The Total Economic Impact™ Of Workplace by Facebook

Improve Your Organization-wide Communications, Enhance Teamwork And Productivity, And Build A Connected Culture With Workplace

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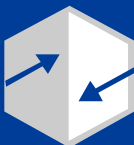
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Benefits And Costs

10% increase in revenue per customer

20% reduction in time to make decisions

10% higher employee retention

34% reduced time for frontline employees to receive company news/announcements

Executive Summary

Workplace by Facebook is a communications and collaboration platform for businesses that use familiar Facebook features, such as chat, groups, and posts to connect everyone in an organization. Workplace commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential ROI enterprises may realize by deploying Workplace. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Workplace on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed 19 customers, and surveyed over 200, with years of experience using Workplace. Workplace transforms the employee experience by working alongside the business tools organizations already use, providing a simple, secure, and productive way to share knowledge, work together, and build connected communities.

Prior to using Workplace, the customers wanted to break down siloes, improve collaboration, increase leadership transparency, and connect employees. Prior attempts yielded limited success, leaving customers with disconnected employees, entrenched siloes, distant and opaque leadership, and underutilized communications platforms. These limitations led to employees lacking engagement, efficiency, and opportunities for innovation, which ultimately impacted key business KPIs.

Key Findings

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

› **More effective organization-wide communications delivered benefits of just over $3.3 million.** In this category the following benefits were quantified: increased revenue per customer (10%), reduced leadership communications costs (~25%), and increased efficiency in training and development (18%).

› **Enhanced teamwork and productivity benefits amounted to nearly $5.3 million.** In this category the following benefits were quantified: higher knowledge worker collaboration efficiency (8%), faster time to decision (20%), improved frontline worker task efficiency (~20%), increased efficiency of working with external parties (11%), and reduced cloud opex (80%).[1]

› **Building a connected culture related benefits amounted to just over $4.5 million.** While there are several aspects of cultural development, we were able to quantify the following benefits: increased employee onboarding efficiency (24%), higher employee retention (10%), and increased product innovation (32%).

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

› **Increased employee engagement and satisfaction.** Workplace transforms the employee experience, providing a tool to make them more productive and facilitating connectivity with colleagues, interactions with leaders, and the sharing of knowledge and experiences.
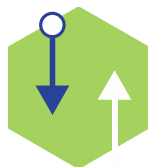
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ROI
398%

Benefits PV
$13.1 million
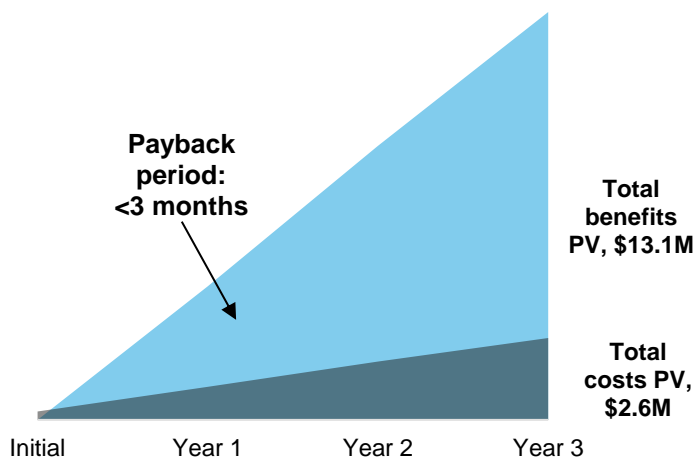
NPV
$10.4 million

Payback
<3 months

› **Increased leadership visibility and accessibility.** The two-way nature of Workplace communications makes it easier for employees to ask leaders questions, especially compared to email. 83% of survey respondents agreed that Workplace enabled more virtual leadership communication.

› **Improved flexibility to add more integrations and bots.** As the organizations' use of Workplace matures, there are multiple opportunities to integrate into more applications, to automate, and to facilitate access to more capabilities.

› **Improved internal recruitment efficiency.** A few organizations created a group within Workplace for vacancies open to internal candidates, increasing accessibility and reducing intranet support requirements.

› **Safety Check.** Several organizations use Safety Check, which helps identify employees in need of assistance in dangerous situations.

› **Reduced use of shadow IT.** In some cases, various platforms and communications tools were eliminated following the Workplace implementation, resulting in reduced costs and security risks.

Costs. The composite organization experienced the following risk-adjusted PV costs:

› **User or licensing costs of nearly $1.8 million.** Workplace is licensed on a per person per month basis; as adoption increases, so do the fees.

› **Ongoing administration costs come to $565,289.** The composite organization, with 15,000 employees, required two internal or partner people to administer the platform. There was also a $20,000 fee per single bot development.

› **Change management costs amounted to $269,500.** These include promotion and adoption materials, deployment, and training.

Forrester's interviews with 19 customers and subsequent analysis found that an organization based on these interviewed organizations experienced benefits of $13.1M over three years versus costs of $2.6M, adding up to a net present value (NPV) of $10.4M and an ROI of 398%.

Financial Summary
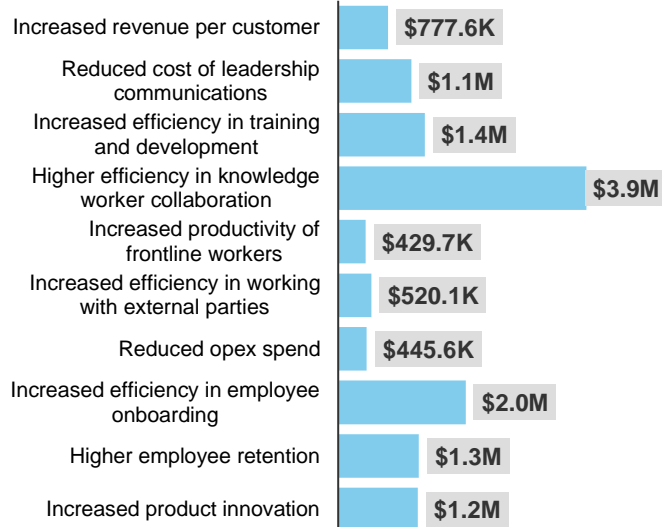
Payback period: <3 months

Total benefits PV, $13.1M

Total costs PV, $2.6M

Initial | Year 1 | Year 2 | Year 3

Benefits (Three-Year)

Benefit	Value
Increased revenue per customer	$777.6K
Reduced cost of leadership communications	$1.1M
Increased efficiency in training and development	$1.4M
Higher efficiency in knowledge worker collaboration	$3.9M
Increased productivity of frontline workers	$429.7K
Increased efficiency in working with external parties	$520.1K
Reduced opex spend	$445.6K
Increased efficiency in employee onboarding	$2.0M
Higher employee retention	$1.3M
Increased product innovation	$1.2M

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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 Workplace by Facebook.

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 Workplace by Facebook can have on an organization:

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

DUE DILIGENCE
Interviewed Workplace by Facebook stakeholders and Forrester analysts to gather data relative to Workplace.

CUSTOMER INTERVIEWS
Interviewed 19 organizations using Workplace to obtain data with respect to costs, benefits, and risks.

ONLINE SURVEY
Conducted an online, global survey of 226 Workplace administrators/ stakeholders in large organizations.

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Workplace by Facebook 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 Workplace by Facebook.

Workplace 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.

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

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The Workplace Customer Journey

BEFORE AND AFTER THE WORKPLACE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted 19 interviews with Workplace customers. Interviewed customers include the following:

INDUSTRY	HEADQUARTERS LOCATION	INTERVIEWEE	EMPLOYEES
Transportation	North America	Program manager global employee engagement	85,000
Manufacturing	North America	VP, internal and executive communications	60,000
Financial	North America	AVP, productivity and collaboration technologies	37,000
Financial	North America	Director of innovation lab and new ventures	21,000
Media	North America	Innovation and internal comm manager	12,000
Property services	North America	Director of public relations and social media	6,000
Logistics	North America	Director of IT org, communication and change management	2,500
Non-profit	North America	Country CEO	1,500
Telecommunications	Europe	Global internal communications	110,000
Financial	Europe	Digital lead, business communications	80,000
Non-profit	Europe	Digital Workplace communications lead	10,000
Transportation	Europe	Senior manager, communication channels	10,000
Telecommunications	Europe	IT technical coordinator	8,500
Advisory services	Europe	Knowledge manager	3,800
Technology	Europe	Chief marketing officer	3,500
Oil and gas	Europe	IT analyst, infrastructure	2,800
Hospitality	Europe	Head of cultural and internal communications	2,300
Financial	South America	Head of transformation	10,500
Retail	South America	Head of communications	10,000

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Surveyed Organizations

An online survey of 226 Workplace users was also conducted, comprising of decision makers from predominantly large business organizations from around the world, as shown below. More details of the survey respondent demographics are included in Appendix C.
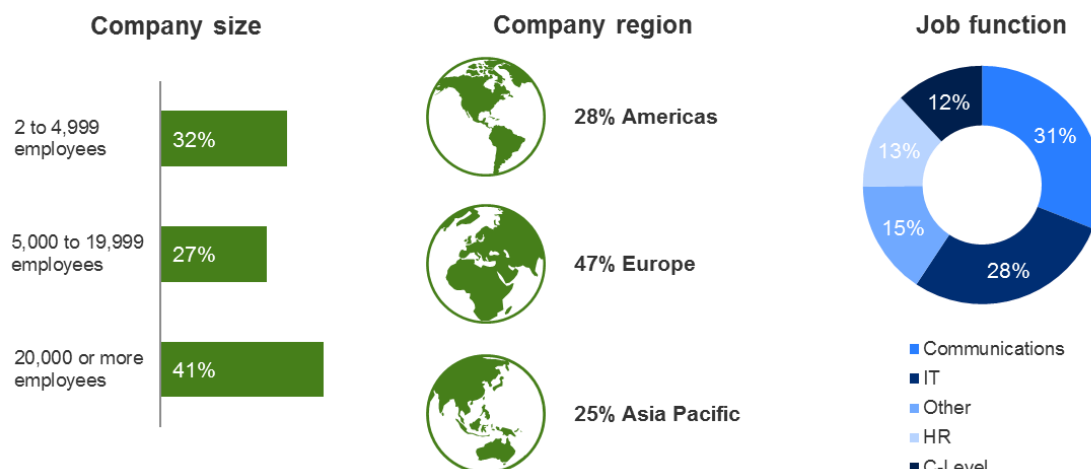
Company size

2 to 4,999 employees	32%
5,000 to 19,999 employees	27%
20,000 or more employees	41%

Company region

28% Americas

47% Europe

25% Asia Pacific

Job function

- 31% Communications
- 28% IT
- 15% Other
- 13% HR
- 12% C-Level

Base: 226 decision makers at companies in North America, South America, Europe, and Asia Pacific
Source: A commissioned study conducted by Forrester Consulting on behalf Workplace, May 2019

Key Challenges

The key issues and challenges organizations were facing have been grouped into four broad, related areas. These categories include a need to:

› **Break down decentralized structures and siloes.** Many interviewees were looking for a way to break down various siloes within their organizations. They wanted to integrate different offices and countries or bring acquired and/or merged entities closer together.

› **Engage disconnected employees.** Many employees, frontline workers in particular, did not have the right tools to easily connect with colleagues or find information. Company information was not readily available and internal communications were often limited to email. In some cases, there was also a need to support and accelerate transformational initiatives.

› **Make leaders more open and accessible.** Hierarchical structures and legacy communications tools meant that leaders were distant and employees did not feel they could easily ask questions or make recommendations.

› **Enable and drive collaboration.** Several organizations implemented alternative collaboration platforms, but the use of these platforms was limited. Employees could not easily find internal contacts, expertise, or documents.

"We were looking for something different, especially around employee engagement. The business had been through a lot in the previous few years."

Digital lead, business communications, financial services

"There were lots of mergers a few years ago. We wanted to bring the different parts of the business together."

Head of internal communications, oil and gas

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Key Results

The interviews revealed that key results from the Workplace investment include:

› **Higher productivity and efficiency.** In many ways Workplace enables frontline employees to save time and complete tasks faster. Tasks such as providing feedback to peers and management, completing HR processes, and swapping shifts and timetables can all be done in less time. In the case of knowledge workers, meetings and follow-ups become much more efficient, while all employees working with external parties are able to do so more efficiently. Furthermore, more engaged employees tend to put in additional discretionary effort and are motivated to complete tasks efficiently.

› **Communications are streamlined.** Workplace reduces a number of communications costs, including audioconferencing services, professional video equipment, and event fees. Virtual townhalls are not only easy to set up and deliver, but they are also easy to access on mobile devices, whether live or as recordings. This also reduces executive travel costs. Workplace can also act as a valuable crowdsourcing tool, enabling frontline employees to find answers quickly and easily.

› **Increased transparency and openness.** At a high level, interviewees consistently highlighted the increased transparency and openness enabled through the adoption of Workplace. This impacts employee engagement and satisfaction because they feel they have a voice, that they "belong to a single company," and are better recognized.

› **Cultural improvements.** These follow on from the above points, resulting in better retention and more innovation. The organization overall is better connected, resulting in more interactions that are better. Onboarding also becomes more efficient, in that, not only does a new employee have access to better tools, but they are also able to integrate faster.

"Everyone feels they are on the same team, it now feels like one company."

IT technical coordinator, telecommunications

"Workplace has become the center for communications, for information sharing, collaboration, and broadcasts. Townhalls have been a major success story."

Head of internal communications, oil and gas

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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 19 companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section.

Description of composite. The global services organization has 15,000 employees, with 55% being frontline workers and 40% being knowledge workers. The organization generates revenues of $3B, growing steadily at 5% per year. Some of the key employee metrics are summarized in the table below:

EMPLOYEE TYPE	%	NUMBER	AVERAGE SALARY	HOURLY RATE (USD)	AVERAGE TURNOVER
Frontline	55%	8,250	$25,000	$14	25%
Knowledge	40%	6,000	$100,000	$56	10%

Deployment characteristics. Following several months of preparation, it is assumed that the composite organization rolls Workplace out globally from Day 1, as was the case with most organizations we spoke to. However, there were those who initially rolled the platform out to one country or region, before further making it available across the footprint.

COMPOSITE ORGANIZATION EMPLOYEE GROWTH AND WORKPLACE ADOPTION
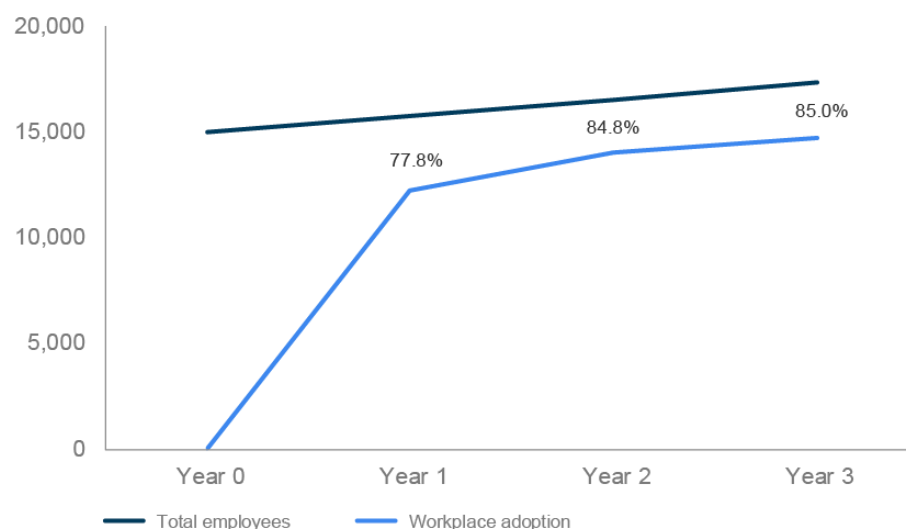
As shown above, after Year 1, adoption reached 78% of all employees, driven by ease of use and familiarity. Interviewees shared the following best practices for ensuring high initial platform use:

› Guaranteeing executive buy-in from the start, i.e., leaving questions unanswered shows disregard to employees.

› Creating and sharing content upfront, including:

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- Leadership-created content — in one organization, the leadership team created and shared personal content prior to release, such as pet photos and videos of their favorite activities.
- Webinars and training videos, including dos and don'ts and guidance of using the platform.
- Initial groups across territories, lines of business, and hierarchy. An employee recognitions group was very successful in a few organizations.
- Training and onboarding assets.

› Supporting adoption with a team of global champions to evangelize the capabilities and provide support and training.

› Ensuring single sign-on is available from the start.

› Stipulating cut-off dates of alternative platforms.

› Launching the platform at global/regional events, including announcements from leadership team.

› Launching in conjunction with the provision of mobile devices.

In Year 2, adoption grew to almost 85%. It is also assumed that a few bots were developed and launched in the second year to facilitate access to various HR resources.

In the Year 3, the adoption rate increased marginally to 85%, with frontline worker adoption reaching 81%, compared to 87% for knowledge workers. Most, if not all frontline employees access Workplace through mobile devices, as they have no desktop and in some cases no work email.

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Analysis Of Benefits

While the survey data and interviews revealed many different types of benefits, for the purposes of this analysis, Forrester was able to quantify the 10 benefits most consistently shared among interviewees. Those are summarized in the table below.

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased revenue per customer	$298,478	$313,402	$329,072	$940,951	$777,589
Btr	Reduced cost of leadership communications	$442,020	$466,653	$473,217	$1,381,890	$1,143,035
Ctr	Increased efficiency in training and development	$502,030	$553,740	$586,559	$1,642,329	$1,354,718
Dtr	Higher efficiency in knowledge worker collaboration	$1,314,331	$1,655,338	$1,759,831	$4,729,500	$3,885,081
Etr	Increased productivity of frontline workers	$125,062	$196,039	$204,980	$526,081	$429,713
Ftr	Increased efficiency in working with external parties	$180,224	$210,262	$242,852	$633,338	$520,069
Gtr	Reduced opex spend	$179,200	$179,200	$179,200	$537,600	$445,644
Htr	Increased efficiency in employee onboarding	$765,453	$803,726	$843,912	$2,413,091	$1,994,146
Itr	Higher employee retention	$461,756	$519,600	$548,758	$1,530,115	$1,261,490
Jtr	Increased product innovation	$432,000	$540,000	$540,000	$1,512,000	$1,244,718
	Total benefits (risk-adjusted)	$4,700,555	$5,437,959	$5,708,381	$15,846,894	$13,056,203

There are three groups of Workplace benefit categories that are previously discussed in the Key Results section; each of which is strongly related to improved employee satisfaction and engagement. Each of these categories includes three or four quantified benefits; the categories and related benefits are:

> **More effective organization-wide communications** including increased new revenue per customer, reduced cost of leadership communications, and increased efficiency in training and development.

> **Enhanced teamwork and productivity** including higher knowledge worker collaboration efficiency, increased productivity of frontline workers, increased efficiency in working with external parties, and reduced operational expenditure.

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 $13 million.

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> › **Building a connected culture** which includes increased efficiency in employee onboarding, higher employee retention, and increased product innovation.

Each of the three categories is further analyzed and broken down in the next sections.

MORE EFFECTIVE ORGANIZATION-WIDE COMMUNICATIONS

Due to the familiar interface, ease of use, and mobile-friendly capability, the adoption rate of Workplace tends to grow fast and trend high. High adoption is the prerequisite for a successful and effective company communications and collaboration tool. It creates better access to collective knowledge and resources and improves efficiency. As a result, it can connect everyone across the business.

"To what extent do you agree or disagree with the following statements?" (Select one per row)

● Strongly agree ● Agree

Workplace has . . .

Strongly agree + agree

Statement	Strongly agree	Agree	Total
Helped create more engaging communication and interactions	58%	33%	91%
Increased engagement with office and remote workers	38%	47%	85%
Created better cross-cultural working across multiple locations, languages, and functions	37%	40%	78%
Improved clarity for collaboration and communication	34%	42%	77%
Improved worker engagement and satisfaction	16%	53%	69%
Allowed for better communication and transparency on leadership decisions.	33%	35%	68%

"Don't know," neither disagree nor agree, disagree and strongly disagree not shown

Base: 226 decision makers at companies in North America, South America, Europe, and Asia Pacific
Source: A commissioned study conducted by Forrester Consulting on behalf Workplace, May 2019

Interviewees told us that communication and connectivity is enabled across geographies, lines of business, sites, languages, and levels of hierarchy. There are some key data points in the graphic above to further illustrate these benefits. One organization explained that their initial remit was to, "Increase communication and collaboration across four southern European territories." Within a few months, Workplace had been rolled out across its global operations.

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Increased Revenue Per Customer

Having better and faster answers to customer queries can lead to faster response times and an improved customer experience. Not only does Workplace facilitate better and faster access to product knowledge, it also enables customer-facing employees to share best practices and tips, providing opportunities to upsell or cross-sell to customers.

› To quantify this benefit, we looked at the impact of improved response time on improved customer wallet share. Assuming the organization has around 3.8 million customers and that 30% of those customers engage directly over the course of the year, we can calculate the number of customers that could be impacted.

› Of those customer interactions, we assume that, on average, 15% provide an upside potential to the organization. Assuming the average sale is $120, with an 18% cost margin and a 10% sale value uplift, the result is a three-year, risk-adjusted total PV of $777,589.

> "We are better able to upsell through better knowledge of the ecosystem. We have at least six additional customer references through connecting better and sharing info."
>
> *CMO, technology*

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Increased Revenue Per Customer: Calculation Table					
A1	Total customers	3,838,448	3,838,448	4,030,370	4,231,889
A2	% of customers that engage per year	30%	30%	30%	30%
A3	% of interactions with upside potential	15%	15%	15%	15%
A4	Average sale	$120	$120	$120	$120
A5	% increase in sale	10%	10%	10%	10%
A6	Cost margin	18%	18%	18%	18%
At	Increased revenue per customer	A1*A2*A3*A4*A5*A6	$373,097	$391,752	$411,340
	Risk adjustment	↓20%			
Atr	Increased revenue per customer (risk-adjusted)		$298,478	$313,402	$329,072

Reduced Cost Of Leadership Communications

There were many reasons for why the interviewed organizations invested in Workplace. However, a common comment was that it enabled the executive team to feel more connected with its employees. In several cases, organizations had undergone a leadership change and the new leadership team was looking to introduce and connect themselves to its employees. While previously, they may have conducted a road show to individual offices, the ability of Workplace, particularly the Live Video feature, enabled senior leadership to connect as well as solicit employee feedback in real time, without having to incur the typical costs associated with an onsite event.

› To calculate the impact of reduced cost of leadership communications, we assume that prior to the adoption of Workplace the leadership team conducted four annual offsite meetings. In addition, the team also planned eight events throughout the year where they would travel to meet employees.

Reduced cost of leadership communications: $778K PV

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- The cost incurred by these events consisted of the travel and the production/hosting costs. While the organization still conducts in-person meetings, the primary mechanism for communication to the wider organization is through the Live Video feature of Workplace.

- Also included in this benefit are the reduced costs for frontline workers to receive and find information. Billboards, flyers, and other printed communications are no longer required and information sharing is more real time and effective.

- Based on customer data, we see a decreased video cost of 27% and decreased event hosting costs of 22%, as well as a reduction in travel costs. The total impact of this cost reduction results in a three-year, risk-adjusted total PV of $1,143,035.

> "We were able to make £24K savings in audio line rental for events. Also, we no longer use video agencies, which cost £1,900 per half day."
>
> *Digital lead, business communications, financial services*

Reduced Cost Of Leadership Communications: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Total number of executive employee meetings	8	8	8	8
B2	Total employees requiring travel	12	12	12	12
B3	Total number of executive offsites	4	4	4	4
B4	Total employees requiring travel	20	20	20	20
B5	Average cost of travel	$1,800	$1,800	$1,800	$1,800
B6	Average video production cost – planned	$8,000	$8,000	$8,000	$8,000
B7	Average event hosting cost – planned	$14,000	$14,000	$14,000	$14,000
B8	Decreased video production costs	27%*B6	$2,160	$2,160	$2,160
B9	Decreased event hosting costs	22%*B7	$3,080	$3,080	$3,080
B10	Frontline workers		6,552	7,905	8,265
B11	Frontline hourly rate		$14	$14	$14
B12	Frontline time to receive/find information (mins/week)		30	30	30
B13	Reduced time for frontline workers to receive/find info	34%	34%	34%	34%
B14	Productivity conversion factor	20%	20%	20%	20%
Bt	Reduced cost of leadership communications	((B1*B2)+(B3*B4))*B5+ ((B1+B3)*(B8+B9))+ ((B12/60)*B13*B10*B11*B14*45)	$520,024	$549,003	$556,726
	Risk adjustment	↓15%			
Btr	Reduced cost of company communications (risk-adjusted)		$442,020	$466,653	$473,217

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Increased Efficiency In Training And Development

Workplace enables more efficient training and development for both frontline and knowledge workers. Ready access to files, videos, links, and other resources facilitates better and more efficient training. For instance, a hospitality group provides frontline employees with photos and information about new additions to the menu, such as a dessert or wine option, and can include a description of the ingredients, and complementary options, saving substantial time. The ability for frontline employees to access such resources through the mobile app is a key driver of such benefits.

› In order to quantify this benefit, it is assumed that frontline employees spend 3 hours every month on training and development, while for knowledge workers the corresponding number is 4 hours.

› The survey data showed that Workplace users saved an average of 18% of training and development time. By applying this to the number and salary of frontline and knowledge workers, the total amount of time saved can be calculated.

› A 20% productivity conversion rate was applied; in other words, it is assumed that out of every 5 hours saved, only 1 is put back into productive time. An additional risk adjustment of 15% was applied in cases where the time saving opportunity may be lower. This results in a three-year, risk-adjusted total PV of $1,354,718.

Increased efficiency in training and development: $1.4M PV

> "We used Workplace as a tool to train for the new mobile eCommerce app, driving $250K additional sales in two weeks!"
>
> *CMO, technology services*

Increased Efficiency In Training And Development: Calculation Table

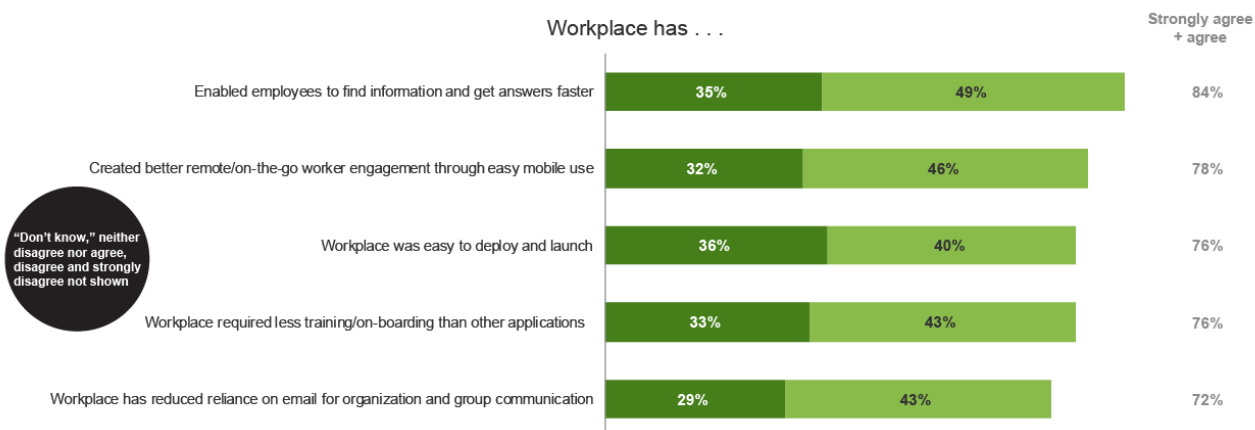| REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of frontline workers		6,552	7,905	8,265
C2	Annual time spent training and learning (Hour per month)	3	3.0	3.0	3.0
C3	Hourly salary – frontline		$13.9	$13.9	$13.9
C4	Number of knowledge workers		4,914	5,292	5,626
C5	Annual time spent training and learning (hours/month)	4	4.0	4.0	4.0
C6	Hourly salary – knowledge		$56.6	$56.6	$56.6
C7	% improvement	18%	18%	18%	18%
C8	Productivity conversion factor	20%	20%	20%	20%
Ct	Increased efficiency in training and development	$((C1*C2*C3)+(C4*C5*C6))$ $*12*C7*C8$	$590,623	$651,459	$690,070
	Risk adjustment	↓15%			
Ctr	Increased efficiency in training and development (risk-adjusted)		$502,030	$553,740	$586,559

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ENHANCED TEAMWORK AND PRODUCTIVITY

Enhanced teamwork and productivity is largely driven by having access to the right information at the right time to improve the speed to get things done. Collaboration is faster, easier, and more engaging. In many cases, for both knowledge and frontline workers, the large part of completing a task is the back and forth information exchange. Typically, that information is shared via email, limiting the number of people to include in an active conversation. With Workplace, two-way communications can be used instead of email, access through mobile devices increases efficiency and internal (and those with external parties) communications are faster. Data from the survey emphasizes these points:

"To what extent do you agree or disagree with the following statements?"
(Select one per row)

● Strongly agree ● Agree

Workplace has . . .

Strongly agree + agree

	Strongly agree	Agree	Strongly agree + agree
Enabled employees to find information and get answers faster	35%	49%	84%
Created better remote/on-the-go worker engagement through easy mobile use	32%	46%	78%
Workplace was easy to deploy and launch	36%	40%	76%
Workplace required less training/on-boarding than other applications	33%	43%	76%
Workplace has reduced reliance on email for organization and group communication	29%	43%	72%

"Don't know," neither disagree nor agree, disagree and strongly disagree not shown

Base: 226 decision makers at companies in North America, South America, Europe, and Asia Pacific
Source: A commissioned study conducted by Forrester Consulting on behalf Workplace, May 2019

There are four benefits that have been quantified in this category, namely: improved productivity for frontline and knowledge workers, improved efficiency working with partners, and reduced operational expenditure.

Higher Efficiency In Knowledge Worker Collaboration

One area where efficiency speed is realized is in the ability to make meetings, and the time around follow-up activities, more effective. By ensuring that the most up-to-date and relevant information is shared through a Workplace group (with that group being accessible to employees), there is a reduction in the time required for follow-up activities. One organization noted the ability to both upload notes during a meeting and share an agreed upon set of next steps in real time.

› To calculate this impact, we look at the total number of knowledge workers leveraging Workplace and assume that, on average, knowledge workers participate in five scheduled meetings of 45 minutes in length per week, two of which require a follow-up. We also assume that the amount of follow-up work per meeting generally equates to roughly 60 minutes of activity.

Higher efficiency in knowledge worker collaboration: $3.9M PV

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- Based on the data from the Workplace interviews and survey, we can calculate the impact of Workplace during a meeting (average 8% productivity improvement) and the improved time to decision making (19.5% improvement). Searching and finding information is easier and faster.

- After applying a risk adjustment of 15% for organizations which, for instance, have fewer meetings or a reduced need to follow up, the total impact equates to a three-year, risk-adjusted total PV of $3.9 million.

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Higher Efficiency In Knowledge Worker Collaboration: Calculation Table					
D1	Total employees – knowledge worker		4,914	5,292	5,626
D2	Average meetings per week		5	5	5
D3	% of meetings requiring a follow on decision		40%	40%	40%
D4	Average meeting duration (min)		30	45	45
D5	Average post meeting follow-up time (min)		60	60	60
D6	% increased productivity (during meeting)		8%	8%	8%
D7	% reduced time to decision making (post meeting)		19.5%	19.5%	19.5%
D8	Hourly salary		$55.6	$55.6	$55.6
D9	Productivity factor	20%	20%	20%	20%
Dt	Higher efficiency in knowledge worker collaboration	(D1*D2*48)*((D4/60)*D6*D8*D9))+(D1*D2*48*D3(D5/60)*D7*D8*D9* D5/60*D7*D8*D9)	$1,546,272	$1,947,456	$2,070,389
	Risk adjustment	↓15%			
Dtr	Higher efficiency in knowledge worker collaboration (risk-adjusted)		$1,314,331	$1,655,338	$1,759,831

Increased Productivity Of Frontline Workers

There are several positive impacts for frontline workers through more seamless interactions with HR, peers, and management. The ability to find and share information within groups, provide real-time feedback through features such as Chat and Live Video, and engage with colleagues virtually, all increase the speed to turn around queries and get access to information. There is no need to fill out a card and deliver it to provide feedback, it is all online and immediate. Access through the mobile app is a key driver of these productivity gains, especially for frontline employees. One interviewee summarized this succinctly, saying, "You have the power of global expertise at your fingertips." Similarly, another respondent explained, "It's an excellent tool for crowdsourcing in order to quickly find information and responses to your questions."

Increased productivity of frontline workers: $430K PV

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To calculate this impact, we look at the benefit of Workplace on the productivity of frontline workers for collaboration tasks related to their role. These tasks include providing feedback to managers and peers, swapping shifts with coworkers, and accessing HR tools. These are very pertinent to frontline employees as they have access to these capabilities on their mobile Workplace and Work Chat apps. Prior to the adoption of Workplace, we assume that, on a monthly basis, it took an average frontline worker:

› 30 minutes to provide feedback to management.

› 120 minutes to provide feedback to its peers.

› 20 minutes to swap shifts.

› 120 minutes for various HR processes including filling in timesheets and expenses, booking holiday time, and checking salary details.

Using this research, we calculate a 21%, 25%, and 19% reduction respectively for these tasks across the three years of analysis. In addition, as the organization continues to adopt bot technology within Workplace, there are additional benefits in Year 2 and Year 3, resulting from improved automation of HR processes, with an assumed time efficiency of 20%.

› These time savings were converted to the equivalent salary rate — a 20% productivity conversion rate was applied and a further 15% risk reduction was included to adjust for differences in these assumptions for different types of organizations. This resulted in a three-year, risk-adjusted total PV of $429,713.

> "It's an excellent tool for frontline staff for crowdsourcing in order to quickly find information and responses to questions."
>
> *Head of cultural and internal communications, hospitality*

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Increased Productivity Of Frontline Workers: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
E1	Number of frontline workers		6,552	7,905	8,265
E2	Frontline – hourly salary	$14	$14	$14	$14
E3	Average monthly time – HR processes	60	0	720	720
E4	Average monthly time – providing feedback to management (min)	30	360	360	360
E5	Average monthly time – providing feedback to peers (min)	120	1,440	1,440	1,440
E6	Average monthly time – swapping shifts (min)	20	240	240	240
E7	% reduction – providing feedback to management	21%	21%	21%	21%
E8	% reduction – providing feedback to peers	25%	25%	25%	25%
E9	% reduction – swapping shifts	19%	19%	19%	19%
E10	% reduction – HR processes	20%	0	20%	20%
E11	Productivity conversion factor	20%	20%	20%	20%
Et	Increased productivity of frontline workers	E1*E2*((E3*E10)+(E4*E7)+(E5*E8)+(E6*E9))*E11/60	$147,132	$230,634	$241,153
	Risk adjustment	↓15%			
Etr	Increased productivity of frontline workers (risk-adjusted)		$125,062	$196,039	$204,980

Increased Efficiency In Working With External Parties

The benefits of Workplace also can be seen in interactions with external parties through Multi Company Groups (MCGs). Several organizations noted that they used Workplace to interact with supply, channel, and maintenance organizations in place of using email and voice to communicate. The familiarity of the Workplace interface makes the adoption intuitive and the ability to collaborate easier, resulting in time efficiencies. One large telecom group collaborates with channel partners, agencies, and startups it has invested in through Workplace, making collaboration more efficient.

> In order to calculate this benefit, we assume that initially 18% of employees' work with external parties, growing to 20% in Year 2 and 22% in Year 3, highlights one benefit area: that more employees can efficiently work with external parties through Workplace. We also assume that two thirds of these employees are knowledge workers, one third are frontline, resulting in an average hourly rate of $43.

> We also assume that workers on average spend 140 minutes per month engaging with employees from external partners. Leveraging Workplace to drive external collaboration allows the organization to reduce the costs to engage with partners by 11%, on average, as per the survey results.

> "We created a second instance of Workplace for our volunteers which has brought them much closer, streamlined communications and enabled us to close down external components of the intranet."
>
> *Digital Workplace communications lead, non-profit*

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> Following a 60% productivity conversion adjustment and a 20% risk adjustment to account for organizations with less opportunity for such gains, this results in a three-year, risk-adjusted total PV of $520,069.

Increased Efficiency In Working With External Parties: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
F1	Total employees		15,750	16,538	17,364
F2	% of employees working with external parties	18%	18%	20%	22%
F3	Time spent working with external parties (min per month)	140	140	140	140
F4	Average hourly salary	$43	$43	$43	$43
F5	Reduced cost to engage with external parties	11%	11%	11%	11%
F6	% productivity improvement	60%	60%	60%	60%
Ft	Increased efficiency in working with external parties	F1*F2*(F3/60*12)*F4*F5*F6	$225,280	$262,827	$303,565
	Risk adjustment	↓20%			
Ftr	Increased efficiency in working with external parties (risk-adjusted)		$180,224	$210,262	$242,852

Reduced Opex Spend

To calculate this benefit, we assume the organization will reduce the reliance on legacy communication and collaboration software with the adoption of Workplace. Multiple organizations we spoke to highlighted that they had been able to reduce costs related to intranets. One interviewee explained, "We were able to shut down some local news portals and apps, which used to be operated internally."

> We assume that licensing costs for legacy collaboration and communications tools were $280,000, typically between $20 and $30 per seat per year.

> It is assumed that 80% of this cost can be avoided, equivalent to saving nearly $250,000 annually.

> Applying a 20% risk adjustment for organizations where this benefit is less relevant because of a different legacy set up or less scope for cost saving, yielding a three-year, risk-adjusted total PV of $445,644.

"I'm an intranet killer! You can quote me on that!"

Head of internal communications, oil and gas

Reduced Opex Spend: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
G1	Cost of software-as-a-service license		280,000	280,000	280,000
G2	% reduction		80%	80%	80%
Gt	Reduced opex spend	G1*G2	$224,000	$224,000	$224,000
	Risk adjustment	↓20%			
Gtr	Reduced opex spend (risk-adjusted)		$179,200	$179,200	$179,200

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BUILDING A CONNECTED CULTURE

Workplace can have a profound impact on the culture of an organization. Interviewees often used words such as "transparency," "openness," and phrases such as "one company," when asked about the key Workplace benefits.

"To what extent do you agree or disagree with the following statements?" (Select all that apply)

● Strongly agree   ● Agree

Workplace has . . .

Strongly agree + agree

	Strongly agree	Agree	Total
Allowed employees to feel closer to their teams and the organization	44%	44%	88%
Encouraged employees to express themselves	36%	48%	84%
Helped our culture become stronger	40%	42%	82%
Enabled leadership to better recognize and share employees achievements	37%	44%	82%
Allowed more diverse views/feedback to be heard/collected across the organization	34%	46%	81%
Strengthened the company's core mission and values	28%	44%	72%
Demonstrated the organization values employee feedback	26%	46%	72%

"Don't know", neither disagree nor agree, disagree and strongly disagree not shown

Base: 226 decision makers at companies in North America, South America, Europe, and Asia Pacific
Source: A commissioned study conducted by Forrester Consulting on behalf Workplace, May 2019

Furthermore, the Workplace survey data showed that organizations agree: employees feel closer to their teams and organization; employees are more encouraged to express themselves; and leadership is better able to recognize employee achievements.

Many of these benefits are, by their intangible nature, difficult to quantify. However, the following three have been quantified: increased efficiency in employee onboarding, higher employee retention, and increased product innovation.

Increased Efficiency In Employee Onboarding

A stronger and more identifiable culture can improve the onboarding experience of new employees. For example, several organizations noted a positive impact of Workplace on the onboarding process, from using Workplace to engage with potential recruits through a group, accessing welcome and how-to videos and content, to engaging new hires with Workplace Live Video and Chat. New employees can also become familiar with projects or clients faster by having easy access to files, relevant chat conversations, and links. By having new employees more engaged and understanding the overall mission of the organization, there is an additional positive effect on the overall onboarding process.

"We created an onboarding bot, which has replaced the staff handbook. It includes a welcome from the CEO, staff policies, processes, and how-tos."

Head of cultural and internal communications, hospitality

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› To calculate the impact of improved employee onboarding, we look at the number of frontline workers and knowledge workers. We assumed that for the composite organization, knowledge workers have a lower annual turnover of 10%, compared to 25% for frontline workers. With 5% annual growth of net new staff, this equates to 2,384 new frontline workers in Year 1 and 883 new knowledge workers to be onboarded. We also assume that prior to Workplace, it takes on average, two months to onboard frontline workers and four months to onboard knowledge workers. To calculate the investment cost, we assume that 20% of the employee's salary is spent on onboarding.

› Based on data received from Workplace customers, we calculate the decrease in time it takes to onboard new staff for both frontline and knowledge workers at 24%. This allows us to calculate the benefit by factoring in the value of the reduced time to onboard, considering the improvement in capital by having those individuals fully productive.

› A risk adjustment of 15% was applied to account for organizations where the impact of the more efficient onboarding process is lower. This results in a three-year, risk-adjusted total PV of $1,994,146.

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

Increased Efficiency In Employee Onboarding: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
H1	New frontline workers		2,384	2,504	2,629
H2	New knowledge workers		883	927	973
H3	Average time to onboard – frontline	2	2	2	2
H4	Average time to onboard – knowledge	4	4	4	4
H5	Average employee salary – frontline		$25,000	$25,000	$25,000
H6	Average employee salary – knowledge		$100,000	$100,000	$100,000
H7	Average onboarding cost as a % of employee salary	20%	20%	20%	20%
H8	Decreased time to onboard new staff	24%	24%	24%	24%
H9	Return on capital	30%	30%	30%	30%
Ht	Increased efficiency in employee onboarding	((H5/12)*H3*H1*H9*H8*H7)+ ((H6/12)*H4*H2*H9*H8*H7)	$900,533	$945,560	$992,838
	Risk adjustment	↓15%			
Htr	Increased efficiency in employee onboarding (risk-adjusted)		$765,453	$803,726	$843,912

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Higher Employee Retention

Improved retention is another way that Workplace has impacted the organizations we surveyed and interviewed. Several organizations noted the tie between employee engagement and employee satisfaction, providing employees with a voice to be heard across the organization. One large travel company told us, "The recognitions group has really boosted employee engagement." Another highlighted how Workplace, "Surfaces many of our unsung heroes."

From the survey, 69% of respondents strongly agree or agree that Workplace improved worker engagement and satisfaction. Ultimately, a more satisfied employee results in higher retention rates across roles and functions. According to one interviewee, "Workplace is the first tool that enables all employees across the 19 organizations in the confederation to communicate in a single tool."

› To calculate the impact of improved employee retention we look at both the number of frontline worker and knowledge workers. For frontline workers, we assume a 25% annual turnover, and for knowledge workers the rate is 10% — there is also a 5% annual growth of net new workers. Prior to implementing Workplace, the organization spent time and effort replacing both frontline and knowledge employees. With Workplace, the organization realized a reduction in turnover and an increase in retention due to a more engaged and satisfied employee.

› The impact of improved retention is that the organization does not lose the productivity of an open position and the cost associated with having to rehire new employees. For the purpose of this analysis, we assume that the average length of an open position is two months for a frontline worker and four months for a knowledge worker. There are roughly 1,528 frontline workers and 491 knowledge workers that turnover in the first year.

› We use a worker's salary as a factor in measuring the contribution a worker provides to the organization, so then we can calculate the value loss of an open position that is not filled. Based on client data, organizations saw, on average, a 9.9% improvement in employee retention as a result of Workplace. Based on the characteristics of the representative organization, we can calculate the impact factoring in the recoverable salary for each employee as well as the return on capital from the investment in the employee. This results in a three-year, risk-adjusted total PV of nearly $1.3M.

Higher employee retention:
$1.3M PV

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Higher Employee Retention: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
I1	Total employees – frontline		6,552	7,905	8,265
I2	Total employees – knowledge		4,914	5,292	5,626
I3	Employee turnover – frontline	25%	1,638	1,976	2,066
I4	Employee turnover – knowledge	10%	491	529	563
I5	Average length of open position – frontline (months)	2	2	2	2
I6	Average length of open position – knowledge (months)	4	4	4	4
I7	Average employee salary – frontline	4	$25,000	$25,000	$25,000
I8	Average employee salary – knowledge	4	$100,000	$100,000	$100,000
I9	Average employee salary		$53,750	$53,750	$53,750
I10	Recoverable salary	70.0%	70.0%	70.0%	70.0%
I11	% improvement in retention	9.9%	9.9%	9.9%	9.9%
I12	Return on capital	30.0%	30.0%	30.0%	30.0%
It	Higher employee retention	(I4*I6*I8/12*I10*I11*I12)+(I3*I5*I7/12*I11*I12)	$543,243	$611,294	$645,598
	Risk adjustment	↓15%			
Itr	Higher employee retention (risk-adjusted)		$461,756	$519,600	$548,758

Increased Product Innovation

Giving employees the tools to have more of a voice also manifests in the increased ability to collect and manage ideas from a diverse set of employees. Any employee might have an idea to fix a customer complaint, improve a product or service, but if the idea is not shared and the organization does not act on it, value is lost. One example is an airline that, prior to using Workplace, had no ready way of hearing from their frontline customer team about a customer suggestion or complaint. Similarly, a global restaurant chain was not able to react quickly to new menu suggestions from customers and frontline employees, which if acted upon would have resulted in increased revenue.

> Using features, such as Chat and Group, helped organizations share opportunities and uncover new ideas. In addition, several geographically distributed organizations noted the translation capabilities within chat to foster engagement and innovation. As one organization noted: "There are groups for new services we launch, so employees who buy these services can provide feedback immediately. This feedback goes to management very quickly, which was unthinkable previously."

Increased product innovation: $1.2M PV

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> To calculate the impact of workplace on the number of ideas and ultimately the number of net new products created, we assume that, prior to the investment in Workplace, the organization needed 100 new ideas for every product brought to market. The use of Workplace not only increased the volume of new ideas, but it also allowed for ideas to be reviewed and consolidated faster. To calculate the impact, customers noted a 32% increase in new idea generation for product development, ultimately resulting in more products to market.

> For the purpose of this analysis, we assume that, prior to the investment, the organization released 12 products to market over the course of a year. Applying the improvement in ideas, we see the number of ideas increased by four to 16 in Year 1 and an increase by five to 17 in Years 2 and 3.

> We also assume that it costs, on average, $450,000 to take a product from the idea stage to market. For that product to be successful, it needs to generate a 20% return in the first year. This allows us to value the impact of the four net new products on the organization, equating to a three-year, risk-adjusted total PV of $1,244,718.

"There are groups for new services we launch, so employees who buy these services can provide feedback immediately. This feedback goes to management very quickly, which was unthinkable previously."

Global internal communications, telecommunications

Increased Product Innovation: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
J1	Ratio of early stage ideas to products	1.00%	1.32%	1.40%	1.45%
J2	% improvement in ideas	32%	32%	40%	45%
J3	Average product hurdle rate	30%	30%	30%	30%
J4	Average new product development cost	$450,000	$450,000	$450,000	$450,000
J5	Number of products – preinvestment	12	12	12	12
J6	Number of products – post-investment	16	16	17	17
Jt	Increased product innovation	(J6-J5)*(J4*J3)	$540,000	$675,000	$675,000
	Risk adjustment	↓20%			
Jtr	Increased product innovation (risk-adjusted)		$432,000	$540,000	$540,000

Unquantified Benefits

There were some additional benefits highlighted by interviewees, but it wasn't possible to gather sufficient data or metrics to enable them to be quantified. They are listed below:

> **Increased employee engagement and satisfaction.** Workplace transforms the employee experience, providing a tool to make them more productive and facilitating connectivity with colleagues, interactions with leaders, and the sharing of knowledge and experiences.

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- › **Increased leadership visibility and accessibility.** The two-way nature of Workplace communications makes it easier for employees to ask leaders questions, especially compared to the previous use of email for direct communication. 83% of survey respondents agreed or strongly agreed that Workplace has enabled more virtual leadership communication. Interviewees also highlighted that video communications become less formal.

- › **Improved internal recruitment efficiency.** A few organizations created a group within Workplace for vacancies open to internal candidates, increasing accessibility and reducing intranet support requirements.

- › **Safety Check.** Several organizations noted the use of the Safety Check feature, which helps identify employees in need of assistance in case of dangerous situations.

- › **Reduced use of shadow IT.** In some cases, various platforms and communications tools were eliminated following the Workplace implementation, resulting in reduced costs and security risks.

Flexibility

In terms of flexibility, it is possible to develop the capabilities of the Workplace platform over time by adding more integrations and bots. While this incurs additional costs, it also opens opportunities for additional benefits and can result in the platform becoming the center of internal communications. One customer was easily able to create additional bots without needing specialist coders or developers. Additional benefits might include:

- › **Further employee engagement.** A transportation and hospitality organization told us that they have facilitated the booking of flights and rooms, respectively, using bots. As a result, employees can now quickly and easily take advantage of staff deals and benefits.

- › **Additional productivity gains** can be enabled by providing easy access to more resources and capabilities, negating the need for separate logins and making processes more efficient.

- › **Additional cost savings**, as other communications and collaboration platforms can be discontinued.

By reducing the need for shadow IT, security risks are reduced.

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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Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total Costs							
Ktr	User cost	$0	$646,985	$740,457	$779,313	$2,166,755	$1,785,625
Ltr	Change management	$269,500	$0	$0	$0	$269,500	$269,500
Mtr	Ongoing administration	$0	$220,000	$242,000	$220,000	$682,000	$565,289
	Total costs (risk-adjusted)	$269,500	$866,985	$982,457	$999,313	$3,118,255	$2,620,414

User Cost

The largest cost element of Workplace is user licensing, accounting for over two-thirds of the total three-year present value costs. Forrester is using a $4 per person per month price, although at the time of the research, pricing was lower at $3 per monthly active user.

> As described in the composite organization section, it has been assumed that adoption in Year 1 is 78%, 85% in Year 2, and 85% in Year 3. The number of users grew from 12,254 in Year 1 to 14,760 in the Year 3.

> A risk adjustment of 10% was applied, in the case that adoption was higher. Overall this resulted in a three-year, risk adjusted total PV of $1,785,625.

> 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 $2.6 million.

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
User Cost: Calculation Table						
K1	Cost per user per month	$4		$4	$4	$4
K2	Number of users			12,254	14,024	14,760
Kt	User cost	K1*K2		$588,168	$673,142	$708,467
	Risk adjustment	↑10%				
Ktr	User cost (risk-adjusted)		$0	$646,985	$740,457	$779,313

Change Management

Three elements of change management costs have been included in our analysis; these are the upfront costs the organization must invest before the official launch of the platform. A number of clients chose to use partners for change management, instead of using internal resources. The costs for using external partners or internal resources are comparable, therefore no additional partner costs have been included in the calculation table. The three change management costs are:

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- Promotion and adoption materials. These are all the online and offline assets prepared upfront to support the launch and ensure high adoption. The biggest element is the cost of the time of the teams of champions allocated across the organization to encourage and help users to start using the platform. In the case of the composite, this might include a team of 50 allocating four days of their time. It also includes the time administrators require to set up groups and set up other elements of the platform. The total amounts to $140,000.

- Deployment costs. These include both the cost of implementing the platform, such as integration and testing, as well as the retirement of prior solutions, such as alternative collaboration and communications platforms. The deployment costs totaled $85,000.

- Training costs. These include any additional time required to prepare administrators of the platform and any other key users, including executives who must be active in their usage to drive broader adoption. The cost equates to $20,000.

- A risk adjustment of 10% was applied to these costs to account for situations where more resources might be required in different implementations and business structures. This results in a three-year risk-adjusted total PV of $269,500.

Change Management: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
L1	Promotion and adoption materials		$140,000			
L2	Deployment costs		$85,000			
L3	Training costs		$20,000			
Lt	Change management	L1+L2+L3	$245,000	$0	$0	$0
	Risk adjustment	↑10%				
Ltr	Change management (risk-adjusted)		$269,500	$0	$0	$0

Ongoing Administration

The ongoing administration of the Workplace platform, including setting up and taking down accounts, group management, and general ongoing support, typically requires the equivalent of two FTEs for an organization with 15,000 employees. Some clients choose to hire partners for ongoing administration instead of doing this internally for similar costs. Also included here is the cost of implementing a bot in the second year, which is also often outsourced to a third party.

- Two FTEs, with salaries of $100,000 per employee, result in annual costs of $200,000. Engaging a partner incurs similar costs.

- The cost of the implementation of the bot, typically through a third-party developer, is estimated to cost $20,000 and is a one-off item in the second year.

- Applying a 10% risk adjustment in case the administration costs are higher for some organizations, the three-year, risk-adjusted total PV comes to $565,289.

Two FTEs spend 100% of their time on ongoing management of Workplace.

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Ongoing Administration: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
M1	Number of FTEs	2		2	2	2
M2	Salary cost	$100,000		$100,000	$100,000	$100,000
M3	Cost of bot (professional services)	$20,000			$20,000	
Mt	Ongoing administration	(M1*M2)+M3		$200,000	$220,000	$200,000
	Risk adjustment	↑10%				
Mtr	Ongoing administration (risk-adjusted)		$0	$220,000	$242,000	$220,000

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Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

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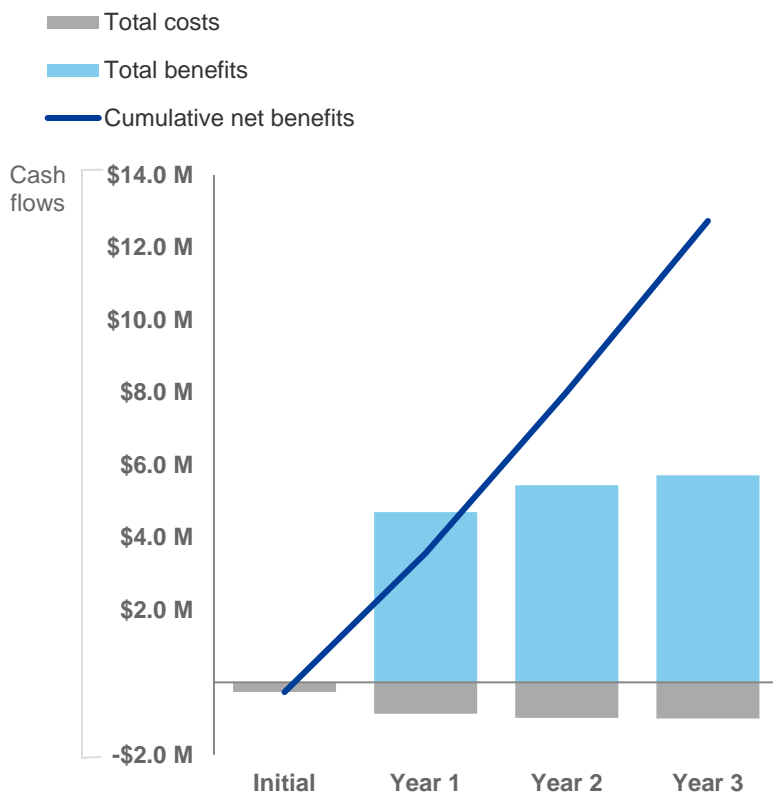
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($269,500)	($866,985)	($982,457)	($999,313)	($3,118,255)	($2,620,414)
Total benefits	$0	$4,700,555	$5,437,959	$5,708,381	$15,846,894	$13,056,203
Net benefits	($269,500)	$3,833,570	$4,455,502	$4,709,068	$12,728,640	$10,435,789
ROI						398%
Payback period						<3 months

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Workplace by Facebook: Overview

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

Workplace uses familiar Facebook features like chat, video calling, posts, and groups to connect everyone in an organization. It works alongside the business tools that organizations already use, providing a simple, secure, and more productive way for people to share knowledge, work together, and build connected communities.

Whether organizations are trying to improve top-down communications, teamwork, or bring purpose to work; it's not possible without connecting the entire company.

Workplace helps companies transform into communities and bring people closer, making teamwork faster and the company culture stronger, using a mobile-first platform that drives high adoption and retention in the organization.

Bring your employees closer. Companywide communication is more effective when the right people get the information at the right time and one-way broadcasts are turned into two-way conversations.

Make teamwork faster. Collaboration is faster, easier, and more delightful through smart integrations and easy-to-use technology.

Help your company culture become stronger. Business is better and work is more meaningful when people are connected; and when they feel included and valued.

Bring your employees closer:

- **News Feed:** Allow people to see more of the things they care about and less of the things they don't. News Feed uses advanced machine learning to create a personalized stream of company updates.
- **FYI Groups:** Enable people to take action faster. Got an update for your team? Your region? The entire company? Automatically sort people into relevant Groups and reach everybody in one place.
- **Live Video:** Why wait for the weekly meeting? Get the message across anytime, anywhere with a Live video broadcast, and receive real-time feedback through likes, comments, and reactions.
- **Mark as Important:** Boost critical communications to the top of the pile, and get metrics on engagement.

Make teamwork faster:

- **Workplace Chat:** From product recalls to project approvals, if you need it done fast do it on Workplace Chat with real-time messaging including stickers, gifs, and emojis.
- **Project Groups:** Nobody needs real time all the time. Create spaces to manage individual projects. Invite colleagues, share files, leave feedback, and respond when you're ready.
- **Integrations:** Use more of the tools you love, all in the same place. Workplace connects with over 50 popular enterprise apps like G-Suite, Office 365, Dropbox, Jira,Netskope, and ADP.
- **Multi-Company Collaboration:** Share files securely, make decisions quickly, and kiss goodbye to email. Connect with people outside your company in groups or chat threads.
- **Video Chat:** Don't let bad typing ruin a good conversation. Switch from text to video at the touch of a button, and join up to 50 colleagues in crystal-clear HD.

Help your company culture become stronger:

- **Org Chart:** Put a face to the name and build relationships with Org Chart, a searchable database of your entire company.
- **Safety Check:** Find, notify, and mobilize your work community to confirm who's safe and who needs help in a crisis.
- **News Feed:** Whether you Like it, Love it or you're Laughing Out Loud, recognize great work with Reactions.
- **Do Not Disturb:** Turn off notifications across mobile and desktop in order to finish that slide deck, stay in flow, or just take a break.

To find out more, visit www.workplace.com

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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: Summary Of Main Value Metrics

METRIC	AMOUNT
Reduced time-to-market for new products/services	10%
Decreased video production costs	27%
Decreased time to onboard new staff	24%
Decreased event hosting costs	22%
Reduced cost to engage with external partners	11%
Decreased time managing email and messaging	8%
Increased employee retention	10%
Reduced time-to-decision	20%
Decreased training and development cost	18%
Improved customer response time	12%
Reduced frontline employee time for providing feedback to management	21%
Reduced frontline employee time for providing feedback to peers	25%
Reduced frontline employee time for receiving company updates and announcements	34%
Increase in revenue per customer	10%
Reduced cost of opex	80%
Increase production innovation	32%

TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?	STRONGLY AGREE + AGREE
Workplace has enabled more virtual leadership communication	83%
Workplace was easy to deploy and launch	76%
Workplace has reduced reliance on email for organization and group communication	72%
Workplace has helped get more work done on mobile	68%
Workplace has provided better tools for remote working	60%

TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS? WORKPLACE HAS...	STRONGLY AGREE + AGREE
Enabled employees to find information and get answers faster	84%
Created better remote/ on the go worker engagement through easy mobile use	78%

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Increased virtual team collaboration	73%
Accelerated feedback on key ideas/ strategies from all employees	73%
Engaged employees in our innovation processes	70%
Improved worker engagement on both individual and group projects	65%

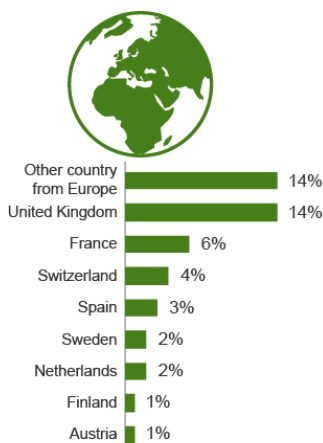| TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS? WORKPLACE HAS...	STRONGLY AGREE + AGREE
Increased engagement with office and remote workers	85%
Enabled greater innovation and sharing of new ideas	78%
Created better cross-cultural working across multiple locations, languages and functions	77%
Improved clarity for collaboration and communication	76%
Made it easier to understand conversation context through open/ transparent communication	73%
Created more inclusion and supported a multi-generational workforce	72%

TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS? WORKPLACE HAS...	STRONGLY AGREE + AGREE
Helped create more engaging communication and interactions	91%
Allowed employees to feel closer to their teams and the organization	88%
Encouraged employees to express themselves	84%
Enabled more effective leadership communication	82%
Helped our culture become stronger	82%
Enabled leadership to better recognize and share employees' achievements	81%
Accelerated feedback and sharing of new ideas	81%
Allowed more diverse views/ feedback to be heard/ collected across the organization	80%
Strengthened the company's core mission and values	72%
Demonstrated the organization values employee feedback	72%
Offered a clear mechanism through which employees can provide feedback to management	71%
Allowed for better communication and transparency on leadership decisions	68%
Established us as a modern, tech-driven organization	68%

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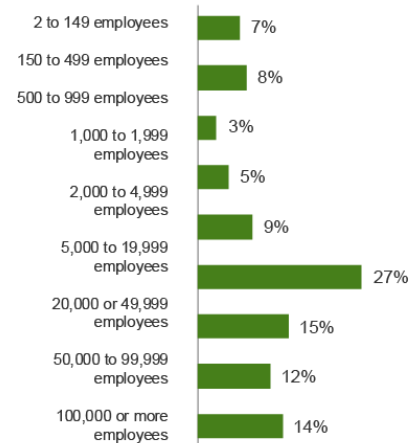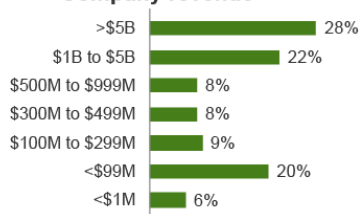# Appendix C: Survey Respondent Demographics

28% North America & South America

United States	16%
Canada	5%
Other country from South America	4%
Brazil	3%

47% Europe

Other country from Europe	14%
United Kingdom	14%
France	6%
Switzerland	4%
Spain	3%
Sweden	2%
Netherlands	2%
Finland	1%
Austria	1%

25% Asia Pacific

Other country from Asia Pacfic	10%
Australia	8%
India	4%
Singapore	3%

Company size

2 to 149 employees	7%
150 to 499 employees	8%
500 to 999 employees	3%
1,000 to 1,999 employees	5%
2,000 to 4,999 employees	9%
5,000 to 19,999 employees	27%
20,000 to 49,999 employees	15%
50,000 to 99,999 employees	12%
100,000 or more employees	14%

Company revenue

>$5B	28%
$1B to $5B	22%
$500M to $999M	8%
$300M to $499M	8%
$100M to $299M	9%
<$99M	20%
<$1M	6%

C-level executive	12%
VP	6%
Director	19%
Manager	22%
Project manager	12%
Full-time practitioner	25%
Outside consultant/other	4%

(Non C-level) Job function

- Communications 35%
- IT 32%
- Other 18%
- HR 15%

Industry

Financial services, insurance	13%
Retail	12%
Technology and/or technology…	11%
Other	9%
Agriculture, f&b	7%
Telecommunications services	6%
Healthcare	6%
Education and/or nonprofits	6%
Travel and hospitality	5%
Manufacturing and materials	4%
Government	4%
Energy, utilities, waste management	3%
CPG and/or manufacturing	3%
Transportation and logistics	2%
Media and/or leisure	2%
Consumer services	2%
Construction	2%
Business or professional services	2%
Advertising and/or marketing	2%

Base: 226 decision makers at companies in North America, South America, Europe, and Asia Pacific
Source: A commissioned study conducted by Forrester Consulting on behalf Workplace, May 2019

Appendix D: Endnotes

[1] Frontline employees are defined as those whose primary function is to work directly with customers, employees, and the general public providing services, support, and selling products to those directly involved in the manufacturing and distribution of products.

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