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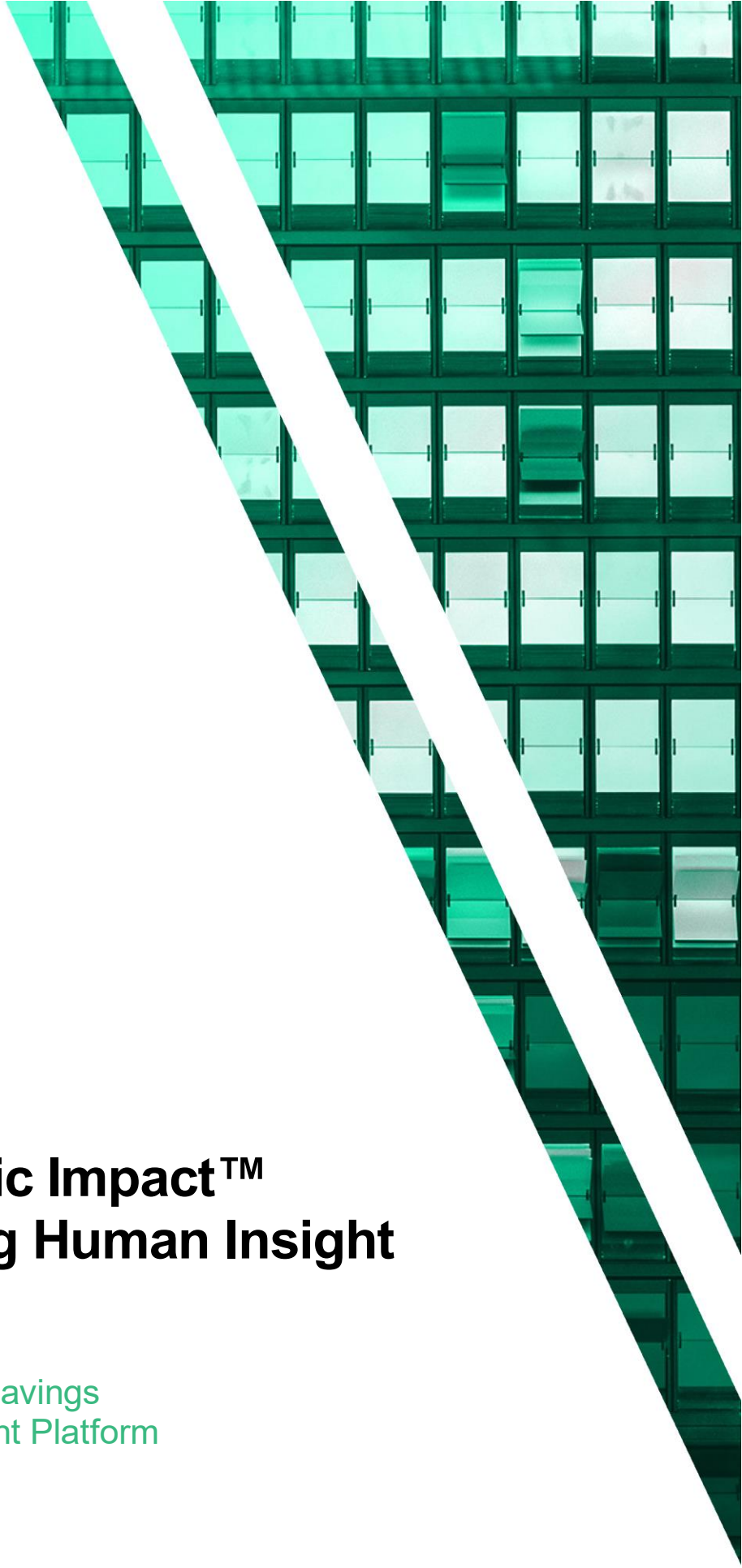

The Total Economic Impact™ Of The UserTesting Human Insight Platform

Business Benefits And Cost Savings Enabled By The Human Insight Platform

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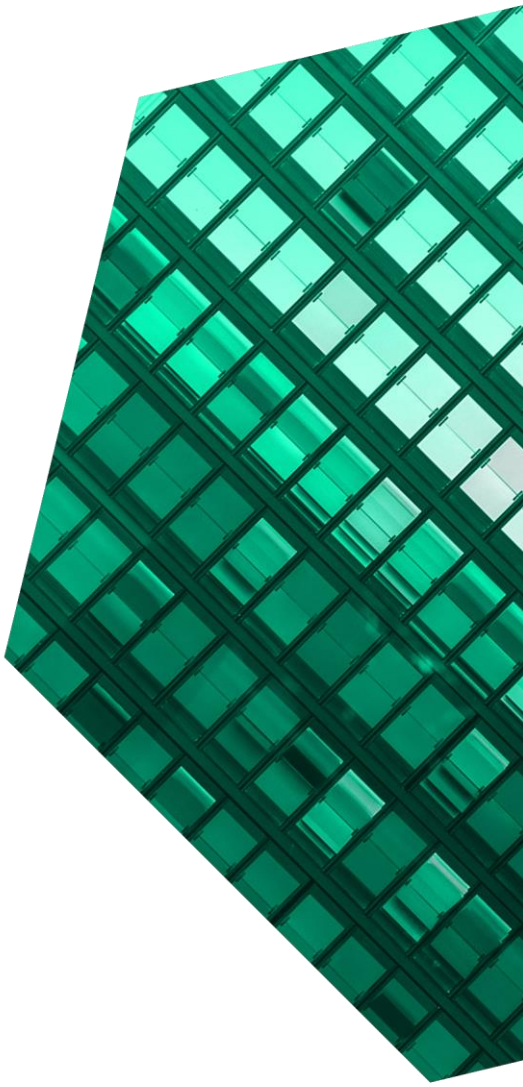
Consulting Team: Casey Sirotnak
Sanitra Desai



Executive Summary

For firms that want to be leaders in customer experience (CX), the importance of understanding customers and their experiences is greater today than ever. Forrester research outlines the following key points to consider when growing your organization's appetite for customer understanding: customer-centric decision-making requires focused research, follow the path of least resistance to increase research hunger in colleagues, and use early wins to radiate outward and drive widespread change.[1]

UserTesting commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its Human Insight Platform. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of UserTesting's Human Insight Platform on their organizations. The Human Insight Platform delivers insights that help leaders make better decisions and drive customer empathy across their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers with experience using the Human Insight Platform. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organization.

Prior to using the Human Insight Platform, the interviewees' organizations relied on lab testing or quantitative testing methods to evaluate customer and user experiences. Lab testing was often expensive and time-consuming while quantitative tests lacked the qualitative details necessary to fully understand the customer. In other cases, the organizations may not have had a way to quickly get human feedback on their products or designs. Without a solution to deliver qualitative insights at the volume and speed necessary to influence decisions, the customer voice was often left out altogether.

KEY STATISTICS

Return on investment (ROI)
665%

Net present value (NPV)
$2.03M

Uninformed decisions then led to outcomes that missed the mark.

After the investment in the Human Insight Platform, the customers were able not only to fold customer insights into decision-making processes and align business stakeholders with their constituents, but also to prove out the value of a customer-centric approach through profitable growth. Ultimately, proven business value fed organizational hunger for qualitative insights and encouraged the customers to scale their investments in the Human Insights Platform to additional cross-functional applications. As the investments scaled, customer insights spread wider and influenced strategies higher up in the organizations to strengthen cultures of customer empathy.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Increased conversion rates by 0.5% each year from improved ease of use.** UserTesting insights influenced digital properties and marketing materials to make them more discoverable and accessible. As a result of more informed design changes, customers found what they were looking for and traversed the sales funnel more easily to ultimately improve conversion rates. For the composite organization, the resulting profit improvement totals $812,700 for the three-year investment.
- **Increased annual spend by $7 on average from better enrichment loyalty.** Using qualitative insights to inform design decisions not only made it easier for customers to engage in buying behavior, but it also fostered more brand loyalty. Customers felt heard and saw more of what they wanted and, therefore, spent more money on average per year. For the composite organization, the resulting profit improvement totals $384,400 for the three-year investment.
- **Enabled an average two-week reduction in development cycles due to increased alignment.** Influencing design cycles with customer insights aligned stakeholders to expedite decision-making processes. Additionally, it produced better results that reduced the amount of rework involved. For the composite organization, these efficiencies result in $627,500 of cost savings for the three-year investment.
- **Saved 50% of time spent on material creation for marketing teams.** As marketing teams gained access to the UserTesting platform, they saw additional productivity savings. Customer insights honed the marketing material creation process by streamlining decision-making and reducing rework cycles. For the composite organization, these efficiencies result in $176,700 of cost savings for the three-year investment.
- **Avoided 70% of costs previously associated with lab testing.** Previous lab testing methods were expensive and time-consuming. UserTesting allowed for more qualitative tests at less cost. For the composite organization, the cost savings from avoided lab research totals $336,500 for the three-year investment.

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

- **Elevated the impact of qualitative insights.** Attributing profit improvements to the influence of qualitative insights elevated its position within the organizational hierarchy. Proven business value increased the need and desire for qualitative insights in terms of the volume of tests completed as well as the number of different functional areas that conducted them.
- **Fostered a culture of customer empathy.** Spreading the influence of customer feedback enabled customer insights to reach more corners of the organization. More functional areas and different levels of business stakeholders were clued into customer needs and desires to strengthen the overall culture of customer empathy.
- **Increased customer satisfaction.** Customer loyalty was a byproduct of increased customer satisfaction. Customers were having better experiences when their insights and feedback were taken into consideration and put into action. As a result, customer satisfaction scores (CSAT) improved.
- **Provided business value from faster time-to-market.** Efficiencies in the design process translated to faster time-to-market for products and services. Decision-makers now see the business value for the products and services

earlier than they would have without the UserTesting investment.

Costs. Risk-adjusted PV costs include:

- **Fees to UserTesting and resource time spent total $305,730 for three years.** The total cost of the investment includes both fees paid to UserTesting and the cost of resource time spent. Fees paid to UserTesting include licensing fees based on the number of users and their testing frequency. Resource time is spent on ongoing maintenance, support of the platform, and training. For the composite organization, these costs total $305,730 for the three-year investment.

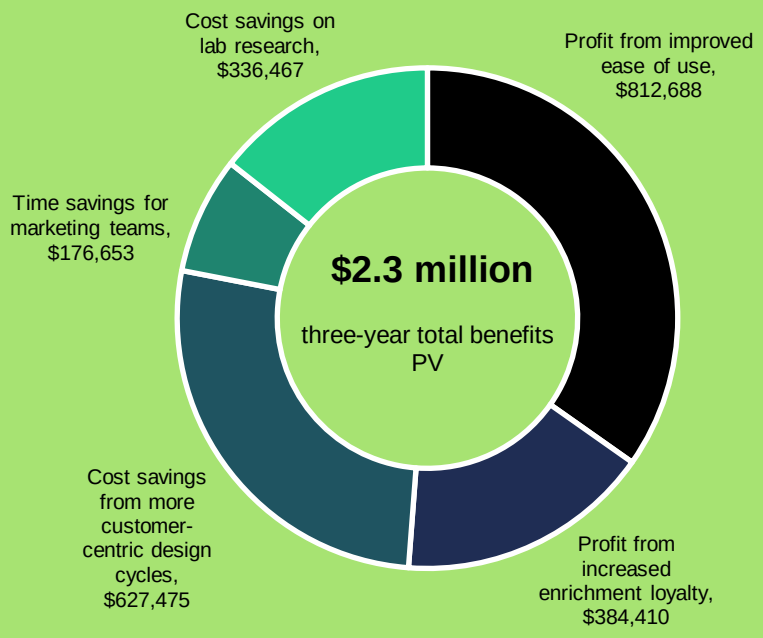
The customer interviews and financial analysis found that a composite organization experiences benefits of $2.34 million over three years versus costs of $305,730, adding up to a net present value (NPV) of $2.03 million and an ROI of 665%.

ROI
665%

BENEFITS PV
$2.34M

NPV
$2.03M

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

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

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 the Human Insight Platform can have on an organization.

DUE DILIGENCE

Interviewed UserTesting stakeholders and Forrester analysts to gather data relative to the Human Insight Platform.

CUSTOMER INTERVIEWS

Interviewed five decision-makers at organizations using the Human Insight Platform 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 the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The UserTesting Human Insight Platform Customer Journey

Drivers leading to the Human Insight Platform investment

Interviewed Organizations			
Industry	**Interviewee**	**Revenue; number of employees**	**Use Cases**
Travel	Senior director of user research	$12B; 25,000 employees	Web design across all major brands
Technology	Senior digital marketing leader	$143B; 156,000 employees	Marketing materials
Retail	Senior UX designer	$2B; 10,000 employees	E-commerce, marketing materials
Consumer services	UX manager	$500M, 3,500 employees	Design strategy for digital channels
Retail	Digital product designer	$2B; 19,000 employees	Website design across three major brands

KEY CHALLENGES

Prior to investing in UserTesting, the interviewees' organizations utilized lab testing to collect customer insights. This was expensive and time-consuming. Lab testing not only created physical restrictions in terms of recruitment, but it also hindered the volume of tests that could be run and, therefore, obstructed the overall impact of customer insights.

The interviewees' organizations struggled with common challenges, including:

- **Misaligned business stakeholders due to lack of insight extended timelines.** The interviewees' lacked input that could align stakeholder objectives with those of the customer. Without customer feedback, leaders often made decisions in functional silos and based them on internal opinions. The resulting in-fighting delayed decision-making timelines. Additionally, the decisions did not always reflect customer needs or desires, so rework plagued design cycles to further extend timelines.
- **Limited and time-consuming human insights collection translated into poor decision-making.** Time-consuming customer insight collection restricted customer influence in critical design processes. Customer insights were too delayed to impact decision-making, so decision-makers often left them out of the process altogether. Uniformed and assumptive design decisions without qualitative insights often missed the mark as far as customers were concerned. Without successes to point to, the organizations did not have a chance to foster and grow customer influence.

> **"Before having customer data to back up our creative execution decisions, there was a lot of back and forth, and a lot of churn in that collaborative process, which wasn't really collaborative. There was a lot of reference to best practice and opinion, but no one was coming at the problem with actual customer feedback."**
>
> *Senior digital marketing leader, technology*

"Really, the main driver behind our investment in UserTesting was the fact that, in a lot of ways, we were throwing spaghetti at the wall and seeing what stuck in terms of experience design."

Digital product designer, retail

- **Restricted customer insight collection.** Traditional testing methods including lab testing often required the interviewees' organizations to conduct their own local recruitment, handle scheduling logistics with participants to meet at a physical location, and pay for the associated participation, travel, and lab fees. The organizations saved lab testing (which is process-heavy and expensive) for large projects that occurred less frequently. This restricted the volume of customer insights the organizations could collect, and the physical constraints of lab testing obstructed the quality of the insights in terms of audience reach and availability.

"The problem with physical lab testing was, number one, it was a challenge to get our demographic in to the physical lab. Scheduling was a huge headache for multiple reasons. On top of that, our budget could only afford to run those tests once or twice a year."

Digital product designer, retail

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Deliver on-demand feedback on any experience across channels, device types, or stages in the development process.
- Enable them to reach their target audiences with the ability to access a diverse and global network of potential test participants.
- Provide rapid feedback with the ability to get insights quickly and tools to help stakeholders more quickly get to the moments that matter.
- Scale across the organizations with platform capabilities and services to support deployments across any team across the company.

COMPOSITE ORGANIZATION

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

Description of composite. The billion-dollar organization uses CX to drive revenue and has a strong brand that competes in a polluted market where customers have many options. The organization aims to continue to foster a strong online presence for its nearly 5 million annual online visitors and streamline the experience for its customer base of about 2.5 million. The average order value of its products is $75.

Deployment characteristics. The organization initially deploys UserTesting access to five traditional user experience (UX) resources to influence design decisions for digital properties. As the investment matures, deployment scales in terms of the volume of licenses, as well as the resources who obtain access. By Year 3, the organization has 15 licenses that span UX resources and those in other functional areas such as marketing. The marketing use case further influences design decisions for digital properties, but

it can also be used to vet marketing materials for readability, brand voice, etc. The organization also has access to read-only functionality on the Human Insights Platform, so additional FTEs are impacted by the benefits of the investment.

Key assumptions

- **$1B in revenue**
- **5M annual online visitors**
- **$75 average order value**
- **2.5M named customers**
- **5 core users grow to 15 by Year 3**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Profit from improved ease of use	$168,750	$337,500	$506,250	$1,012,500	$812,688
Btr	Profit from increased enrichment loyalty	$67,500	$165,375	$248,063	$480,938	$384,410
Ctr	Cost savings from more customer-centric design cycles	$128,510	$228,462	$428,365	$785,337	$627,475
Dtr	Time savings for marketing teams	$0	$0	$235,125	$235,125	$176,653
Etr	Cost savings on lab research	$95,760	$127,680	$191,520	$414,960	$336,467
	Total benefits (risk-adjusted)	$460,520	$859,017	$1,609,323	$2,928,859	$2,337,693

PROFIT FROM IMPROVED EASE OF USE

Evidence and data. UserTesting allowed the interviewees' organizations to collect customer feedback and insights across digital properties and marketing materials. Those insights drove design decisions for both use cases that improved their ease of use and readability, respectively, and that ultimately led to more traffic and higher online conversion rates. More customer-centric design decisions influenced marketing materials that reached more targeted customers with the right products and services and led them to digital properties that were optimized with the same attention to customer feedback. Therefore, once customers reached their desired destinations, they could navigate through the sales funnel without obstruction.

- A senior digital marketing leader in the technology industry explained how the organization utilized UserTesting to test marketing materials. They said: "It all comes down to speaking to our customers in the way that they want to be spoken to and in a way that engages them. Because whether it is impacting revenue, increasing engagement on a website, or improving their brand perception, we're able to speak in our brand voice across everything that we do. It impacts all of those things, and it is so incredibly valuable."
- A senior UX designer in the retail industry described how customer feedback enabled their organization to improve web traffic. They said: "UserTesting completely changed our strategy around a particular page on our website. It made it more discoverable, so users found and engaged more with a new service offering. In one of our UserTesting benchmark studies, we found an issue that solved why 75% of Android users could not check out. We probably would never have found that issue without UserTesting." The executive also stated that online sales have improved overall since utilizing UserTesting. They said: "I can tell you e-commerce is doing very well right now. Conversion rates have, if not tripled, they've quadrupled."
- A digital product designer with another retailer said UserTesting improved their organization's approach to e-commerce to ultimately drive more

online sales. It used customer input to modify its website and enhanced the overall experience.

> **"In regard to e-commerce, right when we started using UserTesting, our conversion rate was just over 2%, which was really just okay, but not that great. Two years after using UserTesting a ton, we are at 3.5%. That is a huge improvement. I mean, we're talking millions of dollars a month. That's a huge lift."**
>
> *Digital product designer, retail*

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

- There are 5 million online visitors annually.
- Online conversion rates improve to 3% in Year 1 due to customer insights gleaned from UserTesting about the initial targeted digital properties, such as web pages.
- Online conversion rates continue to improve in Year 2 as UserTesting insights influence more digital properties. By Year 3, the organization introduces UserTesting to marketing use cases that improve materials to drive more targeted traffic online.
- The average order value is $75, and the organization has a 10% profit margin for sales made online.

Risks. The profit from improved ease of use may vary depending on the following:

- The size and scope of the UserTesting application across digital properties and the associated traffic and conversion rates.
- The growth of UserTesting applications across the investment to include additional digital properties as well as other use cases in areas like marketing.
- Market and industry considerations that impact profit margin and average order value.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $812,688.

Profit From Improved Ease Of Use

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Online visitors annually	Composite	5,000,000	5,000,000	5,000,000
A2	Online conversion rate before UserTesting	Interviews	2.5%	2.5%	2.5%
A3	Online conversion rate with UserTesting	Interviews	3.00%	3.50%	4.00%
A4	Average order value	Assumption	$75	$75	$75
A5	Profit margin for online sales	Assumption	10%	10%	10%
At	Profit from improved ease of use	A1*(A3-A2)*A4*A5	$187,500	$375,000	$562,500
	Risk adjustment	↓10%			
Atr	Profit from improved ease of use (risk-adjusted)		$168,750	$337,500	$506,250
	Three-year total: $1,012,500			**Three-year present value: $812,688**	

PROFIT FROM INCREASED ENRICHMENT LOYALTY

Evidence and data. Customer insights cultivated better overall customer experiences with the interviewees' organizations. They made descriptions of products and services more clear when the organizations spoke about them in the voice of the customer, and they made the sales funnel easier to navigate because the organizations accounted for customer patterns and feedback. Through these efforts, the organizations saw improvements to individual customer experiences that promoted buying behaviors at the conversion rate level. However, the more that customers have those better experiences, the more likely they are to return to that organization. Therefore, the organizations also saw profit improvement from increased enrichment loyalty.

- A digital product designer in the retail industry said UserTesting allowed their organization to improve its e-commerce sites, which improved customer loyalty and translated into a higher average customer lifetime value. They said: "In terms of lifetime value of a customer, [before UserTesting,] we were listing a lifetime value of $3. Currently, we are sitting at $6.75. That is a huge 120% to 140% lift there. So we kind of have made it a habit to pay attention to not only what's not working, but also to learn from what is working. UserTesting has really helped steer the ship in the right direction."
- The same interviewee said: "We 100% see a strengthened relationship with our customer. One of the ancillary benefits of UserTesting has been not just improving the relationship with the customer in terms of giving her what she wants, but it has really fostered a culture of empathy."
- An senior UX designer at a retail organization indicated that customer insights collected with UserTesting allowed their organization to "put out services that better met customer needs" by validating assumptions through small focus groups that drive price points, etc.

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

- Better customer experiences and enhanced enrichment loyalty lead to improved profit through an increase in average annual spend.
- The organization has an annual customer volume of $2.5 million in Year 1 that sees 5% year-over-year (YoY) growth during the three-year investment.
- The organization makes 10% of its sales online and has a 10% profit margin for those online sales.
- Average annual spend increases by $3 in Year 1, and it grows to a $10 improvement by Year 3 as customers have sustained positive experiences with the organization.

Risks. The profit from increased enrichment loyalty may vary depending on the following:

- The volume of customers annually and the YoY growth of that customer set.
- The importance and prevalence of online sales for the organization.
- Market and industry considerations that impact profit margin and average annual spend.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $384,410.

Profit From Increased Enrichment Loyalty					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
B1	Annual customer volume	5% YoY growth	2,500,000	2,625,000	2,756,250
B2	Percentage of sales done online	10%	10%	10%	10%
B3	Increase in average annual spend	Interviews: 140% lift	$3	$7	$10
B4	Net profit margin	Assumption	10%	10%	10%
Bt	Profit from increased enrichment loyalty	B1*B2*B3*B4	$75,000	$183,750	$275,625
	Risk adjustment	↓10%			
Btr	Profit from increased enrichment loyalty (risk-adjusted)		$67,500	$165,375	$248,063
	Three-year total: $480,938		**Three-year present value: $384,410**		

COST SAVINGS FROM MORE CUSTOMER-CENTRIC DESIGN CYCLES

Evidence and data. UserTesting focused design efforts on customer feedback and insights. The primary use case for the interviewees' organizations was to improve digital properties for ease of use and accessibility of the products and services offered through web and mobile sites. Before UserTesting, the organizations experienced extended design cycles due to a lack of cohesion across stakeholders in the decision-making process as well as long research cycles through inefficiencies in lab testing methodologies. Additionally, when customer insights were left out of decision-making process altogether, the final product often missed the mark. This led to more rework.

- A senior director of user research in the travel industry said UserTesting enabled their organization's researchers to be more productive in their contributions to the design process. Pivoting away from the long data collection and analysis timelines inherent to lab testing meant the organization could run more qualitative tests more quickly, which allowed researchers to redirect their efforts to more critical work. The interviewee said: "UserTesting makes our researchers more productive. The biggest thing is that it enables us to use our most highly skilled researchers to do the things that are super important and critical. So, that research has impact further up the stream [in the decision-making process], which will have huge downstream effect [in the final results]."
- A senior UX designer in the retail industry explained how utilizing UserTesting in a more strategic way influenced their organization's decision-making. They said: "We use UserTesting for strategic purposes to monitor and to validate design decisions. A lot of my work is tied directly to helping guide our senior management committee, which makes a lot of those design decisions, in terms of what initiatives that we actually end up going forward with and how we direct them. So, we are using the tool to vet out a lot of the decisions that are made by senior management."

- A digital product designer in the retail industry explained how influence in the decision-making process resulted in a better final product and, therefore, less rework. They said: “Before we really started doing experiential research, we were having to go back and fix things. This would also include additional development work. The consensus was that, with UserTesting as part of our design process, we have about a 50% reduction in the amount of additional follow-up work that we need to do.”
- That same executive said: “Less rework obviously let us bring products to market faster, but it was also a huge cost savings for us because we have a hundred people in our development team. If we can alleviate the additional work from them, that frees them up to work on new things. So, it’s been a really huge synergistic change for us in that we are able to move faster and smarter.”

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

- The organization can run more qualitative tests with UserTesting each year of the investment as it expands the applications of the platform and gets more proficient with it.
- The number of tests run with UserTesting directly correlates to the number of design cycles the organization embarks upon each year. Therefore, the organization goes through 60 design cycles in Year 1, 80 in Year 2, and 120 in Year 3.
- The number of FTEs who have a part in the design cycle span the key decision-makers in senior management, the researchers conducting the tests, and the developers implementing the designs. Therefore, the design impact spans a large group of multi-functional FTEs. However, given the varying degrees of dedicated time spent in the design cycle, the better estimate is three impacted FTEs.
- The average blended annual salary for the impacted group of FTEs is $110,000.
- The organization saves an average of 1.5 to 2.5 weeks per design cycle with UserTesting.
- The impacted FTEs recapture 25% of the time saved with UserTesting for more value-add work.

Risks. The cost savings from more customer-centric design decisions may vary depending on the following:

- The size and scope of the UserTesting deployment in terms of the number of qualitative tests run per year and their impact on design cycles.
- The number of FTEs involved in the design cycle from start to finish and how much of their time is dedicated.
- The average annual salaries of the impacted individuals.
- The amount of time the average design cycle previously lasted (including decision-making and any rework) prior to the investment in UserTesting.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $627,475.

Cost Savings From More Customer-Centric Design Cycles					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
C1	Number of design cycles run with UserTesting annually		60	80	120
C2	FTEs involved in design cycles		3	3	3
C3	Average salary per FTE		$110,000	$110,000	$110,000
C4	Weeks saved in design cycle with UserTesting per test (on average)	2 to 3 weeks per project	1.5	2.0	2.5
C5	Productivity capture	Assumption	25%	25%	25%
Ct	Cost savings from more customer-centric design cycles (showing rounded value)	C1*C2*(C3/52)*C4*C5	$142,788	$253,846	$475,962
	Risk adjustment	↓10%			
Ctr	Cost savings from more customer-centric design cycles (risk-adjusted)		$128,510	$228,462	$428,365
	Three-year total: $785,337		**Three-year present value: $627,475**		

TIME SAVINGS FOR MARKETING TEAMS

Evidence and data. The interviewees' organizations saw great cost savings from, first, embedding UserTesting in their design cycles for digital properties. For the interviewed organizations, decision-makers decided to scale the UserTesting investment to include additional applications in subsequent years. Subsequent applications may vary, but the interviewed organizations indicated that extending capabilities to marketing teams was a common use case. In this case, marketing teams began analyzing their materials for things like accessibility, readability, and brand voice through UserTesting customer feedback and insights. In addition to contributing to profit growth through ease of use and enrichment loyalty initiatives, the marketing application saved functional groups both time and effort.

- A senior digital marketing leader in the technology industry explained how their organization utilized UserTesting in a marketing capacity. They said: "We are super micro-testing customer-facing copy at the creative execution level for integrated marketing. The level of influence that our work with UserTesting has is actually really important. It is critical work."
- Ultimately, that interviewee's organization saw productivity improvements in addition to the marketing materials' influence on profit growth. The marketing executive said: "I think that it is reasonable to say that it has saved us 50% of the time that we were doing it previously. Most of that time is saved on the back and forth in review cycles by being able to present data, make a quick decision, and move on."

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

- The organization expands UserTesting to the marketing use case in Year 3.
- A marketing team of 15 FTEs is responsible for customer-facing materials.

- The organization redirects 30% of the time savings to value-add work for the impacted FTEs.
- The average fully loaded annual salary for the impacted individuals is $110,000.

Risks. The time savings for marketing teams may vary depending on the following:

- The ways the organization chooses to expand its UserTesting applications in terms of which functional groups get access and when.
- The size of the impacted team and the average fully loaded salaries for resources.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $176,653.

Time Savings For Marketing Teams

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Number of resources impacted	Interviews			15
D2	Percentage of productivity improvement with UserTesting	Interviews			50%
D3	Percentage of productivity capture	Assumption			30%
D4	Average fully loaded annual salary for impacted resources	Assumption			$110,000
Dt	Time savings for marketing teams	D1*D2*D3*D4	$0	$0	$247,500
	Risk adjustment	↓5%			
Dtr	Time savings for marketing teams (risk-adjusted)		$0	$0	$235,125
	Three-year total: $235,125		**Three-year present value: $176,653**		

COST SAVINGS ON LAB RESEARCH

Evidence and data. The extended timelines and extra costs associated with lab research was a barrier to scaling qualitative research at the interviewees' organizations. With UserTesting, the organizations can run more qualitative tests more quickly. The associated cost savings come from avoiding the high fees of lab testing associated with the before state.

- A senior director of user research in the travel industry explained how their organization saw cost savings by moving away from lab research. They said: "The cost for getting qualitative customer insights is exponentially lower [with UserTesting]. For a traditional lab study, we pay $2,000 per participant. I would say that's at least three times what it costs us to do the same volume of studies that we do with UserTesting through traditional methods."

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

- The organization would not have been able to run the same volume of qualitative tests that it conducts with UserTesting. However, the organization would have been able to do 12% of the assumed annual testing volume via traditional methods in the before state.
- Each lab test involves an average of 10 participants at $2,000 each.
- With UserTesting, the organization saves 70% of that cost.

Risks. The cost savings on lab research may vary depending on the following:

- The maturity of research at the organization before the UserTesting investment and its budget for lab tests.
- The average number of participants involved in lab tests and the cost per participant.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $336,467.

Cost Savings On Lab Research

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Qualitative tests run annually with UserTesting	Composite	60	80	120
E2	Percentage of tests performed with lab testing before UserTesting	Interviews	12%	12%	12%
E3	Cost per test with lab testing	$2,000 per participant	$20,000	$20,000	$20,000
E4	Cost reduction on qualitative feedback with UserTesting	Interviews	70%	70%	70%
Et	Cost savings on lab research	E1*E2*E3*E4	$100,800	$134,400	$201,600
	Risk adjustment	↓5%			
Etr	Cost savings on lab research (risk-adjusted)		$95,760	$127,680	$191,520
	Three-year total: $414,960		**Three-year present value: $336,467**		

UNQUANTIFIED BENEFITS

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

- **Elevated impact of qualitative insights.** Qualitative insights proved it could contribute to profit growth from the initial application to digital property improvements. These figures brought high-level business stakeholders on board with the value of qualitative insights. Once that value was understood at the top of the organization, additional use cases were targeted across different functional areas. Ultimately, qualitative research earned a critical position of importance.

"The culture has completely shifted almost to the point where we have to hold people back."

Digital product designer, retail

"We are looked at as the center of excellence. Having qualitative testing data to back up our own excellence is just critical."

Senior digital marketing leader, technology

- **Fostered culture of customer empathy.** As qualitative insights permeated throughout the organizations, it brought customer needs closer to the decision-makers at all levels. When customer needs were placed at the center of the decision-making process, customer empathy flourished.
- **Increased customer satisfaction.** UserTesting put customer needs at the forefront which translated into improved customer satisfaction scores.

> **"As we watch our company grow closer to our customer, we also see this reflected in our NPS [Net Promoter Score] and everything else. Customer satisfaction is up through the roof."**
>
> *Digital product designer, retail*

- **Business value from faster time-to-market.** The productivity benefits gained from doing less rework also led to faster time-to-market for product teams. Additionally, customer insights helped identify a more targeted audience for product and service offerings. Inevitably, the interviewees' organizations saw business value from those offerings sooner than they would have without UserTesting.

FLEXIBILTY

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

- **Self-service feedback model.** The interviewees' organizations hoped to continue to grow the reach and influence of UserTesting-driven insights. One way they aimed to achieve that goal was by implementing a self-service approach to qualitative research.

> **"UserTesting provides tools, templates and guidelines, so you can put some guard rails around how teams do or research, and it's not just a free-for-all."**
>
> *Senior director of user research, travel*

> **"We started putting together a program for our marketing teams to be able to kind of self-serve their own research in terms of not just digital assets and things like that. Mail-outs and flyers and email marketing is huge for us, and we wanted to be able to allow these copywriters and creative teams to test their own stuff."**
>
> *Digital product designer, retail*

- **Research as a center of excellence.** Qualitative tests might be run for a singular purpose, but their results are stored for future influence. The more tests that are run, the more data that is available for analysis. Additionally, the teams that perform qualitative tests effectually became centers of excellence for customer insights in their functional areas as they got more proficient with the platform and grew more familiar with the leagues of qualitative data produced.

> **"They started to try to come to us individually, and we realized stakeholders are dying for this information. We've now established ourselves as the center of excellence for copy, and, with that, testing our copy. So we have now opened it up as sort of a service that we offer to all of our product marketing stakeholders."**
>
> *Senior digital marketing leader, technology*

- **Omnichannel application.** Since the beginning of the COVID-19 pandemic, customer feedback has become more essential than ever. The interviewees' organizations found additional use cases for UserTesting in that they could collect customer insights around potentially reopening physical store locations. They planned to use those insights to maintain open communication with customers about safety protocols and comfort levels.

> **"UserTesting just launched a feature for mobile testing where you can better leverage your camera. So we're starting to put together tests for COVID-19 stuff like [finding out] how safe [customers] feel in stores."**
>
> *Digital product designer, retail*

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

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Ftr	Costs	$0	$89,829	$115,308	$171,394	$376,531	$305,730
	Total costs (risk-adjusted)	$0	$89,829	$115,308	$171,394	$376,531	$305,730

COSTS

Evidence and data. The interviewees' organizations paid fees to UserTesting for access to the Human Insights Platform. Those fees were predicated on the number of core users for the platform and the volume of tests run by each user. Additionally, there were costs associated with time spent by internal resources. Activities for internal resources included the ongoing maintenance and support of the platform and time spent on training efforts.

Modeling and assumptions. The costs presented in the model include assumptions about the size of the company, its maturity with gathering human insights, and how broadly their UserTesting investment is s scaled across teams. Costs would scale up or down based on different company scenarios. For the composite organization, Forrester assumes the following:

- The number of core users grows from five in Year 1, to 10 in Year 2, and 15 in Year 3. Core users represent cross-functional groups by Year 3.
- One FTE dedicates less than 10% of their time to the ongoing maintenance and support of the UserTesting platform.
- Core users and those with read-only access both require training. Training occurs each year to account for new users as the investment scales across the organization. New users spend about 2.5 hours in training annually.

Risks. The total costs of UserTesting may vary depending on the following:

- The number of core users able to run qualitative tests per year and how the volume of users scales each year.
- The volume of tests run per user.
- The size of the organization and its level of CX maturity.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $305,730.

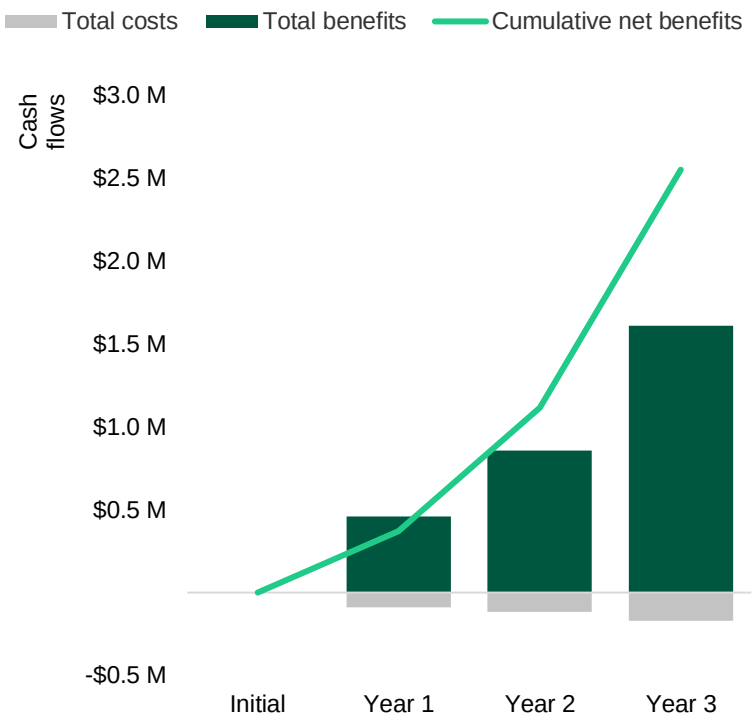
Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	UserTesting fees			$70,000	$92,500	$140,625
F2	Cost of time spent on ongoing support and maintenance			$11,000	$11,000	$13,200
F3	Cost of time spent on training			$663	$1,325	$1,988
Ft	Costs	F1+F2+F3	$0	$81,663	$104,825	$155,813
	Risk adjustment	↑10%				
Ftr	Costs (risk-adjusted)		$0	$89,829	$115,308	$171,394
	Three-year total: $376,531			**Three-year present value: $305,730**		

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 and NPV for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, and NPV 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	$0	($89,829)	($115,308)	($171,394)	($376,531)	($305,730)
Total benefits	$0	$460,520	$859,017	$1,609,323	$2,928,859	$2,337,693
Net benefits	$0	$370,690	$743,709	$1,437,929	$2,552,328	$2,031,963
ROI						665%

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

Appendix B: Maturity Considerations

MATURITY CONSIDERATIONS

The benefits and costs calculated in this case study are attributed to the composite organization, detailed above. However, CX maturity played a major role in both the type and magnitude of the benefits experienced by various organizations. To account for variability in maturity levels, Forrester made the following additional benefit considerations:

Additional cost savings from lab research for more mature organizations over three years

$700.9K to $1.4M

Additional cost savings from avoided headcount for less mature organizations over three years

$283.5K

For more mature organizations, there will be additional cost savings on lab research. For the composite organization, the cost savings on lab research assumes that only 12% of the qualitative tests run with UserTesting would have been done through traditional methods in the before state. However, a more mature organization would have a larger budget for lab testing and the ability to run more lab tests. Therefore, the cost savings with UserTesting would be larger.

For a less mature organization, there will be cost savings from avoided headcount. Less mature CX organizations have smaller budgets and teams to perform all the related functions. They need a tool to enable existing resources to easily perform qualitative tests without making too much of an impact on budget. In that way, UserTesting can take the place of additional research resources on staff as the organization grows its CX practice.

> **"If your organization cannot afford its own research — either [with a] dedicated researcher or by expanding a team of researchers — the next best thing is having UserTesting. What it came down to for us is that we had three designers, and we just didn't have the budget to add a researcher to our team. UserTesting was a way to engrain qualitative testing in our research processes with the least amount of impact to the budget and the least amount of disruption to our designer's day-to-day responsibilities."**
>
> *Senior UX designer, retail*

Appendix C: Additional Calculation Details

Cost Savings On Lab Research (More Mature Callout: Low Range)					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
G1	Qualitative tests run annually with UserTesting	Composite	60	80	120
G2	Percentage of tests performed with lab testing before UserTesting	Interviews	25%	25%	25%
G3	Cost per test with lab testing	$2,000 per participant	$20,000	$20,000	$20,000
G4	Cost reduction on qualitative feedback with UserTesting	Interviews	70%	70%	70%
Gt	Cost savings on lab research	E1*E2*E3*E4	$210,000	$280,000	$420,000
	Risk adjustment	↓5%			
Gtr	Cost savings on lab research (risk-adjusted)		$199,500	$266,000	$399,000
	Three-year total: $864,500			**Three-year present value: $700,973**	

Cost Savings On Lab Research (More Mature Callout: High Range)					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
H1	Qualitative tests run annually with UserTesting	Composite	60	80	120
H2	Percentage of tests performed with lab testing before UserTesting	Interviews	50%	50%	50%
H3	Cost per test with lab testing	$2,000 per participant	$20,000	$20,000	$20,000
H4	Cost reduction on qualitative feedback with UserTesting	Interviews	70%	70%	70%
Ht	Cost savings on lab research	E1*E2*E3*E4	$420,000	$560,000	$840,000
	Risk adjustment	↓5%			
Htr	Cost savings on lab research (risk-adjusted)		$399,000	$532,000	$798,000
	Three-year total: $1,729,000			**Three-year present value: $1,401,946**	

Avoided Headcount (Less Mature Callout)					
Cost of avoided research scientist					
Ref.	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
I1	Avoided FTE		1	1	1
I2	Fully loaded salary		$120,000	$120,000	$120,000
It	Avoided Headcount	A1*A2	$120,000	$120,000	$120,000
	Risk adjustment	↓5%			
Itr	Avoided Headcount (risk-adjusted)		$114,000	$114,000	$114,000
	Three-year total: $342,000			**Three-year present value: $283,501**	

Appendix D: Endnotes

[1] Source: "How To Increase Your Firm's Appetite For Customer Understanding," Forrester Research, Inc., March 2, 2020.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