

A Forrester Total Economic Impact™ Study  
Commissioned By Salsify  
September 2018

# The Total Economic Impact™ Of Salsify

Business Value Enabled By The Salsify  
Product Experience Management Platform

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## ABOUT FORRESTER CONSULTING

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# Executive Summary

## Benefits And Costs



Additional gross margin:  
**\$4.9 million**



Reduction in labor costs for  
product content management  
and agency costs:  
**\$994,213**



Subscription, professional  
services, administration costs:  
**\$1,356,000**

Salsify provides a platform for organizing, syndicating, and analyzing digital product content so that it appears prominently on the digital shelves of key retailers and in digital catalogs. The resulting digital product experience drives discovery, conversion, and loyalty at a lower cost than previous nonoptimized means of content delivery.

Salsify commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Salsify's Product Experience Management (PXM) Platform. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the platform on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using the Salsify PXM Platform. Salsify helps brand manufacturers stand out on retailers' digital shelves by delivering a digital product experience that drives discovery, conversion, and brand loyalty with content optimized using actionable, data-driven insights.

Prior to using Salsify, the customers that participated in this study struggled with costly, labor-intensive, suboptimal methods of delivering their digital product content elements to retailers' digital shelves and catalogs. Product information management (PIM), master data management (MDM), or enterprise resource planning (ERP) systems alone lacked the logic to syndicate or analyze the content without gaps and inaccuracies. These limitations led the five companies in this study to investigate, pilot, and invest in Salsify.

## Key Findings

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

- › **Increase in sales and gross margin.** Complete, accurate, optimized content leads to boosts in online and offline sales. These large enterprises are using Salsify to source, manage, and distribute content not just to their online channels but also their offline commerce partners. Payback comes not just from direct eCommerce sales, but also from digitally influenced sales and operational efficiencies that benefit all channels (even if the increase is difficult to measure). Forrester has found that digital influences 51% of all retail sales and plays a critical role in driving traffic to stores.<sup>1</sup> Conservative assumptions for this benefit category yield nearly \$4.9 million additional gross margin over three years.
- › **Reduction in labor cost for product content management.** Salsify eliminates the ever-costly hunt for content; merchandising, sales, product marketing, and eCommerce staff save time not chasing content elements, which is worth \$994,000 for their time over three years.
- › **Agency efficiency.** Companies that employ an agency for content creation, approval process flow, and syndication can save on agency costs due to greater content storage, access, and control. This value calculates to approximately \$91,500 for the three-year period.

**Unquantified benefits.** The interviewed organizations experienced the



**ROI**  
**339%**



**Benefits PV**  
**\$6.0 million**



**NPV**  
**\$4.6 million**



**Payback**  
**7 months**

following benefits, which are not quantified for this study:

› **Custom digital catalogs.** Creating a custom digital catalog from Salsify content stores take virtually no time. Further, with a single source of content, sales teams can present the most up-to-date content to customers and prospects. The single source of truth and the convenience factor for multiple roles within multiple sales channels can supply additional value.

› **Self-service.** Usually connected with a custom digital catalog, sales force personnel and retailers can order and rebuy more efficiently with self-service capabilities enabled by Salsify.

**Costs.** The interviewed organizations experienced the following risk-adjusted PV costs:

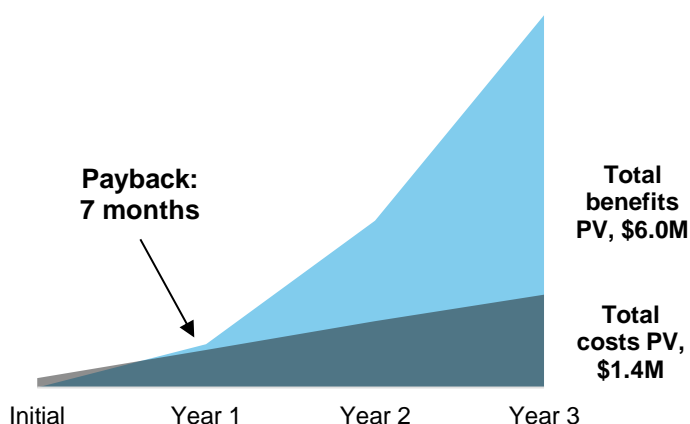
› **Annual subscription to Salsify.** A subscription costs \$300,000 per year, for a large organization described below, based on standard pricing.

› **Professional services from Salsify.** Not all the Salsify customers that participated in this study engaged Salsify services. A larger organization that wishes to retain these services will pay \$75,000 in the first year; this will include platform subject matter expertise, retailer relationship, and additional API connection development.

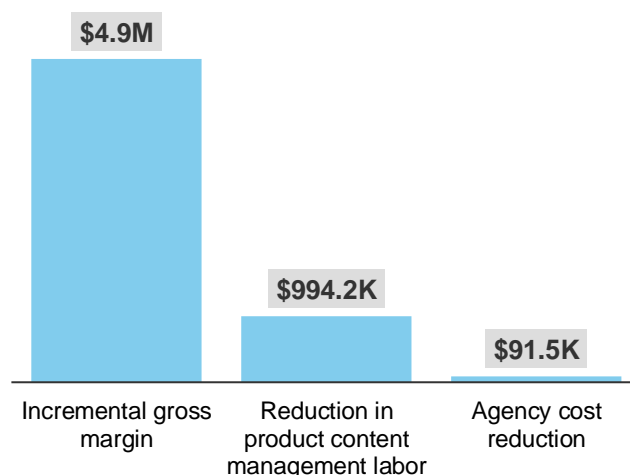
› **Salsify administration.** Staff costs for the “owners” of Salsify who manage content processes and liaise with merchandising, product management, marketing, and the ultimate end users sum to just over \$384,000.

Forrester’s interviews with five existing customers and subsequent financial analysis found that an organization based on these interviewed organizations would experience benefits of \$5.96 million over three years versus costs of \$1.36 million, adding up to a net present value (NPV) of \$4.60 million and an ROI of 339%.

## Financial Summary



## Benefits (Three-Year)



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

## TEI Framework And Methodology

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

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 the Salsify PXM platform can have on an organization:



### **DUE DILIGENCE**

Interviewed Salsify stakeholders and Forrester analysts to gather data relative to the PXM Platform.



### **CUSTOMER INTERVIEWS**

Interviewed five organizations using Salsify to obtain data with respect to costs, benefits, and risks.



### **COMPOSITE ORGANIZATION**

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



### **FINANCIAL MODEL FRAMEWORK**

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



### **CASE STUDY**

Employed four fundamental elements of TEI in modeling Salsify'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 Salsify 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 Salsify PXM Platform.

Salsify 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.

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

# The Salsify Customer Journey

## BEFORE AND AFTER THE SALSIFY INVESTMENT

### Interviewed Organizations

For this study, Forrester conducted five interviews with Salsify customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEES
Consumer packaged goods	Global	Vice president, eCommerce, Sr. manager, eCommerce enablement
Consumer packaged goods	Global	Director, eCommerce capability
Consumer packaged goods	North America	Director, interactive marketing
Adhesives	Americas, Europe	Director of eCommerce strategy, Product experience manager
Furniture	North America	Vice president, eCommerce, Director, eCommerce sales

### Key Challenges

The eCommerce and product experience leaders interviewed for this study described a range of challenges and opportunities that drove their decisions to invest in and deploy Salsify.

- › **Content stewardship for eCommerce and digital distribution was labor-intensive.** Product marketing and eCommerce staff spent a lot of time chasing content elements inside and outside of their organizations. Success in the hunt for all content elements was never complete. Getting product content to retailers and eCommerce channels was slow, inaccurate, and incomplete.
- › **Content gaps were not visible.** Companies could not identify the items for which content was incomplete, inconsistent, or wrong. Incomplete and inconsistent product information eroded retailer relationships and sales just as it eroded the brand. Companies could not sell what they could not show.
- › **Connection with retailers was manual and error-prone.** Even when product information was complete, syndicating it to retailers' eCommerce sites was challenging without having channel requirements built into the Salsify PXM Platform and the ability to validate the data before publishing. Product information systems functioned well for storage, but companies needed custom logic for correct placement with the retailer.

### Solution Requirements

The interviewed organizations searched for a solution that:

"Before Salsify, the internal system that we were trying to use was not user-friendly. It did not give us the ability to see our content as easily as the Salsify tool does today."

*Sr. manager of eCommerce enablement, global CPG company*



"The core issue we had is that there was no single point of truth for product content systematically within our organization, and each product marketer kept item level information on a spreadsheet or a word document."

*Director of eCommerce strategy, industrial products*



- › **Provided a source of product information truth.** Salsify ingests master data and matches it with commerce data precisely in accordance with a retailer's requirements. "It's a staging area for the truth of our data," explained an interviewee. "We have a fantastic PIM internally that we use for our internal master data. Every day, we get a feed from PIM master data to Salsify, and Salsify has this wonderful logic that allows me to create new attributes that make no sense to create in the PIM, because we don't organizationally need it, but [our major retailer customer] needs it."
- › **Provided visibility into the accuracy and completeness of product content.** With scorecards to track by stock-keeping unit (SKU), category and product line, etc., these organizations could organize product information so that it was searchable, flexible, appended with ad hoc attributes, and brought logic to static, stored information. "I cannot measure how many people it would take to extract our master data out of our PIM and map it to retailer requirements manually. Can you imagine what that would cost? And think of all the errors," noted one interviewee.
- › **Allowed retailers to get it their way.** "When [a retailer] wants to see product information in a certain way, the logic in Salsify allows the product manufacturer to present it that way. Information can be formatted for one retailer and reformatted for another, thus [one retailer] can see dimensions and pallet sizes in fields that are not needed by others. Master data from a PIM and logic from Salsify are preserved separately yet combined in special, custom environments. The logic makes it unique to our retailers' requirements and the flexibility for us to move things around. . . . Salsify is a beautiful platform for that, with the ability to slice, dice, parse, and create a unique catalog for every retailer," explained an eCommerce leader for a beverage company.
- › **Could interface across a network;** connect with a PIM, MDM, or an ERP system; and quickly, flexibly adapt or remap to retailers' frequently changing format and data requirements.
- › **Cost significantly less** than high-priced product content management (PIM or MDM) systems.
- › **Could automate as much as possible,** especially with APIs to retailers' sites and systems.
- › **Had an easy user interface,** with fast onboarding for users.

"Salsify helps us to define how to create content, how to store the content, how to analyze the content, how to publish the content, or connect to systems that help us do that."

*Sr. manager, eCommerce, CPG company*



"A big gamechanger is being able to publish our content directly from Salsify to [a big-name retailer]."

*Director, eCommerce sales, furniture manufacturer*



## Key Results

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

- › **Increase in sales and profit.** If product information efficiency and enhanced logic for syndication did not result in more sales, would enterprises invest in Salsify? Probably not, although labor efficiency improvements alone go a long way toward justifying an expenditure in the solution. "We know that accurate content increases sales," explained one of the interviewees in this study. "And we can't get the accurate content out there unless we have a tool that allows us to syndicate it efficiently. So yes, it does have the boost effect on sales because all the research shows that consumers, if they're confused about what they're going to get, then they're not going to buy it."

- › **Labor redirected to more productive activity.** “Thanks to the [Salsify] infrastructure and the tool, we’re allowing our salespeople to go do what they need to do, which is manage relationships and grow sales, not running around our building looking for item-level content,” explained the director of product experience for a multinational adhesives producer. Additionally, employing Salsify allows organizations to rationalize and bring greater discipline to content creation, approval, storage, and syndication processes. “Salsify is helping us in forcing organizational change and good process on the marketing teams, so they can spend more time creating content,” remarked the director of eCommerce strategy at the same company.

## 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 five companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

**Description of composite.** It is a \$25 billion consumer products company with worldwide manufacturing, marketing, and sales. The eCommerce marketing and the eCommerce enablement organizations together provide product content and digital marketing support to enable trading connections with brick-and-mortar retailers, online retailers, convenience stores, and more. The organization maintains large amounts of content for 5,000 SKUs, which it creates, optimizes, and syndicates or publishes to commerce partners’ websites.

**Deployment characteristics.** The organization has content stores located on a PIM or MDM that feed into Salsify. Salsify must interface across a network, with as much automation as possible, to deliver content to retailers. Mapping to and staying current with changing item forms and retailers’ content display standards is key. The organization has an API feed directly into Salsify, which replaces the previous manual processes. Salsify enables custom form connections with the largest online retailers, branded digital catalogs for major retailers, and self-service content creation for tertiary retailers. This company has licensed Salsify for one of its business units to syndicate to retailers in one country through one instance. Typically, we see large companies expand to more countries, but those costs and benefits are not covered in this analysis.

“Organizing eCommerce images and getting them loaded in Salsify gets done about 12 to 16 weeks *sooner* than what we had previously. The Salsify project was all about complete, accurate, timely data for eCommerce customers with less labor intervention.”

*Sr. manager, eCommerce enablement, CPG company*



## Key assumptions

- 5,000 SKUs
- 100 commerce partners
- 30 “users” in eCommerce, sales, IT, product marketing teams
- Sales via brick-and-mortar retailers, online retailers, convenience stores, click and collect services, and company websites
- Salsify provides the logic to activate the content housed in PIM/MDM or ERP for commerce.
- 1 business unit
- 1 country
- 1 instance

# 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	Additional gross margin	\$600,000	\$1,800,000	\$3,780,000	\$6,180,000	\$4,873,028
Btr	Reduction in product content management labor	\$137,700	\$550,800	\$550,800	\$1,239,300	\$994,213
Ctr	Agency cost reduction	\$22,500	\$45,000	\$45,000	\$112,500	\$91,454
	Total benefits (risk-adjusted)	\$760,200	\$2,395,800	\$4,375,800	\$7,531,800	\$5,958,695

### Additional Gross Margin

All companies interviewed for this study asserted confidently that their sales are higher because of deploying Salsify. Their online business is growing faster because of Salsify and the integrity that the platform brings to their digital shelves.

“First, if we don’t have content for a given SKU, that SKU won’t be listed, so we get zero sales against that. Second, quality content matters. So, you can see 5% to 20% or more in conversion against these items on retailer side if they’ve got really strong content. By having Salsify, getting that content out to the retailer site all becomes so much easier,” reported the vice president of eCommerce with a global food company.

Measuring how much more revenue and margin result from Salsify is challenging. In addition to a company’s eCommerce, its billion-dollar offline channels receive content from Salsify. None of the companies engaged in this study could confidently estimate the volume of sales directly affected by Salsify, nor the increase in sales resulting from the efficiency of product content, management, syndication, and optimization, which leads to their more robust assortment presentation in online and offline channels. Sales affected by Salsify are buried in larger reporting buckets by retailer. For example, in the grocery sector, the boost from Salsify is contained in shipments to the grocery chain, and it is not apparent if higher shipments are due to increases at the traditional (brick-and-mortar) shelves, click and collect, or online grocery.

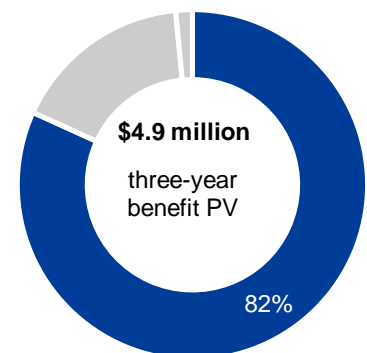
Forrester presents additional revenue and gross margin estimates for the composite organization that are *exceedingly conservative*. This is to include illustrative calculations and show value in amounts that none of the companies interviewed for the study would refute. Further, Forrester’s guidelines for conservative business cases posits that a compelling business case can be made even when we dispense with the need to take credit for every dollar that could be generated from a technology investment.

One interviewee explained the problem: “We can’t really measure it. We can measure pure play eCommerce, and we have a number for that, but we can’t measure the biggest piece, which is click and collect. They pull from the shelves, and they don’t report out the revenue separately for click and collect. We can measure all the products we ship to an eComm

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 nearly \$6 million.

“I really don’t know how the company was functioning [before we had Salsify], but our business was a lot smaller than it is today. Salsify contributed to that growth”

Director of eCommerce strategy, adhesives



Additional gross margin:  
**82% of total benefits**

where it's easy, but we can't measure the stuff that we deliver to a store chain that gets sold online. Also, we can't measure intermediaries. [An Instacart app] gets all its images from Salsify, but [it] uses retailers . . . that go into the [app's] website, and consumers order online for delivery. All those images and content come from Salsify as well. Well, we can't measure that. We don't get those sales results, but it's a very, very big, big number."

To estimate this benefit category for the composite company, Forrester first assumes a level of sales generated by all digital channels, the overall digital shelf for the organization. The next key assumption is the lift from Salsify, shown on line A2 in the table below. The lift starts at 2.5% at the outset of the Salsify deployment, increasing to 10% in Year 3 after two years of experience, in which more SKUs and retailers are brought under the Salsify umbrella. This produces a conservative estimate, half of the 20% posited above, of additional gross margin dollars on line At.

Forrester adds another conservative factor in the form of risk adjustment. Given the nature of any calculations that involve any level of uncertainty, the TEI methodology further reduces benefit category financial inputs. Specific risks include the following:

- › Delays in deployment could push out generation of value from Salsify.
- › Retailer or agency cooperation could require more time than initially assumed.
- › Estimates of the size of the channel affected and the increases generated by using Salsify could be lower than calculations assume.

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.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of \$4,873,028.

Additional Gross Margin: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Estimated revenue via online channels	Interviews	\$120,000,000	\$180,000,000	\$189,000,000
A2	Estimated % lift from Salsify	Interviews	2.5%	5.0%	10.0%
A3	Additional revenue	Interviews	\$3,000,000	\$9,000,000	\$18,900,000
A4	Gross margin %	Interviews	25%	25%	25%
At	Additional gross margin	A3*A4	\$750,000	\$2,250,000	\$4,725,000
	Risk adjustment	↓20%			
Atr	Additional gross margin (risk-adjusted)		\$600,000	\$1,800,000	\$3,780,000

## Reduction In Product Content Management Labor

Interviews for this study produced conclusive evidence of labor cost savings within the Salsify client organizations that participated. All interviewed organizations needed to implement a product experience capability that would provide complete, accurate, optimized information in less time, with fewer staff. In several instances, Salsify was chosen as a solution to the problem for product content efficiency instead of a more labor-intensive, costly initiative to build a custom platform in-house. “Salsify allowed us to create a PXM capability with a low-effort, low-touch (relative to a huge PIM interface platform) initiative that would not require a huge enterprise-wide buy-in or capital expenditure project. It was very specific and didn’t have a whole bunch of interactions of interferences with our existing systems and processes,” noted the vice president of eCommerce with a global food company.

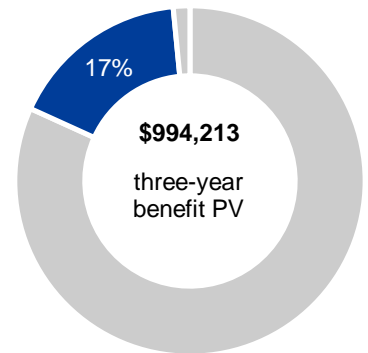
For the composite organization, Forrester assumes that:

- › Initially, there are 10 content “owners” during the initial year of deployment, increasing to 30 staff members who engage Salsify in getting product content syndicated to the various commerce partners.
- › Owners/users will save up to a day per week (15% of their time during the learning curve of Year 1 then 20% thereafter) when Salsify eliminates the time they spend chasing after digital content, as was the case prior to Salsify.
- › Employees have an average annual salary of \$85,000 plus 20% in benefits, for a fully loaded average annual compensation rate of \$102,000.

The reduction in product content management labor costs will vary with:

- › The number of resources used and their relative seniority.
- › The time needed to develop the Salsify-enabled processes and infrastructure.
- › The fully loaded compensation of content owners and Salsify administrative users.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$994,213.



Reduction in product content management labor: **17%** of total benefits

### Reduction In Product Content Management Labor: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Content “owners” and Salsify users		10	30	30
B2	% time spent assembling content prior to Salsify investment		15%	20%	20%
B3	Yearly rate per person	\$85K + 20%	\$102,000	\$102,000	\$102,000
Bt	Reduction in product content management labor	B1*B2*B3	\$153,000	\$612,000	\$612,000
	Risk adjustment	↓10%			
Btr	Reduction in product content management labor (risk-adjusted)		\$137,700	\$550,800	\$550,800

## Agency Cost Reduction

Several companies that participated in this study use content creation agencies to assist with digitization, content approval process management, and syndication to retailers. With Salsify, these companies described reduced costs for agency engagement. The amounts shown here, \$25,000 in Year 1 and \$50,000 thereafter, are based on amounts shared by interviewees, sized to the composite organization.

Factors that can affect these assumptions include:

- › The schedule for Salsify deployment relative to agency engagement.
- › The level of engagement prior to and post deployment of Salsify.
- › Specifics of the role and responsibilities of the agency.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$91,454.

### Agency Cost Reduction: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Agency cost reduction	Interviews	\$25,000	\$50,000	\$50,000
Ct	Agency cost reduction	C1	\$25,000	\$50,000	\$50,000
	Risk adjustment	↓10%			
Ctr	Agency cost reduction (risk-adjusted)		\$22,500	\$45,000	\$45,000

## Unquantified Benefits

Interviewees explained but could not quantify how Salsify helped improve their service, self-service, and cost of goods.

- › **Digital catalogs.** An area of value described but not separately quantified by interviewees was the capacity within Salsify to create custom digital catalogs quickly and cheaply. Organizations can reuse their eCommerce data by creating digital catalogs. “We took that same master data, and we found other business uses for it,” explained an interviewee, “since it’s so easy to sort and create an assortment for a special customer or one or more of the sales teams. We can create a branded digital catalog that they use as a selling sheet. This custom digital catalog has all the attributes we want to present. So, it’s not just a spreadsheet with SKU and a name of a product. We’ll give them a beautiful digital website that’s branded that has their logo on it, so it makes them feel personalized. Our sales team uses that as a selling tool now. We’re creating branded websites based on a digital catalog that’s coming out of Salsify.” That kind of digital catalog takes approximately 5 minutes to create in Salsify, according to interviewees.
- › **Self-service.** Creating a self-service capability is another benefit that was not specifically quantified, but value accrues in the main labor cost savings category above. Companies can create self-service capabilities, which becomes a cost-effective way to serve smaller retailers. “We’ll just send [the sales rep] our master digital catalog and say, ‘Here, download this yourself and send it to your retailer.’ We don’t have to touch it. So, we also have built a self-service function within Salsify as well within that digital catalog.”
- › **Decrease in allowance for returns.** One interviewee described a 40% decrease in allowance for returns, a cost that dropped when retailers (and their customers) could see, with more accurate images and copy, what they were getting before purchasing.

## Flexibility

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

- › Direct connectivity with even more retailers, adding digital channels without the amount of additional labor that was traditionally required. As one interviewee stated, “We didn’t have any business with [major retailers] previously, and we were not in a position to take them on. Now we can.”
- › Integration of new content types, such as voice.
- › Block chain capabilities to identify owners of data.
- › Shifting merchandising tasks from retailers to product companies via Salsify, remotely merchandising the digital shelves on retailers’ sites.

“Salsify will let us run a better replacement parts business,” noted one interviewee, “in the context of the challenges of syndicating an assortment of thousands of spare parts, which are more important for customer satisfaction than for immediate revenue. It will allow us to scale more gracefully.”

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

“Today, a lot of content goes through the GDSN, but the advantages of being able to send [a retailer] specific customized content directly from Salsify . . . we think it’s going to be a wave in the future that will allow the vendor community to get additional content like videos, like hero images . . . so we can meet the retailer’s need with this customization. And if we continue to build Salsify capabilities, we are seeing that as a really popular venue that we think is going to grow.”

*Sr. manager of eCommerce enablement, CPG company*



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.

# 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
Dtr	Salsify annual subscription	\$0	\$300,000	\$300,000	\$300,000	\$900,000	\$746,056
Etr	Professional services from Salsify	\$0	\$82,500	\$0	\$0	\$82,500	\$75,000
Ftr	Administration of Salsify	\$0	\$117,300	\$175,950	\$175,950	\$469,200	\$384,243
Gtr	Planning and rollout supervisor labor cost	\$150,880	\$0	\$0	\$0	\$150,880	\$150,880
Total costs (risk-adjusted)		\$150,880	\$499,800	\$475,950	\$475,950	\$1,602,580	\$1,356,179

### Salsify Annual Subscription

The annual subscription amounts presented are based on interview accounts and standard large enterprise pricing from Salsify, based on use of the PXM Platform, Orchestration, Activation, and Optimization modules (see the section titled Salsify: Large Enterprise Solutions Overview for module descriptions). Annual subscription amounts of \$300,000 are shown in the table below.

As these amounts are determined by contract and known in advance of being incurred, Forrester did not assign a risk adjustment factor, yielding a three-year total PV of \$746,056.

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 \$1.4 million.

### Salsify Annual Subscription: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
D1	PXM Platform, Orchestration, Activation, Optimization			\$300,000	\$300,000	\$300,000
Dt	Salsify annual subscription	Standard pricing	\$0	\$300,000	\$300,000	\$300,000
	Risk adjustment	0%				
Dtr	Salsify annual subscription (risk-adjusted)		\$0	\$300,000	\$300,000	\$300,000

### Professional Services From Salsify

Not all companies interviewed for this study engaged professional services from Salsify, although each of the companies noted the strength of the relationship with Salsify management and occasional ad hoc access to subject matter experts.

For the composite organization, Forrester assumes that the organization retains Salsify assistance for a wide variety of technical connection expertise and liaison with key retailers and their technical experts.

To account for any risk of requiring or requesting more professional

service assistance than initially estimated, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$75,000.

Professional Services From Salsify: Calculation Table						
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Salsify consultant	Interviews		\$75,000	\$0	\$0
Et	Professional services from Salsify	250 hours	\$0	\$75,000	\$0	\$0
	Risk adjustment	↑10%				
Etr	Professional services from Salsify (risk-adjusted)		\$0	\$82,500	\$0	\$0

### Administration Of Salsify: Working With Merchants, Marketing, And The Retailers

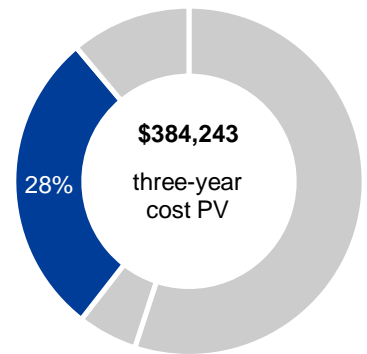
In interviews with Salsify client companies, Forrester asked about the level of effort needed to support product content management with the implementation of Salsify. Keeping in mind the labor cost saving benefit category described above, getting the most from the Salsify PXM Platform requires staff who understand how to use Salsify, can navigate among the various internal stakeholders, and know how to engage retail channels for digital shelf enhancement.

“Only a very few people get into Salsify and map and create attributes,” explained the director of eCommerce capability with a global beverage giant. “But people that maybe need to send a digital catalog or some other request, that’s different. Our whole enterprise — our whole sales group and account teams — are beneficiaries of Salsify for very, very critical goals; the Salsify system makes that happen.”

Forrester assumed that initially 1.0 and subsequently, as use of Salsify expands, 1.5 full-time equivalent staff (FTEs) are need to “own” Salsify and liaise with merchandising and product management, marketing, and the ultimate end users of data that has been optimized and syndicated using Salsify. Average compensation per FTE sums to \$102,000 annually for salary and benefits.

To account for any risk of underestimating this amount of effort and cost, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$384,243.

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



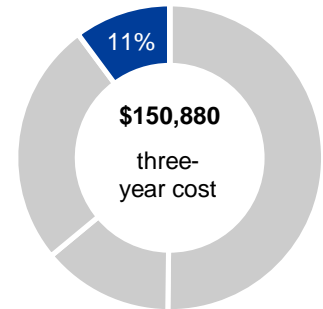
Salsify administration:  
28% of total costs

Administration Of Salsify: Calculation Table						
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Number of FTEs			1.0	1.5	1.5
F2	Annual compensation per person	\$85K + 20%		\$102,000	\$102,000	\$102,000
Ft	Administration of Salsify	F1*F2		\$102,000	\$153,000	\$153,000
	Risk adjustment	↑15%				
Ftr	Administration of Salsify (risk-adjusted)			\$117,300	\$175,950	\$175,950

## Planning And Rollout Supervisory Labor Cost

At the outset of the customer organization's journey into PXM with Salsify, an organization requires some senior time and effort for merchandising and eCommerce planning, process and change management, and oversight to establish a firm foundation upon which to stabilize, organize, optimize, and syndicate product content that is now being made more efficient and effective by Salsify. After learning about the experience from actual Salsify customers, Forrester assumes that initially the composite organization would need eight senior managerial employees to spend 200 hours each to launch and organize around Salsify.

To account for any risk of underestimation of this amount of effort and cost, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$150,880.



**Planning for Salsify: 11% of total costs**

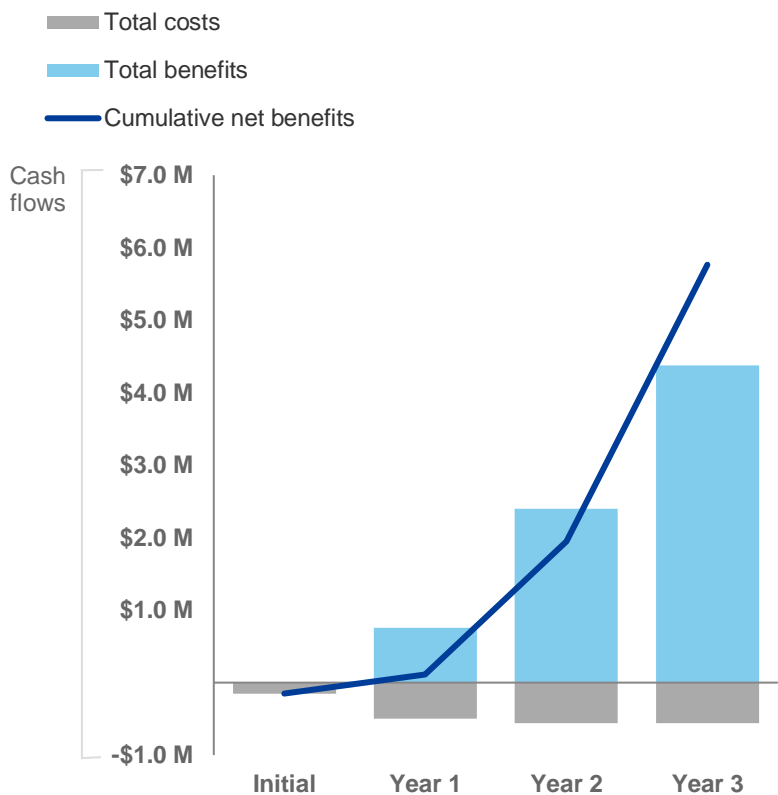
**Planning And Rollout Supervisory Labor Cost: Calculation Table**

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Number of senior staff		8.0			
G2	Hours	5 weeks * 40 hrs	200			
G3	Annual compensation / 2,080 hrs	\$170,000	\$82.00			
Gt	Planning and rollout supervisory labor	$G1 * G2 * G3$	\$131,200	\$0	\$0	\$0
	Risk adjustment	↑15%	□			
Gtr	Planning and rollout supervisory labor (risk-adjusted)		\$150,880	\$0	\$0	\$0

# 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 Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$150,880)	(\$499,800)	(\$475,950)	(\$475,950)	(\$1,602,580)	(\$1,356,179)
Total benefits	\$0	\$760,200	\$2,395,800	\$4,375,800	\$7,531,800	\$5,958,695
Net benefits	(\$150,880)	\$260,400	\$1,919,850	\$3,899,850	\$5,929,220	\$4,602,516
ROI						339%
Payback period						7.0

# Salsify: Large Enterprise Solutions Overview

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

Salsify helps large brand manufacturers actively manage your full product portfolio and transform the way your extended team collaborates to create digital experiences that consumers demand. Salsify helps you organize your product content in one place, syndicate it to key channels, improve time-to-market, drive workflow tasks across your teams, and accelerate sales growth in key channels.

## Salsify PXM Platform

The foundation on which you can build your firm's presence on the digital shelf. It provides base levels of content integration, storage, activation, orchestration, and insights that can be scaled up for large organizations through modules. It can connect to your existing data solutions, such as ERP, PLM, and DAM systems.

### Orchestration Module

Help your firm take charge of the organizational challenges that come with eCommerce. It helps teams collect, organize, and manage product content at scale, with enhanced security and access controls, enhanced workflow, and API access.

### Activation Module

Maximize the visibility of your brand portfolio on the digital shelf via full-scale syndication across the largest eCommerce ecosystem. Salsify's Activation Module ensures that all required ecosystem endpoints, such as retailers, D2C sites, and catalogs, are available, accurately mapped, and fully connected.

### Optimization Module

Provide your team with actionable insights to improve the PXM performance of your full product portfolio. The Optimization Module applies machine learning across our cloud platform of more than 32 million products to show the next-best actions to take your product pages to the top of the search results and increase conversion. It also integrates with Salsify workflows (from the Orchestration Module) to make sure your extended team moves quickly and efficiently. Specific reports include product page performance recommendations, product SEO recommendations, availability and buy box monitoring, and brand compliance insights.



# 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

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<sup>1</sup> Source: “Digitally Impacted Retail Sales In 2018: Still Only Half Of Retail,” Forrester Research, Inc., March 26, 2018.