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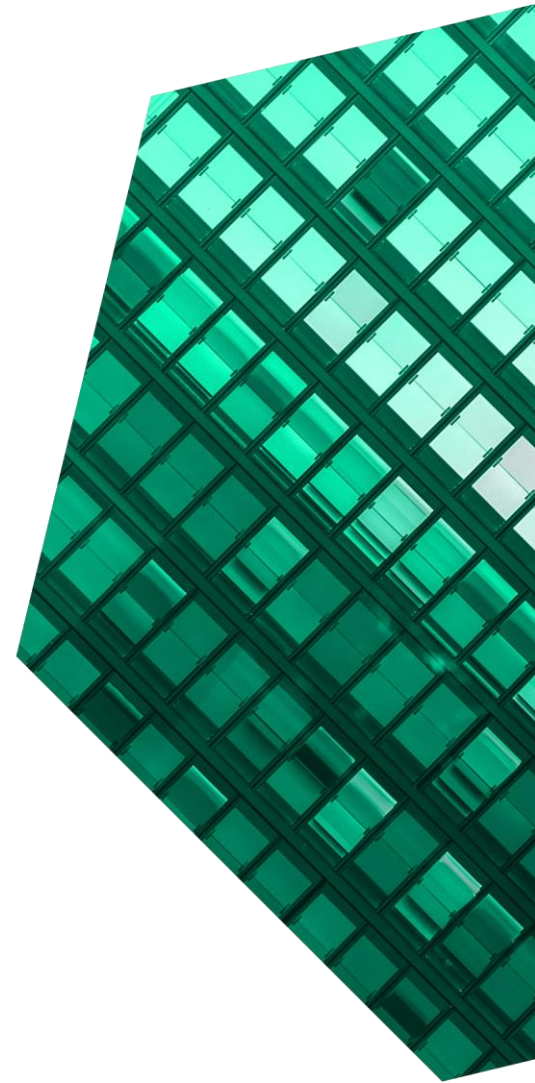
The Total Economic Impact™ Of Workato

Cost Savings And Business Benefits
Enabled By Workato

JULY 2022

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Consulting Team: *Dean Davison*
Tsuh Formuluh



ABOUT FORRESTER CONSULTING

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Executive Summary

Workato is a unified integration and automation platform that allows enterprises to connect data, processes, and experiences across multiple applications and systems. It has prebuilt connectivity to numerous business systems including SAP, Oracle ERP, Salesforce, and Workday. Organizations that deploy Workato witnessed productivity improvements through complex process automations and application integrations, as well as cost savings from replacing legacy tools previously used in their environments.

Workato is a platform that brings together capabilities for integrations, enterprise automation, and API management to help organizations create flexible and efficient workflows and experiences. It also provides a low-code foundation with which organizations can easily integrate hundreds of applications across enterprise functions. This helps organization to reduce operations costs and improve productivity by delegating automation and integration activities from central IT functions to directly impacted business units.

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

Payback period

<6 months



To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Workato. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the

KEY STATISTICS



Return on investment (ROI)
283%



Net present value (NPV)
\$20.68M

results into a single composite organization: an international entity that has 10,000 employees, generates \$5 billion in annual revenue, and uses Workato as an automation and integration tool.

Prior to using Workato, these interviewees noted how their organizations faced numerous challenges. For example, IT teams struggled with prioritization of automation and integration projects, needed expensive specialized skills to operate legacy tools, struggled to scale projects, and faced security risks. However, prior attempts to solve for these issues yielded limited success, leaving them with inefficient and expensive business processes.

After the investment in Workato, the interviewees' organizations decentralized automation and integration tasks to business units. Key results from the investment included improved productivity, tools replacement cost savings, subject matter expert (SME) support, customer/employee satisfaction improvements, and improved compliance.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Productivity improvement of 88% for automated workflows.** Automation reduced the time spent daily by high-echelon employees on repetitive tasks. This improved their productivity by cutting time used for automated tasks from 10 hours per week to 2.5 hours per week, saving \$21 million over three years.
- **Productivity improvement of 86% for tasks performed through integrated applications.** The integration of individual applications reduced the average time used to perform linked tasks from 15 minutes to 2 minutes per day for affected employees. This improved employee productivity by \$5.9 million over three years.
- **Tools replacement cost savings of more than \$1 million over three years.** Workato replaced legacy middleware, traditional business process management (BPM) tools, UI-based scripting code, etc., which were not comprehensive or flexible enough to perform required automation or integration tasks. Workato replaced four legacy tools at the composite organization, saving more \$1 million over three years.

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

- **SME support.** Workato provides highly knowledgeable support experts to provide customers with assistance if they have questions or encounter issues with their projects, reducing the need internally for specialized automation or integration engineers. Through its professional services offering, Workato also provides skilled personnel for short-term projects, reducing the need to hire permanent employees.
- **Faster time-to-market.** Workato's flexible low-code foundation and hundreds of prebuilt connectors help organizations more quickly

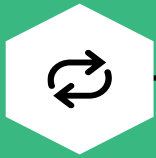
automate processes or integrate applications by reducing the need for manual, time-intensive coding. This reduces the time spent on new initiatives and improves time-to-market for new services and products.

- **Higher customer satisfaction.** Automation and integration reduced the time to complete tasks, improving the ability to fulfill service level agreements (SLAs) by meeting service level objectives (SLOs).
- **Employee satisfaction.** Not having to perform repetitive tasks improved employee morale and increased satisfaction. Employees could focus on more value-added tasks than those that can be automated or integrated across multiple applications
- **Reduced risk and improved compliance.** Automation and integrations reduced human error and ensured that processes are performed the same way each time. Organizations maintained well-thought-out standards, ensuring compliance across the entire enterprise and thus reducing risks.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Workato platform cost.** Workato has a consumption-based pricing model. Customers pay according to the number of automation or integration task units they run on the platform.
- **Internal Workato operations cost.** These cover the internal cost incurred by customers to operate the platform. Automating processes or integrating applications through Workato requires active involvement by process owners and some engineers.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$28.00M over three years versus costs of \$7.31M, adding up to a net present value (NPV) of \$20.68M and an ROI of 283%.



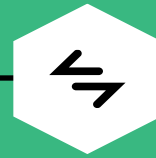
ROI
283%



BENEFITS PV
\$28.00M

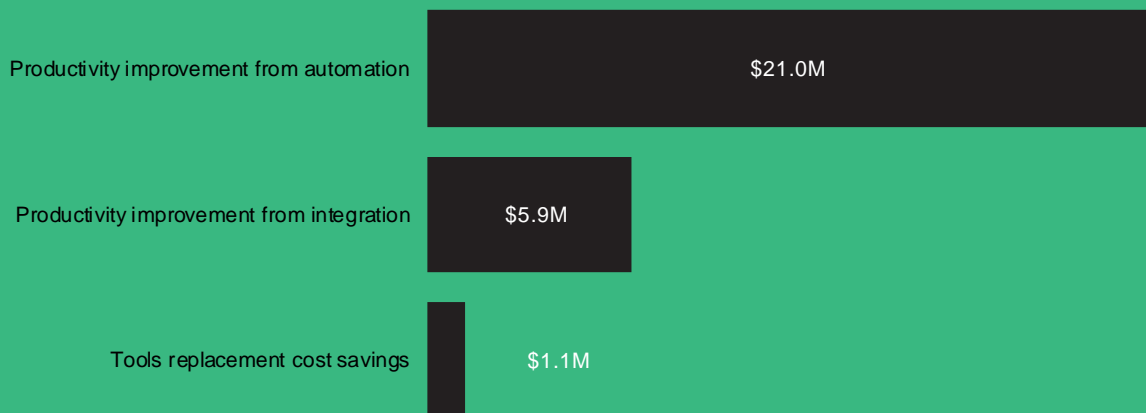


NPV
\$20.68M



PAYBACK
<6 months

Benefits (Three-Year)



“Best way to explain how we use Workato: If you look at the human body, the RPA tools are all fingers; the brain is my AI/ML platform, which provides insights; and Workato is the nervous system.”

— Head of product management, digital infrastructure

TEI FRAMEWORK AND METHODOLOGY

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

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 Workato can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Workato 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 with in the framework provided in the study to determine the appropriateness of an investment in Workato.

Workato 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.

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



DUE DILIGENCE

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



INTERVIEWS

Interviewed four representatives at organizations using Workato to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

The Workato Customer Journey

■ Drivers leading to the Workato investment

Interviews			
Role	Industry	Headquarters	Revenue
Head of intelligent automation	Software	United States	\$2 billion
Director of commercial planning	Cosmetics	South America	\$1 billion
Head of marketing infrastructure	Computer technology	United States	\$60 billion
Head of product management	Digital infrastructure	United States	\$6 billion

KEY CHALLENGES

Interviewees' organizations had centralized IT teams that couldn't keep up with business demands for automation or integration requirements. Some used inefficient solutions or performed many of these tasks manually while postponing demands from business units.

The interviewees noted how their organizations struggled with common challenges, including:

- **IT teams struggled with prioritization of automation and integration projects.** Central IT departments were not able to keep up with automation and integration requests from business units. The head of intelligent automation at a software company explained: "There was a lot of demand from the business and nontechnical people to be able to do automation themselves. IT was not able to keep up with the demand for automation coming from the business because there were a lot of digital transformation projects happening, and the capacity to do some of the small automations that they wanted was very limited."
- **Organizations needed expensive specialized skills to operate legacy tools.** Legacy tools for automation or integration needed highly skilled developers who were expensive and hard to find.

The head of marketing infrastructure at a computer technology company said, "We were spending in excess of \$1 million a year just for developers on top of the tools' infrastructure."

"The company is growing 30% year over year, and IT cannot scale at the same rate as the rest of the company. To make sure that the business gets the technology solutions that they need, we needed to decentralize. This means bringing in platforms that can be used in a self-service manner by the business units — but also in a way that enforces risk, compliance, security, and all the other things that I'm responsible for."

Head of intelligent automation, software

- **IT teams struggled to scale projects.** Small IT teams and tools requiring specialized skills made it difficult to scale automation and integration projects across the enterprise. Many of these legacy tools were narrowly focused and couldn't be used for other applications within interviewees' organizations. The head of product management at a digital infrastructure company explained: "We have an automation tool that you can build in a .NET framework, but it doesn't have the ecosystem required for an enterprise to adopt. It's very simple and intuitive, but then, I don't know how it can scale better or what kind of developer skills I need."

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that would:

- Be low-code and easy to be federated to business units for people closer to workflow processes
- Provide SME support when needed.
- Reduce the cost of scaling as workloads increase and business units need to more rapidly automate processes or integrate applications.
- Be secure and compliant with regulatory requirements within the industry.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. An international technology organization with \$5 billion in annual revenue, the composite organization has 10,000

employees and serves both business and individual customers. Its operations are regulated by multiple international and national entities within the markets it serves, making security and compliance a key consideration.

Deployment characteristics. The composite organization uses Workato for both automation and integration. It spends \$2.5 million annually for the Workato solution. The composite automates two major processes the first year and grows automation processes by 50% annually. It performs 10 integrations the first year and grows the number of integrations by 50% annually.

Key Assumptions

- **\$5B annual revenue**
- **10,000 employees**
- **3 automations in Year 1**
- **10 integrations in Year 1**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Productivity improvement from automation	\$6,388,200	\$8,517,600	\$10,895,040	\$25,800,840	\$21,032,398
Btr	Productivity improvement from integration	\$1,953,000	\$2,354,063	\$2,887,650	\$7,194,713	\$5,890,495
Ctr	Tools replacement cost savings	\$432,000	\$432,000	\$432,000	\$1,296,000	\$1,074,320
	Total benefits (risk-adjusted)	\$8,773,200	\$11,303,663	\$14,214,690	\$34,291,553	\$27,997,213

PRODUCTIVITY IMPROVEMENT FROM AUTOMATION

Evidence and data. Interviewees said that after deploying Workato, their organizations witnessed productivity improvements from automating tasks performed by higher-echelon employees. The low-code capabilities of building recipes on the Workato platform made it easier and faster to build sets of instruction to automate complex workflows without code.

- The head of product management at a digital infrastructure company explained: “Workato has adapters with almost all the applications that we have today — adapters with most of the applications where we need automation. What we like is that there is a recipe concept. Recipes connect all these solutions into one code base that you can deploy.”
- The same interviewee further explained how Workato provided a foundation from which to easily build complex workflow automations without multiple internal teams doing pieces and hoping they work together. He said: “These recipes are available publicly, so you can crowdsource them, and you can contribute to that community. You can pick up an existing recipe and start modifying it based on your requirements.”

Modeling and assumptions. To model this benefit, Forrester focuses on productivity improvements gained from automating complex tasks performed by higher-echelon employees. Forrester assumes the following:

- Three enterprise-wide processes are automated in Year 1, growing by 50% over the next two years.
- The most impactful processes are automated first, so productivity results regress by 20% annually for each new process automated.
- Each automated process affects higher-echelon employees, who constitute 1% of the workforce.
- Priority is given to processes that can save more than 85% in FTE hours after automation.
- Prior to implementing Workato, each FTE uses 1 hour per day, on average, with a 20% annual regression rate.
- After implementing Workato, this decreases to an average of 0.25 hours per day, with a 20% annual regression rate.
- The average fully burdened hourly pay rate of high echelon employees is \$104.

Risks. The decision-makers interviewed for this study come from diverse industries and economic zones. This injected numerous risks in the modeling of this benefit that may affect the value of the benefit for other organizations, including the following:

- The complexity of tasks performed by higher-echelon employees within various industries.
- The average pay rate of employees within various industries.

- The maturity of process automation within each organization before it onboarded Workato.
- The maturity of automation within individual industries.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$21 million.

Productivity Improvement From Automation					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of processes automated annually	Interviews	3	5	8
A2	Average annual hours used per FTE before Workato automation	Interviews	520	416	333
A3	Average annual hours used per FTE after Workato automation	Interviews	65	52	42
A4	Productivity Improvement per FTE	A2-A3	455	364	291
A5	Productivity Improvement percentage	A4/A2	88%	88%	87%
A6	Average number of FTEs impacted by automated processes	Interviews	100	100	100
A7	Total productivity improvement	A1*A3*A6	136,500	182,000	232,800
A8	Productivity adjustment factor	A7*50%	68,250	91,000	116,400
A9	Average FTE hourly rate	TEI standard	\$104	\$104	\$104
At	Productivity improvement from automation	A8*A9	\$7,098,000	\$9,464,000	\$12,105,600
	Risk adjustment	↓10%			
Atr	Productivity improvement from automation (risk-adjusted)		\$6,388,200	\$8,517,600	\$10,895,040
Three-year total: \$25,800,840			Three-year present value: \$21,032,398		

PRODUCTIVITY IMPROVEMENT FROM INTEGRATION

Evidence and data. Interviewees told Forrester that Workato makes it easier to integrate various applications in their environments without the use of expensive developers. They quantified productivity improvement through the number of FTE hours saved due to reduced workloads. Since Workato integrates disparate applications, tasks can be simultaneously performed in multiple applications.

- The head of product management at a digital infrastructure company explained the impact of Workato, saying: “As part of intelligent automation, we have multiple components: the RPA [robotic process automation] tools which are on the UI level of interactions or wherever somebody has to use keyboards. We have Slack, MS Teams, or other user interfaces where we engage our users through teams’ messages. Then we have another component of intelligence where it produces AI/ML [artificial intelligence/machine learning] insights based on either analytics or AI/ML insights, which helps us to take action. Workato is a glue for all of those.”
- The director of commercial planning at a cosmetics organization said: “We have a lot of initiatives each year that require various types of integrations between platforms within our technology ecosystem. Integration reduced minutes going into individual applications each time, resulting in thousands of hours saved each year.”

Modeling and assumptions. Forrester modeled this benefit by looking at the average number of integrations performed each year by the interviewee’s organizations. Forrester then adjusted this to fit the composite organization by using the following assumptions:

- Ten integrations in Year 1, growing by 50% over the next two years.
- The most impactful integrations are implemented in the earlier years, so productivity results regress by 20% annually for each new integration.
- Each integration affects 2.5% of the workforce.
- Priority is given to integrations that save more than 85% in FTE hours from going into individual applications.
- The average employee fully burdened hourly pay rate is \$31.

Risks. Interviewees for this study used different applications in different proportions within their diverse industries. This introduced numerous risks to the realization of this benefit that could impact the value of this benefit for other organizations. These include:

- The use case for various integrations.
- The number of applications involved.
- The complexity of each organization’s business environment.
- The number of employees whose work benefits from the integration.
- The value of the workflows streamlined by the integration.

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

Productivity Improvement From Integration					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of integrations annually	Interviews	10	15	23
B2	Average annual hours used per FTE before each integration	Interviews	65	52	42
B3	Average annual hours used per FTE after each integration	Interviews	9	7	6
B4	Productivity improvement per FTE after integration (hours)	B2-B3	56	45	36
B5	Productivity improvement percentage after integration	B4/B2	86%	87%	86%
B6	Number of FTEs impacted by integration	10,000*2.5%	250	250	250
B7	Productivity improvement hours after integration	B1*B4*B6	140,000	168,750	207,000
B8	Productivity adjustment factor	B7*50%	70,000	84,375	103,500
B9	Average FTE hourly rate	TEI standard	\$31	\$31	\$31
Bt	Productivity Improvement from Integration	B8*B9	\$2,170,000	\$2,615,625	\$3,208,500
	Risk adjustment	↓10%			
Btr	Productivity Improvement from Integration (risk-adjusted)		\$1,953,000	\$2,354,063	\$2,887,650
Three-year total: \$7,194,713			Three-year present value: \$5,890,495		

TOOLS REPLACEMENT COST SAVINGS

Evidence and data. Interviewees told Forrester that most of their organizations’ legacy tools couldn’t handle complex automations or integrations. These tools were limited to certain coding languages or a narrow group of applications.

- The head of product management at a digital infrastructure company explained: “We brought in Workato for the automation space. For automation, we were relying on two other tools. Either they hit limitations with complex UIs, the bot fails and needs some babysitting, or our engineers had to overengineer those bots in order to achieve what they needed to achieve. For example, putting too much business logic and too much integration logic when these tools are not supposed to do that. Even that made these tools technically dated. If you wanted to

make changes, it was a big change because you had already engineered so much. So we felt that we basically needed something else along with RPA [robotic process automation].”

- Another interviewee defended replacing legacy tools because of the low-code nature of Workato. The head of marketing infrastructure at a computer technology company explained: “We wanted to migrate from this development which was happening in Java and Python into a low-code solution to avoid that technical depth. Once we built a solution in the other tools, we had to keep the developers because none of us knew how to look through the thousands of lines of Java code in the back end of that. We wanted to be able to look into the back end and do small tweaks and switches there. So technical depth was the main reason that we wanted to switch to something like Workato.”

Modeling and assumptions. To model this benefit, Forrester looked at the average number of legacy tools that were replaced or sublimated by Workato. Forrester then extrapolated that to the composite organization using the following assumptions.

- Workato replaces two legacy automation tools and two legacy integration tools.
- Each tool cost an average of \$120,000 per year.

Risks. The interviewees for this study operated in diverse industries and their organizations were of varied sizes. This introduces various risks for the realization of this benefit for other organizations, such as:

- The proliferation of automation and integration tools in each industry.
- The number of automation and integration tools in each organization.
- The cost of replaced tools varied widely, with some as high as \$250,000 per year.

- The willingness to replace legacy tools in each organization

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1.1 million.

“For complex use cases, we use Workato instead of RPA tools.”
Head of product management, digital infrastructure

Tools Replacement Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Average number of legacy tools used before Workato	Interviews	4	4	4
C2	Average annual license cost per legacy tool	Interviews	\$120,000	\$120,000	\$120,000
Ct	Tools replacement cost savings	C1*C2	\$480,000	\$480,000	\$480,000
	Risk adjustment	↓10%			
Ctr	Tools replacement cost savings (risk-adjusted)		\$432,000	\$432,000	\$432,000
Three-year total: \$1,296,000			Three-year present value: \$1,074,320		

UNQUANTIFIED BENEFITS

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

- **Increased SME support.** Interviewees applauded the quality of support Workato provides. The director of commercial planning at a cosmetics company explained: “Something that is very important to highlight is the support. Workato is there to help on anything you need. They want us to be successful on the team or initiative. They assigned the correct people to the team beside our people. So, we began working and developing the recipes shoulder to shoulder. My team learned very fast because they could ask any question and rely on our counterparts at Workato.”
- **Faster time-to-market.** Workato is low-code and comes equipped with hundreds of prebuilt connectors that help organizations more quickly automate processes or integrate applications. This helps reduce the total cost of operation while bringing new products or services to market faster. The head of marketing infrastructure at a computer technology company noted: “Our worst pain was time-to-market: the time it took us to develop integrations, then all the processes around it. You develop it, you have to test it, come back and correct, and then deploy it to production. The process right now with Workato is simpler and faster. The testing and all the other stuff are solved right away. This brings initiatives to market fast, and there is a lot of value in that”
- **Improved customer satisfaction.** Interviewees told Forrester that certain benefits can now be felt, as business units have been empowered with a low-code automation and integration solution. The head of intelligent automation at a software company said: “We can see other benefits like improved SLAs and SLOs, which increase customer satisfaction. Now, do we have the data to back all that up? Not in a way that is

easily quantifiable. Customers wouldn't say 2 points because of automation or 5 points because of integration. But I can tell you that support tickets that used to take two weeks to close can now be closed in 24 hours.”

- **Increased employee satisfaction.** Not having to perform repetitive tasks improved employee morale and increased satisfaction. The head of product management at a digital infrastructure company explained: “We currently have about 800 employees using an automation process. We took a survey to ask them, ‘Is it really delighting you or helping you?’ Almost everyone said that this is the right thing we are doing. It reduces fatigue.” Employees now focus on more value-added tasks that can't yet be automated.
- **Reduced risk and improved compliance.** Automation and integrations reduced human errors and ensures that processes are performed the same way each time. The head of intelligent automation at a software company highlighted this benefit by saying, “Workato improves risk and compliance because the machine is not going to make mistakes unless you program it to make a mistake — it should be doing it correctly every time.”

FLEXIBILITY

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

- **New use cases not presently being explored.** Interviewees for this study told Forrester that their organizations brought in Workato for particular use cases but are now discovering other possibilities as the solution gets federated to business units. A director of commercial planning at a cosmetics company explained: “Workato has a lot of features in one place. We keep learning about new ones and how to use them for other purposes.”

- **Artificial intelligence/machine learning.**

Integrations through Workato can help applications interact better with one another to solve business problems. Some of the interviewees' organizations are working on ways to augment automations accomplished through Workato with artificial intelligence and machine learning.

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

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Workato license cost	\$26,400	\$2,475,000	\$2,475,000	\$2,475,000	\$7,451,400	\$6,181,359
Etr	Internal Workato operations cost	\$13,104	\$283,920	\$436,800	\$666,120	\$1,399,944	\$1,132,671
	Total costs (risk-adjusted)	\$39,504	\$2,758,920	\$2,911,800	\$3,141,120	\$8,851,344	\$7,314,030

WORKATO LICENSE COST

Evidence and data. Workato has a consumption-based pricing model. Customers pay according to the number of automation or integration task units they run on the platform.

- A “task” is a unit of work that occurs every time a recipe performs an action that requires compute resources. Each time a recipe invokes an action provided by a connector counts as one task.
- The cost of each automation or integration is determined by its complexity and the number of tasks it consumes.

Modeling and assumptions. Forrester provided the consumption requirements of the composite organization to Workato for pricing.

- Workato determined that the composite organization consumes 300 million tasks per year.
- Workato set the price at \$8 per 1,000 tasks consumed.

- The average proof-of-concept (POC) cost is \$24,000.

Risks. Various potential risks can impact the cost of Workato from organization to organization, such as:

- The complexity of automated processes or integrations within an individual organization.
- The skill set of those designing recipes.
- How often recipes are triggered.
- The use cases for the automations or integrations.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$6.2 million.

Workato License Cost						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	POC cost	Interviews	\$24,000			
D2	Number of contracted tasks	Workato		300,000,000	300,000,000	300,000,000
D3	License cost per 1,000 tasks.	Workato		\$8	\$8	\$8
Dt	Workato license cost	$D1 + ((D2/1000) * D3)$	\$24,000	\$2,250,000	\$2,250,000	\$2,250,000
	Risk adjustment	↑10%				
Dtr	Workato license cost (risk-adjusted)		\$26,400	\$2,475,000	\$2,475,000	\$2,475,000
Three-year total: \$7,451,400			Three-year present value: \$6,181,359			

INTERNAL WORKATO OPERATIONS COST

Evidence and data. Interviewees told Forrester that their organizations incurred costs for employees to train and use Workato. Interviewees provided the average number of employees used to operate the solution and an average fully burdened hourly pay rate.

Modeling and assumptions. Training and operation costs are aggregated from data points provided by the interviewees. Forrester makes the following aggregation:

- The number of FTEs used for automation each year.
- The number of FTEs used for integration each year.
- Pay rates for each FTE category.
- Percentage of FTE time used for each automation or integration project per year

Risks. Interviewees’ organizations face diverse business needs and have different technology stacks. This diversity injected numerous risks in the modeling of this cost, including:

- The skill set of the FTEs used in each organization.

- The complexity of the automation or integration projects undertaken.
- The average FTE pay rate for individual organizations.
- The geographical location of FTEs performing the automation or integration projects.

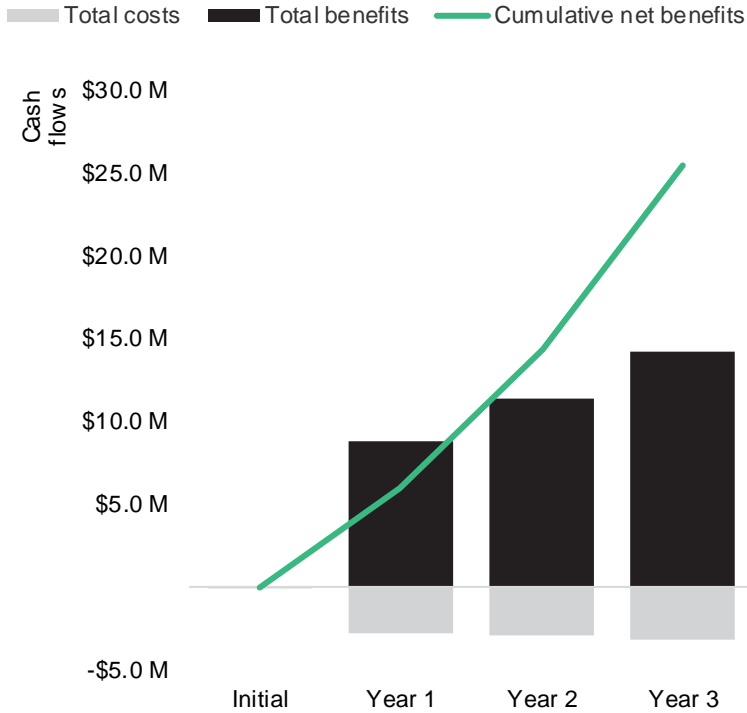
Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$1.1 million.

Internal Workato Operations Cost						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Number of FTEs used for automation processes (process owners)	Assumption	4	6	10	16
E2	Percentage of time dedicated to automation tasks	Assumption	1%	10%	10%	10%
E3	Number of FTEs used for integration (IT personnel)	Assumption	4	4	6	9
E4	Percentage of time dedicated to integration tasks	Assumption	1%	25%	25%	25%
E5	Average fully burdened annual pay for automation FTEs	TEI standard	\$104,000	\$104,000	\$104,000	\$104,000
E6	Average fully burdened rate for integration FTEs	TEI standard	\$208,000	\$208,000	\$208,000	\$208,000
E7	Annual automation FTE cost	$E1 * E2 * E5$	\$4,160	\$62,400	\$104,000	\$166,400
E8	Annual integration FTE cost	$E3 * E4 * E6$	\$8,320	\$208,000	\$312,000	\$468,000
Et	Internal Workato operations cost	$E7 + E8$	\$12,480	\$270,400	\$416,000	\$634,400
	Risk adjustment	↑5%				
Etr	Internal Workato operations cost (risk-adjusted)		\$13,104	\$283,920	\$436,800	\$666,120
Three-year total: \$1,399,944			Three-year present value: \$1,132,671			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$39,504)	(\$2,758,920)	(\$2,911,800)	(\$3,141,120)	(\$8,851,344)	(\$7,314,030)
Total benefits	\$0	\$8,773,200	\$11,303,663	\$14,214,690	\$34,291,553	\$27,997,213
Net benefits	(\$39,504)	\$6,014,280	\$8,391,863	\$11,073,570	\$25,440,209	\$20,683,183
ROI						283%
Payback period (months)						<6

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders .

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