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The Total Economic Impact™ Of Microsoft Dynamics 365 Customer Insights

Cost Savings And Business Benefits Enabled By Dynamics 365 Customer Insights

A Forrester Total Economic Impact™ Study
Commissioned By Microsoft, April 2024

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ABOUT FORRESTER CONSULTING

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Executive Summary

Organizations must win new customers and retain their existing ones, all while keeping up with technological transformations. They need to unify visibility into their customers and prospects, as well as the ability to develop and facilitate customer journeys that mirror one-on-one interactions to maintain customer loyalty and drive revenue. Microsoft Dynamics 365 Customer Insights streamlines the visibility of customers, develops customer journeys faster and more efficiently, provides more personalized journeys, and improves marketer productivity.

Microsoft Dynamics 365 Customer Insights is a customer experience (CX) automation, customer data, and journey orchestration platform. It helps organizations build a better view of their customers and facilitates the creation and orchestration of customer journeys that improve business outcomes and boost productivity for employees. Utilizing AI modeling and unified customer profiles through Microsoft Dynamics 365 Customer Insights (D365 CI) allows organizations to better personalize and optimize customer journeys with real-time customer data.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Dynamics 365 Customer Insights.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Dynamics 365 Customer Insights on their organizations.

Return on investment (ROI)
324%

Net present value (NPV)
$7.86M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives with experience using Dynamics 365 Customer Insights. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization.

Interviewees said that prior to using Dynamics 365 Customer Insights, their organizations lacked unified visibility into their customers, which hindered the development of journeys. While navigating siloed customer data sources, orchestration tasks such as conducting outreach, tracking progress, and maintaining journeys was a tedious, manual process and resulted in additional spend with external agencies to supplement this work. Despite these third-party resources, the interviewees felt their organizations were missing out on revenue from suboptimally developed and orchestrated customer journeys.

After the investment in Dynamics 365 Customer Insights, the interviewees' organizations centralized their customer data and improved their processes around development and orchestration of customer journeys. Key results from the investment include the unification of customer data resulting in cost savings and better visibility into customers, faster and more efficient development of customer journeys, improved revenue per journey based on more effective orchestration and personalization, and improved productivity for the marketers developing, maintaining, and orchestrating these journeys.

KEY FINDINGS

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

- **Streamlined development of customer journeys resulting in more personalized journeys and a 15% increase in revenue per journey developed with Microsoft Dynamics 365 Customer Insights.** Real-time customer data and AI guidance makes the composite organization's customer journeys much more successful when developed within Microsoft Dynamics 365 Customer Insights. Marketers can create more journeys overall and maintain them with the same (or less) level of effort, while also experiencing better personalization and orchestration, improved effectiveness (and revenue) associated with each individual journey, and improved visibility into the customer and automation features. This results in a three-year, risk-adjusted benefit of $5.3 million.

> "It's really easy for both sales and marketing to see stats and analytics about clients, segments, [and] personas. … Making sure our outreach is precise, exact, and on-point is a challenge we've been able to overcome with [Microsoft Dynamics 365 Customer Insights]."
>
> DIRECTOR OF TECHNOLOGY, MARITIME BROKERAGE

- **Saved 75% of time on customer journey development and 25% on journey maintenance and orchestration tasks.** Consolidated customer data, automatic orchestration, and AI insights save marketing employees at the composite organization a significant amount of time creating customer journeys and reaching out to customers with timely marketing. Meanwhile, employees making reports and ensuring compliance with regulations around marketing emails also benefit from improved visibility into customers. These time savings result in a three-year, risk-adjusted benefit of $3.5 million.

> "We can use our data to trigger our journeys. The whole thing becomes very interactive. ... we can use data in real time, which is a huge benefit."
>
> PRODUCT OWNER, INSURANCE

- **Reduced physical marketing spend by 50% and reduced marketing agency fees spend by $75,000 annually.** Microsoft Dynamics 365 Customer Insights provides the composite organization with much stronger digital marketing capabilities, enabling it to scale physical marketing spend back by 50% by the third year of the investment. Additionally, the time savings for marketing employees on developing and orchestrating customer journeys and customer outreach enable the composite organization to reallocate marketing work that was previously outsourced to external agencies, saving $75,000 each year. This results in a total three-year, risk-adjusted savings of $1.2 million.
- **Retired legacy solution savings of $120,000 per year.** The composite organization consolidates its data storage and marketing solutions under Microsoft Dynamics 365 Customer Insights, enabling them to reduce spending on license fees and IT personnel time (for integration and infrastructure

maintenance) in these areas. This totals a risk-adjusted, three-year savings of $269,000.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Improved employee experience.** Centralization, customization, and overall better ease of use makes it easier for employees of the composite organization to get more out of their customer journeys with fewer headaches.
- **Avoided compliance issues.** Superior tracking of customer outreach enables the composite organization to avoid potential fees or extra work for emailing potential customers that opt out of contact.

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

- **Annual implementation and management costs of $480,000.** The large, billion-dollar, global composite organization implements Microsoft Dynamics 365 Customer Insights with a small team working part-time and devotes a larger team to management of the solution. Overall, this costs the composite organization a three-year, risk adjusted $1.4 million.
- **Annual licensing costs of $396,600.** The composite organization pays a per-tenant fee for its usage of Microsoft Dynamics 365 Customer Insights, as well as an additional capacity fee, totaling a risk-adjusted $986,000 over the course of three years.

The representative interviews and financial analysis found that a composite organization experiences benefits of $10.29 million over three years versus costs of $2.43 million, adding up to a net present value (NPV) of $7.86 million and an ROI of 324%.

Improvement to revenue per customer journey

15%

“We’re able to do more productive work in terms of understanding the campaign itself. We can do A/B testing now to see what works, what’s not working, [and] why it’s not working. Microsoft Dynamics 365 Customer Insights lets us change direction when sales are lower than we want.”

PRODUCT MANAGER, CRM, CDP, SPORTS

Return on investment (ROI)

324%

Benefits PV

$10.29M

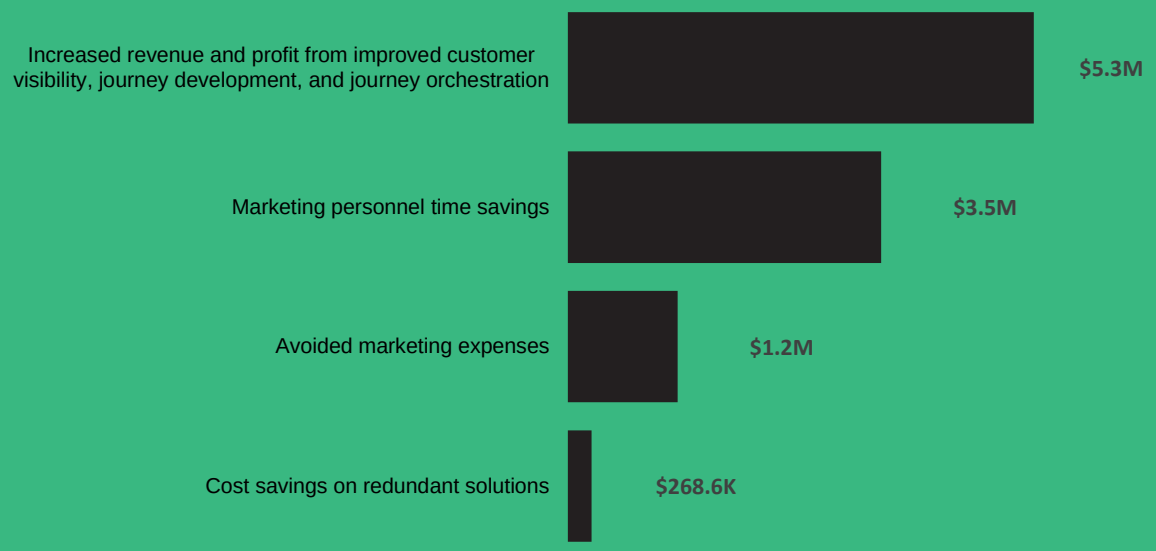
Net present value (NPV)

$7.86M

Payback

<6 months

Benefits (Three-Year)



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 Dynamics 365 Customer Insights.

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 Dynamics 365 Customer Insights can have on an organization.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by Microsoft 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 study to determine the appropriateness of an investment in Dynamics 365 Customer Insights.

Microsoft 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.

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

Due Diligence
Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Dynamics 365 Customer Insights.

Interviews
Interviewed five representatives at organizations using Dynamics 365 Customer Insights to obtain data about 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.

Drivers leading to the Dynamics 365 Customer Insights investment

Interviews			
Role	**Industry**	**Region**	**Revenue**
Director of business applications	Financial services	Europe	$35 million
Director of technology	Maritime brokerage	Global	$41 million
Product owner	Insurance	Europe	$70 billion
Product manager, CRM, CDP	Sports	Australia	$500 million
Head of travel technology and customer support	Travel	Europe	$330 million

KEY CHALLENGES

The interviewees noted their organizations lacked modern solutions to support customer journey development — if they had any solution at all. The interviewees' organizations also had fragmented data across multiple sources.

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

- **Fragmented customer data landscape.** Many of the interviewees told Forrester that their organizations' views of customer data were disjointed and disorganized as a result of siloed sources of data. Customer data was scattered across multiple databases, requiring manual effort to aggregate. The director of technology at a maritime brokerage stated: "Our previous CRM wasn't really cloud based … there were separate databases. We had to use three or four different services to get all of our marketing pieces done."

- **Incomplete view of the customer**. Interviewees told Forrester that because customer data was fragmented and difficult to centralize, their organizations lacked critical visibility into their customers, limiting potential opportunities and requiring more manual effort to rectify. The product manager of CRM and CDP from a sports organization explained: “[Before Microsoft Dynamics 365 Customer Insights,] we didn’t have good data quality for our customers. We didn’t even have visibility of who’s one of our players or who’s buying tickets. So, targeting the correct audience was a big challenge.”
- **Manual customer journey development and orchestration.** Without proper visibility into customers and with the required information to improve that visibility scattered and fragmented, the interviewees’ organizations struggled to develop and manage customer journeys efficiently and effectively. The head of travel technology and customer support at a travel organization gave an example of how much work was required for simple tasks related to developing and orchestrating customer journeys: “Let’s say that you pick some data you believe you will work on. In order to get that to the marketing platform, you will have to create certain jobs or integrations that move the data across. Then you figure out that you also need other data, and then you have to start doing extra development to also move that data over. … With our prior setup, it could take us months.”
- **Inability to create and deliver content effectively.** The interviewees’ organizations’ lack of visibility into customer data and manual nature of customer journey creation meant it was extremely difficult to deliver the right, personalized message at the right time to customers to make the optimal impact. Instead, interviewees noted their organizations were forced to take a one-size-fits-all approach to content, engagements, and journey orchestration, and broader strategy adjustments had to be made manually on a per-journey basis rather than dynamically. The product owner at an insurance organization gave an example: “Before we had the marketing capabilities of Dynamics 365 Customer Insights, we heavily relied on phone campaigns and physical mail. … We needed to increase customer loyalty.”

- **Difficulty eliminating redundant customers or gaining consent to contact customers.** Slower customer journey development, overworked employees, and limited visibility into customer data meant that the interviewees' organizations risked irritating customers by bombarding them with unwanted solicitations — or worse yet, violating regulations by contacting customers without them opting in. The product manager of CRM and CDP at a sports organization summed it up, stating, "People who were unsubscribing were still getting emails, and we were in danger of facing a lot of fines if we sent out emails to people who have unsubscribed."
- **End-of-life or nonexistent legacy journey development solutions.** One of the core reasons behind the other issues the interviewees' organizations faced was deeply outdated solutions supporting the development of customer journeys — if they had a solution in place at all. The director of business applications for a financial services organization said: "We were doing everything through focus periods. … We were really in the Stone Age."

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Consolidate several customer data sources, streamlining visibility into the customer.
- Increase customer loyalty and journey outcomes through better personalized, more relevant, and more timely messaging.
- Can reduce the burden on marketing personnel to create, maintain, and manage/orchestrate customer journeys.
- Be deployed in the cloud.

> “I appreciate the journey we’ve gone through, from everything being manual to being able to solve things with marketing [through Customer Insights], making it easier for bank advisors. It lets us be more proactive.”
>
> DIRECTOR OF BUSINESS APPLICATION, FINANCIAL SERVICES

> “Our prior system was more focused on website and homepage building — it was quite complex to use for marketing. That’s why we made the decision to switch to the Dynamics platform.”
>
> PRODUCT OWNER, INSURANCE

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 five 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. The global, industry-agnostic composite organization has $1 billion in annual revenue and 5,000 total employees. There are 10 FTEs working on journey development and 96 customer journeys being developed per year at baseline. The composite organization is also using external marketing agencies for certain work, and spends significant time communicating with these agencies, trying to find customer data and manually updating customer journeys.

Deployment characteristics. The composite organization had multiple customer data sources, which it retires and consolidates on Microsoft Dynamics 365 Customer Insights.

Key Assumptions

$1 billion in annual revenue

5,000 employees

10 FTEs working on journey development

96 customer journeys developed per year

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Increased revenue and profit from improved customer visibility, journey development, and journey orchestration	$2,111,400	$2,111,400	$2,111,400	$6,334,200	$5,250,739
Btr	Marketing personnel time savings	$1,420,000	$1,420,000	$1,420,000	$4,260,000	$3,531,330
Ctr	Avoided marketing expenses	$318,750	$510,000	$701,250	$1,530,000	$1,238,120
Dtr	Cost savings on redundant solutions	$108,000	$108,000	$108,000	$324,000	$268,580
	Total benefits (risk-adjusted)	$3,958,150	$4,149,400	$4,340,650	$12,448,200	$10,288,769

INCREASED REVENUE AND PROFIT FROM IMPROVED CUSTOMER VISIBILITY, JOURNEY DEVELOPMENT, AND JOURNEY ORCHESTRATION

Evidence and data. Many interviewees told Forrester a major benefit of Microsoft Dynamics 365 Customer Insights was the simplification of customer journey development and maintenance while also improving personalization and orchestration capabilities, resulting in more successful journeys overall. Specifically, interviewees noted that D365 Customer Insights gave marketers the ability to automate components of customer journey development and orchestration, creating more personalized journeys than before at a lower level of effort. Automatic handoff and prioritization of leads, AI recommendations for what actions to take, and real-time visibility into customer behavior resulted in higher customer conversion rates and more revenue per journey than before.

- The product manager of CRM and CDP for a sports organization explained how D365 Customer Interviews enriched their organization's journeys: "Now, we

understand that one particular customer isn't just a ticket purchaser — they're a member of a club or a casual player or primarily interested in the sport for cardio. We are able to unify these customers into one single system and use that data to enrich our marketing campaigns."

The interviewee went on to describe how their organization's employees were much more confident in creating new customer journeys because they had improved visibility into customer data: "Last year, I had to spoon-feed our team for every journey creation. They were scared to use the system; scared of sending things to the wrong audience. This year, I saw absolutely no fear. They were more confident with the system, they're more independent."

> "[Since using Microsoft Dynamics 365 Customer Insights,] we have seen a massive jump in terms of presales [for a major global tournament]. … We met our target for presales in one day."
>
> PRODUCT MANAGER OF CRM AND CDP, SPORTS

- The director of technology for the maritime brokerage firm explained how improved data visibility made each customer journey more successful through consolidating data and improving orchestration: "Before, we were 100% fragmented. We had no stats or analytics; we knew nothing about our clients' purchases; we'd have to go to accounting to get that information. Now, we're able to see where people are at in that customer journey. We're able to unify our data. Customer Insights enriches that data, brings it together, and provides us with insights."
- The director of business applications at a financial services organization explained that their organization was flexible when developing journeys, enabling them to track various important customer behaviors that they couldn't before and

improving the personalization of customer experiences: “We have service journeys that are getting the customer to do something they need to do like scan a passport. We tangibly feel the benefit because they take a lot of [administrative] work away from our advisors. Then, we have the customer satisfaction journeys where we welcome them. We’re able to get a really good response from our customers.”

> “We’re using journeys for our mobile bank … everything can be orchestrated from marketing.”
>
> DIRECTOR OF BUSINESS APPLICATION, FINANCIAL SERVICES

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- Before Microsoft Dynamics 365 Customer Insights, the composite organization develops 96 customer journeys per year.
- Each customer journey brings in $120,000 in revenue for the composite organization.
- Each customer journey consists of 20 individual purchases of $6,000 each.
- Microsoft Dynamics 365 Customer Insights improves the total number of customer journeys developed by 25%. Better orchestration, lead scoring, and prioritization improves the number of converted leads by 15%, resulting in an increase in revenue per journey.

Risks. Factors that could impact the size of the benefit for organizations include the following:

- Degree to which automation is used.
- Degree to which data is consolidated/gathered.

- Degree to which orchestration improves.
- Revenue associated with each customer journey.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $5.3 million.

15%

Improvement to sales conversion rate per journey

25%

Increase in total customer journeys developed

"We've been able to use Customer Insights to see what other activities and brands our clients have interest towards. … That's definitely increased our overall revenue. … Those crossover leads are really big."

DIRECTOR OF TECHNOLOGY, MARITIME BROKERAGE

Increased Revenue And Profit From Improved Customer Visibility, Journey Development, And Journey Orchestration					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Number of customer journeys developed per year before D365 CI	Composite	96	96	96
A2	Increase in discrete customer journeys through better knowledge of customer and automated journey development	Composite	25%	25%	25%
A3	Number of customer journeys developed per year with D365 CI	Composite	120	120	120
A4	Average revenue per customer journey	Composite	$120,000	$120,000	$120,000
A5	Average individual deal size per journey	Composite	$6,000	$6,000	$6,000
A6	Deals closed per journey before D365 CI	A4/A5	20	20	20
A7	Improvement to conversion rate for journeys developed with D365 CI through better lead scoring, prioritization, and orchestration	Interviews	15%	15%	15%
A8	Deals closed per journey with D365 CI	A6*(1+A7)	23	23	23
A9	Revenue increase per journey with D365 CI	(A8-A6)*A5	$18,000	$18,000	$18,000
A10	Profit margin	Composite	15%	15%	15%
At	Increased revenue and profit from improved customer visibility, journey development, and journey orchestration	A3*(A4+A9)*A10	$2,484,000	$2,484,000	$2,484,000
	Risk adjustment	↓15%			
Atr	Increased revenue and profit from improved customer visibility, journey development, and journey orchestration (risk-adjusted)		$2,111,400	$2,111,400	$2,111,400
Three-year total: $6,334,200			**Three-year present value: $5,250,739**		

MARKETING PERSONNEL TIME SAVINGS

Evidence and data. Interviewees noted that consolidated visibility into customer data and better journey orchestration capabilities didn't just improve the success of customer journeys, but also made them easier for marketing personnel to develop and maintain, resulting in productivity improvements. Features such as automatic reporting, tracking of consent management, email templates for customer communications, and automatic flows for outreach, lead handoff, content creation, and faster campaign updates resulted in time savings for marketers. In some cases, this fueled the development of more

journeys or more personalized content. Interviewees told Forrester that marketing personnel could create and maintain the same number of customer journeys at a lower level of effort than before, freeing these marketers to work on additional journey development and/or content creation tasks.

- Interviewees stated that Microsoft Dynamics 365 Customer Insights automated various tasks, including reporting. The director of technology at a maritime brokerage explained: “Reporting-wise, before you’d have to log into these different systems, export a report, make sure it’s filtered properly. Now, that just happens automatically.”
- Interviewees also said that several features of Microsoft Dynamics 365 Customer Insights enabled new marketing capabilities that made internal processes faster, saving time on orchestration and communication and allowing faster outreach to customers. The head of travel technology and customer support for a travel organization gave an example: “Customer Insights lets us tie our marketing forms directly to lead creation. … When someone goes in and asks for an offer, we can automatically create a lead in the sales department that will be picked up and manage from there. We now have a much better view of leads created and the conversion rates of those leads.”
- The product manager of CRM and CDP for a sports organization explained how Microsoft Dynamics 365 Customer Insights automated the previously manual and high-stakes task of consent management for customer outreach: “Before, we didn’t have visibility into which customers had given us consent on what; it was quite a nightmare. … With Microsoft Dynamics 365 Customer Insights, now we automatically get consent information with other customer data.” The same interviewee noted that marketers could develop more journeys than before at a lower level of effort, freeing these resources to work on additional content creation.
- The product owner for an insurance organization told Forrester how Microsoft Dynamics 365 Customer Insights saved time on customer outreach with and journey creation: “Creating emails is a lot easier right now than it was before thanks to the templates. We can save an employee effort for the customer journey setup. It’s helpful to use Customer Insights to have a single source of truth.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization has 10 FTEs working on customer journey development.
- These 10 FTEs save 75% of their time on developing customer journeys due to automation, easier reporting, and centralization of data.
- The composite organization has 20 FTEs working on journey orchestration tasks.
- These 20 FTEs save 25% of their time on journey orchestration tasks due to automations to reporting, tracking of consent management, templatization and content creation, outreach, lead handoff, and faster campaign updates.

Risks. Factors that could impact the size of this benefit for organizations include the following:

- Degree to which tasks can be automated or abbreviated.
- Amount of time spent on outreach, emails, journey development, and consent management before Microsoft Dynamics 365 Customer Insights.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.5 million.

75%

Time savings on customer journey development

"It's incredible for us to be able to identify our top clients. Marketing emails that go out have to really reach out to them personally and mean something to them, or we'll lose their attention. Making sure communications are precise, exact, and on point is a challenge we've been able to overcome with Microsoft Dynamics 365 Customer Insights."

DIRECTOR OF TECHNOLOGY, MARITIME BROKERAGE

"Employee time is allocated more in terms of productive work than spending time on data cleanup."

PRODUCT MANAGER, CRM, CDP, SPORTS

"We've been able to reduce the time we spent on weekly emails — we can still send them out, but we've freed up that labor time and can put that energy into making other customer journeys."

HEAD OF TRAVEL TECHNOLOGY AND CUSTOMER SUPPORT, TRAVEL

Marketing Personnel Time Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	FTEs working on customer journey development	Interviews	10	10	10
B2	Time saved on developing customer journeys	Interviews	75%	75%	75%
B3	Blended reporting FTE fully loaded annual salary	TEI standard	$150,000	$150,000	$150,000
B4	**Subtotal: Total saved on customer journey development**	**B1*B2*B3**	**$1,125,000**	**$1,125,000**	**$1,125,000**
B5	FTEs working on customer journey maintenance, orchestration and reporting processes	Interviews	20	20	20
B6	Time saved on customer journey maintenance, orchestration and reporting processes	Interviews	25%	25%	25%
B7	Blended outreach and reporting FTE fully loaded annual salary	TEI standard	$130,000	$130,000	$130,000
B8	**Subtotal: Total saved on customer journey maintenance, orchestration and reporting processes**	**B5*B6*B7**	**$650,000**	**$650,000**	**$650,000**
Bt	Marketing personnel time savings	B4+B8	$1,775,000	$1,775,000	$1,775,000
	Risk adjustment	↓20%			
Btr	Marketing personnel time savings (risk-adjusted)		$1,420,000	$1,420,000	$1,420,000
Three-year total: $4,260,000			**Three-year present value: $3,531,330**		

AVOIDED MARKETING EXPENSES

Evidence and data. Because Microsoft Dynamics 365 Customer Insights improved the interviewees' organizations' capabilities and digital maturity and freed up marketing personnel resources, many of the interviewees told Forrester that their organizations saved on external marketing spend and reduce their spending on physical marketing altogether.

- The product owner for an insurance organization discussed how their organization pivoted away from physical marketing to digital: "We shifted some processes from physical mailings to email and customer portals. This will improve our marketing over time because we have more and better customer data — we can verify the emails [and] get feedback on if they were delivered or opened."

- The product manager for CRM and CDP for a sports organization said their organization had realized significant savings on external digital marketing spend due to improved in-house capabilities: “Our digital marketing agency cost was very high; we used to have to give them the content creation and content email marketing templates. Now, we have the ability to create our own content in-house, and we have the ability and skill set within the team to customize or change it.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Before Microsoft D365 Customer Insights, the composite organization is spending $1.5 million per year on physical marketing and $75,000 per year on external marketing services.
- The composite organization reduces physical marketing spend by 50% by Year 3 and completely eliminates the external marketing services.

Risks. Factors that could impact the size of this benefit for organizations include the following:

- Total current physical marketing spending.
- Total current external marketing services spending.
- The degree to which Microsoft Dynamics 365 Customer Insights can reduce spending on physical marketing spending and external marketing services (based on the skill and capacity of an organization’s marketing personnel).

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.2 million.

Avoided Marketing Expenses					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Spending on physical marketing	Composite	$1,500,000	$1,500,000	$1,500,000
C2	Reduction in physical marketing spend enabled by Microsoft D365 CI	Interviews	20%	35%	50%
C3	Avoided marketing services/agency fees	Interviews	$75,000	$75,000	$75,000
Ct	Avoided marketing expenses	(C1*C2)+C3	$375,000	$600,000	$825,000
	Risk adjustment	↓15%			
Ctr	Avoided marketing expenses (risk-adjusted)		$318,750	$510,000	$701,250
Three-year total: $1,530,000			**Three-year present value: $1,238,120**		

50%

Reduction in physical marketing spend by Year 3

"Thanks to Microsoft Dynamics 365 Customer Insights, we were able to meet our corporate goal to significantly cut our physical mailings."

PRODUCT OWNER, INSURANCE

> "We were probably spending hundreds of thousands of dollars a year on print. now, that's at $0."
>
> DIRECTOR OF TECHNOLOGY, MARITIME BROKERAGE

COST SAVINGS ON REDUNDANT SOLUTIONS

Evidence and data. Interviewees noted that the improved capabilities from Microsoft Dynamics 365 Customer Insights meant their organizations no longer required now-redundant solutions for managing customer data, email, or journey development.

- These licenses included databases where siloed customer data was stored; decentralized or proprietary solutions for contacting customers; or on-premises solutions whose functionality was now available on the cloud.
- The director of business applications for the financial services organization listed several areas of ongoing license savings: "Before, the banks had their own mail systems, which we retired. We're also planning on retiring our SMS gateway vendor. In a bigger Microsoft context, we've gone cloud-native, so all the costs we had for our earlier vendors are gone."

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization avoids $90,000 per year on licenses for services now redundant by Microsoft Dynamics 365 Customer Insights.
- The composite organization avoids $30,000 annually on IT personnel time related to integrations (and integration maintenance) and infrastructure maintenance.

Risks. A factor that could impact the size of this benefit for organizations is previous spend on now-redundant solutions and contractual stipulations that could affect the ability to retire this spend.

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 $269,000.

Cost Savings On Redundant Solutions					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Avoided license fees	Interviews	$90,000	$90,000	$90,000
D2	Avoided IT maintenance costs (infrastructure maintenance, integrations)	Interviews	$30,000	$30,000	$30,000
Dt	Cost savings on redundant solutions	D1+D2	$120,000	$120,000	$120,000
	Risk adjustment	↓10%			
Dtr	Cost savings on redundant solutions (risk-adjusted)		$108,000	$108,000	$108,000
	Three-year total: $324,000		**Three-year present value: $268,580**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved employee experience.** Interviewees noted that the elimination of tedious manual tasks around data collection and customer outreach made the day-to-day work of several employees more varied and engaging. The customization of the platform also contributed to a better user experience. The product owner for the insurance organization told Forrester: “Microsoft Dynamics 365 Customer Insights has so many ways to customize the whole UX for different departments. This lets us work with different brands and flexibly personalize customer communication.
- **Avoided compliance issues.** In addition to saving time around ensuring emails were only sent to those who had consented to contact, interviewees noted that Microsoft Dynamics 365 Customer Insights helped their organizations avoid the fines associated with making mistakes in that work. It also reduced audit

preparation and the chances of a breach by reducing the number of third parties that handle internal data. The director of business applications for the financial services organization noted, “With Microsoft Dynamics 365 Customer Insights, we can very easily demonstrate compliance when a regulator comes to visit.”

> “We don’t have to send lists of clients to third-party vendors and disclose data. The security side of that is a big deal for everyone here.”
>
> **DIRECTOR OF TECHNOLOGY, MARITIME BROKERAGE**

> “It’s easier to use, there’s self-service ... there’s been a big change in the experience of business end users from last year to this year.”
>
> **PRODUCT MANAGER, CRM, CDP, SPORTS**

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Microsoft Dynamics 365 Customer Insights and later realize additional uses and business opportunities, including:

- **Leveraging emerging AI technologies.** While several of the interviewees were too early in their deployment to take advantage of new features enabled by Microsoft Copilot, many were interested in using the AI in the future and were confident that it would help them achieve their objectives.

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

> "The AI stuff is pretty big. We're already using a lot of these new AI-powered features. I know Microsoft's working on some even more advanced ones that they've shown, so we're excited."
>
> DIRECTOR OF TECHNOLOGY, MARITIME BROKERAGE

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Total implementation and management costs	$189,000	$504,000	$504,000	$504,000	$1,701,000	$1,442,373
Ftr	Total license costs	$0	$396,600	$396,600	$396,600	$1,189,800	$986,285
	Total costs (risk-adjusted)	$189,000	$900,600	$900,600	$900,600	$2,890,800	$2,428,658

TOTAL IMPLEMENTATION AND MANAGEMENT COSTS

Evidence and data. The interviewees detailed their experiences with implementing and managing Microsoft Dynamics 365 Customer Insights.

- Interviewees told Forrester that a small team dedicated a small portion of their time to implement Microsoft Dynamics 365 Customer Insights in less than a year.
- A larger team of management employees fed data into Microsoft Dynamics 365 Customer Insights and implemented new features and updates, spending part of their time doing so.

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- An implementation team of six spends 25% of its time on implementation tasks.
- An ongoing management team of eight spends 60% of its time on management tasks.

Risks. Factors that could impact the size of this cost for organizations include the following:

- Size and salary of implementation team.
- Size and salary of management team.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.4 million.

Total Implementation and Management Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Implementation team size	Interviews	6			
E2	Percentage of time spent on implementation tasks	Interviews	25%			
E3	Blended implementation team member fully loaded annual salary	TEI standard	$120,000			
E4	**Subtotal: Total implementation costs**	**E1*E2*E3**	**$180,000**			
E5	Size of ongoing management team	Interviews		8	8	8
E6	Percentage of time spent on management tasks	Interviews		60%	60%	60%
E7	Blended management team member fully loaded annual salary	TEI standard		$100,000	$100,000	$100,000
E8	**Subtotal: Total management costs**	**E5*E6*E7**		**$480,000**	**$480,000**	**$480,000**
Et	Total implementation and management costs	E4+E8	$180,000	$480,000	$480,000	$480,000
	Risk adjustment	↑5%				
Etr	Total implementation and management costs (risk-adjusted)		$189,000	$504,000	$504,000	$504,000
	Three-year total: $1,701,000		**Three-year present value: $1,442,373**			

TOTAL LICENSE COSTS

Evidence and data. Interviewees noted that Microsoft Dynamics 365 Customer Insights charged organizations a per-tenant license fee and capacity fee for usage of the platform.

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization deploys Microsoft Dynamics 365 Customer Insights on 18 tenants.
- The cost per tenant is $20,700 per year per Microsoft list price.
- The composite organization also pays $24,000 per year in capacity costs.

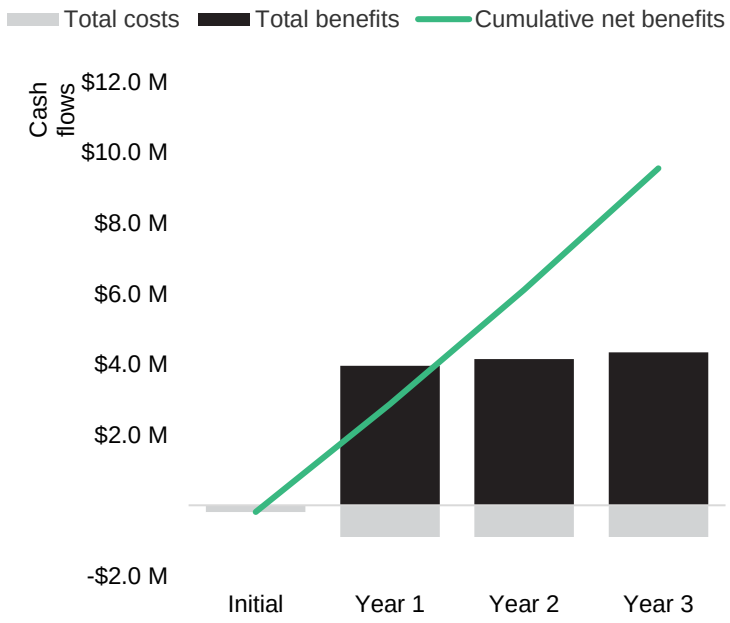
Results. Because Forrester is using list pricing, the risk-adjustment is 0%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $927,000.

Total License Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Total tenants	Composite		18	18	18
F2	Annual cost per tenant	List pricing		$20,700	$20,700	$20,700
F3	Capacity costs	List pricing		$24,000	$24,000	$24,000
Ft	Total license costs	(F1*F2)+F3		$396,600	$396,600	$396,600
	Risk adjustment	0%				
Ftr	Total license costs (risk-adjusted)		$0	$396,600	$396,600	$396,600
	Three-year total: $1,189,800		**Three-year present value: $986,285**			

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	($189,000)	($900,600)	($900,600)	($900,600)	($2,890,800)	($2,428,658)
Total benefits	$0	$3,958,150	$4,149,400	$4,340,650	$12,448,200	$10,288,769
Net benefits	($189,000)	$3,057,550	$3,248,800	$3,440,050	$9,557,400	$7,860,111
ROI						324%
Payback						<6 months

APPENDIX A: TOTAL ECONOMIC IMPACT

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

Total Economic Impact Approach

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

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

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

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

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates are 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 is 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.

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.

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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