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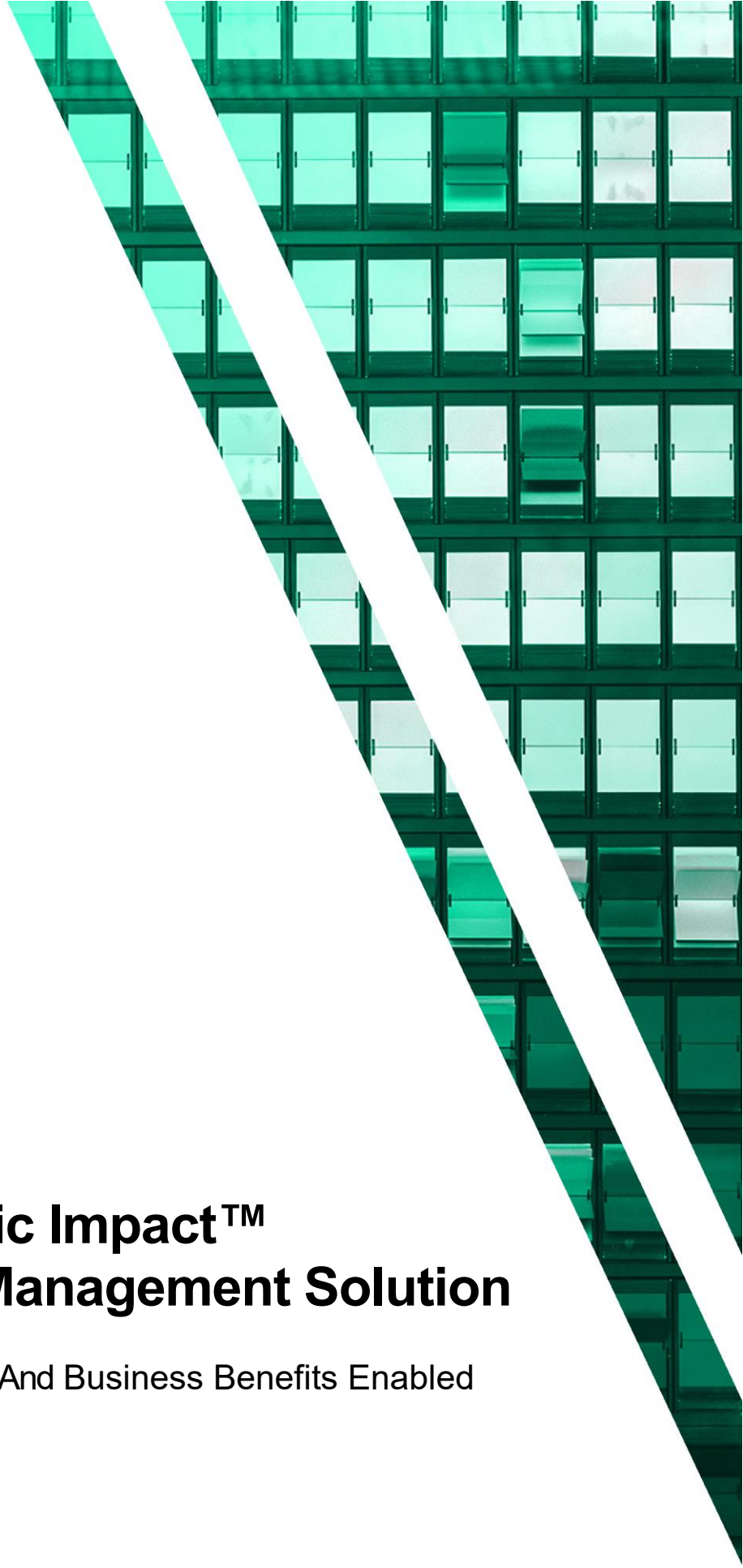

The Total Economic Impact™ Of Esker's Order Management Solution

Examining The Cost Savings And Business Benefits Enabled

June 2021

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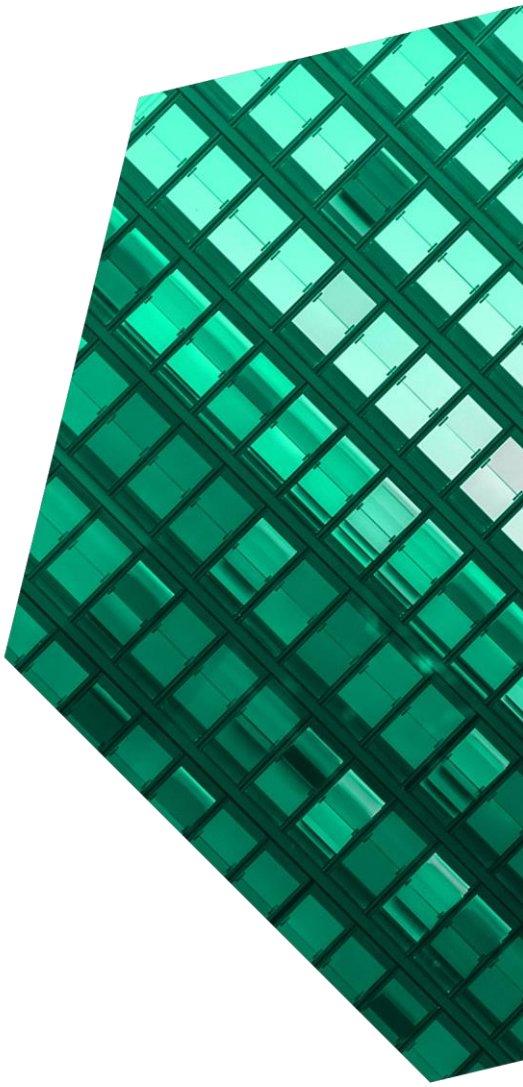
TEI Consultant: Anna Orban



ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

In many companies, sales order processing still involves manual touch points for order preparation, data entry, and archiving. These manual touch points can result in misplaced orders, delays in fulfillment and payment, or errors and returns of incorrect shipments. These errors are costly to correct and may result in customer dissatisfaction and loss of business. Esker's artificial intelligence-powered Order Management solution automates the processing of documents and enables companies to modernize manual processes, access order information instantly, create process efficiencies, and become more responsive to their customers.

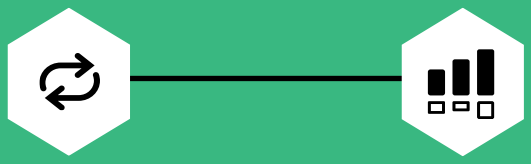
Esker's Order Management solution uses artificial intelligence (AI), robotic process automation (RPA), and machine learning (ML) technology to address the manual areas of order taking through a centralized, cloud-based platform. Esker automates order processing, integrates with enterprise resource planning (ERP) applications like SAP S/4HANA, and provides a customizable front-end that facilitates an efficient and more accurate order entry process.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed the director of customer service who manages a team of eight customer service analysts (CSAs) at a medical device manufacturing company. The team also manages consignment inventory in the field and works directly with the organization's distributors to ensure the accurate and timely processing of orders. Forrester used this organization's experience to create a three-year financial analysis.

With demand for the organization's products growing by 35% year over year, the organization's previously manual and heavily paper-reliant order processing system did not scale and was unsustainable.

KEY STATISTICS



Return on investment (ROI)
274%

Net present value (NPV)
$978,669

Since investing in Esker's Order Management solution, the interviewee's organization achieved the following process improvements:

Efficiency. Order entry efficiency increased by over 62% and enabled the organization to handle high growth in order volumes with the same headcount.

Accuracy. AI-driven, automated order processing has improved order entry accuracy. It provides a consistent approach to resolving order entry exceptions and ensures that all required order metrics are entered correctly.

Flexibility. The cloud-based, paperless order management process enabled the customer service team to easily transition to a fully remote work arrangement at the beginning of the COVID-19 pandemic.

Visibility. Customizable dashboards and reports in Esker provide sales leadership with visibility into the sales pipeline and enable CSAs to quickly respond to customers' inquiries about the status of their orders.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits, which have been totaled over three years, include:

Order processing efficiency

62.5% increase

- **A reduction in order entry time, valued at $440,547 over three years**. The interviewee's organization reported an increase of 62.5% in order entry efficiency largely due to Esker's Order Management solution's ability to automate manual processes that previously led to errors and slowdowns. The director of customer service stated, "The ability to process more orders with the same number of CSAs is phenomenal. Instead of five CSAs, I would have to have probably 10 to 11 CSAs if we were still in our old paper-based systems."
- **Time savings from paperless order processing, valued at $220,243**. The organization entirely eliminated its need to print, scan, and archive order-related documents like case sheets, purchase orders, invoices, and delivery sheets. With current order volumes, Esker saves the customer service team the equivalent of one full-time resource who would have to perform these tasks. The interviewed executive explained: "Before Esker, you would dig in your file, pull out the case sheet, and match it up with the purchase order. The invoices were created in SAP, but you had to print and scan each invoice along with the whole order for archiving. It was not scalable."
- **A reduction in inquiry response times, valued at $79,319**. Due to the ability to instantly access order documentation in Esker, the customer service team can now respond to inquiries from sales within minutes rather than spending time on scanning the shared drive for archived files or searching through the physical paper trail. The director of customer service said: "Customer service gets requests from our internal sales team and distributors asking why an order was processed the way it was. Having the document and the original email in Esker as it was submitted is invaluable. Esker saves us an astounding amount of time since the alternative would be searching for the archived document on the shared drive every time there is a question."
- **A reduction in order entry errors and error remediation time, valued at $525,828**. By replacing the error-prone, manual order entry process with an AI- and automation-driven approach, the organization has seen an 80% reduction in its rate of order entry errors. The order entry screen in Esker is customized to the organization's order process, and every field is relevant. This has given the customer service team a roadmap for every order type they process. Esker guides the CSAs to ensure that entry fields contain valid data, and that no important metrics are missed. The director of customer service commented: "Esker guides your eye, and it makes you think about the right information to put in the field. If you choose something out of bounds, it will alert you."
- **A reduction in printing material expenses, valued at $70,481**. Having replaced a heavily paper-reliant order entry process with Esker's paperless order management system, the organization saves printer, toner, and paper costs it previously incurred from physically printing five to six pages of required documentation per order. The interviewee noted: "We used to all have a backup toner cartridge and our own printers. With Esker, we don't have paper everywhere; less paper being purchased, less toner, no filing cabinets for hard copy invoices, no bulk on our shared drive for duplicate data backup."

Unquantified benefits. Benefits that were mentioned but were not quantified in this study include:

- **More efficient internal business processes.** The accounts payable team benefits from instant access to order documents without having to ask CSAs for help in retrieving order-related paperwork. This creates daily efficiencies for both teams.
- **Capacity to provide additional services.** With freed-up capacity, the customer service team now has the bandwidth to manage the data interface between Esker and SAP, produce custom sales reports, and create new processes for the effective management of consignment inventory.
- **Ability for distributors to submit orders on-the-go.** The organization's distributors use the Esker Anywhere™ mobile app which allows them to track orders, check inventory, and submit restocking orders while they are onsite with their customers.
- **Improved reputation with distributors**. Faster and more reliable order processing have contributed to a better reputation for the organization among its distributors. With the new automated system, more orders are processed on time and more products get shipped on the day the order was received.
- **Higher CSA job satisfaction.** Since the rollout of Esker, job satisfaction on the team has increased from 6.5 to 8.5 on a scale of 10. CSRs appreciate that they can spend more time on value-added tasks, and they have the bandwidth to engage more proactively with distributors and customers.

Costs. For this organization, total risk-adjusted PV costs over three years include:

- **Esker costs at $334,126 over three years**. This cost includes initial set-up and integration services, as well as an annual subscription fee, which is calculated based on the number of orders processed through Esker.
- **Internal labor and program operation costs at $23,623 over three years**. After initial setup and integrations with SAP S/4HANA, the ongoing cost to manage Esker, train new users, and create custom reports is negligible.

The analysis found that in a three-year period this organization is experiencing benefits of $1,336,418 versus costs of $357,749, adding up to a net present value (NPV) of $978,669 and an ROI of 274%.

"Esker AI saves us time on every order as we don't have to manually copy PO numbers and other order-specific identifiers. The resulting improvement in order entry accuracy saves us time, since we don't have to correct invoices down the road."

— Director of customer service and distribution

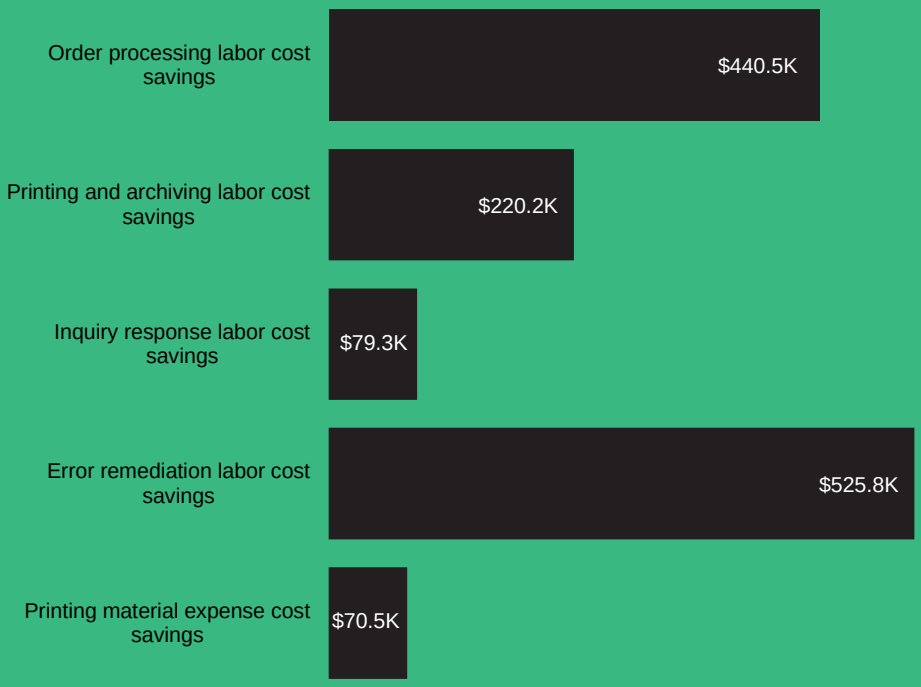
ROI
274%

BENEFITS PV
$1.3M

NPV
$978.7K

PAYBACK
<6 months

Benefits (Three-Year)

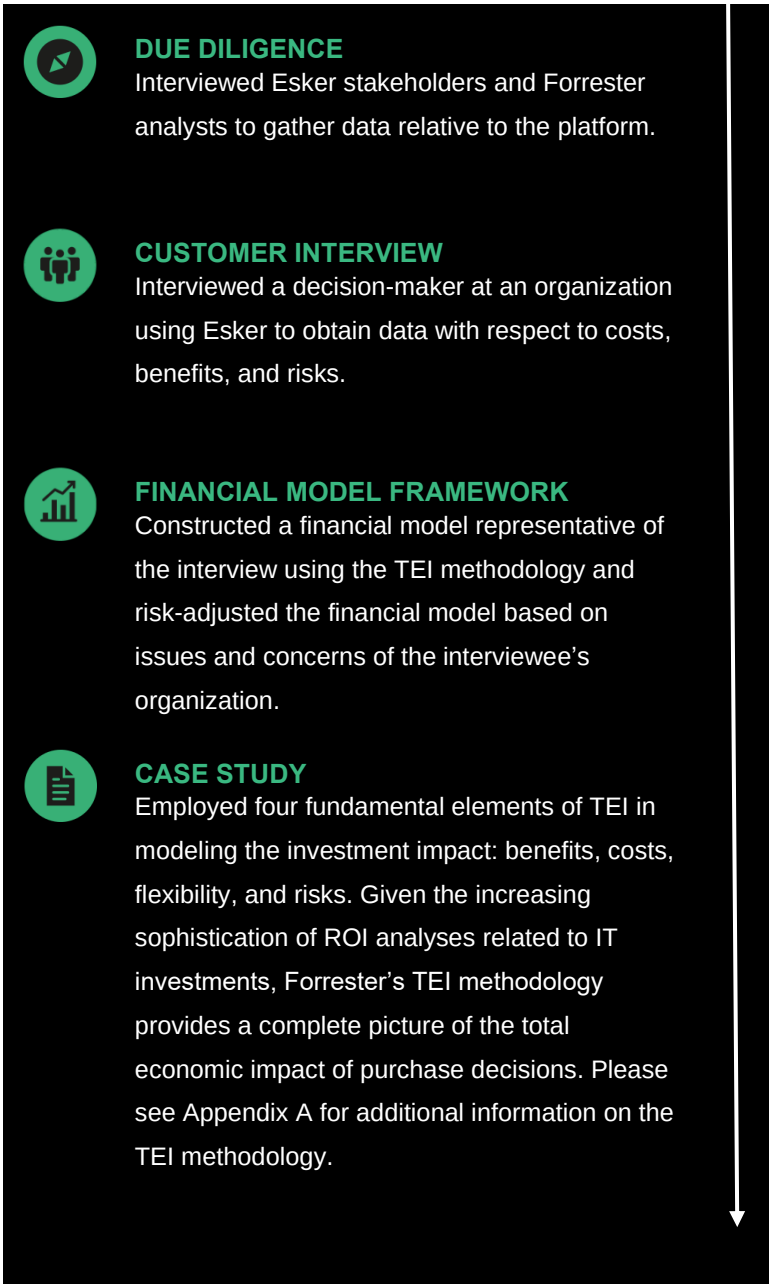


“With the Esker mobile app, distributors save about 30 minutes of their time on every order, and we get the order on the same day, which is when we recognize revenue — so that’s a big win for us.” – Director of customer service and distribution

TEI FRAMEWORK AND METHODOLOGY

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

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 Esker's Order Management solution can have on an organization.



The Esker Customer Journey

Drivers leading to the Order Management investment

INTERVIEWED ORGANIZATION

Forrester interviewed an Esker customer with the following characteristics:

- A medical devices manufacturing company specializing in orthobiologics products.
- Products are sold in key global markets through over 250 distributors.
- End customers are specialized medical clinics and hospital operating rooms.

KEY CHALLENGES

In the year prior to implementing Esker's Order Management solution, the interviewee's organization experienced systemic issues with incomplete or displaced orders. It identified the lack of an automated order processing solution as the key inhibitor to its ability to scale its order entry capacity during sustained periods of business growth.

The director of customer service highlighted the following key challenges with the organization's previous order management process:

- **Manual, paper-reliant, time-consuming, and error-prone order entry process**. Orders came into one shared inbox via email. All order documents were printed, distributed, processed, and scanned to a shared drive. Invoices were created in the ERP system but still had to be printed and scanned for archiving along with the purchase order. This reliance on paper and manual processes left a lot of room for order entry errors, and it did not allow the CSA team to scale sufficiently to meet business demand.
- **Lack of visibility into order status and sales pipeline**. Orders with issues were set aside in a separate paper stack for resolution but often did not get processed on time. This created internal friction between sales and customer service, and tarnished the organization's reputation within its global distributor community. The director of customer service explained: "The process didn't scale. With today's order volumes, I would have to assign one full-time resource to just manage the inbox, print orders, and carry the paper to the CSAs. I could not have my team working from home like we did during the pandemic. It would just be a nightmare; we would never know if an order was already handled or not, and whether all orders were processed on time."

> **"It's revenue that goes unrecognized, commissions that don't get paid, and the company's reputation within our distributor community would be diminished because they all talk to each other and share their experience about suppliers — be it good or bad."**
>
> *Director of customer service and distribution*

The organization's distributors typically expected to receive sales commissions on products they delivered to hospitals at the end of the given month. However, CSAs could not always process the related order on time for the sale to appear on that month's commission report.

CSAs had to search in the central email inbox for the missed order or go through a batch of printed order documents that were set aside on someone's desk for issue resolution. The customer service director recalled how, as a consequence, the sales team would lose confidence in the customer service team's abilities and wonder how many other orders the team might have missed. This created a cycle of distrust and uncertainty which was very distracting for everyone involved.

The interviewed executive summarized: "So, that's what we've come out of since implementing Esker, and the customer service team is in very good standing with sales and distributors alike. Every order comes into Esker and no order is missed. That alone makes it worth it!"

"Previously, 'Missed Orders' was a big metric for our company. With Esker, every order is accounted for, confirmed when it arrives in the queue, and processed or flagged for resolution within Esker."

Director of customer service and distribution

INVESTMENT OBJECTIVES

The organization decided to search for an automated order processing solution that could:

- **Automate the order entry process and ensure that all required order metrics are captured.** Using AI-driven data capture capabilities to eliminate data entry errors and to create a reliable inbound sales order processing system.
- **Create visibility into orders that could not be processed.** Using alerts and automated workflows to ensure no orders are missed, products are delivered on time, and commissions are paid in the month the order was received.
- **Eliminate the need to print, scan and archive order documentation.** Via a paperless order management process with document archive functionality that allows the customer service team and other departments to efficiently retrieve documents as they are required for auditing, FDA, accounting, or sales reporting reasons.
- **Offer a web-based interface that can be accessed from anywhere.** Cloud-based technology offers more flexible order submission options to distributors in the field and makes it easier to attract and keep good customer service talent — wherever they chose to work from.

USE CASE DESCRIPTION

The interviewee's organization chose Esker for its ability to handle the wide variety of document types its customers submit and because of Esker's SAP-integration capabilities. Esker's professional services team collaborated with the organization's SAP migration partner to integrate, test, and roll out the Esker Order Management solution together with the newly deployed SAP S/4HANA Cloud platform.

CSAs are accessing Esker via its on-demand cloud interface, and they are now able to work from home. The interviewed executive said: "The dashboard in Esker provides instant insight into trends, and at any point in time I can tell what the team has accomplished in the day and what orders need attention. Some orders would fall through the cracks if it weren't for Esker."

Members of the accounting department can now access Esker independently and retrieve order documents they require when they calculate commission payments for distributors and sales representatives.

The shipping department is set up with custom dashboards in Esker to see orders that are ready to be shipped. They update orders with the shipped lot numbers in Esker to trigger the creation of packing slips. "With this process in Esker, we don't have to email the warehouse staff all day long with orders," explained the director of customer service.

Esker also facilitates the management of consignment inventory in the field where distributors can use the Esker Anywhere mobile app to scan the barcode on products surgeons took out of the consignment inventory, and they can place restocking orders via the mobile app.

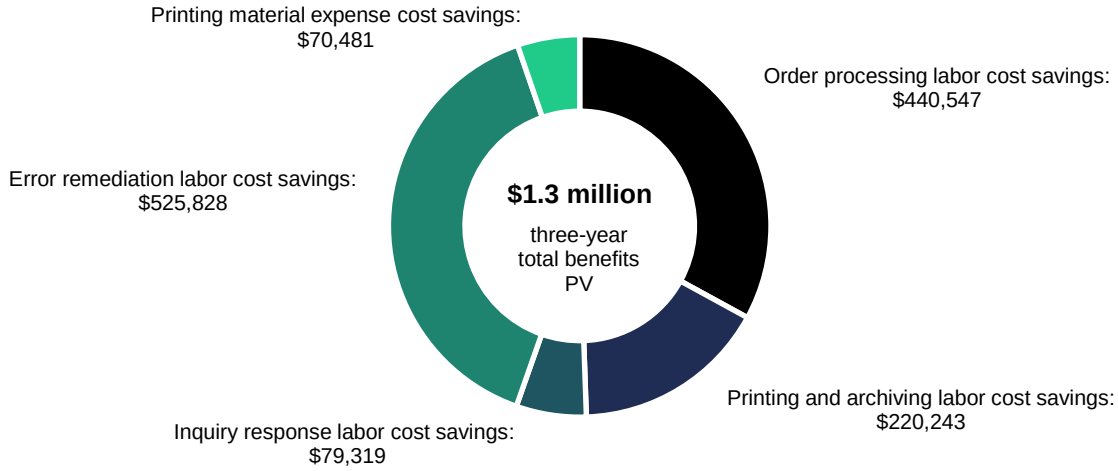
Analysis of Benefits

Quantified benefit data

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Order processing labor cost savings	$129,675	$175,395	$236,527	$541,597	$440,547
Btr	Printing and archiving labor cost savings	$64,838	$87,660	$118,264	$270,762	$220,243
Ctr	Inquiry response labor cost savings	$23,342	$31,567	$42,608	$97,517	$79,319
Dtr	Error remediation labor cost savings	$154,791	$209,336	$282,309	$646,436	$525,828
Etr	Printing material expense cost savings	$20,748	$28,059	$37,840	$86,647	$70,481
	Total benefits (risk-adjusted)	$393,394	$532,017	$717,548	$1,642,959	$1,336,418

This table shows all benefit totals and PVs across the areas listed in this section; each PV has been discounted at 10%. Over three years, the organization expects risk-adjusted total benefits to have a PV of more than $1.3 million.

BENEFITS BY CATEGORY



This section examines five quantified benefits and provides insight into the data points and evidence collected during the customer interview, as well as the underlying models and assumptions used in the financial analysis for this use case.

ORDER PROCESSING LABOR COST SAVINGS

Evidence and data. By automating order entry, the interviewee's organization reduced the amount of time it spends on processing every order. As a result, the organization reduced the need to hire additional customer service headcount to process the growing volume of incoming sales orders.

Modeling and assumptions. Forrester used the following data to model cost savings from improved order processing efficiency:

- On average, 210 sales orders are processed in Esker per day.
- The organization is experiencing a minimum of 35% increase in order volumes year over year.
- Esker has reduced the average order processing time from 8 minutes to 3 minutes per order.
- CSAs are consistently able to reinvest all of the resulting time savings in processing the growing volume of incoming sales orders.

Order processing efficiency

Handling volume growth with the same headcount

Risks. Risks that may impact an organization's ability to reduce order processing labor costs include:

- Nature of the prior order processing system or methodology.
- Number and complexity of order formats received.
- Prevailing local compensation rates.

Results. To account for this risk, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of **$440,547**.

Order Processing Labor Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of orders CSR team processes per day	Interview (35% YOY growth)	210	284	383
A2	Average order processing time before Esker (minutes)	Interview	8	8	8
A3	Average order processing time with Esker (minutes)	Interview	3	3	3
A4	**Time savings on order processing per day (hours)**	**A1*(A2-A3)/60 minutes**	**17.50**	**23.67**	**31.92**
A5	Time savings on order processing per year (hours, rounded)	A4*260 days	4,550.00	6,154.20	8,299.20
A6	Average fully burdened cost of labor (hourly)	Interview	$30	$30	$30
At	Order processing labor cost savings	A5*A6	$136,500	$184,626	$248,976
	Risk adjustment	↓5%			
Atr	Order processing labor cost savings (risk-adjusted)		$129,675	$175,395	$236,527
	Three-year total: $541,597		**Three-year present value: $440,547**		

PRINTING AND ARCHIVING LABOR COST SAVINGS

Evidence and data. By leveraging Esker's paperless order management process, the interviewee's organization did not have to dedicate internal resources to the printing, scanning, and archiving of order documentation and to coordinating the daily distribution and assignment of sales orders to CSAs.

Modeling and assumptions. Forrester used the following data to model the financial value of this benefit:

- Prior to deploying Esker, CSAs spent on average 2.5 minutes per order printing, scanning and archiving paper documentation.
- This was equal to 24% of the 10.5 minutes CSAs invested on average into processing incoming sales orders and the related paperwork.
- Esker has eliminated all of this manual effort.

Paperless order management process

24% time savings on every order processed

- The customer service team is able to reinvest all of the resulting time savings into processing the growing volume of incoming sales orders.

Risks. Risks that may impact the ability to reduce printing and archiving labor costs include:

- The organization's requirements to keep paper records of incoming sales orders.
- Ability to process and archive all incoming orders via Esker.
- Prevailing local compensation rates.

Results. To account for this risk, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of **$220,243**.

Printing And Archiving Labor Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of orders CSR team processes per day	Interview (35% YOY growth)	210	284	383
B2	Time spent on processing paper per order before Esker (minutes)	Interview	2.5	2.5	2.5
B3	**Time spent on processing paper per day before Esker (hours)**	**B1*B2/60 minutes**	**8.75**	**11.83**	**15.96**
B4	Average fully burdened cost of labor (hourly)	Interview	$30.00	$30.00	$30.00
Bt	Printing and archiving labor cost savings	B3*B4*260 days	$68,250	$92,274	$124,488
	Risk adjustment	↓5%			
Btr	Printing and archiving labor cost savings (risk-adjusted)		$64,838	$87,660	$118,264
	Three-year total: $270,762		**Three-year present value: $220,243**		

INQUIRY RESPONSE LABOR COST SAVINGS

Evidence and data. Leveraging custom dashboards in Esker along with the platform's document archiving and retrieval capabilities, the organization's customer service team spends less time searching for individual pages of order documentation when sales representatives or distributors submit inquiries related to specific orders. Custom dashboards provide instant insight into the status of every order, and CSAs have access to all of the relevant order documents when logged into Esker.

Modeling and assumptions. Forrester used the following data to model cost savings from improved inquiry response efficiency:

- About 3% of sales orders generate follow-up inquiries from the organization's management team, sales department, or distributors.
- While inquiries still require the attention of a CSA, the customer service team saves 30 minutes per request on average; custom dashboards that show real-time order status information as well as instant access to the original order documents enable these efficiencies, even when the inquiry is more complex and requires the analysis of data.

Improved inquiry response efficiency

Instant access to order documents

Risks. Risks that may impact the ability to reduce inquiry response labor costs include:

- The organization's ability to build and leverage custom dashboards that provide insights into data relevant to commonly asked questions and inquiries.
- Prevailing local compensation rates.

Results. To account for this risk, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of **$79,319**.

Inquiry Response Labor Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of orders CSR team processes per day	Interview (35% YOY growth)	210	284	383
C2	Percent of orders with sales or customer inquiries	Interview	3%	3%	3%
C3	Number of orders per day with inquiry	C1*C2	6.30	8.52	11.49
C4	Time saved on locating paper records per inquiry with Esker (minutes)	Interview	30	30	30
C5	**Time saved on locating paper records per day with Esker (hours)**	**C3*C4/60 minutes**	**3.15**	**4.26**	**5.75**
C6	Average fully burdened cost of labor (hourly)	Interview	$30.00	$30.00	$30.00
Ct	Inquiry response labor cost savings	C5*C6*260 days	$24,570	$33,228	$44,850
	Risk adjustment	↓5%			
Ctr	Inquiry response labor cost savings (risk-adjusted)		$23,342	$31,567	$42,608
	Three-year total: $97,517		**Three-year present value: $79,319**		

ERROR REMEDIATION LABOR COST SAVINGS

Evidence and data. By automating the error-prone process of manual order entry, the interviewee's organization significantly reduced its order entry error rate. This benefit calculates cost savings from entirely eliminating a large percentage of the errors that previously occurred. The calculation does not account for additional cost savings the organization can realize through Esker's ability to speed up error resolution on errors that still occur.

Modeling and assumptions. Forrester used the following data to model cost savings from reduced order entry error rates:

- On average, 25% of all orders were processed with errors that later required CSA attention in order to resolve the issue. This number has improved to 5% since the deployment of Esker.
- The organization attributes 70% of this improvement to Esker's automated order processing capability and to the customized order entry interface which reduces the risk of omitting to capture all of the required order metrics.
- On average, the combined effort on the CSA team to investigate and resolve an error based on the previous process was 45 minutes.

Improved order entry error rate

80% reduction

Risks. Risks that may impact the ability to reduce order entry error rates:

- The organization's ability to fully leverage Esker's AI-based automation capabilities and the ability to fully customize its order entry interface to the organization's data capture requirements.

Results. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of **$525,828**.

Error Remediation Labor Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of orders CSR team processes per day	Interview (35% YOY growth)	210	284	383
D2	Percent of orders with errors (eliminated with Esker)	Interview	20%	20%	20%
D3	Number of orders per day with errors eliminated with Esker	D1*D2	42.00	56.80	76.60
D4	Time saved per order with error (minutes)	Interview	45	45	45
D5	**Time saved on handling errors per day with Esker (hours)**	**D3*D4/60 minutes**	**31.50**	**42.60**	**57.45**
D6	Average fully burdened cost of labor (hourly)	Interview	$30.00	$30.00	$30.00
D7	Percent of improvement attributed to Esker	Interview	70%	70%	70%
Dt	Error remediation labor cost savings	D5*D6*D7 *260 days	$171,990	$232,596	$313,677
	Risk adjustment	↓10%			
Dtr	Error remediation labor cost savings (risk-adjusted)		$154,791	$209,336	$282,309
	Three-year total: $646,436		**Three-year present value: $525,828**		

PRINTING MATERIAL EXPENSE COST SAVINGS

Evidence and data. Due to implementing a paperless order processing system with Esker, the interviewee's organization does not incur any printer, toner and paper expenses related to its sales order management process.

Modeling and assumptions. Forrester used the following data to model cost savings for the organization resulting from its new paperless order management process with Esker:

- On average, the CSA team printed 5-6 pages of physical paper during the lifecycle of an incoming sales order, including the purchase order, case sheets, the invoice, and delivery sheets.
- Forrester modeled this benefit using 8 cents as the average cost per printed page. This includes the cost of the printer, toner and paper used.
- With the new paperless system, all of this cost has been eliminated.
- The benefit does not account for cost savings from the reduced need to maintain physical and electronic data and file storage capacity.

100% paperless order processing

No need to print five to six pages per order

Risks. Risks that may impact cost savings from reducing or entirely eliminating printer and printing material expenses include:

- The organization's requirements to keep paper records of incoming sales orders.
- Ability to process and archive all incoming orders via Esker.

Results. To account for this risk, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of **$70,481**.

Printing Material Expense Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of orders CSR team processes per day	Interview (35% YOY growth)	210	284	383
E2	Pages printed on average per order	Interview	5	5	5
E3	Cost of a printed page including printer, toner, and paper costs	Assumption	$.08	$.08	$.08
E4	**Cost of printing orders per day**	**E1*E2*E3**	**$84.00**	**$113.60**	**$153.20**
Et	Printing material expense cost savings	E4*260 days	$21,840	$29,536	$39,832
	Risk adjustment	↓5%			
Etr	Printing material expense cost savings (risk-adjusted)		$20,748	$28,059	$37,840
	Three-year total: $86,647		**Three-year present value: $70,481**		

UNQUANTIFIED BENEFITS

Additional benefits the interviewee experienced but was not able to quantify include:

- **More efficient internal business processes.** The organization's accounts payable department was relying on CSAs for copies of purchase orders when they collected payments. The team has been set up with an account in Esker and they now have instant access to order documents without having to ask CSAs for help in retrieving paperwork. This creates daily efficiencies for both teams.
- **Capacity to provide additional services.** With freed-up capacity on the customer service team, the director of customer service could promote a team member into the role of technical solutions manager to be the liaison to the accounting department, manage the data interface between Esker and SAP, and produce custom sales reports in SAP. They now also have the bandwidth to create new processes for the effective management of consignment inventory.
- **Ability to submit orders on-the-go.** Distributors have embraced the Esker Anywhere mobile app which allows them to track orders, check inventory, and submit new orders while onsite with customers. This new process saves time and has proven to be a viable alternative for many distributors, compared to scanning and submitting a batch of handwritten orders via email at the end of every day. Orders submitted via the Esker Anywhere mobile app enter the CSA team's order queue immediately, which makes it possible to process the order and recognize it as revenue on the same day.
- **Improved reputation with distributors**. Faster and more reliable order processing has contributed to a better reputation for the organization among its close to 300 distributors. Distributors have noticed and appreciate the fact that, due to the new automated system, more orders make the shipping cut-off time and get shipped on the same day.
- **Higher CSA job satisfaction.** Since the rollout of Esker, job satisfaction on the team has increased by over 30% (from 6.5 to 8.5 on a scale of 10). CSAs are able to spend more time on value-added tasks like SAP data projects, inventory management, and reporting. They now have the bandwidth to engage more proactively with distributors to create custom reports or to promote the Esker mobile app.

> **"CSAs' day-to-day work experience has improved with Esker. They can do more valuable work which has improved morale and retention. CSAs feel safe as they can work from home when needed. People do not leave our department by choice; the good, the productive stay."**
>
> *Director of customer service and distribution*

FLEXIBILITY

The value of flexibility is unique to each organization. There are multiple scenarios in which an organization might implement Esker and later realize additional uses and business opportunities.

For the interviewee's organization, serving and enabling its distributor community is key to business growth. The director of customer service is evaluating the use Esker as a portal and delivery method to provide distributors with individualized daily sales reports. This would replace the current process by which the customer service team creates and emails individual reports to distributors twice a week. Additionally, the customer service team is also looking into implementing a standardized approach to inventory tracking and reporting in Esker.

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

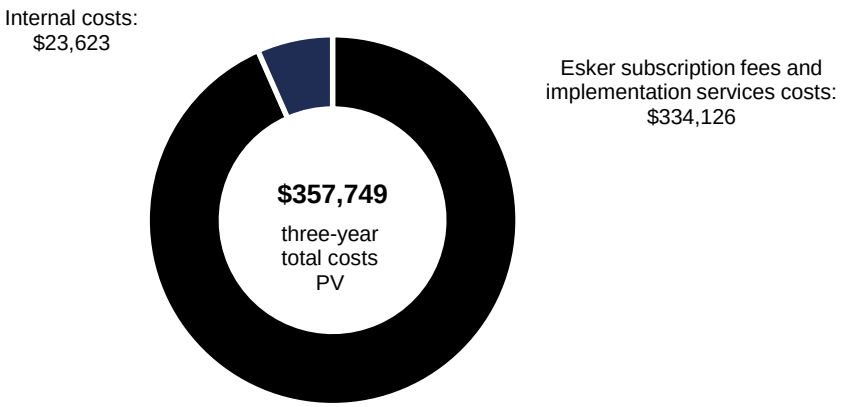
Analysis of Costs

Quantified cost data

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Ftr	Esker subscription fees and implementation services costs	$42,000	$85,995	$116,298	$156,839	$401,132	$334,126
Gtr	Internal costs	$5,292	$7,371	$7,371	$7,371	$27,405	$23,623
	Total costs (risk adjusted)	$47,292	$93,366	$123,669	$164,210	$428,537	$357,749

This table shows all cost totals and PVs across the areas listed in this section; each PV has been discounted at 10%. Over three years, the organization expects risk-adjusted total costs to have a PV of $357,749.

COSTS BY CATEGORY



This section examines the costs incurred with licensing, setting up, customizing, and managing Esker's Order Management solution as implemented in this use case.

ESKER SUBSCRIPTION FEES AND IMPLEMENTATION SERVICES COSTS

Evidence and data. Esker is offered as a software-as-a-service (SaaS) subscription. The per-transaction subscription fee is determined for every organization based on the complexity of its process, need for global support, annual transaction volume, and other relevant metrics.

The cost of implementation services varies for every organization based on the complexity of integrations and required customizations. Consult with Esker for pricing that is specific to your organization when conducting your own analysis.

Modeling and assumptions. Forrester used the following data to model Esker costs for this analysis:

- The interviewee's organization contracted Esker's professional services team to provide implementation services at a fixed price of $30,000. This cost included services for implementation; SAP S/4HANA integration; initial setup and structuring of the solution to fit internal processes; setting up users and permissions; uploading data; and the training of end users.
- The organization spent $10,000 on a dedicated IT contractor who supported the Esker rollout in the context of its successful integration with the SAP S/4HANA platform.
- The per-order transaction fee of $1.50 includes the Esker base subscription fee and is the only ongoing Esker cost the organization incurs per year.

Risks. Risks that may impact Esker costs include:

- The number and nature of custom CRM system integrations or custom API development.
- The complexity of the order entry process and the requirement for global support.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of **$334,126**.

Esker Subscription Fees And Implementation Services Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	External implementation services	Interview	$30,000			
F2	Internal implementation services	Interview	$10,000			
F3	Number of orders per day	Interview (35% YOY growth)		210	284	383
F4	Transaction cost per order (includes base fee)	Interview		$1.50	$1.50	$1.50
F5	Subscription costs per year	F3*F4*260 days		$81,900	$110,760	$149,370
Ft	Esker subscription fees and implementation services costs	F1+F2+F5	$40,000	$81,900	$110,760	$149,370
	Risk adjustment	↑5%				
Ftr	Esker subscription fees and implementation services costs (risk-adjusted)		$42,000	$85,995	$116,298	$156,839
	Three-year total: $401,132			**Three-year present value: $334,126**		

INTERNAL COSTS

Evidence and data. Since there is no internal IT equipment to set up, Esker's on-demand automation solution does not require the organization to incur additional costs for software, hardware, or associated ongoing maintenance. Internal costs include IT and customer service management time invested during the initial setup and customization of Esker, user training and ongoing effort to fine-tune the solution.

Modeling and assumptions. Forrester used the following data to model internal costs:

- As part of its initial Esker rollout, the director of customer service and one IT resource spent combined 80 hours to support Esker in customizing the solution to the organization's order entry processes, uploading data, and creating custom dashboards in Esker.
- The interviewee emphasized that the Esker system is easy to learn and straight-forward to use. To ensure proficiency with the use of the solution, the Esker customer success team provided 3 hours of training to 12 end users in the organization's various departments.
- The director of customer service invests approximately 3 hours per week in fine-tuning the order process in Esker and to ensure that custom dashboards and reports remain relevant and up to date.

Risks. Risks that may impact internal costs include:

- The complexity of order management processes and reports that are implemented, maintained, and trained on.
- Prevailing local compensation rates.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of **$23,623**.

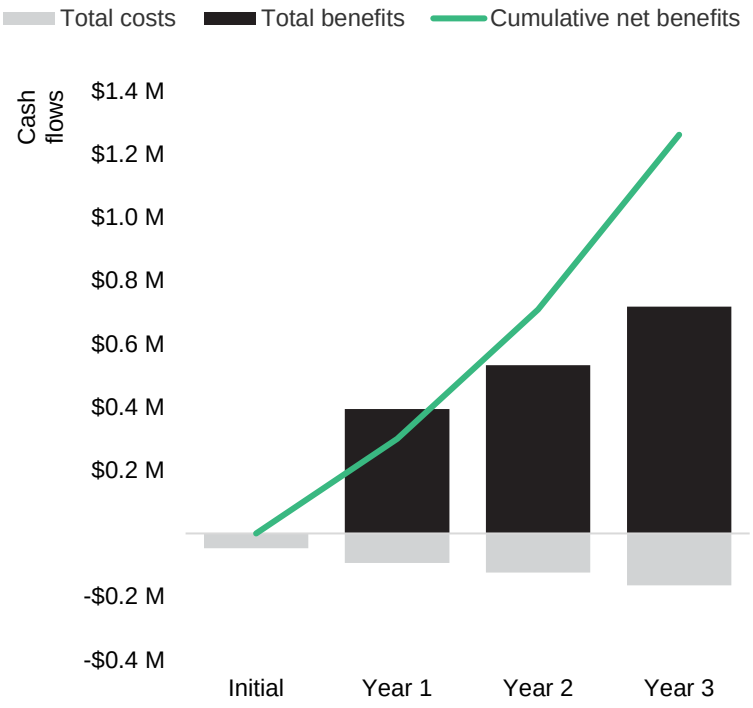
Internal Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Initial setup and customizations	2 FTEs*40 hours*$45	$3,600			
G2	Initial training	12 FTEs*4 hours*$30	$1,440			
G3	Ongoing program maintenance	3 hours*52 weeks*$45		$7,020	$7,020	$7,020
Gt	Internal costs	G1+G2+G3	$5,040	$7,020	$7,020	$7,020
	Risk adjustment	↑5%				
Gtr	Internal costs (risk-adjusted)		$5,292	$7,371	$7,371	$7,371
	Three-year total: $27,405			**Three-year present value: $23,623**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($47,292)	($93,366)	($123,669)	($164,210)	($428,537)	($357,749)
Total benefits	$0	$393,394	$532,017	$717,548	$1,642,959	$1,336,418
Net benefits	($47,292)	$300,028	$408,348	$553,338	$1,214,422	$978,669
ROI						274%
Payback period (months)						<6

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

The interest rate used in cash flow analysis to consider 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: Supplemental Material

Related Forrester Research

“The Future Of Commerce Technology: Commerce Platforms End With An Ecosystem On FIRE,” Forrester Research, Inc., January 5, 2021.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