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The Total Economic Impact™ Of Zendesk For Enterprise
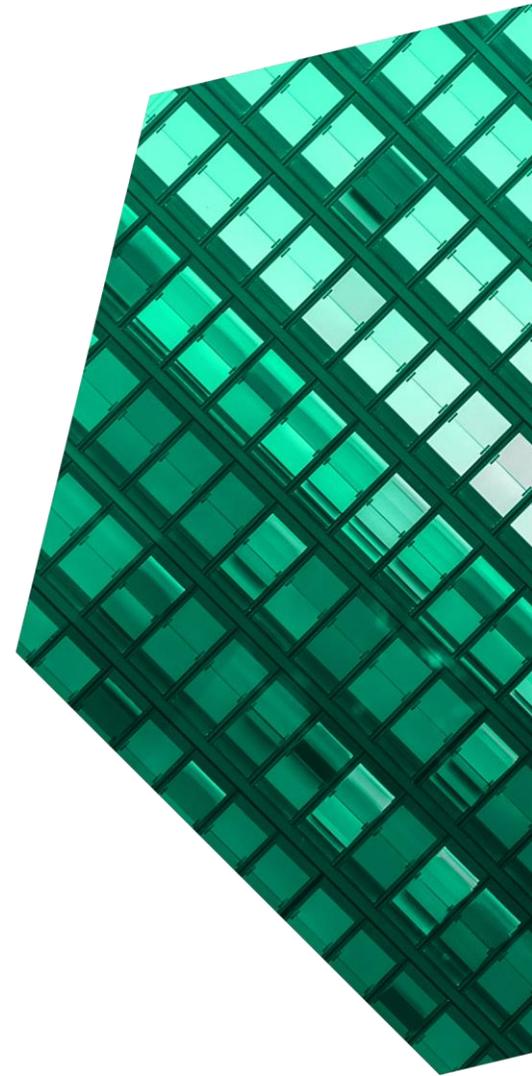
Cost Savings And Business Benefits
Enabled By Zendesk Customer Service For Enterprise
Organizations

DECEMBER 2021

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Executive Summary

> While digital customer service alone isn't a guarantee of success, a lack of digital customer service almost assuredly guarantees lost customers and market share.[1] Nonscalable legacy customer service suites leave organizations ill-prepared to meet the needs of their customers and unable to adapt to crises and changing circumstances. Organizations must reduce customer effort by adding digital channels and reducing agent toil by focusing on automation, and they must do it fast.

Through its suite of channel-expanding offerings, time-saving automations, and fast implementation and integration, Zendesk for enterprise allows organizations to immediately improve their customer service operations upon implementation and to increase upon those improvements with adjustments and expansions over time.

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

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

The interviewees said that prior to using Zendesk, their organizations struggled with nonscalable systems that limited their ability to grow and a lack of channels to provide customer service. Agents lacked visibility into customer issues and managers lacked visibility into where agents were needed most. These limitations led to stifled growth, inflexibility, and wasted employee effort.

KEY STATISTICS

Return on investment (ROI)
286%

Net present value (NPV)
$23.1M

After the investment in Zendesk, the organizations were able to quickly move toward modernizing their customer service processes. Key results from the investment included rapid and effective implementation and onboarding, increased visibility, easy integrations with existing solutions, the ability to quickly and simply add additional channels, and the ability to automate time-consuming tasks.

Cost reduction per ticket

40%

"Zendesk may be the single most critical application for our agents to operate effectively."

Head of support service, gaming

KEY FINDINGS

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

- **Deflection of up to 15% of customer contacts with a 40% reduction in effort for remaining contacts.** Zendesk-enabled automations like chatbots, self-service pages, and giving agents the ability to solve similar issues in bulk reduce the total number of daily contacts. By Year 3 and after all Zendesk features are deployed, the composite organization deflects 15% of its total contacts. Agents save time on remaining contacts due to increased visibility into customer issues and history and increased platform stability.

- **Avoided 15% of additional agent headcount with improved efficiency and scalability.** Zendesk enables organizations to easily scale up without an increase in hiring. This is further enhanced by a variety of efficiency-increasing features and automations that increase first-contact resolutions, save employees time, and enable fewer employees to perform more work.

- **Reduced developer support time by up to 15%.** While the speed of implementing Zendesk enables faster time-to-value on experiencing benefits, interviewees told Forrester that the ease of implementation was just as important because it allowed their organizations to avoid bringing on additional developer headcount. Additionally, Zendesk's ease of integration provides time savings for both developing and configuring. For the composite organization's developer team, this enables time-savings of 15%.

- **Improved conversion rate by 10% and increased average order value for e-commerce sales by 23%.** Zendesk provides visibility into customer history and automations like chatbots, so it allows customers to proactively reach out to site visitors and drive additional sales instead of waiting for customers to make purchases on their own. Sales attempts via Zendesk boast both higher conversion rates and higher average order values (AOV) than sales without Zendesk.

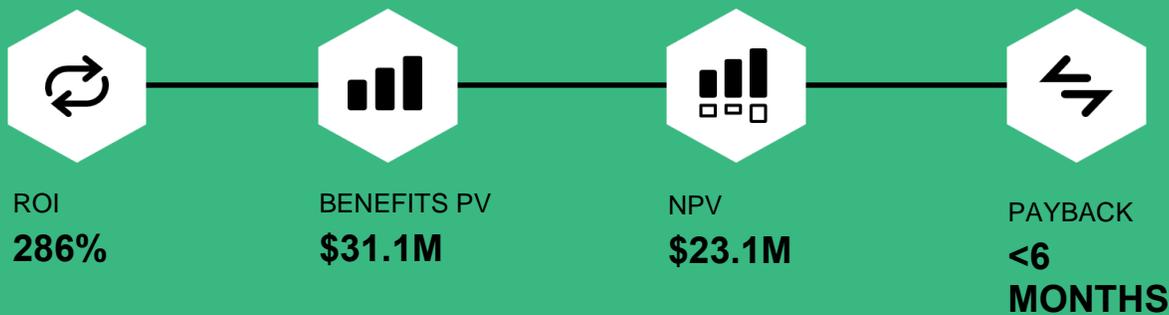**Unquantified benefits.** Benefits that are not quantified for this study include:

- **Improved flexibility that enables remote work.** Organizations that moved from manual solutions to Zendesk were able to easily shift to remote work models when the COVID-19 pandemic necessitated it. And although the pandemic drove this change, Zendesk enables moving agents from phone to email and chat for customer service. This allows organizations to make easier transitions to remote work environments in the future.

- **Improved customer and employee satisfaction.** Many of the interviewees told Forrester that their organization's metrics around customer satisfaction dramatically improved since implementing Zendesk. Additionally, they said Zendesk made service agents' jobs easier and increased efficiency. This allowed their organizations to upskill employees.

Costs. Risk-adjusted PV costs include:

- **License costs.** Organizations incur monthly subsciption fees based on functionality and the number of agents. Over three years, the composite organization pays $1.9 million in license costs.

- **Implementation and maintenance costs.** Interviewees said implementation requires a small team and only lasts a few months. The composite organization dedicates eight FTEs over the course of three months to implement Zendesk and another team of three FTEs to manage the platform. For the composite, these costs total $1.4 million over three years.

- **Training costs.** All Zendesk agents must participate in a four-week initial training program upon hire and spend another week of on-the-job training to adapt to new updates and features. For the composite organization, training costs total $4.7 million over three years.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $31.2 million over three years versus costs of $8.1 million, adding up to a net present value (NPV) of $23.1 million and an ROI of 286%.

ROI
286%

BENEFITS PV
$31.1M

NPV
$23.1M

PAYBACK
<6 MONTHS

Benefits (Three-Year)

Benefit	Value
Cost savings from deflected contacts and reduced handle time	$21.7M
Avoided hires due to improved agent efficiency	$8.2M
Faster integration and time-to-value savings	$1.0M
Additional annual revenue	$224.5K
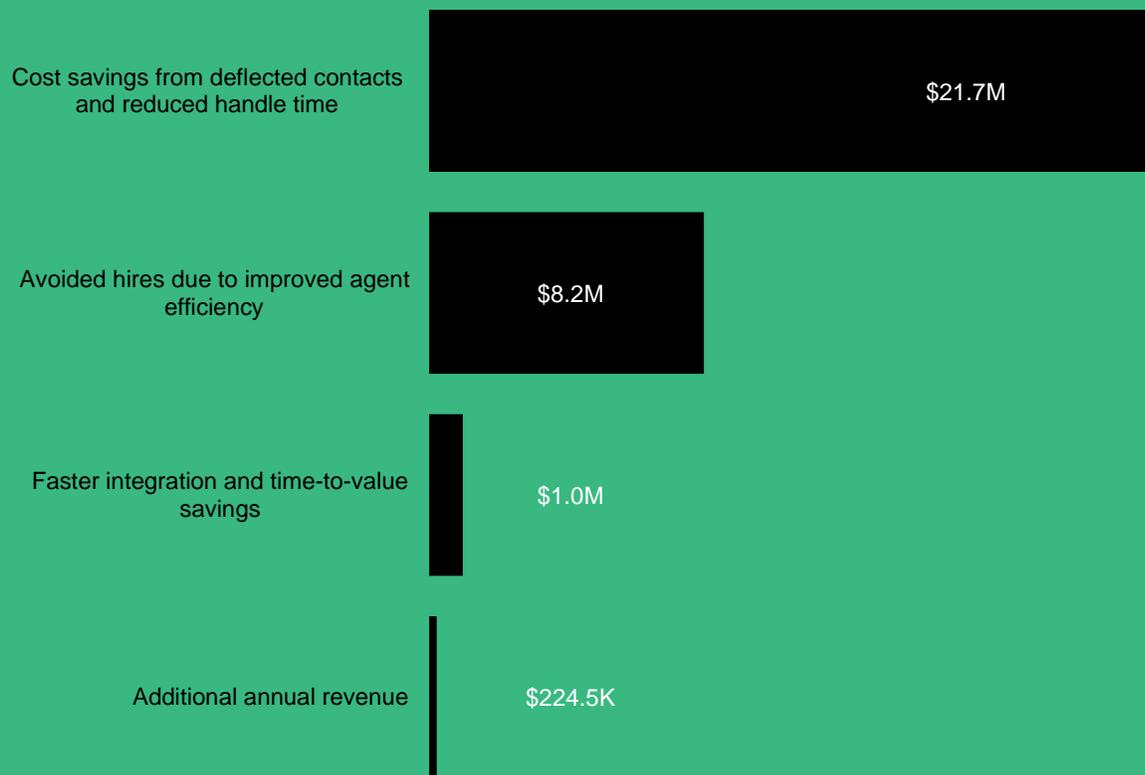
TEI FRAMEWORK AND METHODOLOGY

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

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 Zendesk for enterprise can have on an organization.

DISCLOSURES

Readers should be aware of the following:

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

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

Zendesk reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

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

DUE DILIGENCE
Interviewed Zendesk stakeholders and Forrester analysts to gather data relative to Zendesk for enterprise.

DECISION-MAKER INTERVIEWS
Interviewed seven decision-makers at organizations using Zendesk for enterprise 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 interviewed organizations.

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 Zendesk For Enterprise Customer Journey

Interviewed Decision-Makers			
Interviewee	**Industry**	**Region**	**Annual Revenue**
Head of support experience	Gaming	North America	$1.75B
Senior manager of services support	Gaming (Unity Technologies)	North America	$772.4M
Director of global player support	Gaming	EMEA	N/A
Head of customer experience	Retail	APAC	$548M
Assistant director of customer service solutions	Financial services	North America	$29.9B
Director of systems and service technology	Video hosting (Vimeo)	North America	$199.4M
Technical program manager	Streaming	North America	$25B

KEY CHALLENGES

Before investing in Zendesk, the interviewees' organizations generally lacked dedicated customer service solutions. Several worked from shared inboxes or homegrown solutions and it was impossible to scale or add additional channels.

The interviewees' organizations struggled with common challenges, including:

- **Low visibility into customer issues and customer service workflows.** Using shared inboxes meant the organizations lacked visibility into the histories and previous challenges their customers faced. A head of support experience for a North American gaming company stated: "When you're tracking things in an email inbox, you're not going to be able to understand which tickets were resolved [and] which tickets had a player reply. … It's very easy for things to get lost in the ether."

A head of customer experience in the retail industry said their organization's lack of visibility extended to employee deployments between different divisions of the business. They said: "[Without Zendesk,] we couldn't get the reporting. We couldn't manage the volume. [With Zendesk,] we could potentially repurpose some resources to support other parts of the team."

- **Wasteful manual effort and repeated issues.** Before using Zendesk, the organizations struggled with having to spend valuable agent time on cumbersome and manual processes that often didn't have permanent resolutions.

The senior manager for services support at Unity Technologies described a recurring issue that agents repeatedly had to manually solve for customers. They said: "There were some users who had a high number of self-installs outside of test mode on our dashboard. And as a result, our system recognized that as a fraudulent activity, and we would automatically lock them out."

A director of global support in the gaming industry said their organization's internal ticketing solution was time-consuming and lacked functionality. They said, "[The solution required ten developers every month for maintenance without even building any new features or functionality."

The head of customer experience in the retail industry told Forrester that before using Zendesk, their organization had to manually route calls from agent to agent in different departments. They also said agents and developers had to deal with outages of unreliable homegrown applications.

- **Inability to scale and add new channels.** Without a digital-forward platform for customer service, interviewees said their companies were limited to cumbersome and labor-intensive channels like phone calls or emails for handling customer complaints. This made it very difficult to cost-effectively scale customer service to match overall growth. The head of support service for a North American gaming company said: "I don't think our old system would be [very] viable. We'd have to solve for the lack of capabilities with an immense amount of cost."

"Since we're a global team … an engineer in Asia [could] solve a problem 60 days ago, but if we don't track it and record it well, we're going to [need] to have someone in [the] Americas or EMEA relearn and spend time and have that high effort level to resolve that."
Senior manager of services support, Unity Technologies

"We had a phone system. It was traditional … desk phone with the one number for the brand, routing to five or six agents, and that's about it."
Head of customer experience, retail

- **Limited integration capabilities.** Interviewees told Forrester that their organizations' prior solutions limited the ability to easily integrate customer service solutions with other programs or tools. An assistant director of customer service solutions in the financial services industry said: "[With other solutions,] you have to update them to this release or version. It requires so much time to retest integrations and configurations."

A technical program manager in the streaming industry said being able to build useable components, connectors, and integrations was a top priority for their organization.

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Save time for agents with improved visibility, stability, and automation features.

- Save time for developers with easy-to-build and easy-to-configure integrations, including the ability to reuse preexisting API integrations.

- Enable their customer service organizations to scale and add channels while avoiding unnecessary hires.

- Be implemented and expanded quickly and easily to allow for faster time-to-value.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the seven 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 B2C enterprise that operates an e-commerce site. It generates $8 billion per year and has 10,000 employees. Its AOV is $100, and its website sees an average of 100,000 visitors per day.

Deployment characteristics. The composite organization begins its Zendesk investment with 400 customer service agents. With the scalability provided by Zendesk, this number scales by 10% each year during a three-year period. The organization's use of Zendesk also scales over time with more channels like self-service and integrations for features like chat added during the timeframe.

Key assumptions
- **B2C organization**
- **$8 billion in annual revenue**
- **10,000 total employees**
- **400 customer service agents in Year 1**

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	Cost savings from deflected contacts and reduced handle time	$5,750,258	$9,131,503	$11,861,331	$26,743,092	$21,685,797
Btr	Avoided hires due to improved agent efficiency	$2,128,000	$3,218,600	$4,827,900	$10,174,500	$8,221,818
Ctr	Faster integration and time-to-value savings	$177,438	$401,625	$688,500	$1,267,563	$1,010,509
Dtr	Additional annual revenue	$80,811	$90,912	$101,014	272,737	$224,492
	Total benefits (risk-adjusted)	$8,143,934	$12,853,340	$17,491,262	$38,488,536	$31,167,616

COST SAVINGS FROM DEFLECTED CONTACTS AND REDUCED HANDLE TIME

Evidence and data. Interviewees said that upon implementing Zendesk, their organizations quickly experienced deflection savings with automation and self-service. Process and stability improvements also reduced the time required to handle the remaining contacts.

- Zendesk's web self-service offerings were a valuable source of deflections. The senior manager of service support for Unity Technologies said Zendesk allowed their organization to solve its recurring self-install issue with self-help. They said: "People were able to fill out this web form and resolve the issue in one contact. [It was] one touch and done. ...That was monumental. It saved a ton of work."

- Automations and chatbots provided by Zendesk played a key role in deflecting contacts. A director of global player support for an EMEA-based gaming company said, "We have decreased our manual contact over the last year … but our tickets have gone up."

- For the remaining tickets, agents experienced a variety of time savings related to having more channel flexibility, easy integrations, and superior features. The director of global player support said their company was able to avoid downtime associated with its prior solution, while the head of customer experience in the retail industry said their organization saved time by moving existing tickets from time-consuming channels like phone calls to faster channels like email. The assistant director of customer service solutions in the financial services industry told Forrester: "The least efficient agent on our team saw a 23-second speed gain on Day 1."

- Zendesk provided increased visibility into agent work, enabling agents to work on the tickets that needed them the most and providing them with more relevant information for each ticket. The head of support experience for a North American gaming company said: "[Before using Zendesk,] there was a lot of time spent context-switching [and] determining which tickets [agents] can and can't solve. … Now they don't need to wade through millions of tickets to identify where they can actually apply their time."

"Zendesk is incredibly streamlined, and at the Tier 1 level, [it] is incredibly useful to the work that we do." — Assistant director of customer service solutions, financial services

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite organization starts with 400 customer service agents using Zendesk. This number grows by 10% each year as more support teams are rolled onto the platform.

- Each agent can solve six contacts per hour (48 per day).

- During the three-year period, the composite implements deflection tools like automated chat bots that solve issues without agent input, mass-reply to issues, and self-service. This leads to the deflection of 15% of total contacts.

- Integrations that improve quality of life for agents (e.g., improved visibility into tickets, improved solution performance) are phased in over three years. Along with the increased stability and visibility provided by Zendesk, these improvements lead to 40% time savings on remaining contacts.

"We saw about a 30% drop in incoming volume as a result of Zendesk."
Head of customer experience, retail

Risks. The impact of this benefit will vary among organizations depending on the following factors:

- The volume and type of contacts.

- The organization's prior solution and its capabilities.

- The number of agents required and their pay rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 5%) of $21.7 million.

Cost Savings From Deflected Contacts And Reduced Handle Time

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total number of agents	Interviews	400	440	484
A2	Average daily contacts	A1*48 contacts per day	19,200	21,120	23,232
A3	Fully burdened agent salary	TEI Standard	$70,000	$70,000	$70,000
A4	Average cost per contact	A3/2,080 hours/6 contacts per hour	$5.61	$5.61	$5.61
A5	Percent of contacts deflected through self-service, bots and global answering	Interviews	5%	10%	15%
A6	**Daily contact deflection savings**	**A2*A4*A5**	**$5,386**	**$11,848**	**$19,550**
A7	Remaining daily contacts	A2*(1-A5)	18,240	19,008	19,747
A8	Cost reduction per contact due to faster handle time	Interviews	25%	35%	40%
A9	Per contact savings	A4*A8	$1.40	$1.96	$2.24
A10	**Daily handle time savings**	**A7*A9**	**$25,536**	**$37,256**	**$44,234**
A11	Productivity recapture	Assumption	75%	75%	75%
At	Cost savings from deflected contacts and reduced handle time	(A6+A10)*261 days per year*A11	$6,052,903	$9,612,108	$12,485,612
	Risk adjustment	↓5%			
Atr	Cost savings from deflected contacts and reduced handle time (risk-adjusted)		$5,750,258	$9,131,503	$11,861,331
	Three-year total: $26,743,092		**Three-year present value: $21,685,797**		

AVOIDED HIRES DUE TO IMPROVED AGENT EFFICIENCY

Evidence and data. Several interviewees said Zendesk's channel selection and increased functionality enabled their organizations to scale beyond their prior solutions. Agents using Zendesk were able to handle higher volumes of work due to the capabilities of the agent desktop and automations let agents prioritize the most important interactions while self-service tools handled less-complex tasks. This all came together to allow the organizations to avoid additional headcount while scaling operations

- The head of support service for a North American gaming company told Forrester: "Zendesk was critical in our expansion. … Without Zendesk, it might have been technically possible, but we would have just encountered inefficiency and [increased] cost."

- The director of global player support for an EMEA-based gaming company said, "[With Zendesk,] we have a much leaner team. … We didn't have to increase our staff internally at all because of automations, even though our tickets increased last year."

Modeling and assumptions. Forrester assumes the composite organization:

- The composite phases in its avoided hires over time as it implements more Zendesk features and integrations.

- This caps out at 15% in Year 3.

Risks. The impact of this benefit will vary among organizations depending on the following factors:

- Organizational growth.

- The number of agents required and their pay rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $8.2 million.

Ref.	Metric	Source	Year 1	Year 2	Year 3
Avoided Hires Due To Improved Agent Efficiency					
B1	Total agents	A1	400	440	484
B2	Additional agents avoided	Interviews	8%	11%	15%
B3	Agent salary	TEI Standard	$70,000	$70,000	$70,000
Bt	Avoided hires due to improved agent efficiency	B1*B2*B3	$2,240,000	$3,388,000	$5,082,000
	Risk adjustment	↓5%			
Btr	Avoided hires due to improved agent efficiency (risk-adjusted)		$2,128,000	$3,218,600	$4,827,900
	Three-year total: $10,174,500		Three-year present value: $8,221,818		

FASTER INTEGRATION AND TIME-TO-VALUE SAVINGS

Evidence and data. The interviewees consistently stated that Zendesk's ease of implementation and integration were key differentiators from competitors when considering their investments.

- Interviewees said Zendesk provided a simpler implementation than competing solutions and that it allowed their organizations to begin realizing benefits faster and with less effort. The head of customer experience in the retail industry said: "[Setting up new features without Zendesk] would have been really clunky. We scoped out what it would [have been] like to have a different chat product, a different telephoning system, and just a different and diverse range of products. … There would have been a lot more operational challenges, and it would have been a lot more painful. We probably would have [had] to scale up our systems change. And we would have paid for it. I have no doubt."

- Zendesk enabled integrations and customizations that saved time for developers who typically struggle to keep integrations correctly configured with other platforms. The head of support experience with a North American gaming company said, "[Developers working part-time on Zendesk] were able to build tools on top of Zendesk so agents have a one-stop shop for them to be able to do their work."

- The assistant director of customer service solutions for a financial services organization explained that Zendesk's seamless updating saves time for configuring integrations. They said: "One of the biggest savings we have with Zendesk is the fact that they go and test all their upgrades on their own and then they just release it. It's pretty much seamless to us when they

upgrade. We don't have to go and retest our integrations every time."

- The technical program manager in the streaming industry said Zendesk's ability to work with API integrations was a source of significant time savings for their organization. They said: "Since all the APIs are the same and you can have multiple instances, we've gotten to reuse a lot of integrations. … We can install them in multiple instances with just small tweaks."

> **"If we had Zendesk in the past, we probably wouldn't have created our own dashboards."**
> *Director of global player support, gaming*

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite experiences a 20% savings in headcount due to implementing Zendesk instead of a different customer service platform.

- The number of developers working on integrations increases as the composite organization continues to scale.

- Developers see 15% time savings due to easier configuration and development as the organization adds more Zendesk features.

Risks. The impact of this benefit will vary among organizations depending on the following factors:

- Whether or not the organization uses an alternative support tool that can be integrated with Zendesk.

- The number of developers necessary for integrations.

- The level of difficulty in configuring and developing integrations in the organization's prior environment.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $1 million.

Time saved on integration development and configuration

5% to 15%

Faster Integration And Time-To-Value Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Time to implement customer service solution (years)	Interviews	0.25	0	0
C2	FTEs to implement	Interviews	10	0	0
C3	Implementation cost savings due to Zendesk	Interviews	20%		
C4	Admin FTE salary	TEI Standard	$80,000	$0	$0
C5	**Administrative implementation savings**	**C1*C2*C3*C4**	**$40,000**	**$0**	**$0**
C6	Developer FTEs working on integrations with customer service prior to Zendesk	Assumption	25	35	40
C7	Percent of time saved on integration development/configuration	Assumption	5%	10%	15%
C8	Fully loaded developer FTE salary	TEI Standard	$135,000	$135,000	$135,000
C9	**Developer integration savings**	**C6*C7*C8**	**$168,750**	**$472,500**	**$810,000**
Ct	Faster integration and time-to-value savings	C5+C9	$208,750	$472,500	$810,000
	Risk adjustment	↓15%			
Ctr	Faster integration and time-to-value savings (risk-adjusted)		$177,438	$401,625	$688,500
	Three-year total: $1,267,563		**Three-year present value: $1,010,509**		

ADDITIONAL ANNUAL REVENUE

Evidence and data. Interviewees said that in addition to its primary use case as a customer service solution, Zendesk could also serve as a prepurchase engagement solution for buyers via bots that encourage purchases on landing pages and that it also provides agents with valuable information for upsells.

- Interviewees said automated bots enabled by Zendesk could proactively engage with customers when they visit webpages, make purchase recommendations, and solve relatively simple tasks like password resets.

- They also said Zendesk's ability to track customer history made automations more effective and that it gave agents opportunities to upsell while helping customers with issues. For example, Zendesk can feed chatbots or agents a list of past purchases made by a website visitor, which enables the chatbot to make more targeted recommendations and gives agents a better view of potential upsell opportunities during support engagements.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite's e-commerce site sees an average of more than 3.6 million annual visits.

- The average conversion rate is initially 3%, but it improves by 8% to 10% over three years with maturity of use.

- The composite's initial AOV is $100 with an average margin of 10%. This improves by 23% for sales assisted by Zendesk.

Risks. The impact of this benefit will vary among organizations depending on the following factors:

- The organization's average number of site visits, conversion rates, order values, and margins.

- The cost of agent training and use of Zendesk in proactive sales

- To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $224,500.

Improvement in average value of order for Zendesk-assisted sales

23%

- The head of customer experience in the retail industry told Forrester: "We definitely saw a higher conversion rate with proactive sales through Zendesk. … Zendesk actually has a higher AOV against the website as well."

Additional Annual Revenue					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Annual site visitors	Composite	3,650,000	3,650,000	3,650,000
D2	Normal customer conversion rate	Composite	2.5%	2.5%	2.5%
D3	Improvement in conversion rate with Zendesk	Interviews	8%	9%	10%
D4	Annual incremental sales with Zendesk	(D1*D2(1+D3))-(D1*D2)	7,300	8,213	9,125
D5	Average order value	Composite	$100	$100	$100
D6	Average order value improvement through Zendesk	Interviews	23.0%	23.0%	23.0%
D7	Average order value when interacting with Zendesk	D5(1+D6)	$123	$123	$123
D8	Profit margin	10%	10%	10%	10%
Dt	Additional annual revenue	D4*D7*D8	$89,790	$101,014	$112,238
	Risk adjustment	↓10%			
Dtr	Additional annual revenue (risk-adjusted)		$80,811	$90,912	$101,014
	Three-year total: $272,737		**Three-year present value: $224,492**		

UNQUANTIFIED BENEFITS

Additional benefits that interviewees said their organizations experienced but were not able to quantify include:

- **Enabling remote work and flexibility around the COVID-19 pandemic.** Many of the interviewees said making the shift to remote work because of the pandemic would have been far more painful without a digital-first approach enabled by Zendesk. The director of global player support at an EMEA gaming organization said, "[Zendesk] created the visibility for us on what our agents do for them to work without being in-office."

- **Improving customer and employee satisfaction.** Interviewees said improving the effectiveness of tools provided to agents enabled better customer support and translated into improved customer satisfaction.

  - The senior manager of services support for Unity Technologies said their organization saw its first response time within 24 hours improve from 70% to 80%. The head of support experience with a North American gaming company said their organization saw a 10% boost to its customer satisfaction (CSAT) score after implementing Zendesk.

  - The director of global player support for an EMEA-based gaming company said: "[Zendesk] now solves 90% of issues solved with one contact. Before, we didn't even know how to track it."

▪ Interviewees said the improvements to customer support also improved the day-to-day experiences of customer support agents. The senior manager of services and support for Unity Technologies told Forrester: "I knew my team was struggling, and I figured if I could help [with Zendesk, then team members] would appreciate the help. And they did. Their attitudes [are] better. They have work to do, but they do not feel under pressure. They know that when they go in to work, the ticket queues will not be backed up."

FLEXIBILITY

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

- **The ability to add onto Zendesk over time.** Nearly all the interviewees said their organization did not start with all the elements of the Zendesk suite. The ease of deployment in initially setting up Zendesk extended to adding more features to support complex use cases, which made it easy to add new communication channels or functionality. The director of systems and service technology for Vimeo said: "There are so many ways to use Zendesk. It's easy to use. It's easy to set up. You can iterate as you build your business." Interviewees said Zendesk's integration capabilities also made it easy to add to over time because companies can often simply reuse preexisting integrations.

- **Expanded use of Zendesk across multiple business functions.** Interviewees said their organizations could use Zendesk for internal and external technical support and for pre-purchase engagement. Organizations that realized the benefits of deploying the solution in one function gained the potential to realize additional benefits by expanding usage to new teams.

    A head of customer experience in the retail industry said there are customer-facing groups within their organization that have not yet implemented Zendesk, both in support and sales. Adoption of Zendesk by these groups could lead to additional benefits.

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

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	License fees	$0	$720,000	$792,000	$871,200	$2,383,200	$1,963,636
Ftr	Implementation and maintenance	$294,000	$441,000	$441,000	$409,500	$1,585,500	$1,367,035
Gtr	Training costs	$2,450,000	$0	$1,378,125	$1,515,938	$5,344,063	$4,727,893
	Total costs (risk-adjusted)	$2,744,000	$1,161,000	$2,611,125	$2,796,638	$9,312,763	$8,058,564

LICENSE FEES

Evidence and data. Interviewees said organizations pay a monthly licensing fee per agent for use of Zendesk.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The pay rate of an agent is $150 per month.

- The composite initially has 400 agents.

- The number of agents increases 10% per year as the organization scales.

Risks. Because this cost is calculated by multiplying the number of agents by Zendesk's list price for licensing, Forrester did not risk-adjust the final cost upward, yielding a three-year total PV of $1.9 million.

License Fees

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Number of full agents	A1		400	440	484
E2	Annual cost per agent	Composite		$1,800	$1,800	$1,800
Et	License fees	E1*E2	$0	$720,000	$792,000	$871,200
	Risk adjustment	0%				
Etr	License fees (risk-adjusted)		$0	$720,000	$792,000	$871,200
	Three-year total: $2,383,200			**Three-year present value: $1,963,636**		

IMPLEMENTATION AND MAINTENANCE

Evidence and data. Interviewees said Zendesk began providing value in a matter of weeks and that full setup took only a few months.

- The organizations' initial implementation efforts required small teams of administrators, developers, and managers along with Zendesk professional services.

- Interviewees said maintenance requires an even smaller team to coordinate updates and add-ons and to troubleshoot any issues.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The organization dedicates the time of eight FTEs over three months to implement Zendesk.

- After implementation, the organization requires three FTEs to maintain the platform over time.

Risks. The impact of this cost will vary among organizations depending on the following factors:

- The amount of time teams require to set up Zendesk.

- The number of administrators, developers, and managers required for implementation and maintenance.

- The organization's ability to avoid any implementation mistakes that could cause delays.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $1.4 million.

Implementation And Maintenance						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	FTEs required to implement	Interviews	8			
F2	Time required to implement (months)	Interviews	3			
F3	FTEs required to manage	Interviews		3	3	3
F4	Blended FTE rate	TEI Standard	$140,000	$140,000	$140,000	$130,000
Ft	Implementation and maintenance	(F1*(F2/12 months)*F4)+(F3*F4)	$280,000	$420,000	$420,000	$390,000
	Risk adjustment	↑5%				
Ftr	Implementation and maintenance (risk-adjusted)		$294,000	$441,000	$441,000	$409,500
	Three-year total: $1,585,500		Three-year present value: $1,367,035			

TRAINING COSTS

Evidence and data. Interviewees said agents who use Zendesk require a relatively brief initial training period and some on-the-job training for any updates or expanded features.

Total training time required per agent

5 weeks

Modeling and assumptions. Forrester assumes the following about the composite organization:

- Each agent requires a four-week period of initial training and an additional week of on-the-job training.

- After Year 1, the composite organization experiences 10% growth in the number of agents per year and 35% churn.

- The first set of agents receive training upon implementation, and they don't require additional training until updates and other features are rolled out beginning in Year 2.

"[Zendesk is] cool to build, it's easy to teach, and it provides a wonderful agent experience."
Director of systems and service technology, Vimeo

Risks. The impact of this cost will vary among organizations depending on the following factors:

- The total amount of time required for training.

- The rate at which new updates and features that require additional training are added.

- The rate at which new agents are hired and churn out.

- The pay rate for agents.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $4.7 million.

Training Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Initial agents	A1	400			
G2	New agents added with Zendesk expansion	$A1_{CY}-A1_{PY}$		0	40	44
G3	New agents due to churn	$A1_{PY}*35\%$		0	140	154
G4	Total agents trained	G1+G2+G3	400	0	180	198
G5	Time required for initial training and on-the-job training (weeks)	Composite	4	1	5	5
G6	Fully burdened agent salary	TEI Standard	$70,000	$70,000	$70,000	$70,000
Gt	Training costs	(G4*G5/48 weeks)*G6	$2,333,333	$0	$1,312,500	$1,443,750
	Risk adjustment	↑5%				
Gtr	Training costs (risk-adjusted)		$2,450,000	$0	$1,378,125	$1,515,938
	Three-year total: $5,344,063			**Three-year present value: $4,727,893**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

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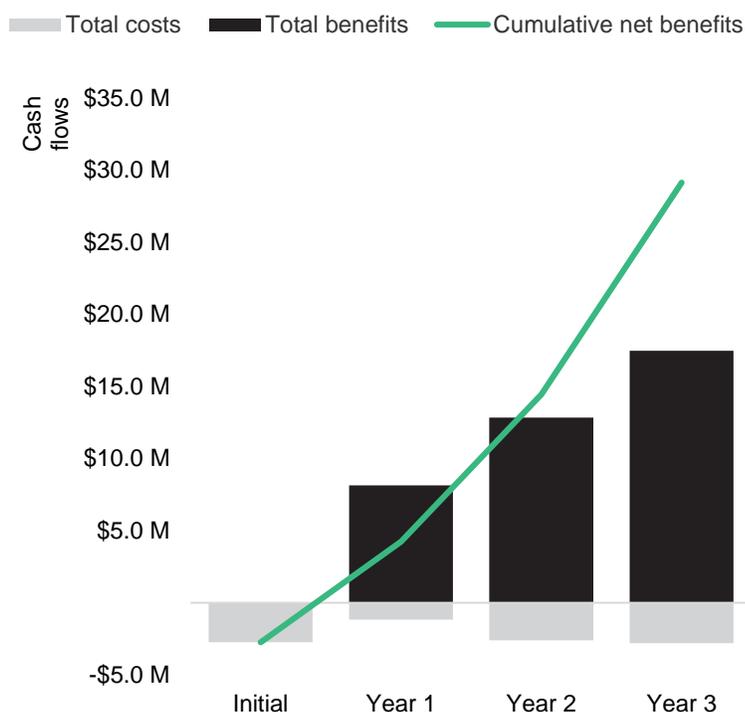
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($2,744,000)	($1,161,000)	($2,611,125)	($2,796,638)	($9,312,763)	($8,058,564)
Total benefits	$0	$8,136,507	$12,842,640	$17,478,745	$38,457,891	$31,142,616
Net benefits	($2,744,000)	$6,975,507	$10,231,515	$14,682,107	$29,145,129	$23,084,052
ROI						286%
Payback						<6 months

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

Appendix B: Endnotes

[1] Source: "How To Reinvent Customer Service To Be Digital-First," Forrester Research Inc., September 21, 2021.

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