

A Forrester Total Economic Impact™
Study Commissioned By Microsoft
April 2019

The Total Economic Impact™ Of Microsoft Teams

Improved Employee And Company Performance

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ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Benefits Highlights



Having all solutions in one place for improved collaboration and information sharing as well as more efficient meetings saved users time (varies based on role):

1.1 to 8.0 hours per user per week



Three-year net present value per user:

\$5,416



Percent of survey respondents who felt “having all of our solutions in one place saves time”:

88%

Executive Summary

Microsoft Teams (Teams) is a shared workspace that brings many of the collaboration and communication solutions within Microsoft 365 into a focused workspace. It integrates with other solutions from Microsoft, third-party vendors, and in-house development to facilitate faster and smarter working — both within and outside of the organization. This is all delivered in a secure manner, which improves compliance, manageability, and system performance. Increasing adoption and usage of Teams helps companies improve access to information and free up workers — both information and firstline — to focus on higher-value activities, thus reducing operating costs, accelerating time-to-market, and fostering greater innovation.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by adopting Microsoft Teams. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Teams, as part of Microsoft 365, on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers and surveyed another 260 with experience using Teams. Forrester also incorporated findings from other TEI studies (see Appendix B for a list of previous studies and methodological notes), which included multiple surveys and more than 45 additional interviews with organizations using various aspects of Teams.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are spread across four broad categories — communicate through chat, meeting, and calls; collaborate with deeply integrated Office 365 apps; customize and extend with third-party apps, processes, and, devices; and work with confidence with enterprise-level security, compliance, and manageability. These benefits are representative of those experienced by the companies interviewed and surveyed and have been applied to a composite organization that made Teams available to 5,000 users (3,500 information workers and 1,500 firstline workers) subsequent to a Microsoft 365 implementation:

Communicate

- › **Teams reduces the total number and duration of meetings.** Meetings conducted via Teams are more reliable and of very high audio-video quality, resulting in less time spent addressing setup and call-quality issues. Information workers get more out of their meetings and require fewer of them overall. The total time savings over three years is \$6.9 million.
- › **With Teams, companies reduce many other communication software and hardware solutions.** Companies reported reduced web conferencing, long-distance, mobile phone, and on-premises telephony solutions costs by switching to Teams. Over three years, the total savings for the composite are worth \$648,727.
- › **By Year 3, online meetings replace 150 overnight trips.** By moving to a unified experience in Teams, the composite organization eliminates 150 overnight trips by Year 3 of the study. The total savings over three years is worth \$233,080.



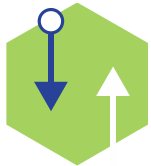
ROI
832%



Benefits PV
\$30.3 million



NPV
\$27.1 million



Payback
< 6 months

“Teams is very positive for engendering a coworking environment. It gives you everything you want in one place to effectively collaborate. You can contact each other quickly and also understand what other people are working on.”

VP, consumer products



Collaborate

- › **Information workers save 4 hours per week from improved collaboration and information sharing.** Having features like coauthoring and version control, searching documents, conversations, and names available in one place enables information workers to more effectively and efficiently collaborate in real time, saving more than \$14.3 million over three years.
- › **Teams for Firstline Workers saves users 45 minutes per week collaborating with colleagues.** Firstline workers are better able to share information and find resources to complete their jobs and collaborate with team members. This equates to \$501,214 over three years.
- › **Decision makers improve their time-to-decision by 17.7%.** Having information and resources readily available via the Teams shared workspace and being able to confer with their peers more efficiently enables executives and key decision makers to make decisions faster. The resulting total savings over three years is \$451,273.
- › **Improved worker satisfaction, integration, and empowerment reduce attrition rates.** The attrition rate for workers decreases from 11.8% to 11.4%, translating to 20 fewer employees leaving. Additionally, Teams reduces the time to train and onboard all new hires. Together, these metrics reduce the cost of hiring and onboarding new employees by \$1.4 million over three years.

Customize And Extend

- › **Less time is spent switching between applications each day.** Information workers save 15 minutes per day and firstline workers 5 minutes per day by having features and information sources available within Teams, rather than switching between apps. Time savings cover the mechanics of switching and cognitive re-engagement. The total savings over three years is nearly \$4.8 million.
- › **Employees who work with outside organizations save time by having a shared workspace.** Teams can be extended to customers, suppliers, and other outside parties. This enables better collaboration across organizations, which increases customer satisfaction and retention. For the financial analysis, 350 users working closely with customers save 24 minutes per day with Teams. This totals \$759,493 over three years.

Work With Confidence

- › **Having resources available online in Teams reduces downtime.** Having resources available in one cloud-based location reduces user downtime. Across all information and firstline workers, the average reduction is 14.6%. Over three years, the time savings (which is a proxy for business damage or lost revenue) is worth \$257,586.
- › **IT compliance and eDiscovery costs are reduced by 13.2%.** Companies reported reduced compliance and eDiscovery effort with Teams. The total three-year savings for the composite organization in relevant compliance costs attributed to Teams is \$42,050.

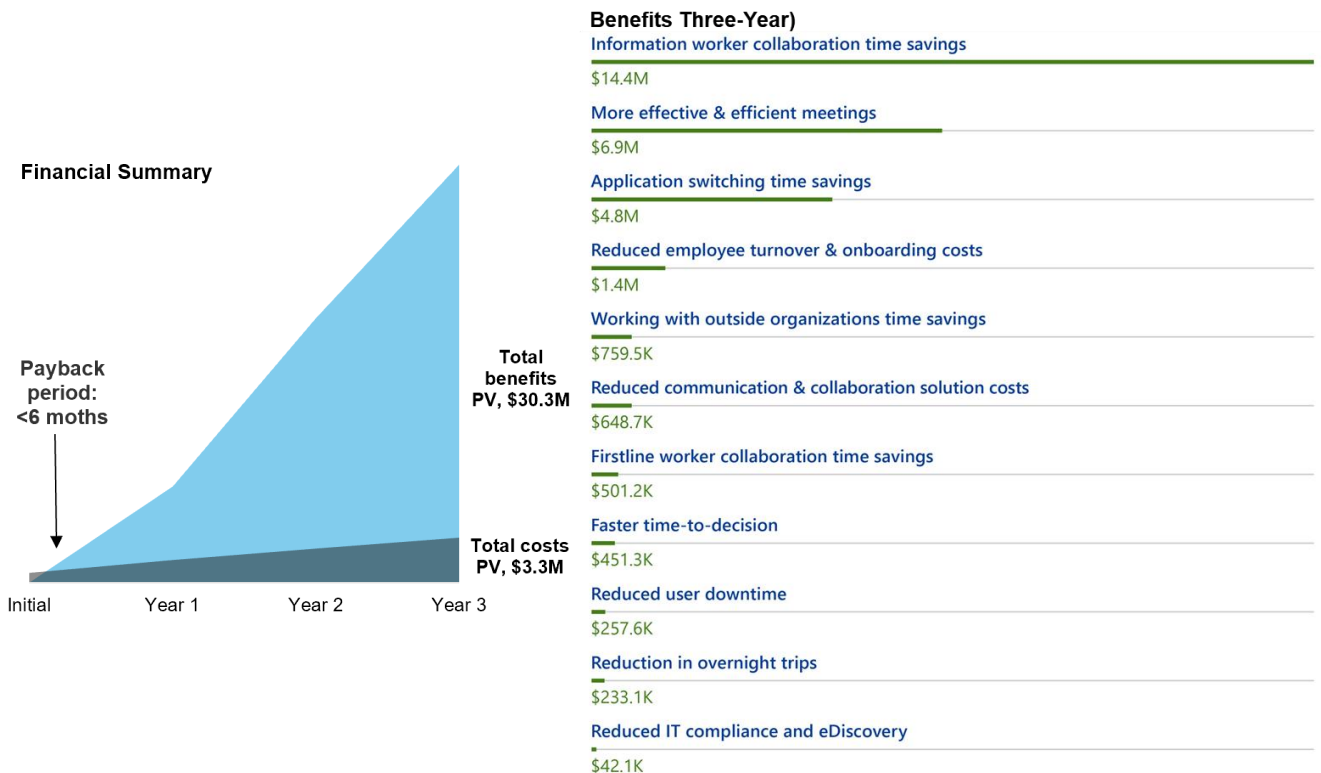
Costs. The interviewed organizations experienced the following risk-adjusted PV costs, modeled by the composite organization:

- › **Internal efforts to implement and support Teams total \$1.1 million.** Teams is made available after the enterprise move to Microsoft 365. Therefore, only the incremental costs are included, which contributes

greatly to the high ROI and short payback period. The initial effort is mostly around migrating from Skype for Business to Teams, with ongoing years focused on change management and training.

- › **Initial deployment professional services total \$348,480.** The included professional services are used for the migration from Skype for Business to Teams. Other costs, including managed services, would be included in the business case for a full Microsoft 365 deployment (see Appendix B).
- › **Twenty-five percent of the Microsoft 365 license costs are attributed to the Teams solution, totaling more than \$1.8 million.** Forrester estimates that 25% of the total value of Microsoft 365 E5 is associated with the solutions within Teams. At the composite organization, 3,500 knowledge workers are on the Microsoft 365 E5 license, which costs \$57 per month. The 1,500 firstline workers use the Microsoft 365 F1 license at a cost of \$10 per month.

Forrester’s interviews with four existing customers, a survey of 260 other companies, integrated data points from more than 50 interviews from other TEI studies, and subsequent financial analysis found that an organization based on these customers experienced PV benefits of \$30.3 million over three years versus PV costs of \$3.2 million, adding up to a net present value (NPV) of \$27.1 million and an ROI of 832%.



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 and survey, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering including Teams in a Microsoft 365 implementation.

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 Teams can have on an organization:



DUE DILIGENCE

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to teamwork solutions.



CUSTOMER INTERVIEWS

Interviewed four organizations and surveyed 260 more using Microsoft Teams 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 Microsoft Teams' 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 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 report to determine the appropriateness of an investment in Microsoft Teams.

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.

The Microsoft Teams Customer Journey

The Increasing Importance Of Communication And Collaboration

In interviews and surveys with companies using Teams, Forrester learned that improving communication and collaboration across organizations is a major component of digital business transformation initiatives. In a survey of 260 organizations for this study, the top three business objectives for implementing Teams were the same, regardless of company size:

1. Increase employee productivity.
2. Improve ability to collaborate across the organization.
3. Enable innovation.

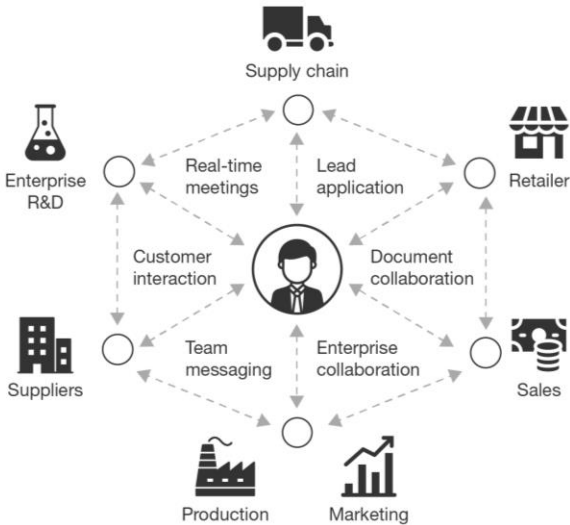
This is consistent with the findings in a Forrester report from January 2019.¹ The report says: “Enterprise collaboration helps workers share information, coordinate projects, discuss best practices, and build communities within, across, and outside the enterprise. Improved customer experience and business agility result when linear and structured communication encoded in traditional business applications is enhanced by collaboration technology that facilitates how real work gets done.”

This section of the report includes an accompanying figure:

FORRESTER RESEARCH

Collaboration Disseminates Knowledge Across Functional Boundaries

Knowing The Enterprise Collaboration Landscape Is Essential To Digital Transformation



129494

Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

The report makes three recommendations:

1. Overcome organization structures that inhibit information flow.
2. Promote a stronger digital psychology.
3. Empower and elevate change agents.

Customer interviews and surveys for this TEI study revealed that Teams helps achieve these recommendations. By putting a wide range of information sources and collaboration/communication tools in one place



Top Business Objectives

1. Increase productivity.
2. Improve collaboration.
3. Enable innovation.

and by empowering users to form teams, organizations can break down information and communication silos. Furthermore, these solutions help transform the culture into one that is more digitally focused. Lastly, Teams empowers individuals to seek out other people and resources to create more value for the organization.

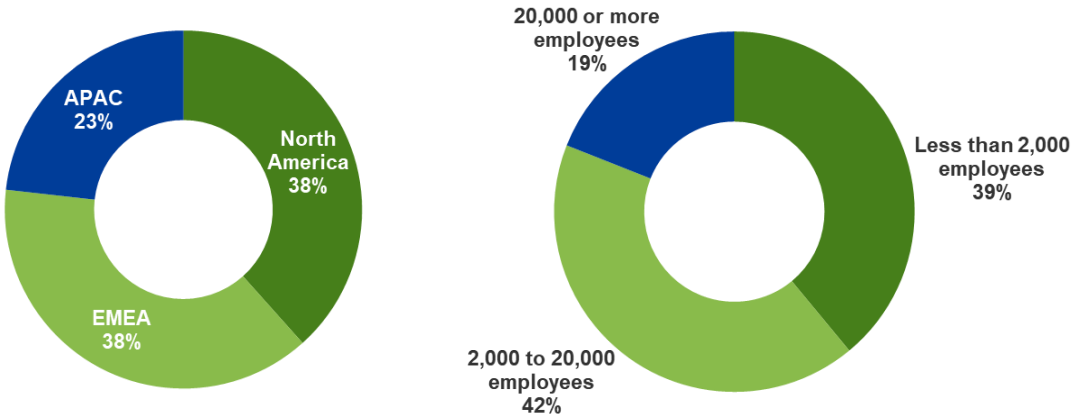
Interviewed And Surveyed Organizations

For this study, Forrester aggregated findings from approximately 45 customer interviews across many other TEI studies (see Appendix B) that looked at the value of various Teams solutions as part of Office 365 and Microsoft 365. We also interviewed four additional companies that are using Teams, bringing the total number of customer interviews to 50. Across the previous interviews, company size ranged from 1,500 to 230,000 employees; the most common ranged from 4,000 to 15,000 employees. More than 20 industries were represented; the most common ones were financial services, manufacturing, education, construction, and consumer products.

The customers specifically interviewed for this study include the following:

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF USERS
Telecoms	Asia Pacific	GM, workplace technology	15,000
Consumer products	US HQ, global presence	VP, employee experience	30,000
Electronics	Asia HQ, global presence	GM, IT services	20,000
Technology	European HQ, global presence	Manager, cloud collaboration platform	45,000

For this study, Forrester conducted a survey of 260 organizations currently using Teams, which covered multiple geographies and sizes (see charts below). The average number of users was 2,448 spread across 116 locations. While benefits did vary slightly by size and geography, there was a high degree of consistency. Where interesting, these differences are highlighted in the study.



Base: 260 global IT and business decision makers who use Microsoft Teams
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2019

These companies represent 12 industries. The top three industries were IT professional services, retail, and manufacturing and materials. Once

again, there was some variation in benefits by industry, but overall there was a high level of consistency.

Key Challenges

The interviewed and surveyed companies expressed several challenges with their previous collaboration and communication solutions, which are reflected in the composite organization. Below are examples shared by these companies.

- › **Supporting global growth and working together across multiple locations and cultures was difficult.** All interviewees said that it was increasingly difficult for people to work effectively with colleagues from different geographies as well as homeworkers. This impeded growth and made it difficult to create a common working culture. “We are a highly distributed organization with more than 30 brands across many countries. The previous ways people worked was no longer good enough. They were emailing files, didn’t have access to the same tools, and were only using audio meetings.”
- › **An increased competitive landscape meant companies needed to innovate better and faster.** New entrants and new business models are disrupting many industries, and new technologies are compressing timeframes. This means that companies need to improve collaboration to increase agility and innovation. “We couldn’t even do simple things like coauthor a document or easily share files with an external partner. Now I can get an idea to my colleagues, and it can be acted upon faster.”
- › **Companies moving to a mobile- and cloud-first model were particularly hampered by their previous collaboration solutions.** Companies want their employees to be more productive regardless of place and time. Some of the most valuable employees are the ones who are the most mobile, e.g., executives and sales. In the past, they were also the most disconnected, which reduced productivity and hurt the business. “Our CIO adopted a cloud-first strategy to get all infrastructure out of our house; also, our on-premises collaboration solutions did not work well on smartphones. Now we have multidevice portability, and the solutions work on any phone.”
- › **Previous solutions did not integrate or scale well and created compliance and security headaches.** Most companies’ previous collaboration and communication environments were an amalgamation of spot solutions and often a combination of homegrown and third-party applications. This created difficulties for IT organizations in terms of integration, scale, and cost. It also made it difficult to properly secure information and to ensure compliance with various regulations and discovery requests. “We previously had in-house solutions. As part of our effort to act more globally, we decided that we needed a more integrated solution.”

“Our previous, on-premises Microsoft solutions were end of life. We moved to Teams in the cloud to save money and create more flexible working.”

GM, telecoms



“We have a very strong digital transformation initiative underway. Moving everyone to Teams elevates collaboration.”

Manager, technology



“Teams integrates well with the Office 365 suite, which is very important. Our CIO decided that Teams has superior functionality to the other solutions we were considering and integrates better. That will save us money.”

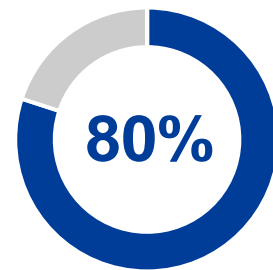
GM, electronics



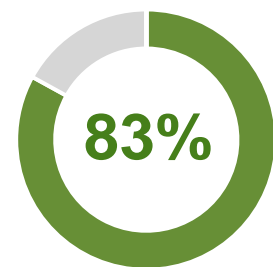
Key Results

The interviews revealed several key results from the Teams investment:

- **Increased cross-functional and cross-geography collaboration.** All the interviewed and surveyed companies reported improved communication and collaboration, which improved business outcomes and saved time. Mobile workers especially benefited from the move to Teams because of better access to resources from their mobile phones. This also created better employee cohesion and a common corporate culture across locations and generations. A related area that often gets less attention is better inclusivity for employees with physical or cognitive challenges. Teams made it easier for them to communicate and collaborate with colleagues.
- **Enabled and accelerated digital transformation initiatives.** Every interviewed company had some form of digital business transformation initiative underway. At its heart was empowering employees to be better innovators and to make IT a true enabler. Moving to Teams made both of these possible. Furthermore, companies felt that meaningful digital transformation had to positively impact external customers.
- **Reduced solution costs and improved security.** Consolidating onto a single platform means that multiple, incumbent solutions can be eliminated. This can include videoconferencing solutions, private branch exchange (PBX) systems, and other collaboration solutions. This also means lower complexity, which makes for easier security and compliance. Eighty-six percent of survey respondents said that Teams and Microsoft 365 has better privacy controls than other collaboration solutions. Eighty-eight percent said that it is now easier to communicate securely and ensure privacy.

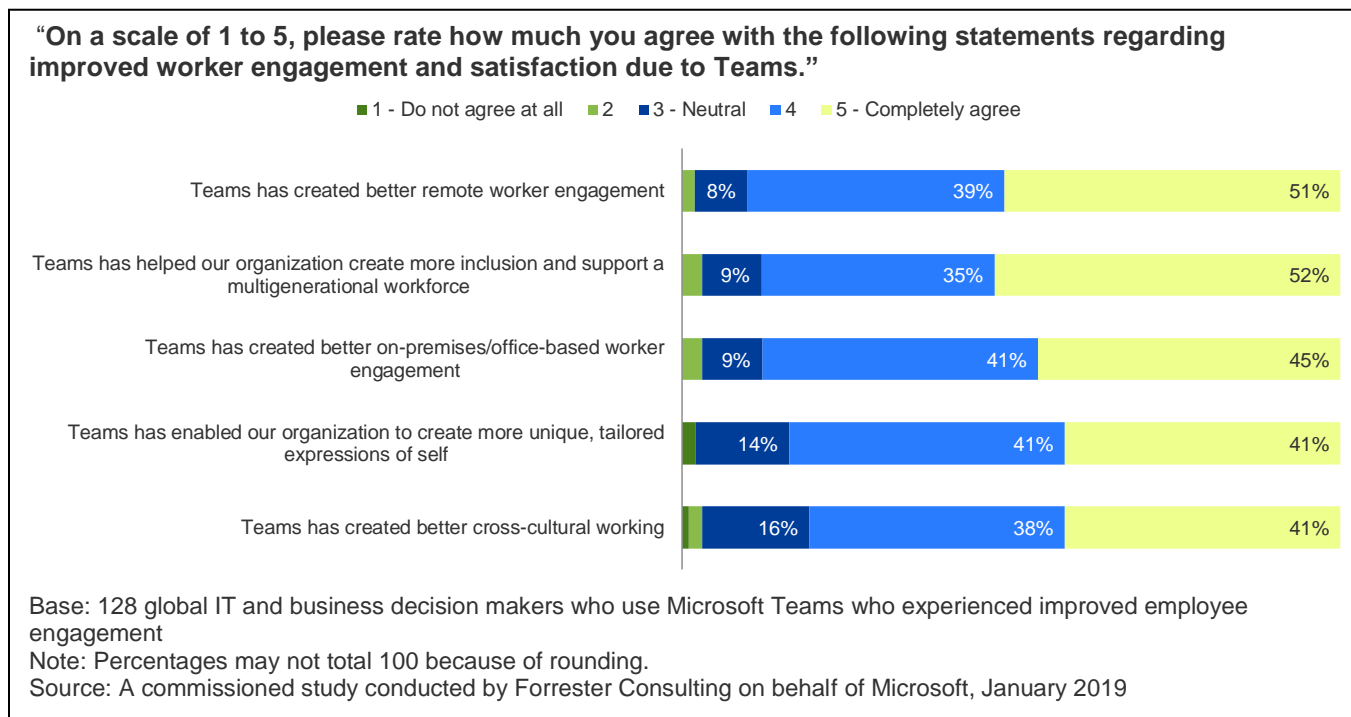


“The accessibility features in Teams have made my organization more productive.”



“Teams has helped my organization improve customer experiences.”

In the survey, Forrester asked the extent to which respondents agreed with different benefit categories. The first set of questions was about better engagement and coworking. In all cases, a vast majority of respondents were realizing these benefits from Teams.



The second set of questions asked more specifically about improved communication and collaboration. Here too, the vast majority of respondents were realizing many benefits from layering Teams on top of their Office 365 or Microsoft 365 implementations.

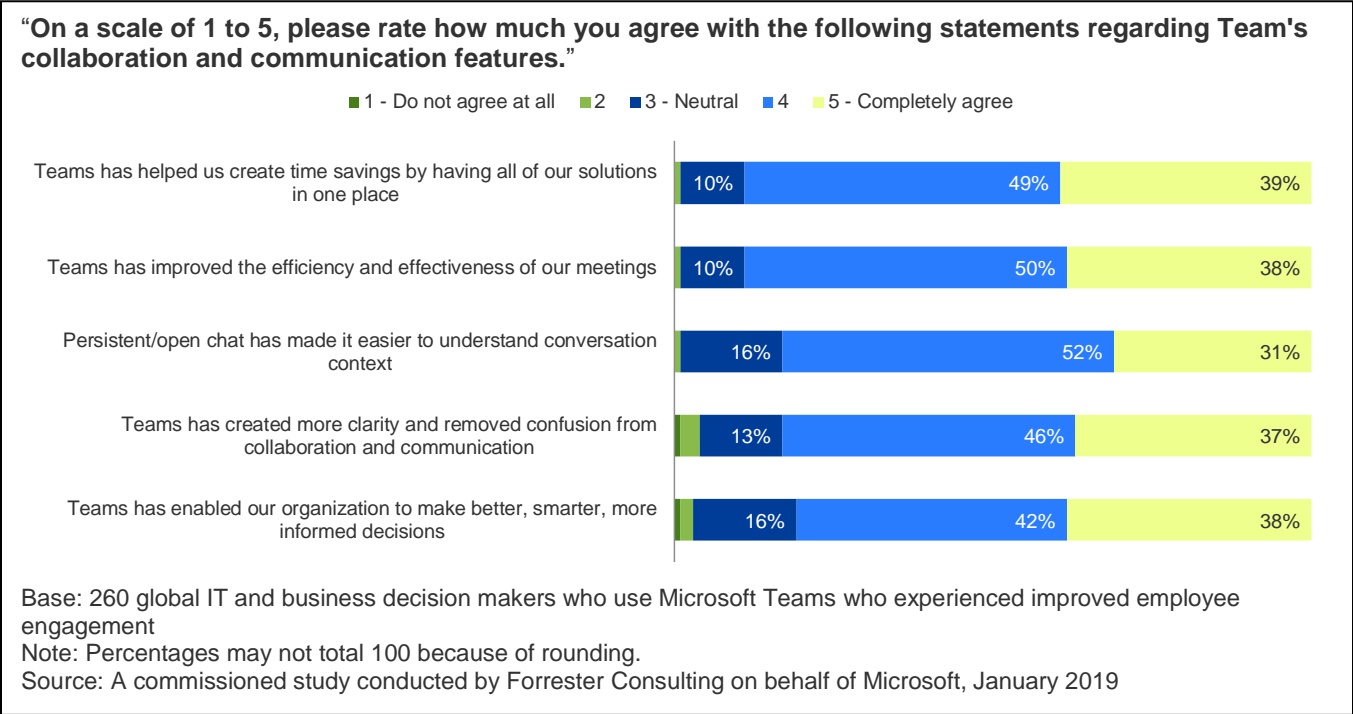
Composite Organization

Based on the interviews and surveys, 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 four companies that Forrester interviewed and the 260 surveyed companies, as well as interviews and surveys from past studies, and it 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:



Key assumptions of composite organization
 3,500 information workers
 1,500 firstline workers

Description of composite. The composite organization is a global organization that manufactures, distributes, and sells consumer products. Most of its operations are in North America and Europe with some offices in Asia Pacific and South America. In total, there are 7,000 employees, 5,000 of whom are on Microsoft 365 and using Teams. In this group, there are 3,500 information workers and 1,500 firstline workers (in logistics, distribution, and customer-facing roles). The remaining 2,000 employees do not need daily use of teamwork solutions and currently have basic access to email and information via kiosks.



Deployment characteristics. The Teams solution is deployed subsequent to a Microsoft 365 implementation. Information workers are on Microsoft 365 E5 licenses, and the firstline workers are on F1 licenses. Teams is integrated with the other Microsoft 365 solutions, including SharePoint, Exchange, Office Apps, and OneDrive. Skype for Business is migrated into Teams.

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE ORGANIZATION

Total Benefits							
REF.	BENEFIT		YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	More effective and efficient meetings	Communicate	\$1,694,151	\$3,388,301	\$3,388,301	\$8,470,753	\$6,886,067
Btr	Reduced communication and collaboration solution costs		\$323,000	\$213,750	\$237,500	\$774,250	\$648,727
Ctr	Reduction in overnight trips		\$63,000	\$90,000	\$135,000	\$288,000	\$233,080
Dtr	Information worker collaboration time savings	Collaborate	\$3,547,128	\$7,058,961	\$7,058,961	\$17,665,050	\$14,362,016
Etr	Firstline worker collaboration time savings		\$124,584	\$245,890	\$245,890	\$616,365	\$501,214
Ftr	Faster time-to-decision		\$84,085	\$237,573	\$237,573	\$559,230	\$451,273
Gtr	Reduced employee turnover and onboarding costs		\$350,361	\$700,722	\$700,722	\$1,751,805	\$1,424,082
Htr	Application switching time savings	Extend	\$1,180,636	\$2,343,624	\$2,343,624	\$5,867,883	\$4,770,983
Itr	Working with outside organizations time savings		\$186,855	\$373,710	\$373,710	\$934,274	\$759,493
Jtr	Reduced user downtime	Confidence	\$103,579	\$103,579	\$103,579	\$310,737	\$257,586
Ktr	Reduced IT compliance and eDiscovery		\$10,346	\$20,691	\$20,691	\$51,728	\$42,050
Total benefits (risk-adjusted)			\$7,667,724	\$14,776,800	\$14,845,550	\$37,290,074	\$30,336,571

Communicate

Teams empowers users to “communicate through chat, meetings, and calls.” Skype for Business online meeting and calling solutions have been integrated into Teams. This makes it easier for users to leverage the right solution at the right time to communicate with people inside and outside the organization, which can save time. The solutions within Teams can also replace other technologies, which can save an organization money.

More Effective And Efficient Meetings

Interviewed and surveyed organizations all reported significant time savings in conducting meetings. Possibly more importantly, organizations required fewer meetings with Teams in general. These meetings are more effective and efficient because solutions are intuitive and offer better audio/video integration.

In interviews, Forrester heard:

- › “We have removed many meetings and work in discussion threads instead.”

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$30.3 million.

- › “Our top execs are using Teams to run their meetings. This is a massive time savings and, since they are our most expensive employees, hugely valuable.”

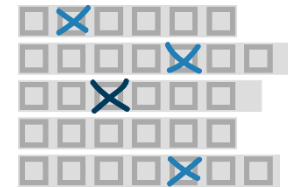
From the survey, Forrester learned:

- › On average, a user attended three meetings per day, and 8.6 minutes were spent setting up each meeting. This was reduced 17.3% by moving to Teams.
- › Users saved 7.6 minutes per day because of improved call quality.
- › The average reduction in number of meetings across all organizations was 18.9%. It ranged from 16.9% for organizations with more than 20,000 users to 21.0% for organizations with less than 2,000 users.

For the financial model, Forrester assumes:

- › All 3,500 information workers regularly participate in online meetings and realize the efficiency gains.
- › The number of meetings is reduced by 18.9%. The average meeting is 30 minutes. Fifty percent of these savings are recognized in Year 1, as users become more accustomed to working with a new paradigm and culture.
- › Six minutes per day are saved because of easier meeting setup and improved call quality. This is scaled back from the survey findings to be conservative.
- › The fully burdened salary (including all benefits and taxes) is \$45.63 per hour, or \$94,940 annually.
- › There is a 25% productivity capture rate because not all time saved results in additional work.

Time saved depends on several factors, including how many meetings typically take place, the company’s meeting culture, what communication and collaboration solutions were being used previously, and if people are spread across many locations. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$6.89 million.



Percent reduction in meetings each week:
18.9%

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.

More Effective And Efficient Meetings: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of information workers		3,500	3,500	3,500
A2	Reduced number of meetings (weekly)	15 previous*18.9% [rounded] [50% in Year 1]	1.42	2.84	2.84
A3	Weekly time savings — reduced meetings (hours)	A2*.5 hours	0.71	1.42	1.42
A4	Weekly time savings for remaining meetings — better setup and call quality (hours)	6 minutes*5 days [50% in Year 1]	0.25	0.50	0.50
A5	Total weekly time savings (hours)	A3+A4	0.96	1.92	1.92
A6	Total savings	A1*A5*52 weeks*\$45.63	\$7,972,474	\$15,944,947	\$15,944,947
A7	Productivity capture		25%	25%	25%
At	More effective and efficient meetings	A6*A7	\$1,993,118	\$3,986,236	\$3,986,236
	Risk adjustment	↓15%			
Atr	More effective and efficient meetings (risk-adjusted)		\$1,694,151	\$3,388,301	\$3,388,301

Reduced Communication And Collaboration Solution Costs

The interviews and survey revealed that companies reduced or eliminated many cost types associated with their previous communication and collaboration solutions by moving to the integrated Microsoft solution from a portfolio of spot solutions. This included on-premises hardware and maintenance costs, eliminating other solutions' licensing and maintenance, reducing telephony charges (mobile and long distance), and reducing IT support effort.

In interviews, Forrester heard:

- › “People used to go and buy their own communication solutions. Providing these centrally reduces costs and gets rid of shadow IT.”
- › “We would have needed an enterprise license for another solution we were using. That would have cost \$300 per user per year.”
- › “We will save money by dropping our other calling services as people begin using Teams for voice calls.”
- › “We are reducing out PBX costs in some locations.”

For the composite organization, Forrester included the following benefit categories and assumptions. The organization:

- › Saves \$250,000 for an on-premises communication solution refresh and upgrades, along with 20% ongoing maintenance.
- › Replaces previous webconferencing solutions, saving \$80,000 per year. Fifty percent of this benefit is realized in Year 1 as previous solutions are phased out.
- › Spends less on long-distance and mobile phone calls by moving them to Teams. This benefit ramps up as users get more comfortable using Teams from their desks and mobile devices.

The size of this benefit depends on which solutions were previously in place. It will also be affected by the number of locations and geographic reach. To account for this risk, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$648,727.



Cost savings from reduction in communication and collaboration solutions over three years: **\$648K**

Reduced Communication And Collaboration Solution Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Eliminated on-premises hardware	Maintenance following years at 18%	\$250,000	\$45,000	\$45,000
B2	Eliminated webconferencing solution	[50% in Year 1]	\$40,000	\$80,000	\$80,000
B3	Reduced telephony costs		\$50,000	\$100,000	\$125,000
Bt	Reduced communication and collaboration solution costs	B1+B2+B3	\$340,000	\$225,000	\$250,000
	Risk adjustment	↓5%			
Btr	Reduced communication and collaboration solution costs (risk-adjusted)		\$323,000	\$213,750	\$237,500

Reduction In Overnight Trips

Due to the use of other online webconferencing solutions, companies had been able to significantly cut their travel budgets. Some respondents said that they reduced travel even further by moving to Teams.

Forrester learned that:

- › “Travel has been reduced even more. This means that people can do their jobs without the associated pain of having to worry about the logistics of a domestic or international trip.”
- › “Our company instituted a no-travel policy for cost reductions. All of the collaboration tools made the ban less painful.”
- › “We now send fewer people to internal conferences. We can send one representative to live-blog from it, and others can communicate in real time to get their questions answered.”

For the composite organization, Forrester assumes that:

- › The reduction in trip increases over time as users become more comfortable with Teams in place of face-to-face meetings.
- › The average trip cost is \$1,000.

If travel has been cut to the point where very little more can be done to further reduce face-to-face meetings, this benefit may be lower or not realized. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$233,080.



Overnight trips replaced by online meetings by Year 3:
150 avoided overnight trips

Reduction In Overnight Trips: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of avoided trips		70	100	150
C2	Average cost		\$1,000	\$1,000	\$1,000
Ct	Reduction in overnight trips	C1*C2	\$70,000	\$100,000	\$150,000
	Risk adjustment	↓10%			
Ctr	Reduction in overnight trips (risk-adjusted)		\$63,000	\$90,000	\$135,000

Collaborate

Teams empowers users to “collaborate with deeply integrated Office 365 apps.” Interviewed and surveyed organizations provided many examples of improved collaboration freeing up time for information and firstline workers to focus on higher-value activities. Teams also gives users better access to people and resources to make smarter and faster decisions. Improved collaboration also provides various benefits around increasing employee satisfaction, helping in cross-generational understanding, and creating a common culture.

Information Worker Collaboration Time Savings

Companies reported significant time savings in collaboration activities for both information and firstline workers by adding Teams to an existing Microsoft 365 implementation. This included time saved on coauthoring and version control and the time spent seeking out the right information and colleagues. Companies also reported a reduction in emails sent because users could request and share information in the Teams focused workspace using conversation threads.

From the interviews, Forrester learned that:

- › “Shortening time cycles is one of the biggest benefits. Integration of content from different sources and coauthoring saves a lot of time.”
- › “The simplicity of having all the collaboration documents in one place where meetings happen is great. People like that we can bring all the different services together.”
- › “My brand people said that Teams makes it easier for them to work across time zones. Previously, they said that having access to the right data at the right time was a problem.”
- › “We are a company that covers all generations. One of the things we want to do is attract the best young talent. In their personal lives, they run everything from the device in their hands, and they expect the same in the office. Teams makes this possible.”
- › “We have a lot of people in distribution facilities and in retail who don’t have dedicated devices. They also benefit from Teams.”
- › “One big advantage by using Teams is mobility. It is easy to use on smartphones and has improved collaboration for people on the move.”

From the survey, Forrester learned that:

- › Coauthoring saved users 1.5 hours per week. Time was reduced by 14.9% in North America, 16.2% in EMEA, and 17.4% in Asia Pacific.
- › Better document and coworker search saved 7.8 minutes per day.
- › Improved version control saved 18.9 minutes per day.
- › Conversation search saved 20.9 minutes per day.
- › The average user received 89 emails per day; Teams reduced this by 17.3%. The number of emails ranged from 83 per day in Asia Pacific to 96 in North America. The percentage reduction was similar in North American and Asia Pacific, but only 16.5% in EMEA.

For information workers, Forrester assumes that:

- › Users save 15 minutes per day on coauthoring and version control activities. Half of this benefit is realized in Year 1 as workers get used to distributed real-time coauthoring.

“Teams is a cohesive environment where a user has access to everything in one place.”

GM, telecoms



Focus On Education

In a previous TEI study looking at Microsoft 365 for special education (see Appendix B), Forrester learned how teachers use and benefit from Teams.

Student And Parent Engagement

- › “Teams is how the teachers have meetings with remote students. They also use screen sharing, and it is great for proctoring exams.”
- › “Our students are not required to come into the school, so one-fourth are fully remote. If we didn’t have tools like Teams, we couldn’t provide them with the special assistance they need.”

Time Savings And Ease Of Use

- › “This year we did not need an on-site training session for all of the special education teachers because we use Teams. That saves up to one full day of travel time.”
- › “Teams is great. We use it a lot. I actually moved states and can still work for the school.”
- › “We live in Teams. It is a one-stop shop for everything special education related. We keep an updated procedures manual for everything that could happen. Teachers have easy access to the latest information. When they have a question, I or one of the other teachers will answer it.”
- › “I use the chat function in Teams all the time. I’ve already answered 100 questions today.”

- › Ten minutes per day are saved on searching for information, conversations threads, and coworkers.
- › The average worker was receiving 89 emails per day, which Teams reduces by 17.3%. The average time to read an email and reply, when necessary, is 1.5 minutes.
- › The fully burdened salary is \$45.63 per hour, and the productivity capture is 25%.

The time savings associated with collaboration and information sharing may vary with the number of employees involved, the length of time previously spent on these activities, and the hourly salary of employees involved. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$14.36 million.

Information Worker Collaboration Time Savings: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Number of information workers	=A1	3,500	3,500	3,500
D2	Weekly time savings — coauthoring and version control (hours)	$(15 \text{ min/day} \times 5) / 60$ [rounded] [50% in Year 1]	0.63	1.25	1.25
D3	Weekly time savings — searching documents, conversations, and colleagues (hours)	$(10 \text{ min/day} \times 5) / 60$ [rounded] [50% in Year 1]	0.42	0.83	0.83
D4	Weekly time savings — reduced emails (hours)	$(445 \text{ emails} \times 17.3\% \times 1.5 \text{ minutes}) / 60$ [rounded] [50% in Year 1]	0.96	1.92	1.92
D5	Total weekly time savings (hours)	D2+D3+D4	2.01	4.00	4.00
D6	Total savings	D1*D5*52 weeks*\$45.63	\$16,692,367	\$33,218,640	\$33,218,640
D7	Productivity capture		25%	25%	25%
Dt	Information worker collaboration time savings	D8*D9	\$4,173,092	\$8,304,660	\$8,304,660
	Risk adjustment	↓15%			
Dtr	Information worker collaboration time savings (risk-adjusted)		\$3,547,128	\$7,058,961	\$7,058,961

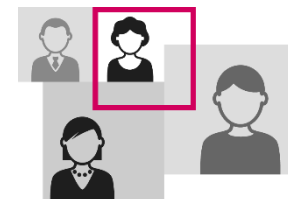
Firstline Worker Collaboration Time Savings

A previous TEI study focused on firstline workers showed savings of more than 1 hour per day in collaboration and communication activities from using all of the tools within Office 365 (see Appendix B for a reference to that study.). For this analysis, the time savings is significantly scaled back to avoid double counting.

Forrester assumes:

- › Users save 9 minutes per day collaborating and communicating with people in their direct teams and other parts of the organization. Half of this benefit is realized in Year 1 as workers get used to the new collaboration tools.
- › The fully burdened salary is \$45.63 per hour, and the productivity capture is 25%.

The time saved for firstline workers is similar to that for information workers. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$501,214.



Time saved by firstline workers through improved collaboration:
45 minutes per week

Firstline Worker Collaboration Time Savings: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Number of firstline workers		1,500	1,500	1,500
E2	Weekly time savings — collaborating with immediate team (hours)	$(4.4 \text{ min/day} * 5) / 60$ [rounded] [50% in Year 1]	0.19	0.37	0.37
E3	Weekly time savings — collaborating outside immediate team (hours)	$(4.6 \text{ min/day} * 5) / 60$ [rounded] [50% in Year 1]	0.19	0.38	0.38
E4	Total weekly time savings	B2+B3	0.38	0.750	0.750
E5	Total savings	$E1 * E4 * 52 \text{ weeks} * \19.78	\$586,279	\$1,157,130	\$1,157,130
E6	Productivity capture		25%	25%	25%
Et	Firstline worker collaboration time savings	$E5 * E6$	\$146,570	\$289,283	\$289,283
	Risk adjustment	↓15%			
Etr	Firstline worker collaboration time savings (risk-adjusted)		\$124,584	\$245,890	\$245,890

Faster Time-To-Decision

Companies also reported that Teams improved workers' decision making. Workers could more quickly make contact and communicate with fellow employees and review all the information they need to make decisions more efficiently. From the interviewed companies, Forrester learned:

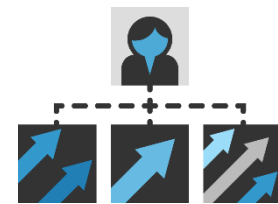
- › “Collaboration processes have been standardized, which speeds up decisions.”
- › “Decisions are made faster and better. There is no risk that someone doesn't understand what others are telling them.”

The survey showed that average time-to-decision was reduced by 18.6%. This varied by organization size. Companies with 2,000 to 20,000 employees saw a 17.7% improvement. Companies with fewer than 2,000 saw an 18.6% improvement, and companies with more than 20,000 saw a 20.2% improvement. Users who were regularly making decisions as part of their job spent 5 hours per week on this activity.

For the composite organization, Forrester assumes that:

- › Five hundred users are regularly involved in decision-making activities that require gathering information from and consulting with colleagues. This is lower in Year 1 as users grow accustomed to using Teams in the decision-making process.
- › Employees spent 1 hour per day on decision-making discovery, and Teams reduces this by 17.7%. Fifty percent of this is achieved in Year 1 as employees become more comfortable working with these new solutions.
- › The fully burdened salary is \$45.63 per hour, and the productivity capture is 25%.

The benefit that other organizations might realize depends on how many users are engaged in similar decision-making activities. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$451,273.



Reduction in time-to-decision:
17.7%

Faster Time-To-Decision: Calculation Table

REF	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
F1	Number of decision makers		350	500	500
F2	Weekly time savings (hours)	5 hours*17.7% (rounded) [50% in Year 1]	0.45	0.89	0.89
F3	Savings from total reduced time	F1*F2*52 weeks*\$45.63	\$373,710	\$1,055,878	\$1,055,878
F4	Productivity capture		25%	25%	25%
Ft	Faster time-to-decision	F3*F4	\$93,427	\$263,970	\$263,970
	Risk adjustment	↓10%			
Ftr	Faster time-to-decision (risk-adjusted)		\$84,085	\$237,573	\$237,573

Reduced Employee Turnover And Onboarding Costs

The interviewed and surveyed companies said that Teams improved employee satisfaction and better connected them to the organization as a whole. Younger workers specifically expect to have the same modern IT experiences in the workplace that they experience in their personal lives. All of this can reduce employee turnover and the associated costs to find and onboard replacements. Furthermore, the cost to train new hires is reduced because they do not need to be trained on multiple solutions.

Forrester heard from interviews:

- › “Now they can easily connect to Teams. The CEO does a townhall meeting, and everyone can get to it via Skype (now part of Teams). Employee experience has improved a lot, and they feel a part of the organization.”
- › “Young employees are used to a social platform, so we need to give them something like that to use at work.”
- › “We have had very positive feedback from mobile workers because they have better access to company information.”

The survey showed that the average turnover rate was reduced from 11.8% to 11.4% because Teams users felt more part of the organization and had higher satisfaction.

Survey results also indicated that the average cost to onboard a new employee decreased by 17%, or \$1,500, because the time to train on multiple tools was reduced. Companies with fewer than 2,000 employees saw an 18.2% reduction in onboarding costs, and those with more than 20,000 employees saw an 11.5% reduction.

For the financial analysis, Forrester assumes that:

- › Based on the interviews and survey, the turnover rate across all employees decreases from 11.8% to 11.4%. Half of this is achieved in Year 1 as the organization becomes more familiar with using Teams.
- › Onboarding and training costs for remaining new hires is reduced by \$1,500.

The onboarding-related savings will vary depending on the previous turnover rate and the roles involved, e.g., call center workers typically have a higher turnover rate. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$1.42 million.



Reduced costs
associated with hiring
and onboarding new
employees:
\$1.4M over three years

Reduced Employee Turnover And Onboarding Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
G1	Reduced turnover rate	11.8%->11.4% [50% in Year 1]	0.2%	0.4%	0.4%
G2	Fewer information workers leaving	A1*G1	7	14	14
G3	Eliminated onboarding costs — information workers	$G2 * ((2 \text{ days} * \$365.04) + \$5,605)$	\$44,345	\$88,691	\$88,691
G4	Fewer firstline workers leaving	E1*G1	3	6	6
G5	Eliminated onboarding costs — firstline workers	$G4 * ((2 \text{ days} * \$158.24) + \$5,605)$	\$17,764	\$35,529	\$35,529
G6	Reduced onboarding costs — remaining new hires	$(A1 + E1) * 11.4\% * \$1,148$ [50% in Year 1]	\$327,180	\$654,360	\$654,360
Gt	Reduced employee turnover and onboarding costs	G3+G5+G6	\$389,290	\$778,580	\$778,580
	Risk adjustment	↓10%			
Gtr	Reduced employee turnover and onboarding costs (risk-adjusted)		\$350,361	\$700,722	\$700,722

Customize And Extend

The Teams platform enables users to “customize and extend with third-party apps, processes, and devices.” This streamlines activities, saves time from having to switch between systems, and empowers deeper relationships with customers and other outside organizations.

Application Switching Time Savings

Teams is a central location where a user can access many features, information sources, and colleagues. Previously, users might have had to switch between various systems — Microsoft, other vendors, and in-house. With Teams, users save time and can be more effective.

From the interview, Forrester heard:

- › “We are starting to see users integrating their own PowerApps into Teams and enabling the field force.”
- › “Our admin staff used to collect information from multiple systems and then create and distribute reports. Now they give members access to a Teams space, and the information is automatically pushed out. We probably have 200 people saving 6 hours per week.”
- › “One of the great things for us is how the Microsoft apps store integrates with Teams. We can add all sorts of features.”
- › “Some of our power users are starting to use Microsoft Flow within Teams, create custom dashboards, and insert Stream channels.”

According to the survey, users saved, on average, 19.5 minutes per day from “less switching between apps.” This included the mechanics of switching and the time to cognitively refocus.

For the composite organization, Forrester assumes that:

- › Information workers are saving 15 minutes per day and firstline workers 5 minutes per day from less switching between various apps. This is half in Year 1 as more third-party and line-of-business (LOB) apps are added into Team.



Time savings from avoiding switching between applications:

- Information worker: 15 min/day
- Firstline worker: 5 min/day

- › The fully burdened salary is \$45.63 per hour, and the productivity capture is 25%.

This benefit will vary depending on the number and types of apps extended into Teams. To account for this risk, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$4.77 million.

Application Switching Time Savings: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
H1	Number of information workers		3,500	3,500	3,500
H2	Reduced time — application switching (hours)	(15 minutes*5 days)/60 [rounded]	0.63	1.25	1.25
H3	Total savings from reduced application switching — IW	H1*H2*52 weeks*\$45.63	\$5,231,936	\$10,380,825	\$10,380,825
H4	Number of firstline workers		1,500	1,500	1,500
H5	Reduced time — application switching (hours)	(5 minutes*5 days)/60 [rounded] [50% in Year 1]	0.21	0.42	0.42
H6	Total savings from reduced application switching — FLW	H4*H5*52 weeks*\$19.78	\$323,996	\$647,993	\$647,993
H7	Productivity capture		25%	25%	25%
Ht	Application switching time savings	(H3+H6)*H7	\$1,388,983	\$2,757,204	\$2,757,204
	Risk adjustment	↓15%			
Htr	Application switching time savings (risk-adjusted)		\$1,180,636	\$2,343,624	\$2,343,624

Working With Outside Organizations Time Savings

Many companies were using Teams to improve how employees communicate and work with users from outside the organization. This included prospects, customers, partners, etc. This could streamline many processes including sales, product development, compliance, etc.

This benefit applies to a subset of all users. The survey found that affected workers were previously spending 11.9 hours per week working with outsiders. Teams reduced this by 18.4%, which equates to 2.2 hours per week. This reduction varied considerably by geography — 15.0% in North America, 18.6% in APAC, and 20.9% in EMEA.

For the composite organization, Forrester assumes that:

- › Three hundred and fifty users realize this benefit, saving 2 hours per week.
- › The fully burdened salary is \$45.63 per hour, and the productivity capture is 25%.

This benefit will vary depending on the number of affected users and which processes are streamlined. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$759,493.



Time savings working with outside organizations:
24 minutes per day

Working With Outside Organizations Time Savings: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
I1	Number of affected employees		350	350	350
I2	Weekly reduced time — better app and process integration (hours)	[50% in Year 1]	1	2	2
I3	Total savings from better app and process extensibility	$I1 * I2 * 52 \text{ weeks} * \45.63	\$830,466	\$1,660,932	\$1,660,932
I4	Productivity capture		25%	25%	25%
Itr	Working with outside organizations time savings	$I1 * I2 * I3 * I4$	\$207,617	\$415,233	\$415,233
	Risk adjustment	↓10%			
Itr	Working with outside organizations time savings (risk-adjusted)		\$186,855	\$373,710	\$373,710

Work With Confidence

As part of Microsoft 365, Teams provides a very high level of security, scalability, and availability. Team allows organizations to “work with confidence with enterprise-level security, compliance, and manageability.” This study focuses on a portion of this — improved reliability and easier compliance.

The broader security improvements can be large and were quantified in prior TEI studies (see Appendix B). They were excluded from this study because security is affected by many different Microsoft 365 solution components. Eighty-six percent of organizations that are using Teams as part of Microsoft 365 said that privacy controls were better than their previous solutions, and 84% said that it improves remote working security.

Reduced User Downtime

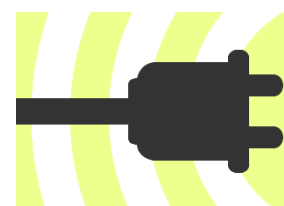
Interviewees reported on the implications of experiencing downtime with their previous, on-premises collaboration solutions. Some examples from interviews included:

- › “After a 1-hour shutdown, 25% of workers will completely stop working. Each worker cost €100 per hour. If I save one day of downtime per year, that pays for my whole Office 365 subscription.”
- › “We chose Microsoft and Teams because of its high reliability.”

From surveys, Forrester learned that a user was previously affected by an average of 4.5 events per year, which led to about 3.7 hours of downtime for each event. Teams alone was estimated to reduce downtime by 14.6% because users had easy, online access from any device to tools and information.

For the composite organization, Forrester assumes that:

- › Each of the 5,000 users was previously affected by downtime, with information workers experiencing more downtime than firstline workers. For simplicity, the average downtime was used for all users.
- › There is 14.6% improvement in user access during downtime.
- › An average hourly fully loaded salary of \$37.875 represents a blended rate across information workers and firstline workers.



Reduction in downtime:
14.6%

- › Again, as not all time saved translates into additional, value-add work, only 25% of this benefit is realized.

Reduced downtime will vary based on the number of users, number of downtime events in the previous environment, and the average length of each downtime event. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$257,586.

Reduced User Downtime: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
J1	Number of affected workers		5,000	5,000	5,000
J2	Companywide average fully burdened cost (hourly)	[3,500 knowledge users and 1,500 firstline users]	\$37.875	\$37.875	\$37.875
J3	Incremental avoided downtime due to Teams (hours)	4.5 events*3.7 hours*14.6%	2.4309	2.4309	2.4309
J4	Total savings from reduced user downtime	J1*J2*J3	\$460,352	\$460,352	\$460,352
J5	Productivity capture		25%	25%	25%
Jt	Reduced user downtime	J4*J5	\$115,088	\$115,088	\$115,088
	Risk adjustment	↓10%			
Jtr	Reduced user downtime (risk-adjusted)		\$103,579	\$103,579	\$103,579

Reduced IT Compliance And eDiscovery

Teams improved compliance for interviewed and surveyed companies in several ways. These included more comprehensive risk audits, better policy enforcement, and better eDiscovery for internal and external investigations because all communication and collaboration took place in a centralized way.

From the survey, Forrester learned:

- › IT compliance-related costs were reduced by 14.1%.
- › Time spent on eDiscovery activities decreased by 12.3%.

Interviewees said:

- › “Security-related audit points have gone down a lot, and the severity levels are lower. We used to have a lot of issues when we were on-premises because we had to take shortcuts for speed-to-market.”
- › “We now have consistent data retention and compliance policies. It is automated, which saves a lot of time and effort.”

› “Audit is happy that these solutions integrate with their audit tools.”

For the financial analysis, Forrester assumes that:

- › The organization previously spent \$500,000 per year on IT compliance and eDiscovery activities; this is reduced by 13.2%. One-third of this is attributed to Teams because of increased usage of centralized communication and collaboration tools and information repositories. This makes compliance and eDiscovery much easier. The remainder would be spread across other Microsoft 365 solutions.

The reduction in costs will vary depending on previous solutions and how Teams is being used. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$42,050.



Reduction in IT compliance and eDiscovery costs: 13.2%

Reduced IT Compliance And eDiscovery: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
K1	Previous amount spent		\$500,000	\$500,000	\$500,000
K2	Reduction attributed to Teams	$K1 * 13.2\%$ [50% in Year 1]	\$33,000	\$66,000	\$66,000
K3	Allocated to Teams		33%	33%	33%
Kt	Reduced IT compliance and eDiscovery	$K2 * K3$	\$10,890	\$21,780	\$21,780
	Risk adjustment	↓5%			
Ktr	Reduced IT compliance and eDiscovery (risk-adjusted)		\$10,346	\$20,691	\$20,691

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 utilize Teams and later realize additional uses and business opportunities.

As discussed above, Teams organizations are inherently more agile. Interviewed companies are also rolling out existing features to more locations and users and adding new features as they become available. Many companies are still evaluating Phone System and Calling Plan solutions, as well as Cloud PBX, which can deliver additional benefits in the future.

Some of the interviewed and surveyed companies are also beginning to utilize bots. This is included in the Flexibility section because most companies are in the very early stages of using bots. One interviewee said: “We are doing some work around bots. This includes querying team members about how projects are going and sick bots to help with emails when out of office.”

Sixty-four percent of the survey respondents are currently working with bots. They reported that, on average, users who are interacting with bots save 19.2 minutes per day. The potential value of this is demonstrated in the table below. The number of users increases as bots go more mainstream. This flexibility benefit was not included in the financial analysis.

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.

Time Savings From Bot Integration: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
XX1	Number of affected information workers		500	1,500	3,000
XX2	Weekly time savings (hours)	$(19.2 \text{ minutes} * 5 \text{ days}) / 60$	1.6	1.6	1.6
XX3	Total savings	$XX1 * XX2 * 52 \text{ weeks} * \45.63	1,898,208	5,694,624	11,389,248
XX4	Productivity capture		25%	25%	25%
XXt	Time savings from bots integration	$XX3 * XX4$	\$474,552	\$1,423,656	\$2,847,312
	Risk adjustment	↓15%			
XXtr	Time savings from bots integration (risk-adjusted)		\$403,369	\$1,210,108	\$2,420,215

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE ORGANIZATION

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Ltr	Internal effort	\$151,250	\$378,125	\$378,125	\$378,125	\$1,285,625	\$1,091,591
Mtr	Deployment and migration professional services	\$348,480	\$0	\$0	\$0	\$348,480	\$348,480
Ntr	Allocated Microsoft 365 licenses	\$214,500	\$643,500	\$643,500	\$643,500	\$2,145,000	\$1,814,789
	Total costs (risk-adjusted)	\$714,230	\$1,021,625	\$1,021,625	\$1,021,625	\$3,779,105	\$3,254,860

Internal Effort

The most common scenario for Teams deployment is after the main Microsoft 365 deployment; in this case, Teams can be provided to users “with the flip of a switch.” The online version is available in the list of Microsoft 365 applications; the desktop and mobile apps can also then be used.

The financial analysis includes a four-month Initial Period. During this time, the composite organization performs a pilot, and Skype for Business is migrated to Teams. From an ongoing perspective, half an FTE is involved with managing Teams and rolling out new features. Two FTEs are responsible for ongoing training and change management.

The internal effort to deploy and manage Teams will vary based on the adoption approach and size of the IT organization. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$1.09 million.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than \$3.2 million.

Internal Effort: Calculation Table

REF.	METRIC	CALC.	INITIAL	Year 1	Year 2	Year 3
L1	Number of months — deployment and migration		4			
L2	Number of FTEs — deployment and migration		3			
L3	Number of months — ongoing operations			12	12	12
L4	Number of FTEs — ongoing solution management			0.5	0.5	0.5
L5	Number of FTEs — ongoing change management and training			2.0	2.0	2.0
L6	Fully burdened IT cost (monthly)		\$11,458	\$11,458	\$11,458	\$11,458
Lt	Internal effort	$((L1 * L2) + (L3 * (L4 + L5))) * L6$	\$137,500	\$343,750	\$343,750	\$343,750
	Risk adjustment	↑10%				
Ltr	Internal effort (risk-adjusted)		\$151,250	\$378,125	\$378,125	\$378,125

Deployment And Migration Professional Services

Professional services are often used as part of the initial deployment of Teams, especially with the Skype for Business migration. For the financial analysis, three consultant FTEs work on this for the four-month Initial Period. Other costs, such as ongoing managed services, would be rolled into a full Microsoft 365 professional services contract, so they are not included here.

The amount of professional services required will depend on the overall size and of the organization, and the internal IT skills and spare capacity to take on the work. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$348,480.

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.

Deployment And Migration Professional Services: Calculation Table

REF.	METRIC	CALC.	INITIAL
M1	Number of months		4
M2	Number of FTE consultants		3
M3	Monthly cost per FTE	\$1,200*22 workdays	\$26,400
Mt	Deployment and migration professional services	M1*M2*M3	\$316,800
	Risk adjustment	↑10%	
Mtr	Deployment and migration professional services (risk-adjusted)		\$348,480

Allocated Microsoft 365 Licenses

Teams is part of the broader Office 365 and Microsoft 365 solutions, and there is no stand-alone SKU/price for it. For the financial analysis, Forrester assumes that 25% of the benefits associated with Microsoft 365 are largely driven by Teams, so 25% of the license costs are included. There are 3,500 Microsoft 365 E5 licenses and 1,500 F1 licenses. For simplicity, the number of users is held constant over the life of the study. License costs are prorated in the Initial Period to reflect the deployment time.

Since list prices were used, Forrester made no risk adjustment. The three-year total PV is \$1.81 million.

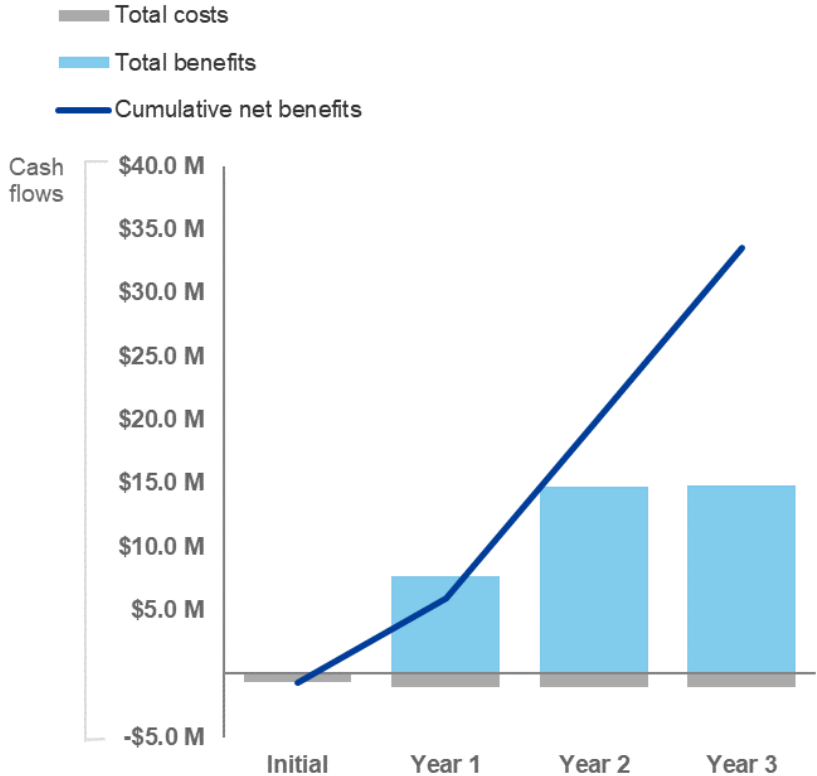
Allocated Microsoft 365 Licenses: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
N1	Total Microsoft 365 E5 license costs	\$57*12 months*3,500 IW users [prorated in Initial Period]	\$798,000	\$2,394,000	\$2,394,000	\$2,394,000
N2	Total Microsoft 365 F1 license costs	\$10*12 months*1,500 FLW [prorated in Initial Period]	\$60,000	\$180,000	\$180,000	\$180,000
N3	Total Microsoft 365 licenses	N1+N2	\$858,000	\$2,574,000	\$2,574,000	\$2,574,000
Nt	Allocated Microsoft 365 licenses	N3*25%	\$214,500	\$643,500	\$643,500	\$643,500
	Risk adjustment	0%				
Ntr	Allocated Microsoft 365 licenses (risk-adjusted)		\$214,500	\$643,500	\$643,500	\$643,500

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	(\$714,230)	(\$1,021,625)	(\$1,021,625)	(\$1,021,625)	(\$3,779,105)	(\$3,254,860)
Total benefits	\$0	\$7,667,724	\$14,776,800	\$14,845,550	\$37,290,074	\$30,336,571
Net benefits	(\$714,230)	\$6,646,099	\$13,755,175	\$13,823,925	\$33,510,969	\$27,081,711
ROI						832%
Payback period						< 6 months

Microsoft Teams: Overview

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

Microsoft Teams is the only product that brings together everything a team needs to make faster, more informed decisions – chats, meetings, calling, and the Office 365 apps – into a single, secure hub.

Microsoft Teams

Microsoft Teams is the hub for teamwork in Office 365



Communicate more effectively
Get your team on the same page with group chat, online meetings, calling, and web conferencing.



Work better together
Collaborate on files with built-in Office 365 apps like Word, Excel, PowerPoint, and SharePoint.



Customize your workspace
Add in your favorite Microsoft apps and third-party services to keep the business moving forward.



Keep your team secure
Get end-to-end security, administrative control, and compliance — all powered by Office 365.

Communicate more effectively

- › Stay in sync with 1:1 or group chats
- › Share information in an open and transparent way with threaded, persistent chat
- › Get up to speed with recorded and automatically transcribed meetings
- › Connect with anyone through a cloud-based telephony solution
- › Available across mobile, desktop, browser, and a wide range of devices

Work better together

- › Access your files along with related chats and apps in one workspace
- › Share and co-author Word, Excel, PowerPoint and other documents within the app
- › Enjoy built in access to Office 365 apps including SharePoint, OneNote, and PowerBI
- › Search across people, files and chats to find what you need

Customize your workspace

- › Customize your channels by pinning important files, apps or data dashboards
- › Add 3rd party services so the team can quickly access important information
- › Integrate workflows to simplify processes and accelerate decision-making
- › Build integrations to existing business apps with the Teams developer platform

Keep your team secure

- › Global hyper-scale cloud, incl. ability for local data residency and global peering points for meeting join
- › Compliance leadership with EU Model Clauses, SOC 1 and 2, HIPAA, GDPR & more
- › Built-in information protection incl. eDiscovery, Data Loss Prevention, legal hold & audit
- › Multi-factor authentication for enhanced identity protection and secure guest access
- › Available in 181 markets and 44 languages

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: Previous TEI Studies

In addition to the new information collected for this study, data points from the following studies were also used:

- › “Microsoft Accessibility And Assistive Technologies For Education: A Total Economic Impact™ Analysis,” Forrester Consulting report prepared for Microsoft, February 2019.
- › “The Total Economic Impact™ Of Microsoft 365 E5 Solutions,” Forrester Consulting report prepared for Microsoft, October 2018.
- › “The Total Economic Impact™ Of Office 365 Enterprise E5 Solutions,” Forrester Consulting report prepared for Microsoft, October 2018.
- › “The Total Economic Impact™ Of Microsoft 365 Teamwork Solutions,” Forrester Consulting report prepared for Microsoft, July 2018.
- › “The Total Economic Impact™ Of Microsoft 365 Education,” Forrester Consulting report prepared for Microsoft, January 2018.
- › “Improving Firstline Worker Performance With Microsoft Office 365: A Forrester Total Economic Impact™ Analysis,” Forrester Consulting report prepared for Microsoft, September 2017.
- › “Achieving Digital Business Transformation With Microsoft 365 Enterprise E5: A Total Economic Impact™ Analysis,” Forrester Consulting report prepared for Microsoft, September 2017.
- › “The Total Economic Impact™ Of Microsoft Windows Defender Advanced Threat Protection,” Forrester Consulting report prepared for Microsoft, July 2017.
- › “The Total Economic Impact™ Of Microsoft Windows 10,” Forrester Consulting report prepared for Microsoft, December 2016.
- › “The Total Economic Impact™ Of Microsoft’s Enterprise Mobility Suite,” Forrester Consulting report prepared for Microsoft, July 2015.

This study includes two differences from the Microsoft 365 Teamwork Solutions study which should be taken into consideration when comparing the results. Firstly, the composite organization for the previous Teamwork study includes 5,000 information workers. This Teams study includes 3,500 information workers and 1,500 firstline workers. Secondly, productivity benefits were discounted by 50% in the previous study because not all time saved translates into additional work. In the current study, these benefits are discounted by 75% to be even more conservative and because many of the hard savings would already be captured in the prior phase full Microsoft 365 deployment. These other, additive hard benefits can be found in the The Total Economic Impact™ Of Microsoft 365 E5 Solutions study.

Appendix C: Endnotes

¹ Source: “Knowing The Enterprise Collaboration Landscape Is Essential To Digital Transformation,” Forrester Research, Inc., January 29, 2019.