handholding. It wasn't integrated with the rest of our tools."

Director of demand center, technology

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Key Results

The interviews revealed that key results from the Marketo Engage investment include:

› **Marketo Engage enhanced B2B customer engagement at multiple touchpoints.** The companies used Marketo Engage across the B2B marketing and sales cycle to improve customer engagement and ultimately drive increased conversion rates.

› **Marketo Engage improved audience segmentation, lead nurturing and lead management.** The platform helped the companies understand and effectively segment their customers. This helped ensure that they sent the right content to the right customers at the right stages. It was easier to ensure they customized content to drive engagement.

› **Sales team effectiveness improved.** Marketo Engage activity data helped the companies understand customer intent at each stage of the buyer journey. The companies used account-based marketing to grow outreach to key target accounts. They also used Marketo Engage data to update lead scoring to identify the best leads. The sales teams could now focus on who to call, which helped their close rates.

› **Marketing teams spent more time on higher value-added work.** The companies automated more marketing communications and the marketing teams spent less time building email campaigns and landing pages. They shifted their focus to tasks that could drive revenue, such as reevaluating lead scoring and measuring marketing effectiveness.

› **Marketing teams could quickly pivot campaigns if necessary**. Marketing teams could quickly identify the problem if a campaign wasn't working and modify the content.

› **Marketo Engage easily integrated with CRMs and other marketing tools**. The companies easily integrated Marketo Engage with their CRM systems and marketing tools. The platform also complements other Adobe Experience Cloud applications such as Adobe Experience Manager and Adobe Analytics.

Composite Organization

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

Description of composite. The composite organization is a global B2B organization with $10 billion of annual revenue and 20,000 employees. Its average customer order value is $50,000.

Deployment characteristics. The company uses Marketo Engage to automate, manage, and track B2B customer and prospect interactions across a broad array of touchpoints, including marketing campaigns, webinars, and customer events. The company also uses Marketo Engage for its B2C marketing programs and integrates the platform with its CRM. Forty employees use Marketo Engage, and 15 are power users.

"We do the majority of our marketing out of Marketo, whether it's email campaigns, event campaigns, or webinars with full integration with our sales and customer success teams."

Senior manager of marketing operations, software

"Marketo is the keystone to how we work as a marketing organization. We are so happy with the relationship. We love this vendor. Their support is active, they are helpful. Sometimes we need very quick support if we do something funky, and they're responsive. This relationship is going to be a long-term one for us."

Senior director of demand generation, cybersecurity

Key assumptions
$10 billion revenue

B2B focus

40 Marketo Engage users

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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 customer engagement	$1,792,691	$1,792,691	$1,792,691	$5,378,074	$4,458,158
Btr	Improved lead conversion	$3,750,000	$3,750,000	$3,750,000	$11,250,000	$9,325,695
Ctr	Enhanced marketing team productivity	$299,250	$299,250	$299,250	$897,750	$744,190
Dtr	Avoided marketing support costs	$285,000	$570,000	$570,000	$1,425,000	$1,158,415
	Total benefits (risk-adjusted)	$6,126,941	$6,411,941	$6,411,941	$18,950,824	$15,686,458

Increased Customer Engagement

Marketers use Marketo Engage for lead nurturing, personalization, and audience segmentation to better understand their customers and to create marketing messaging that resonates with customers and improves customer engagement. The platform leverages AI to push the most relevant content to each customer. The composite organization now has a more engaged customer database. Email open rates and click-through rates are higher, and email opt-out rates are lower. Form fills have improved.

> The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $15.7 million.

› **Lead nurturing:** "Marketo is most valuable for lead nurturing and management to make sure our leads are dripped through appropriate campaigns with timing and content that makes sense." – *Senior director of demand generation, cybersecurity*

› **Personalization:** "We love the [Marketo] web personalization tools. They give us the ability to connect directly to our digital properties and customize different messages on different parts of our websites. We can show a piece of relevant content based on previous interactions." – *Senior manager of marketing operations, software*

› **Audience segmentation:** "Marketo's audience segmentation is super valuable. We have a portfolio of products, and it makes sure that we understand who's who and what they are interested in." – *Senior director of demand generation, cybersecurity*

The composite organization uses Marketo Engage to manage customer engagement across multiple touchpoints. Key touchpoints include but are not limited to email marketing campaigns, events, and informational webinars. For the composite organization, Forrester assumes that:

› The organization runs 500 email marketing campaigns per year. Each campaign reaches out to 50,000 customers on average. Marketo Engage's AI helps put the most relevant content in front of customers.

› Before using Marketo Engage, the composite organization's email open rate was 12% and the click-through rate was 3.5%. After deploying the platform, the organization saw a 20% improvement in its email open rate to 14.4%. The email click-through rate improved by 15% to 4.0%. The organization gained an incremental 39,900 engaged customers per year due to the more targeted email campaigns.

> "We use Marketo to send communications to people at the right time. Now we are doing a lot more content specific to a person's need."
>
> *CMO, health and lifestyle*

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- The composite organization participates in 50 events per year — both physical and virtual. The events include both those the organization hosts and industry conferences where the organization mans a sales booth.

- Marketo Engage helps the composite organization decide which events are the most attractive to attend and how to draw customers to those events. The platform's AI identifies who are the best and most likely event attendees, which turns invites into event attendees. With more-focused attendees, leads per event improves 33% with Marketo, resulting in an additional 1,650 engaged leads per year.

- The composite organization hosts 25 customer webinars per year.

- With Marketo Engage, customer webinar attendance increases 50%. An additional 6,250 customers attend webinars each year.

- In total with Market Engage, the composite organization increases customer engagement by 47,800 engaged leads each year. The engaged leads are considered to be MQLs.

- Each engaged lead is valued at $46.88 based on expected conversion of engaged leads to sales wins.

The benefit will vary based on:

- The marketing campaign breadth.

- The conversion of engaged leads to sales wins.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of $4,458,158.

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

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REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
Increased Customer Engagement: Calculation Table					
A1	Annual marketing campaigns		500	500	500
A2	Outreach per campaign		50,000	50,000	50,000
A3	Email open rate before Marketo		12%	12%	12%
A4	Improvement in email open rate		20%	20%	20%
A5	Click-through rate		3.5%	3.5%	3.5%
A6	Improvement in click-through rate with Marketo		15%	15%	15%
A7	Increase in marketing campaign engaged leads after Marketo		39,900	39,900	39,900
A8	Events (per year)		50	50	50
A9	Leads per event before Marketo		100	100	100
A10	Improvement in event leads		33%	33%	33%
A11	Increase in marketing campaign engaged leads after Marketo Engage	A8*A9*A10	1,650	1,650	1,650
A12	Webinars per year		25	25	25
A13	Webinar attendees before Marketo Engage		500	500	500
A14	Improvement in webinar attendees		50%	50%	50%
A15	Increase in webinar engaged leads with Marketo	A12*A13*A14	6,250	6,250	6,250
A16	Increase in engaged customers		47,800	47,800	47,800
A17	Estimated value per engaged customer	Bt/B1	$46.88	$46.88	$46.88
At	Increased customer engagement	A16*A17	$2,240,864	$2,240,864	$2,240,864
	Risk adjustment	↓20%			
Atr	Increased customer engagement (risk-adjusted)		$1,792,691	$1,792,691	$1,792,691

Improved Lead Conversion

With Marketo Engage, the composite organization has more information about its customers and understands which approaches can help convert individual or account-based leads to sales.

› **Account-based marketing:** '[With Marketo,] we went from reaching people at 200 target accounts to over 500 accounts in one year. It's been able to increase our engagement with our key accounts that we're really going after from a sales perspective." – *Senior manager of marketing operations, software*

› **Lead management:** "A top benefit of Marketo is that you can see each stage that each prospect is at based on their attributes and what message might resonate well. We can see how long they've been at that stage, their score from a lead-scoring perspective, and where we can qualify them further for our sales team to push them over the hump." – *Senior manager of marketing operations, software*

› **Lead conversion:** "I use Marketo to figure out what our conversion rates are, compare them to that practice, and then alter our investment levels or strategy accordingly." – *Senior director of marketing operations, software*

For the composite organization, Forrester assumes that:

"We use the Marketo activity history to see customer intent. It saves the sales team a ton of time, energy, and effort because they're not calling the phone book, and it's helping their close rate."

Senior marketing manager, telecom services

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- Before Marketo Engage, it converted 10% of MQLs to SQLs. With the platform, the conversion rate improves by 25%. The organization converts an additional 2,500 MQLs to SQLs each year.

- The average deal size is $50,000.

- The organization converts 25% of SQLs to sales wins.

- The higher lead conversion rate with Marketo yields $31.25 million of incremental revenue each year. The increase in sales is offset by increased cost of goods sold and overhead expenses. Forrester assumes a 15% operating margin in line with the historical operating margins of the interviewed companies to calculate the net benefit of the sales uptick.

The benefit will vary with:

- The organization size and average deal size.

- The SQL-to-sales win conversion rate.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of $9,325,695.

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
Improved Lead Conversion: Calculation Table					
B1	Marketing qualified leads (MQL)		100,000	100,000	100,000
B2	Conversion of MQL to SQL before Marketo		10%	10%	10%
B3	SQL before Marketo	B1*B2	10,000	10,000	10,000
B4	Improved SQL conversion with Marketo		25%	25%	25%
B5	Increase in SQL	B3*B4	2,500	2,500	2,500
B6	Average deal size		$50,000	$50,000	$50,000
B7	SQL conversion-to-sales wins		25%	25%	25%
B8	Incremental revenue	B5*B6*B7	$31,250,000	$31,250,000	$31,250,000
B9	Operating margin		15%	15%	15%
Bt	Improved lead conversion	B8*B9	$4,687,500	$4,687,500	$4,687,500
	Risk adjustment	↓20%			
Btr	Improved lead conversion (risk-adjusted)		$3,750,000	$3,750,000	$3,750,000

Enhanced Marketing Team Productivity

The composite organization's marketing team uses Marketo Engage to manage and execute marketing campaigns.

- Before using Marketo Engage, the marketing team spent time on lower-value-added activities like coding emails and designing landing pages. With the platform, the team automates more emails. It can build campaigns faster with templates, cloning, and tokenization.

- Marketo Engage helps the marketing team maintain a regular communication cadence with customers and prospects. Before using the platform, the organization over-messaged some contacts and left others "cold" and under-messaged. Marketo Engage lets the marketing team prioritize messages with the highest expected return. The team can now scale messaging more efficiently and effectively.

"The simplicity of Marketo and the ease of use allow us to do more things. My team isn't spending hours coding an email. They can move onto things where they are able to push the envelope and drive revenue for the company."

Senior marketing operations manager, telecom services

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- The marketing team members now spend their time on more creative activities to drive customer engagement and revenue growth.

- "The templates have been a godsend. We built templates related to our events, our network, and our brand, and then we modify and tweak them on the go. We easily clone them, so we don't have to build them from scratch each time, and this has saved us a ton of time." – *Senior manager of marketing operations, software*

- "We're doing a lot of things with Marketo Engage that we could never really ramp up in our prior platform." – *Senior director of demand generation, cybersecurity*

For the composite organization, Forrester assumes that:

- It has 40 Marketo Engage users. A core group of 15 power users spends the bulk of its day using Marketo Engage. Another 25 marketing team members are ad hoc users who use Marketo Engage as needed.

- The marketing team's productivity improves 25% with Marketo Engage. The team automates more tasks or is assisted by AI, and the platform offers reusable templates and full campaign cloning.

- The average annual fully loaded salary for a marketing team employee is $120,000.

- The marketing team converts 50% of the hours saved into productive time.

The benefit will vary based on:

- The number of Marketo Engage users.

- The fully loaded compensation of marketing team members.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $744,190.

| **Enhanced Marketing Team Productivity: Calculation Table**					
REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
C1	Marketo Engage power users (FTEs)		15	15	15
C2	Power user time using Marketo		100%	100%	100%
C3	Marketo Engage general users (FTEs)		25	25	25
C4	General user time using Marketo Engage		25%	25%	25%
C5	Total Marketo Engage users (FTEs, rounded value shown)	(C1*C2) + (C3*C4)	21	21	21
C6	Improved productivity with Marketo Engage		25%	25%	25%
C7	Time savings (FTEs)	C5*C6	5.25	5.25	5.25
C8	Fully loaded annual salary		$120,000	$120,000	$120,000
C9	Productivity recapture		50%	50%	50%
Ct	Enhanced marketing team productivity	C7*C8*C9	$315,000	$315,000	$315,000
	Risk adjustment	↓5%			
Ctr	Enhanced marketing team productivity (risk-adjusted)		$299,250	$299,250	$299,250

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Avoided Marketing Support Costs

With Marketo Engage, the composite organization brings marketing-related vendor services in house, which saves costs.

› Before Marketo Engage, the organization used legacy marketing automation software. Six months after installing the platform, the organization decommissioned the legacy software, saving $200,000 per year.

› Before Marketo Engage, the organization used third-party professional services firms to help with marketing campaigns. The platform makes it easier and faster for the internal marketing team to run campaigns, so the organization spends less on third-party services. The cost savings are phased in, and by Year 2, the organization saves $400,000 per year.

The benefit will vary based on:

› The historic spending on legacy marketing automation software.

› The use of ad agencies and other professional services firms.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $1,158,415.

7%

$1.2 million

three-year benefit PV
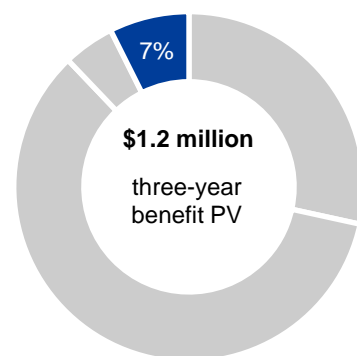
Avoided marketing support costs: 7% of total benefits

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
Avoided Marketing Support Costs: Calculation Table					
D1	Legacy marketing automation software annual cost		$200,000	$200,000	$200,000
D2	Reduction in ad agency fees		$400,000	$400,000	$400,000
D3	Phased cost reduction		50%	100%	100%
Dt	Avoided marketing support costs	(D1+D2)*D3	$300,000	$600,000	$600,000
	Risk adjustment	↓5%			
Dtr	Avoided marketing support costs (risk-adjusted)		$285,000	$570,000	$570,000

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Unquantified Benefits

Marketo Engage provides additional unquantified benefits that include:

› **Quickly repivoted marketing campaigns.** With Marketo Engage, marketers can assess the effectiveness of marketing campaigns. If a campaign is not hitting the expected metrics, marketers can quickly identify the problem and repivot the campaign so that it's more effective. This allow marketers to use their marketing budgets more efficiently. This benefit is strengthened for those using Bizible (Marketo Engage's premium multi-touch attribution capability), with which organizations can look beyond campaigns to attribute revenue impact and ROI to every marketing and sales touchpoint.

› **Enabled cross-channel coordination.** Marketers use Marketo Engage to manage cross-channel marketing. It allowed the interviewed companies to easily set up triggers to launch additional marketing content, such as sending more product information to a customer who attended an event. Or if a customer searched for information on a topic or clicked on certain sections of the website, Marketo Engage helped make sure they received relevant follow-up content.

› "[With Marketo,] if somebody's engaged with an email or if they've had a call with a sales rep or if they've attended an event, we want to send them material. Alternatively, if they've just been added to our pipeline, we can pull back the marketing activity and let the salesperson be the lead so [the customer is] not getting two different messages and two different points of contact." – *Senior manager of marketing operations, software*

› "We have ongoing nurture campaigns for thought leadership. With Marketo, we're able to get touches set up and coded so as people click on things, we are able to react. If somebody is clicking on cloud and we send them something on fiber, that's not the right message, and it's not going to advance the business." – *Senior marketing operations manager, telecom services*

› **Supported secondary marketing use cases.** Some interviewed companies used Marketo Engage for multiple use cases (i.e. B2B and B2C), but for purposes of this study, only the benefits of their primary use case are quantified.

> "With Marketo, if I find out creative is failing and we're getting no opens, no hits, and no clicks, that's fine. I can pivot very, very fast."
>
> *Senior marketing operations manager, telecom services*

Flexibility

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

› **B2C marketing campaign management.** While the core Marketo Engage use case is B2B marketing, the platform also has the flexibility to support B2C marketing. The interviewed companies found that Marketo Engage helped them create B2C campaigns more quickly to reach out to larger numbers of consumer leads.

› **Adobe experience cloud integration.** Marketo Engage easily integrates and complements other tools in the Adobe Experience Cloud portfolio.

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

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> "It was a pleasant surprise when [Marketo] was acquired by Adobe. For us, that's a benefit, because we're using the Adobe Experience Manager to power our website as well as the Adobe Suite. We have Adobe Analytics; we have Adobe Target. So, the acquisition of Marketo and being more connected to the Adobe Suite of products over time is great for us." – *Senior director of demand generation, cyber security*

Flexibility would also be quantified when evaluated as part of a specific project.

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	Marketo Engage installation and subscription cost	$220,000	$660,000	$660,000	$660,000	$2,200,000	$1,861,322
Ftr	Internal team to support Marketo Engage	$220,000	$880,000	$880,000	$880,000	$2,860,000	$2,408,430
	Total costs (risk-adjusted)	$440,000	$1,540,000	$1,540,000	$1,540,000	$5,060,000	$4,269,752

Marketo Engage Installation And Subscription Cost

The composite organization deploys Marketo Engage and integrates it with its CRM system.

› The composite organization pays $600,000 per year for Marketo Engage.

› The composite organization initially uses a third-party professional service firm to help set up Marketo Engage. The one-time cost is $200,000.

› It takes three months (25% of a year) to implement Marketo Engage.

The cost of Market Engage will vary based on:

› The marketing database size.

› The chosen capabilities.

› The number of users.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $1,861,322.

> The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than $4.3 million.

> Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

	Marketo Engage Installation And Subscription Cost: Calculation Table					
REF.	**METRIC**	**CALCULATION**	**INITIAL**	**YEAR 1**	**YEAR 2**	**YEAR 3**
E1	Marketo Engage subscription			$600,000	$600,000	$600,000
E2	Professional services		$200,000			
Et	Marketo Engage cost	E1+E2	$200,000	$600,000	$600,000	$600,000
	Risk adjustment	↑10%				
Etr	Marketo Engage Installation And Subscription cost (risk-adjusted)		$220,000	$660,000	$660,000	$660,000

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Internal Team To Support Marketo Engage

The composite organization dedicates a cross-functional internal team to install and maintain Marketo Engage.

> The organization uses Marketo Engage to manage its customers' privacy and opt-in/opt-out preferences. Any new customer data the organization acquires is run through Marketo to see if the customer is known. The organization also runs regular API calls throughout its system to update and bring new data into Marketo Engage.

> Five FTEs are dedicated to Marketo Engage. This internal team includes both marketing and technology experts.

> It takes three months (25% of a year) to implement Marketo Engage.

> The organization integrates Marketo Engage with its CRM.

> The average annual fully loaded internal support team member salary is $160,000.

The cost will vary based on:

> The installation complexity.

> The skill and experience of the internal team.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $2,408,430.

> "Marketo is central to enabling our growth because we are running all of our cleansing, appending, privacy, and automation practices through Marketo as a centralized marketing automation platform."
>
> *Senior director of demand generation, cybersecurity*

Internal Team To Support Marketo Engage: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Internal staff to support Marketo Engage (FTEs)		5	5	5	5
F2	Time spent		25%	100%	100%	100%
F3	Fully loaded annual salary per FTE		$160,000	$160,000	$160,000	$160,000
Ft	Internal team to support Marketo Engage	F1*F2*F3	$200,000	$800,000	$800,000	$800,000
	Risk adjustment	↑10%				
Ftr	Internal team to support Marketo Engage (risk-adjusted)		$220,000	$880,000	$880,000	$880,000

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)

- Total costs
- Total benefits
- Cumulative net benefits

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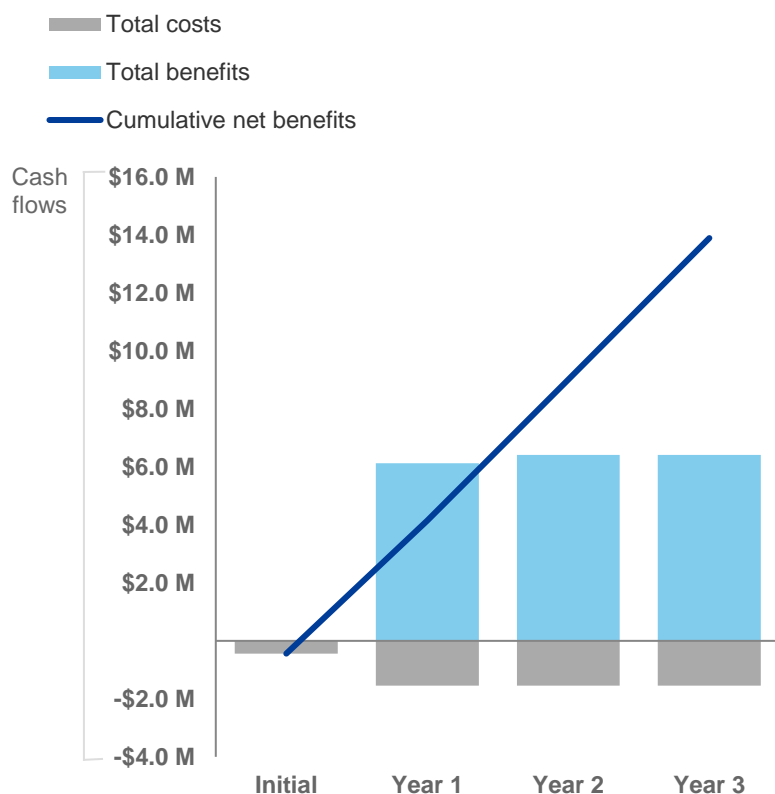
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($440,000)	($1,540,000)	($1,540,000)	($1,540,000)	($5,060,000)	($4,269,752)
Total benefits	$0	$6,126,941	$6,411,941	$6,411,941	$18,950,824	$15,686,458
Net benefits	($440,000)	$4,586,941	$4,871,941	$4,871,941	$13,890,824	$11,416,706
ROI						267%
Payback period (months)						<3

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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.

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Appendix B: Endnotes

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[1] Source: The Forrester Wave™: B2B Marketing Automation Platforms, Q4 2018, Forrester Research, Inc., October 15, 2018.

[2] Although many factors contribute to revenue performance, 61% of global marketing decision makers at firms that have implemented a B2B marketing automation platform said they grew revenue by more than 10% from the prior year, compared to 42% at firms that have not. Source: Forrester Analytics Global Business Technographics® Marketing Survey, 2018.

[3] Source: The Forrester Wave™: B2B Marketing Automation Platforms, Q4 2018, Forrester Research, Inc., October 15, 2018.

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