

A Forrester Total Economic Impact™
Study Commissioned By Tempo
December 2017

The Total Economic Impact™ Of Tempo's Product Suite

Tempo Timesheets, Tempo Planner, And
Tempo Budgets

Table Of Contents

| | |
|--|-----------|
| Executive Summary | 1 |
| Key Findings | 1 |
| TEI Framework And Methodology | 3 |
| The Tempo Products Customer Journey | 4 |
| Interviewed Organizations | 4 |
| Key Challenges | 4 |
| Key Results | 5 |
| Composite Organization | 5 |
| Financial Analysis | 7 |
| Project Manager Productivity Gains | 7 |
| Improved Visibility And Transparency | 8 |
| Manager Productivity Gains | 9 |
| Legacy System Cost Savings | 10 |
| Flexibility | 11 |
| Technology Costs | 12 |
| Setup Costs | 13 |
| End User Training Costs | 13 |
| Ongoing Administration And Support Costs | 14 |
| Financial Summary | 16 |
| Tempo's Product Suite: Overview | 17 |
| Tempo Timesheets | 17 |
| Tempo Planner | 17 |
| Tempo Budgets | 17 |
| Appendix A: Total Economic Impact | 18 |

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ABOUT FORRESTER CONSULTING

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Voice Of The Customer



“Just thinking about the amount of time that our project management team saved on a weekly basis around planning and financial reporting, makes up for the license and support cost that we incurred [for Tempo]. From that point of view, it makes financial sense.”

Senior project manager, business services organization



“Tempo’s products have given us a lot of visibility into project health that we didn’t have before. I can now see how much was planned and how much was actually worked. I call it our early warning system. If something looks off, then we can have a conversation.”

Executive director of program management, business services organization

Executive Summary

Organizations that rely on disconnected project time, resource, and budget management solutions face challenges in accurately measuring the health and performance of their internal and/or client-facing projects. Project managers face inaccurate burn-down estimations, complicated and error-prone financial reporting, and costly project overruns. Lastly, these disconnected systems make it difficult for management to understand a project’s contribution to a company’s bottom line, complicating their ability to make sound business decisions.

Bearing this in mind, Tempo commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Tempo’s product suite. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Tempo’s product suite on their organizations.

Tempo provides a series of product add-ons to the JIRA platform; these consist of a time management solution (Tempo Timesheets), a resource management and planning tool (Tempo Planner), and a project and portfolio management solution (Tempo Budgets), creating an integrated solution. For more details about Tempo’s products and key capabilities, please refer to page 17.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four Tempo customers with years of experience using Tempo’s products.

Key Findings

Quantified benefits. The following benefits are representative of those experienced by the companies interviewed. Based on the results they obtained, we have estimated the likely financial impact on the composite organization described in this case study: a mid-sized business services company with approximately \$40 million in annual revenue (see page 5 for more details):

- › **Project manager productivity gains, \$268,000.** The interviewed organizations cited several drivers of project manager productivity gains, including simplified planning and resource allocations, simplified communications, and easier reporting. For the composite organization, we assume that each of the 30 project managers saves 12 hours per month on average. These productivity gains have a three-year, risk-adjusted present value (PV) of approximately \$268,000.
- › **Increased visibility and transparency, \$244,000.** Thanks to the simplicity of reporting time in Tempo’s Timesheets, all of the interviewed organizations saw an increase in user adoption — resulting in the collection of more accurate project data and a better view on the actual project status, health, performance, and financial metrics. This increased visibility had various impacts on the different organizations. For example, interviewees reported that — due to the introduction of Tempo’s products — more projects are now on track, the workload of new projects can now be estimated more accurately, resource availability is clearer, and it generally helps to make better business decisions. For the composite organization, we assume that the company has increasingly fewer projects that run over budget. The associated savings have an estimated, three-year, risk-adjusted PV of approximately \$244,000.



ROI
235%



Benefits PV
\$590,000



NPV
\$410,000



Payback
7 months

› **Manager productivity gains, \$72,000.** Interviewed organizations also reported time savings for managers who now spend less time on resource management, identifying hiring needs, and consolidating financial project data. They can use all or part of this freed-up time for other more value-added tasks. For the composite organization, manager productivity gains have an estimated, three-year, risk-adjusted PV of approximately \$72,000.

› **Legacy system cost savings, \$5,000.** Following the introduction of the Tempo products, companies might be able to retire redundant legacy systems. For the composite organization, the retirement of its legacy time-tracking solution results in maintenance and support cost savings with an estimated, risk-adjusted, three-year PV of slightly under \$5,000.

Costs. The interviewed organizations experienced costs in the following areas. We have estimated these costs for the composite organization described in this case study:

› **Technology costs.** These costs represent the software license fees for Tempo's suite of products (Tempo Timesheets, Tempo Planner, and Tempo Budgets). Initially, the company purchased the 250-user package and then upgraded to the 500-user package in Year 2 of the analysis. The technology costs have a three-year present value (PV) of approximately \$30,500.

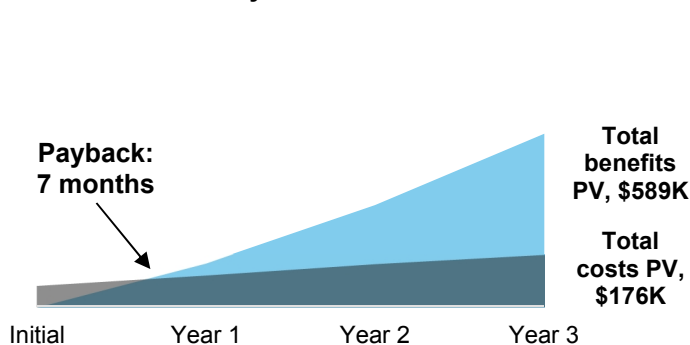
› **Setup costs.** The setup costs include an estimation of the time spent on the configuration of the three solutions, as well as defining new processes around, for example, time tracking, resource planning, and project management. They have a risk-adjusted PV of approximately \$17,000.

› **End user training costs.** These expenses account for the time spent on training by all end users, including project and business managers. For the composite organization, the training costs have a risk-adjusted, three-year PV of \$63,000.

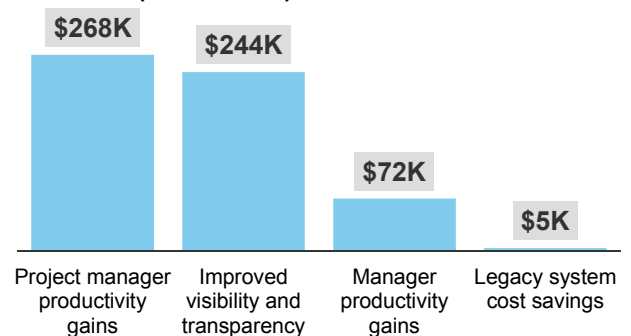
› **Ongoing administration and support costs.** These costs consider the efforts for the ongoing administration and support of the three solutions and include the costs of training new hires. They have a three-year, risk-adjusted present value (PV) of approximately \$65,000.

Forrester's interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of nearly \$590,000 over three years versus costs of nearly \$180,000, adding up to a net present value (NPV) of slightly over \$410,000 and an ROI of 235%.

Financial Summary



Benefits (Three-Year)



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

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering deploying Tempo's product suite (Timesheets, Planner, and Budgets).

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 Tempo's product suite (Timesheets, Planner, and Budgets) can have on an organization:



DUE DILIGENCE

Interviewed Tempo stakeholders to gather data relative to Tempo's product suite (Timesheets, Planner, and Budgets).



CUSTOMER INTERVIEWS

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Tempo 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 Tempo's product suite (Timesheets, Planner, and Budgets).

Tempo 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.

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

The Tempo Products Customer Journey

BEFORE AND AFTER THE TEMPO PRODUCT SUITE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Tempo customers. Interviewed customers include the following:

| INDUSTRY | REGION | INTERVIEWEE | Staff | Tempo products |
|--------------------|--------|--|-------|---|
| Education | US | 1) Director of business service solutions 2) QA and project manager | 500 | Tempo Timesheets and Tempo Planner |
| Telecommunications | US | Product lead development manager | 400 | Tempo Timesheets |
| Business services | US | Executive director of program management | 65 | Tempo Timesheets and Tempo Planner |
| Business services | Canada | Senior project manager | 180 | Tempo Timesheets, Tempo Planner and Tempo Budgets |

Key Challenges

All of the interviewed organizations had been using the JIRA platform for several years. Two of the organizations were using it in a cloud environment while the other two organizations were using server solutions. Prior to adopting Tempo's solutions, three of the interviewed organizations were using other time-tracking products, and two of them also had other project management tools deployed. Nevertheless, these organizations had similar challenges:

- › **Lack of user adoption.** One of the key challenges that the interviewed organizations had with time tracking was the lack of user adoption. People had to enter their time in tools that were separate from their daily work environment, resulting in insufficient usage. One interviewee for example reported that the company's legacy time-tracking solution was only available in a Windows environment, but that most of the company's staff were using Mac books and therefore had to use a Windows emulator to log into the application.
- › **Lack of data accuracy.** Interviewees also reported that another problem of having an isolated time-tracking system is that people cannot always find the correct projects or tasks they had worked on and therefore allocate time to the wrong tasks, resulting in inaccurate data.
- › **Lack of visibility.** The lack of user adoption and data accuracy results in a general lack of visibility and difficulty in establishing the project status accurately. Some interviewees noted that this lack of visibility increased the risks of projects running over time and budget; others reported that the lack of historical data made it difficult for them to appropriately estimate workloads of future projects.

"[Prior to Tempo,] our developers logged their time in a tool that was a hundred percent siloed from our development environment. So, getting people to adopt the tool was very hard, and there was usually a large disconnect between the two systems."

*QA and project manager,
educational institution*



- › **Inefficient processes.** From the interviewed organizations, we heard that their respective project managers had either very complex and rigid project management tools at their disposal or were using several self-developed spreadsheets and macros to do their job. In both cases, the interviewees complained about inefficiencies in project planning, resource allocations, and consolidating data to do their reporting.
- › **Overprovisioned solutions.** Prior to Tempo, two of the interviewed organizations were using very complex and costly project management tools. They realized that they did not need this level of sophistication and breadth and depth of functionalities and that they could benefit from a simpler, more flexible, and more cost-effective tool.

Key Results

The interviews revealed that key results from the investment in Tempo's products include:

- › **Increased user adoption and data accuracy.** One of the primary goals of the interviewed organizations was to get their employees to track their time in a more systematic and accurate way. They wanted to make the process as easy as possible for them. With Tempo, developers can report their time without leaving their day-to-day tool. One company saw the time-tracking compliance increase from 75% to 95%; another interviewee reported that "95% of the workforce is now tracking time accurately and on time."
- › **Increased visibility.** Interviewees reported that Tempo's products helped them to achieve better visibility into the project's status, health, performance, and financial metrics.
- › **More efficient processes.** Interviewed organizations saw productivity gains, especially for project managers and other business managers. Areas where time is now saved include project planning, resource allocation, communications, reporting, and determining hiring needs.
- › **Maintenance and support cost savings.** With the introduction of Tempo's products, the interviewed organizations were able to retire their legacy time-tracking and sometimes even project management tools. This resulted in software maintenance and support cost savings.

Composite Organization

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

- › The organization is a mid-sized, fast-growing business services company with an annual revenue of \$40 million.
- › The company currently employs 250 people, including 30 project managers.
- › The company had been using the JIRA platform (hosted internally on their servers) for several years.

"Our staff can now enter their time every day with one click. It's drag-and-drop. They can update two weeks' worth of time logs in 2 minutes. In terms of collecting the hours from our organization, we went from 75% compliance to now 95% compliance. We now better understand the cost of our features delivery. We consider that a tremendous success."

Lead product development manager, large telecommunications company



"Before [Tempo], maybe nine out of 15 projects were considered off-track. Now that number is down to one or two. So only very few of our projects have gone off the rail since implementing [Tempo] Budgets."

Senior project manager, business services organization



Key assumptions

Business services company
 \$40 million in annual revenue
 10% annual growth rate
 250 employees
 30 project managers

- › Prior to deploying Tempo's product suite, the company was using another time-tracking product, but did not have a real project management solution in place. Each project manager was maintaining his own set of spreadsheets.
- › After having evaluated different options, the organization chose to deploy Tempo's product suite of Tempo Timesheets, Tempo Planner, and Tempo Budgets (server solution).

Financial Analysis

QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

| Total Benefits | | | | | | |
|---------------------------------------|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| REF. | BENEFIT | YEAR 1 | YEAR 2 | YEAR 3 | TOTAL | PRESENT VALUE |
| Atr | Project manager productivity gains | \$98,496 | \$108,346 | \$118,195 | \$325,037 | \$267,885 |
| Btr | Improved visibility and transparency | \$36,000 | \$99,000 | \$172,800 | \$307,800 | \$244,373 |
| Ctr | Manager productivity gains | \$26,448 | \$29,093 | \$31,738 | \$87,278 | \$71,932 |
| Dtr | Legacy system cost savings | \$1,900 | \$1,900 | \$1,900 | \$5,700 | \$4,725 |
| Total benefits (risk-adjusted) | | \$162,844 | \$238,338 | \$324,633 | \$725,815 | \$588,915 |

Project Manager Productivity Gains

All of the interviewed organizations reported time savings for their project management teams. They noted, for example, that Tempo Planner simplified resource allocation and capacity planning. Interviewees also explained that, due to the ease of use of Tempo Timesheets, project team members now track their time more accurately and systematically — as a result, project managers spend less time chasing people to enter their time. They also spend less time consolidating numbers and pulling together reports. When changes are made to a project plan, the associated team members are automatically notified, which simplifies communications for the project managers.

Finally, with Tempo Budgets, project managers get more visibility into the financial metrics of their projects and raise their stakes with the business managers. As a senior project manager at a business services organization explained, “We’ve been able to empower the project managers with more budgetary oversight on their own projects, and with that, gave them decision-making power along with it.”

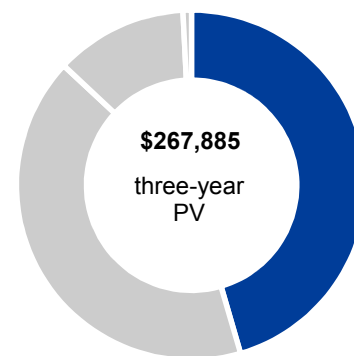
All in all, there are multiple areas in which project managers may save time that they can then use for more value-added tasks.

For the composite organization, Forrester assumes:

- › The number of project managers increases from 30 initially to 36 in Year 3 of the analysis.
- › On average, each project manager saves 12 hours per month, corresponding to an increase in productivity of approximately 7%.
- › The average, fully loaded, annual salary rate for a project manager at the composite organization is \$100,000.
- › Only 50% of the time saved is transformed into productive output.

The amount of time that project managers can save on planning, resource allocations, reporting, and communications varies by company and depends on the project management practices and tools that were in place prior to the introduction of Tempo’s products. To take into account

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 approximately \$590,000.



Project manager productivity gains: 45% of total benefits

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.

the uncertainty of the assumptions made for the composite organization, we risk-adjusted this benefit downward by 5%. In this case, the risk-adjusted productivity gains have a present value of approximately \$270,000 over the three years of the analysis.

Project Manager Productivity Gains: Calculation Table

| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
|------|---|------------------------------------|-----------|-----------|-----------|
| A1 | Number of project managers | 10% annual growth | 30 | 33 | 36 |
| A2 | Assumed average number of hours saved per project manager per month | | 12 | 12 | 12 |
| A3 | Total number of hours saved per year | $A1 \times A2 \times 12$ | 4,320 | 4,752 | 5,184 |
| A4 | Average fully loaded, hourly salary rate | Assume \$100K per year/2,080 hours | \$48 | \$48 | \$48 |
| A5 | Productivity captured | | 50% | 50% | 50% |
| At | Project manager productivity gains | $A3 \times A4 \times A5$ | \$103,680 | \$114,048 | \$124,416 |
| | Risk adjustment | ↓5% | | | |
| Atr | Project manager productivity gains (risk-adjusted) | | \$98,496 | \$108,346 | \$118,195 |

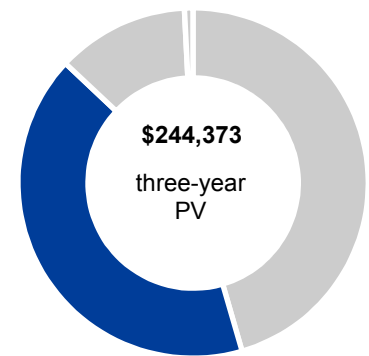
Improved Visibility And Transparency

All of the interviewed organizations noted that the introduction of Tempo's products helped them to improve the visibility into and transparency of status, health, performance, and financial metrics of their internal and client projects. Interviewees reported that more projects are now on track as they can detect problems earlier in the process, which reduces the risk of projects running over time and budget. The availability of accurate, historical data helps organizations to better estimate the workload of future projects or better define contracts and thus better protect project margins.

One interviewee described that — due to more transparent resource allocations — the company had avoided starting new projects that then had to be canceled because of capacity issues. Another interviewee stated that the improved visibility into the financial performance of projects helped to better target customer accounts or segments where maybe the revenue margins were the highest.

There are multiple, nonexclusive ways in which organizations may benefit from increased visibility and transparency. For the sake of this business case and to illustrate at least one instance of the potential financial impact of increased visibility, Forrester uses the example of better protecting project margins by more accurately estimating workloads for future projects. For the composite organization, Forrester assumes:

- › The company delivers between 50 and 60 client projects per year.
- › The average revenue generated by a project is \$800,000.



**Increased visibility and transparency:
42% of total benefits**

- › Previously, due to the lack of accurate historical data, approximately 20% of the projects were under-scoped when sold. We conservatively estimate that they were under-scoped by 5% on average, resulting in reduced revenue margins for the organization or increased project costs that the company had to absorb.
- › Due to the increased visibility and transparency and having more and more accurate data about past projects, the company gets better at estimating the appropriate workload of future projects and thus better protects its project revenue margins. We assume an improvement of 10% in Year 1, 25% in Year 2, and 40% in Year 3.

Finally, Forrester adjusted this benefit down by 10% to account for uncertainty of the assumptions made, resulting in a risk-adjusted total present value for this benefit of approximately \$245,000 over three years.

Improved Visibility And Transparency: Calculation Table

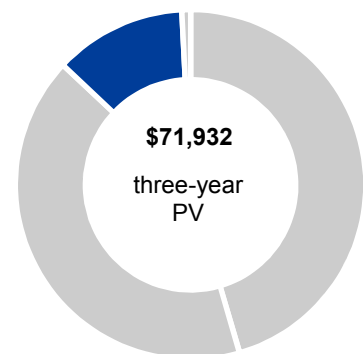
| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
|------|--|-----------------------------|--------------|--------------|--------------|
| B1 | Annual revenue | 10% annual growth (rounded) | \$40,000,000 | \$44,000,000 | \$48,000,000 |
| B2 | Average number of projects per year | | 50 | 55 | 60 |
| B3 | Average revenue per project | B1/B2 | \$800,000 | \$800,000 | \$800,000 |
| B4 | Average % of projects that were previously under-scoped | | 20% | 20% | 20% |
| B5 | Projects previously under-scoped by x% on average | | 5% | 5% | 5% |
| B6 | Previous costs that had to be absorbed by the organization | B2*B3*B4*B5 | \$400,000 | \$440,000 | \$480,000 |
| B7 | Improvement due to increased visibility and transparency | | 10% | 25% | 40% |
| Bt | Improved visibility and transparency | B6*B7 | \$40,000 | \$110,000 | \$192,000 |
| | Risk adjustment | ↓10% | | | |
| Btr | Improved visibility and transparency (risk-adjusted) | | \$36,000 | \$99,000 | \$172,800 |

Manager Productivity Gains

Interviewed organizations reported that not only the project managers save time due to the introduction of Tempo's products, but also business leaders. Among the areas cited for improved productivity were simplified resource management, easier identification of hiring needs, and simplified reporting. Previously, managers had to pull numbers from various systems and consolidate pieces of information to make informed decisions; this has now become easier.

For the composite organization, Forrester assumes:

- › The number of business managers increases from 20 initially to 24 in Year 3 of the analysis.
- › On average, each business manager saves 4 hours per month, corresponding to an increase in productivity of approximately 2%.



Manager productivity gains: 12% of total benefits

- › The average, fully loaded, annual salary rate for a manager at the composite organization is \$120,000.
- › Only 50% of the time saved is transformed into productive output.

How much time managers will be able to save varies by company. To account for the uncertainty of the assumptions made, we risk-adjusted downward this benefit by 5%. The risk-adjusted productivity gains over the three years have a present value of approximately \$72,000 for the composite organization.

Manager Productivity Gains: Calculation Table

| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
|------|---|------------------------------------|----------|----------|----------|
| C1 | Number of managers | | 20 | 22 | 24 |
| C2 | Assumed average number of hours saved per manager per month | | 4 | 4 | 4 |
| C3 | Total number of hours saved per year | $C1 * C2 * 12$ | 960 | 1,056 | 1,152 |
| C4 | Average fully loaded, hourly salary rate (manager) | Assume \$120K per year/2,080 hours | \$58 | \$58 | \$58 |
| C5 | Productivity captured | | 50% | 50% | 50% |
| Ct | Manager productivity gains | $C3 * C4 * C5$ | \$27,840 | \$30,624 | \$33,408 |
| | Risk adjustment | ↓5% | | | |
| Ctr | Manager productivity gains (risk-adjusted) | | \$26,448 | \$29,093 | \$31,738 |

Legacy System Cost Savings

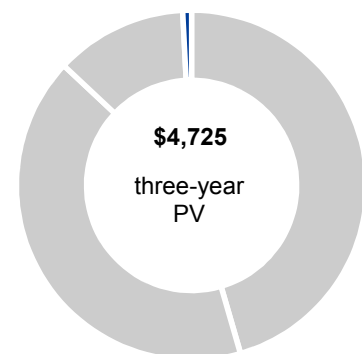
Most of the interviewed companies had point solutions that they were able to decommission following the introduction of Tempo's products. These can range from minor time-tracking solutions to full-blown project management suites.

One of the interviewed organizations had been using a complex and costly project management solution but did not really take advantage of any of the advanced capabilities. With the introduction of Tempo's products, it was able to get exactly what it needed and retire this legacy solution. In this specific case, the organization estimated the total cost savings at \$1 million over three years.

For the composite organization, Forrester conservatively assumes that only a small time-tracking solution was being decommissioned. Readers should, however, evaluate the potential cost savings in their specific cases.

- › Due to the retirement of a legacy time-tracking solution, the company saves \$2,000 per year on software maintenance and support costs.

Finally, Forrester adjusted this benefit down by 5% to account for uncertainty in the maintenance cost saving estimation, resulting in a risk-adjusted total present value for this benefit of \$4,725 over three years.



Legacy system cost savings: 1% of total benefits

Legacy System Cost Savings: Calculation Table

| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 |
|------|--|-------------|---------|---------|---------|
| D1 | Assumed maintenance and support cost savings | | \$2,000 | \$2,000 | \$2,000 |
| Dt | Legacy system cost savings | D1 | \$2,000 | \$2,000 | \$2,000 |
| | Risk adjustment | ↓5% | | | |
| Dtr | Legacy system cost savings (risk-adjusted) | | \$1,900 | \$1,900 | \$1,900 |

Flexibility

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

- › **Adapting the full suite of Tempo's products.** Based on the interviews we conducted with Tempo customers, it does not seem untypical for organizations to start using Tempo Timesheets and add Tempo Planner and Tempo Budgets later. This may result in productivity gains and other business benefits as described in this case study.
- › **Better decision making.** Increased visibility and transparency into project status, health, performance, and financial metrics might be used to make better and faster business decisions in a number of ways. Like mentioned earlier, one of the interviewed organizations envisioned using the financial reporting from Budgets to better identify the client accounts or segments to target, such as those with the highest project margins.

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

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.

Total Costs

| REF. | COST | INITIAL | YEAR 1 | YEAR 2 | YEAR 3 | TOTAL | PRESENT VALUE |
|------|------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Etr | Technology costs | \$0 | \$13,000 | \$13,500 | \$10,000 | \$36,500 | \$30,488 |
| Ftr | Setup costs | \$16,830 | \$0 | \$0 | \$0 | \$16,830 | \$16,830 |
| Gtr | End user training costs | \$54,443 | \$0 | \$5,444 | \$5,534 | \$65,420 | \$63,099 |
| Htr | Ongoing administration and support | \$0 | \$26,250 | \$26,250 | \$26,250 | \$78,750 | \$65,280 |
| | Total costs (risk-adjusted) | \$71,273 | \$39,250 | \$45,194 | \$41,784 | \$197,500 | \$175,697 |

Technology Costs

Tempo's products can be purchased separately on the Atlassian marketplace. The choice of the deployment option (server or cloud) and the number of user licenses required depend on the choices that had been made for the JIRA platform.

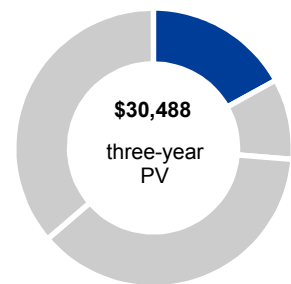
At the time of the interviews, the Tempo Budgets product was only available with a server license, but Tempo is working on releasing a cloud version as well.

For the composite organization, Forrester assumes:

- › The organization deploys Tempo Timesheets, Tempo Planner, and Tempo Budgets products on top of its existing server JIRA environment.
- › The products are licensed for the entire enterprise. The company starts with a 250-user license and then — due to organic growth — upgrades to the 500-user license package starting from Year 2 of the analysis.
- › The indicated prices are official list prices with renewal discounts for years 2 and 3 as provided by Tempo.

As the license costs are based on official list prices, this cost category was not risk-adjusted and has a three-year present value of approximately \$30,500.

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 nearly \$180,000.



**Technology costs:
17% of total costs**

Technology Costs: Calculation Table

| Ref. | Metric | Calculation | Initial | Year 1 | Year 2 | Year 3 |
|------|----------------------------|--|---------|----------|----------|----------|
| E1 | Number of users | 10% annual growth | | 250 | 275 | 305 |
| E2 | Tempo user license package | | | 250 | 500 | 500 |
| E3 | Price for Timesheets | Including renewal discounts in years 2 and 3 | | \$5,000 | \$5,500 | \$4,000 |
| E4 | Price for Planner | Including renewal discounts in years 2 and 3 | | \$4,000 | \$4,000 | \$3,000 |
| E5 | Price for Budgets | Including renewal discounts in years 2 and 3 | | \$4,000 | \$4,000 | \$3,000 |
| Etr | Technology costs | E3+E4+E5 | \$0 | \$13,000 | \$13,500 | \$10,000 |

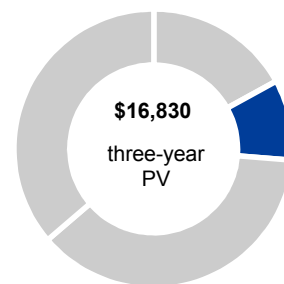
Setup Costs

The interviewed organizations reported that the sheer configuration and integration requirements, along with the efforts related to the introduction of Tempo Timesheets, Planner, and Budgets, were minimal. A few interviewees, however, also pointed out that they had to redefine their processes around time tracking, project planning and management, and financial reporting to take advantage of the investment in these new capabilities.

For the composite organization, Forrester assumes:

- › Over the course of three months, 450 man-hours are spent in total for the initial setup, including configuration of the three solutions, definition of new processes, and creation of documentation and training material.
- › The average, fully loaded salary rate is \$34 per hour.

The initial setup costs vary by company and mainly depend on the amount of effort required to (re)define the underlying processes. To account for the uncertainty of the assumptions made, this cost was risk-adjusted upward by 10%. For the composite organization, the risk-adjusted setup costs have an estimated value of approximately \$16,800. Organizations that do not have to create or redefine associated processes might expect lower setup costs.



Setup costs: 10% of total costs

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.

Setup Costs: Calculation Table

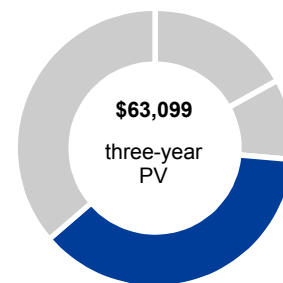
| Ref. | Metric | Calculation | Initial | Year 1 | Year 2 | Year 3 |
|------|--|-----------------------------------|----------|--------|--------|--------|
| F1 | Assumed man-hours to configure Tempo products and define new processes | | 450 | | | |
| F2 | Average fully loaded, hourly salary rate | Assume \$70K per year/2,080 hours | \$34 | | | |
| Ft | Setup costs | F1*F2 | \$15,300 | \$0 | \$0 | \$0 |
| | Risk adjustment | ↑10% | | | | |
| Ftr | Setup costs (risk-adjusted) | | \$16,830 | \$0 | \$0 | \$0 |

End User Training Costs

The costs described in this section account for the time end users spend on training to get familiar and efficient with the new tools and capabilities. The interviewed organizations reported that time tracking within Timesheets was straightforward and self-explanatory, especially for people who are already familiar with the JIRA environment, such as developers. On the other hand, project managers and business managers had to go through a learning curve to fully take advantage of Planner and Budgets.

For the composite organization, Forrester assumes:

- › Each end user spends half an hour on training how to track and report absences and time within Timesheets.
- › Each of the 30 project managers spends on average 20 hours to get familiar and proficient with the Planner tool.
- › Twenty managers (including a subset of the project management team) spend 40 hours each on learning how to use the Budgets tool.



End user training costs: 36% of total costs

- › The same applies to new hires in years 2 and 3.
- › The average, blended, fully loaded salary rate is \$34 per hour.

The training requirements vary by company and have been estimated for the composite organization. To account for the uncertainty of the assumptions made, this cost was risk-adjusted upward by 5%. For the composite organization, the risk-adjusted end user training costs over the three years have a present value of approximately \$63,000.

End User Training Costs: Calculation Table

| Ref. | Metric | Calculation | Initial | Year 1 | Year 2 | Year 3 |
|------|--|-----------------------------------|----------|--------|---------|---------|
| G1 | Number of end users trained on Timesheets | | 250 | | 25 | 30 |
| G2 | Average number of training hours for Timesheets per user | | 0.5 | | 0.5 | 0.5 |
| G3 | Number of end users trained on Planner | | 30 | | 3 | 3 |
| G4 | Average number of training hours for Planner per user | | 20 | | 20 | 20 |
| G5 | Number of end users trained on Budgets | | 20 | | 2 | 2 |
| G6 | Average number of training hours for Budgets per user | | 40 | | 40 | 40 |
| G7 | Average blended, fully loaded, hourly salary rate | Assume \$70K per year/2,080 hours | \$34 | | \$34 | \$34 |
| Gt | End user training costs | $[(G1*G2)+(G3*G4)+(G5*G6)]*G7$ | \$51,850 | \$0 | \$5,185 | \$5,270 |
| | Risk adjustment | ↑5% | | | | |
| Gtr | End user training costs (risk-adjusted) | | \$54,443 | \$0 | \$5,444 | \$5,534 |

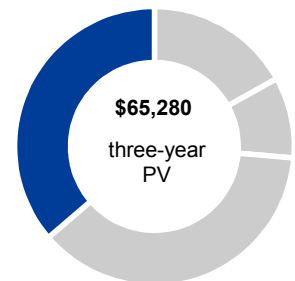
Ongoing Administration And Support Costs

The costs described in this section account for the general administration and support efforts with regards to the three Tempo products. This calculation also include the costs for training new hires on associated processes and capabilities.

For the composite organization, Forrester assumes:

- › One full-time equivalent (FTE) spends 25% of his/her time on ongoing administration, support, and new hire training associated with the new tools.
- › The average, fully loaded annual salary rate is \$100,000.

To account for the uncertainty of the assumptions made, the ongoing administration and support costs were risk-adjusted up by 5%. The associated, risk-adjusted costs have a value of \$65,280 over three years.



Ongoing administration and support costs:
37% of total costs

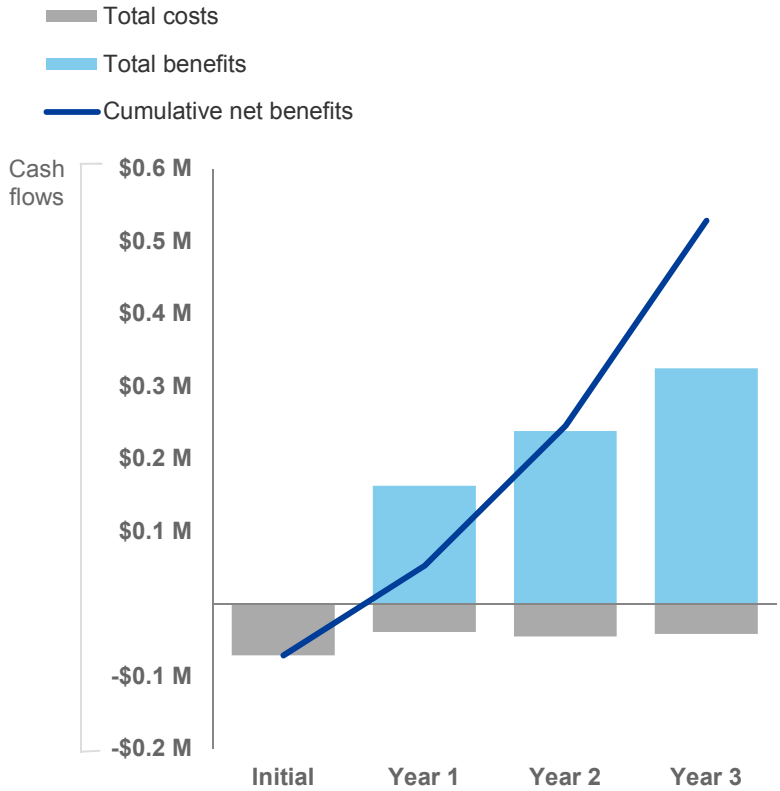
Ongoing Administration And Support Costs: Calculation Table

| Ref. | Metric | Calculation | Initial | Year 1 | Year 2 | Year 3 |
|------|---|-------------|---------|-----------|-----------|-----------|
| H1 | Assumed efforts for ongoing administration and support (in FTE) | | | 0.25 | 0.25 | 0.25 |
| H2 | Average fully loaded, annual salary rate | | | \$100,000 | \$100,000 | \$100,000 |
| Ht | Ongoing administration and support costs | $H1 * H2$ | \$0 | \$25,000 | \$25,000 | \$25,000 |
| | Risk adjustment | ↑5% | | | | |
| Htr | Ongoing administration and support costs (risk-adjusted) | | \$0 | \$26,250 | \$26,250 | \$26,250 |

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 | (\$71,273) | (\$39,250) | (\$45,194) | (\$41,784) | (\$197,500) | (\$175,697) |
| Total benefits | \$0 | \$162,844 | \$238,338 | \$324,633 | \$725,815 | \$588,915 |
| Net benefits | (\$71,273) | \$123,594 | \$193,144 | \$282,849 | \$528,315 | \$413,218 |
| ROI | | | | | | 235% |
| Payback period | | | | | | 7 months |

Tempo's Product Suite: Overview

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

Tempo Timesheets

Tempo Timesheets is a time-tracking and reporting solution that seamlessly integrates with JIRA to help teams and managers track time for accounting, payroll, client billing, compliance, enhanced efficiency, and forecasting.

Core features include:

- › **Painless time tracking.** Timesheets offers a better overview of work time for billing, measuring costs, internal time, and work performed.
- › **Flexible reporting.** Drill down on estimated versus actual time spent on JIRA issues, billable time, and more.
- › **Cost center management.** Gain better visibility of all activities and work performed for customers, internal projects, and development.

Tempo Planner

Tempo Planner lets leaders plan and manage work for teams, projects, and programs based on capacity, utilization, and specialties of team members. Transparency, flexibility, and efficiency mean greater overall cost savings, enhanced efficiency, and forecasting.

Core features include:

- › **Visualized resource management.** Allows planning for people, teams, projects, and programs with clear visualization, while accounting for flexible hours.
- › **Team, project, and program planning.** Turns JIRA issues, projects, and Agile boards into executable planning timelines to keep teams transparent.
- › **Team and program capacity management.** Detailed breakdown of team capacity to ensure optimal team efforts while managing risks.

Tempo Budgets

Tempo Budgets is Agile project and portfolio financial management for SMBs and large-scale enterprises that are implementing traditional or Agile methodologies. Manage project scope, schedule, and costs efficiently in real time.

Core features include:

- › **Complete project financials.** Get a complete financial overview across investments, including planned versus actual budgets, revenues, and positions.
- › **Simple planned versus actual costs.** Simplify financial management and create, plan, and track budgets as granularly as customers need.
- › **Agile portfolio management.** Group unlimited projects within or across portfolios, and view overall progress and performance. Quickly identify risk areas and react to them.

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.