

A Forrester Total Economic Impact™
Study Commissioned By Salesforce
June 2019

The Total Economic Impact™ Of Salesforce B2B Commerce

Cost Savings And Business Benefits
Enabled By Salesforce B2B Commerce

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

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Executive Summary

Key Benefits



Increased operating profit from customers that transitioned to online ordering:

\$7.3 million



Decrease in order processing costs from customer self-service:

\$3.7 million



Improved customer experience



Greater agility and faster time-to-market

Salesforce B2B Commerce delivers eCommerce capabilities that help organizations shift business-to-business (B2B) orders to a more efficient online channel that many customers prefer. It simplifies and enhances the online buying experience for those customers, and enables organizations to generate more revenue and improve operating margins.

Salesforce commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Salesforce B2B Commerce. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Salesforce B2B Commerce on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Salesforce B2B Commerce. To reflect the impact that Salesforce B2B Commerce could have on an organization, Forrester developed a composite organization (defined on page 8) based on benefit and cost data gathered from the interviews. The composite is representative of the organizations Forrester interviewed and is used to present the aggregate financial analysis in this study.

Prior to using Salesforce B2B Commerce, the interviewed organizations either used a legacy eCommerce system that frustrated their customers (resulting in low usage) and was difficult to manage and modify, or offered their customers no eCommerce option at all. Both scenarios left the organizations vulnerable to competitors and hampered their ability to meet revenue growth goals. The absence of an attractive (or any) self-service eCommerce option drove customers to submit most orders via labor-intensive channels that were more expensive, e.g., phone, email, or fax. Consigned to taking calls instead of making calls, sales and customer service representatives had limited time available to proactively pursue new business. The difficulty of modifying legacy eCommerce systems slowed organizations' time-to-market with new initiatives, and limited their opportunities to increase revenue. A digital product manager for a food distributor noted: "Customers weren't going to give us more business unless we made it easier for them to order. And it was very difficult for us to make any changes to our prior eCommerce system."

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits for the composite organization are representative of those experienced by the interviewed organizations:

- › **Increased operating profit of \$7.3 million, due to higher revenue growth rates for customers that transitioned to online ordering.** The satisfying and convenient online ordering process drove greater growth in revenue from customers that began to order online after Salesforce B2B Commerce was deployed. The ability to prompt additional purchases via cross-selling, upselling, and promotions also contributed to the increased growth rate.



ROI
271%



Benefits PV
\$13.1 million



NPV
\$9.6 million



Payback
7 months

- › **Decrease in order processing costs of \$3.7 million, from customer self-service.** Since orders submitted online are automated and do not involve assistance from sales or customer service teams, those orders cost less to process. The composite organization's per-order processing cost dropped by \$12 for online orders.
- › **Cost avoidance of \$2.1 million, from retiring a legacy eCommerce system.** By implementing Salesforce B2B Commerce, the composite organization can retire its prior eCommerce system and avoid the related software and IT management costs.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › **Improved customer experience and greater customer satisfaction.** Customers appreciate 24x7 ordering; extensive product information; real-time insight on product availability and delivery dates; ordering ease and order status check; and online access to all order-related documentation.
- › **Better-informed sales and customer service teams, with time freed up for revenue-generating activities.** The time that sales and customer service teams no longer spend taking orders or checking order status can be re-allocated to generate more revenue. When a customer does talk with a sales rep or customer service rep, those conversations can be more productive "selling" conversations informed by real-time and more comprehensive account information.
- › **Holistic view of customers simplified by native connections with other Salesforce applications.** Salesforce B2B Commerce can be readily integrated with a wide range of applications from various vendors. However, organizations already using other Salesforce applications like CRM, Service Cloud, or Sales Cloud particularly valued the ease of accessing data from across the Salesforce platform.
- › **Relatively swift implementation, including ability to configure more than customize.** The ability to configure much of their desired functionality enabled organizations to get a simple eCommerce system up and running within 90 days, and full rollout over six to nine months depending on their prior solution and the complexity of the implementation. Other options they had considered would have required considerably more time and expense to launch.
- › **Increased operational agility and faster time-to-market.** Organizations value the ease and speed of making ongoing enhancements to Salesforce B2B Commerce in support of their business initiatives. This was particularly apparent to organizations replacing a legacy eCommerce system that was difficult to modify.

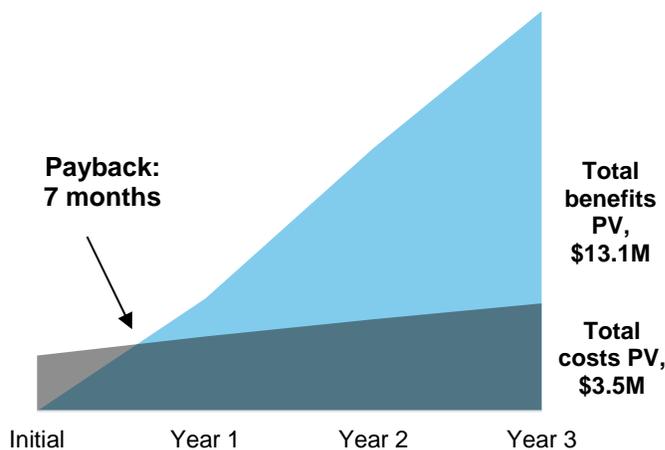
Costs. The interviewed organizations experienced the following three-year risk-adjusted PV costs, modeled by the composite organization:

- › **Salesforce fees of \$913,918 in total, covering three years.** Subscription fees, determined by organization-specific characteristics and needs, can vary considerably.
- › **Initial and ongoing business and IT labor costs of \$1.7 million.** Internal implementation costs included IT, project management, and business staff time. Ongoing costs of using Salesforce B2B Commerce include business labor to support new business initiatives that involve the eCommerce system and IT labor for administration and minor enhancements.

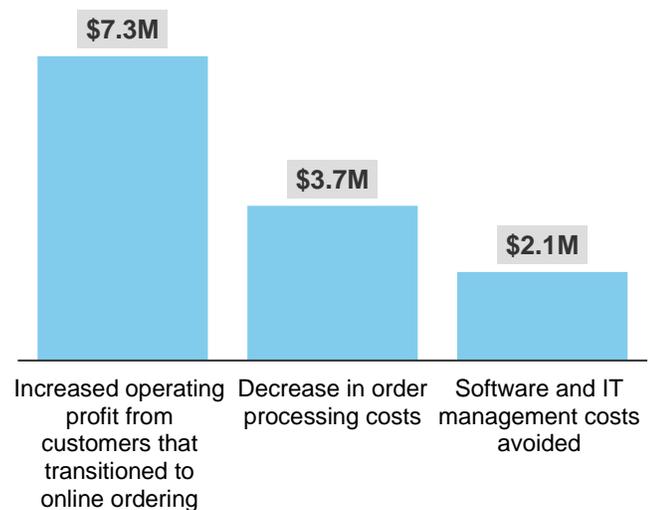
- › **Third-party professional services of \$902,750.** Organizations typically supplemented the capacity and capabilities of their IT staff with contractors during implementation.
- › **Training costs of \$40,434.** Several members of the project team attended Salesforce product training. They brought their Salesforce B2B Commerce knowledge to implementation efforts and also trained internal end users on how to work with the new eCommerce system.

Forrester's interviews with four existing customers and subsequent financial analysis found that a composite organization based on these interviewed organizations experienced benefits of \$13.1 million over three years versus costs of \$3.5 million, adding up to a net present value (NPV) of \$9.6 million and an ROI of 271%.

Financial Summary



Benefits (Three-Year)



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

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Salesforce B2B Commerce.

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 Salesforce B2B Commerce can have on an organization:



DUE DILIGENCE

Interviewed Salesforce stakeholders and Forrester analysts to gather data relative to Salesforce B2B Commerce.



CUSTOMER INTERVIEWS

Interviewed four organizations using Salesforce B2B Commerce 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 Salesforce B2B Commerce's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Salesforce and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Salesforce B2B Commerce.

Salesforce reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

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

The Salesforce B2B Commerce Customer Journey

BEFORE AND AFTER THE SALESFORCE B2B COMMERCE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Salesforce B2B Commerce customers. Interviewed customers include the following:

INDUSTRY	REGIONAL FOCUS	INTERVIEWEE	IMPLEMENTATION SCOPE
Chemicals	Headquartered in Europe with global reach	Head of marketing and business development	Business unit's small order volume customers
Food distribution	Single country	Digital product manager – wholesale	Business unit
Packaging	Headquartered in US with global reach	Senior manager, application development	Business unit
Industrial supplies	Headquartered in Europe with global reach	Global eCommerce leader	Business unit

Key Challenges

The interviewed organizations described a range of challenges and opportunities that drove their decisions to deploy Salesforce B2B Commerce. They wanted to:

- › **Meet customer expectations for an effective and efficient B2B eCommerce user experience.** Two of the four organizations had not been offering eCommerce prior to implementing Salesforce B2B Commerce. The two other organizations were using legacy eCommerce systems. Organizations that did not provide an eCommerce option felt increasing pressure from their customers to offer quick 24x7 ordering for straightforward orders that did not require assistance from a sales or service rep, along with access to account information such as prior orders. Organizations already providing an eCommerce option were doing so with systems that did not meet their customers' expectations (or their own) for the breadth and quality of an eCommerce experience, leaving those organizations vulnerable to competitors. Because online ordering was difficult and did not provide needed information, most customers continued to submit orders and obtain product and order information via phone, email, or fax.

“Customers weren't going to give us more business unless we made it easier for them to order. And it was very difficult for us to make any changes to our prior eCommerce system.”

Digital product manager – wholesale, food distributor



- › **Increase revenue from existing and new customers.** Organizations wanted to increase their revenue from existing customers (which generated a high proportion of their sales) and new customers as well. They realized that the suboptimal capabilities and user experience of their current eCommerce system, or their lack of an eCommerce option at all, was hindering their revenue growth. The global eCommerce leader of an industrial supplies company described how an initial order (even a small one) from a new customer could open the door to substantial customer lifetime value. The head of marketing and business development at a chemicals company with complex products explained that his business unit's revenue growth from and retention of smaller accounts was constrained by the challenges of hiring and training enough specialized engineers and PhDs for sales and customer service roles. The company's scarce human resources consequently became focused on larger accounts.
- › **Decrease operating costs.** Organizations wanted to improve operating margins by shifting order taking and other customer interactions from legacy channels like phone, email, and fax, given the high cost, error potential, and lack of scalability for those labor-intensive channels. Online self-service was of particular interest for serving customers with smaller annual expenditures or frequent but moderately sized orders, e.g., consumables related to intermittent large expenditures on capital equipment. Organizations with a legacy eCommerce system that used other Salesforce applications also wanted to cut operating complexity and costs by consolidating the number of platforms their IT teams needed to support.
- › **Enable sales and service reps to focus on higher-value and revenue-generating activities.** With either an unappealing eCommerce option or no eCommerce option at all, customers relied primarily on phone, email, and fax channels to retrieve product information, place orders, check on the status of orders, and process returns. Sales and service reps consequently spent much of their time on low-value tasks, instead of on more strategic interactions that could increase sales. Organizations wanted to free up time for sales reps and call center staff by making self-service a more attractive option for customer interactions.
- › **Improve eCommerce agility and capabilities.** Organizations with a legacy eCommerce system cited the difficulty of making changes to those systems, which slowed their time-to-market with any new initiatives and hindered their ability to try new ways of increasing revenue. Their eCommerce systems could not support their ambitious growth plans. A senior manager for application development at a packaging company described the organization's legacy system as, "It's super complicated, and it's very hard to do anything in it." A digital product manager – wholesale for a food distributor observed, "There were a lot of things that were just too difficult."

"We wanted to grow the small customer segment in line with the rest of the business, but we didn't have the people to serve them. We needed to automate a lot by giving those customers a self-service platform."

Head of marketing and business development, chemicals company



Solution Requirements

The interviewed organizations searched for a solution that could:

- › Provide an appealing online option for customers to easily order and reorder items; determine inventory levels and delivery dates; enter return requests; and check order and return status.
- › Present detailed product information and extensive imagery so products are readily understood by customers and prospects.

- › Prompt additional purchases and greater customer lifetime value via cross-selling, upselling, promotions, and other revenue-boosting efforts.
- › Accommodate the complexities and unique considerations of B2B commerce, such as customer-specific and variable pricing, and accounts with multiple operating locations.
- › Be configurable out of the box to minimize customization and shorten time-to-market.
- › Allow rapid and moderately priced implementation compared to alternatives, including ease of integration with existing systems.
- › Readily scale to accommodate growth aspirations.

Key Results

The interviews revealed that key results from the Salesforce B2B Commerce investment include:

- › **Better customer experience and greater customer satisfaction.** Customers now have more and better product and account information available to them online. Ordering is simpler and faster. Past orders are visible online, and reorders require just a few clicks. For every product, customers have real-time information on available quantities and estimated delivery dates. A single sign-on provides access to multiple related accounts.
- › **Increased revenue from customers that adopted eCommerce.** Organizations saw higher growth rates from customers who switched to online ordering, due to the better customer experience and the ability to prompt additional purchases via cross-selling and upselling related products and offering promotions or new products and services.
- › **Decrease in order processing costs.** Orders entered online instead of through phone, email, and fax have a lower per-order cost because some steps in the overall ordering process no longer need labor-intensive intervention by sales or customer service staff. Organizations anticipated that per-order processing costs would drop further over time as they broadened their use of Salesforce B2B Commerce to address additional touchpoints in the overall order process.
- › **Better informed sales and customer service teams, with time freed up for revenue-generating sales activities.** Since customers can now self-serve for many of their ordering and information needs (especially for reorders), sales and customer service staff have more time available to proactively pursue new revenue opportunities instead of taking orders. When the customer does call in to a sales or customer service rep, the conversations are more productive and significant as staff can now access comprehensive and real-time information about orders, returns, and other account dynamics.
- › **Holistic view of customers simplified by native connections with other Salesforce applications.** Salesforce B2B Commerce can be readily integrated with a wide range of applications from various vendors. However, organizations already using other Salesforce applications like CRM, Service Cloud, or Sales Cloud particularly valued the ease of tapping data from across the Salesforce platform to create a holistic view of their customers.

“Our move to a new eCommerce platform was definitely centered around the customer experience and meeting rising customer expectations. It was about shifting from legacy channels, because it was costing us too much money to enter orders that way. And it was around agility.”

*Digital product manager –
wholesale, food distributor*



“We’re getting 12% to 15% growth in revenue from our customers who use eCommerce, compared to the company’s overall revenue growth of 6%.”

*Global eCommerce leader,
industrial supplies company*



“Now customers can do self-service. The idea was to give our customer service people time to do their jobs, and give salespeople time to do more sales. Today, our sales team can make calls, instead of taking calls. And they’re tapping data they never had before, about sales, claims, and more. When they walk into a meeting or make a call, they’re armed with information instead of getting blindsided with a problem they didn’t know about. That is huge.”

*Senior manager, application
development, packaging company*



- › **Improved organizational agility and faster time-to-market.** The relative ease of initial eCommerce implementation and ongoing enhancements enables organizations to move faster and implement more new initiatives. According to a digital product manager – wholesale for a food distributor: “We’ve improved our time-to-market and we’ve definitely increased our agility. We just didn’t have any, with our prior eCommerce system.”

Composite Organization

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

Description of composite. The composite organization is a \$2 billion business unit of a \$10 billion B2B global provider of industrial products. Across all channels, the organization’s 40,000 customers submit a total of 400,000 orders annually, many of which are reorders. Prior to implementing Salesforce B2B Commerce, the organization used legacy eCommerce software-as-a-service. Because the customer experience with that software was suboptimal, many of the organization’s customers continued to submit orders by calling sales reps or customer service centers. In addition, the organization found its legacy software complicated to manage and difficult to modify, which increased costs and limited the organization’s agility. By replacing its legacy eCommerce software, the organization wanted to increase revenue, provide the kind of online experience its customers had grown to expect from other selling organizations, and cut costs of processing orders and supporting that legacy software.

Deployment characteristics. After an extensive vendor selection process, the organization selected Salesforce B2B Commerce. Over six months it conducted an initial pilot, and then relaunched its eCommerce site worldwide, using internal staff and external IT contractors. Before going live, the organization trained internal staff who would interact with the new eCommerce system. The organization continues to make minor enhancements, expanding its use of Salesforce B2B Commerce’s extensive functionality.



Key assumptions

- \$2 billion business unit
- Global operations
- 40,000 customers
- 400,000 orders annually

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits						
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased operating profit from customers that transitioned to online ordering	\$2,125,000	\$3,400,000	\$3,400,000	\$8,925,000	\$7,296,206
Btr	Decrease in order processing costs	\$1,080,000	\$1,728,000	\$1,728,000	\$4,536,000	\$3,708,189
Ctr	Avoided software and IT management costs	\$854,760	\$854,760	\$854,760	\$2,564,280	\$2,125,662
Total benefits (risk-adjusted)		\$4,059,760	\$5,982,760	\$5,982,760	\$16,025,280	\$13,130,057

Increased Operating Profit From Customers That Transitioned To Online Ordering

Organizations saw higher revenue growth rates from customers who switched to online ordering after the Salesforce B2B Commerce implementation. They attribute this growth to the satisfying online ordering experience and their ability to prompt additional purchases.

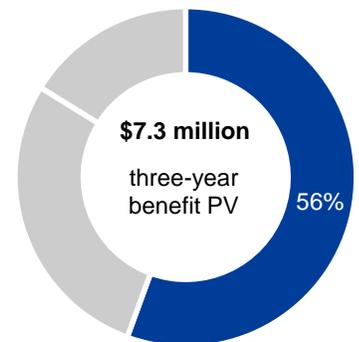
In contrast to the legacy eCommerce systems or no eCommerce option at all, customers can now easily order, reorder, initiate a return, and check account or order information. Customers also have access to extensive product information including availability and estimated delivery dates, making them more likely to purchase from that source. A global eCommerce leader at an industrial supplies company noted: "Access to data and information at their fingertips is making it easier for customers to decide in our favor. Because they appreciate the convenience of the digital channel, they send us more business." The head of marketing and business development for a chemical company indicated that by serving smaller customers via eCommerce, the company has accelerated growth and improved customer retention for that small customer segment.

Organizations also drove more revenue via cross-selling and upselling related products, and offering promotions or new products and services. A chemicals company now generates around \$450,000 annually from new services, and it attributes that incremental revenue to its use of Salesforce B2B Commerce. This company's head of marketing and business development explained: "We make some extra money by selling additional services. For a premium, our online customers can get a rush order or go below our traditional minimum order quantity."

The acceleration in growth rates varied across the interviewed organizations. A food distributor saw year-over-year revenue growth rates increase from 26% to 40% for its online customers, and from 5.6% to 8.9% for its customers overall. A chemicals company has seen revenue from online customers increase 6% more than its overall growth rate.

For the composite organization, Forrester models this increase in revenue as:

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$13.1 million.



Increased operating profit from customers that transitioned to online ordering: **56%** of total benefits

- › Transition to online ordering by 25% of customers in Year 1 and an additional 15% in Year 2 for a total of 40%.
- › Average pre-implementation annual revenue from those customers of \$50,000.
- › Average annual revenue growth from customers who transition to online ordering of 10% above the growth rate for customers that are not using eCommerce.
- › Operating profit margin of 10%.

To be conservative in calculating the value of this benefit, Forrester includes only 50% of the increased operating profit. Salesforce B2B Commerce substantially enables increased use of eCommerce and higher revenue growth from online customers, but related efforts by the interviewed organizations may also affect outcomes.

Operating profit increases will vary based on:

- › The extent to which an organization's customers transition to self-service, which depends partially on how customers are informed of this new channel and are onboarded to it.
- › Customer-specific factors that may impede eCommerce adoption, such as a preference for electronic data interchange (EDI) by some large corporations.
- › The extent to which an organization capitalizes on Salesforce B2B Commerce functionality.
- › An organization's prior eCommerce system (if applicable).
- › Corporate strategy and pricing decisions.
- › Overall industry factors including prevailing profit margins.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$7,296,206.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Increased Operating Profit From Customers That Transitioned To Online Ordering: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Total number of customers		40,000	40,000	40,000
A2	Percentage of customers that transitioned to online ordering after Salesforce B2B Commerce implementation		25%	40%	40%
A3	Average baseline annual revenue from each of those customers		\$50,000	\$50,000	\$50,000
A4	Average growth in annual revenue from those customers after they transitioned to online ordering		10%	10%	10%
A5	Operating profit margin		10%	10%	10%
A6	Percentage of operating profit attributed to Salesforce B2B Commerce investment		50%	50%	50%
At	Increased operating profit from customers that transitioned to online ordering	$A1 * A2 * A3 * A4 * A5 * A6$	\$2,500,000	\$4,000,000	\$4,000,000
	Risk adjustment	↓15%			
Atr	Increased operating profit from customers that transitioned to online ordering (risk-adjusted)		\$2,125,000	\$3,400,000	\$3,400,000

Decrease In Order Processing Costs

With a better online experience now, more customers order via online channels. As a result, fewer orders require effort from the sales and customer service teams, saving around \$12 on each order.

Organizations especially value this decrease in order processing costs for their smaller customers, after finding it difficult to cost-effectively serve those customers via more labor-intensive channels. By providing an attractive self-service option, organizations can retain and even grow smaller customers while preserving operating margin.

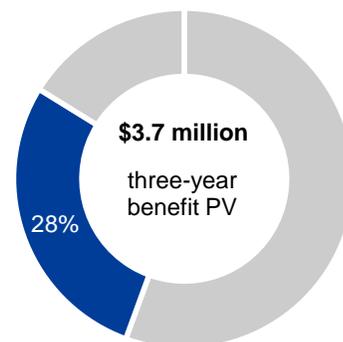
One organization new to eCommerce saw 75% of its orders move from phone or email to online, and anticipates that this percentage will increase. This shift to eCommerce is enabling that organization to reallocate the equivalent of two FTEs to higher-value customer service activities.

Order processing cost savings are likely to increase over time, as more orders move through online channels and organizations find new ways to leverage Salesforce B2B Commerce's capabilities. The global eCommerce leader of an industrial supplies company indicated, "We have the potential to increase per order savings by another 12% to 20% as we scale our eCommerce platform and process higher volumes of orders."

For the composite organization, Forrester models this decrease in order processing costs as:

- › Transition to online ordering by 25% of customers in Year 1 and an additional 15% in Year 2 for a total of 40%.
- › Cost savings of \$12 per order from customer self-service.

The reduction in order processing costs will vary based on:



Decrease in order processing costs: **28%** of total benefits

- › The extent to which an organization’s customers transition to self-service, which depends partially on how customers are informed of this new channel and are onboarded to it.
- › Customer-specific factors that may impede eCommerce adoption, such as a preference for EDI by some large corporations.
- › An organization’s ordering processes and operations prior to implementing Salesforce B2B Commerce.
- › Local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$3,708,189.

Decrease In Order Processing Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Total number of orders annually		400,000	400,000	400,000
B2	Percentage of orders moved to eCommerce channels after implementation		25%	40%	40%
B3	Cost savings per eCommerce order		\$12	\$12	\$12
Bt	Decrease in order processing costs	$B1*B2*B3$	\$1,200,000	\$1,920,000	\$1,920,000
	Risk adjustment	↓10%			
Btr	Decrease in order processing costs (risk-adjusted)		\$1,080,000	\$1,728,000	\$1,728,000

Avoided Software And IT Management Costs

By implementing Salesforce B2B Commerce, organizations could retire their prior eCommerce systems. As a result, they no longer pay annual fees for that legacy software, and the time their IT teams spent supporting that software is available for other efforts. These avoided expenses are a gross benefit; related ongoing expenses for Salesforce B2B Commerce and its IT support are noted in the cost section of this study. The net impact, however, is positive.

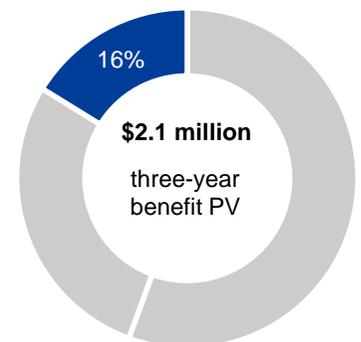
For the composite organization, Forrester models these avoided software and IT management expenses as:

- › Annual subscription fees of \$600,000 for a prior eCommerce system.
- › Three IT FTEs to manage, maintain, and make minor enhancements to that system.

Avoided software and IT management expenses will vary based on:

- › Scope and complexity of legacy eCommerce implementation and use.
- › Ease of management and minor enhancements for legacy system.
- › Local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$2,125,662.



Avoided software and IT management costs: 16% of total benefits

Avoided Software And IT Management Costs: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Prior eCommerce subscription fees		\$600,000	\$600,000	\$600,000
C2	IT FTEs for ongoing management, maintenance, and support		3	3	3
C3	IT blended fully loaded annual compensation		\$135,200	\$135,200	\$135,200
Ct	Avoided software and IT management costs	$C1+(C2*C3)$	\$1,005,600	\$1,005,600	\$1,005,600
	Risk adjustment	↓15%			
Ctr	Avoided software and IT management costs (risk-adjusted)		\$854,760	\$854,760	\$854,760

Unquantified Benefits

The interviewed organizations reported other significant benefits that are not quantified for this study:

- › **Customer satisfaction with the self-service ordering experience.** Organizations have had positive feedback from customers about many aspects of their experience with the current eCommerce system. A digital product manager – wholesale for a food distributor noted that the organization’s customer satisfaction scores came in above the benchmark it had wanted to achieve in its first year of measurement with the new eCommerce system.
- › **Better customer experience, compared to a prior eCommerce system or no eCommerce system.** The detailed product descriptions, along with extensive imagery and a dynamic search product catalog, help customers identify the right products. Real-time online information about product availability and delivery dates, along with the ease of ordering and checking order status and initiating returns, all save time for customers. eCommerce system downtime has been almost nonexistent. Customers have online access to their orders and all order-related documentation, such as a chemical company’s required certificate of analysis for every product it sells.
- › **Customer ease of reordering.** The ease of reordering is especially popular with interviewed organizations’ customers, given their high level of reorders. A global eCommerce leader at an industrial supplies company where 77% of eCommerce-originated revenue is from reorders noted: “Reorders have been very successful in our eCommerce channel. We show customers their past orders, and they simply decide whether to reorder everything or make some adjustments.”
- › **Greater order accuracy and fewer returns or claims.** Better product information and guidance helps customers choose the right product the first time. After implementing Salesforce B2B Commerce, a food distributor had 29% fewer requests for returns or credit. More accurate orders decrease staff time spent on returns.



Customer satisfaction with self-service ordering

- › **Ease and value of integration with other Salesforce applications, where applicable.** Organizations that used other Salesforce products such as CRM, Service Cloud, or Sales Cloud noted the ease of configuring those within Salesforce B2B Commerce. They also described benefits enabled by the native connections among those applications, such as keeping all customer data on the same platform to provide a 360-degree view of customers that facilitates personalization of content and conversations to help increase revenue.
- › **More insights and more time for sales and customer service reps to pursue new business.** The time that sales and customer service teams no longer spend taking orders can be re-allocated to generate more revenue. When a customer does talk with a sales rep or customer service rep, those conversations can be more productive “selling” conversations informed by real-time and more comprehensive account data that helps staff understand and engage customers. A digital product manager – wholesale for a food distributor explained, “We have more real-time data and it’s easier to get to.” The eCommerce system can also make customer interactions more efficient. A senior manager for application development at a packaging company indicated that when a customer calls with product questions, salespeople and customer service representatives now use the eCommerce system to quickly identify the product, rather than thumbing through their old paper catalogs.
- › **Effective complement to direct selling efforts.** Salesforce B2B Commerce complements and enhances an organization’s direct selling efforts. Sales reps use information from the eCommerce system to understand what their customers are doing and then use those insights to win more sales. A global eCommerce leader for an industrial supplies company explained: “We don’t look at eCommerce as a separate profit and loss statement. The eCommerce system helps salespeople get smarter about what their customers are doing. They can use those insights to win more in the field.”
- › **Relatively swift implementation, including ability to configure more than customize.** Although interviewed organizations selectively customized some features, they valued the ability to simply configure much of their desired functionality. Organizations reported having a simple eCommerce system up and running within 90 days, with a full rollout over six to nine months depending on their prior situation and the complexity of the implementation. Other options they had considered would have required considerably more time and expense to launch even basic eCommerce operations, and then cost more to manage and maintain.
- › **Increased operational agility and faster time-to-market.** Organizations that replaced a legacy eCommerce system valued their ability to implement ongoing eCommerce enhancements faster than with the prior system. A digital product manager – wholesale for a food distributor noted, “We will see incremental revenue because we can roll out improvements faster and get new initiatives to market faster.”

“Our sales reps have more time now for productive conversations, for advising and selling, rather than order taking. And the real-time data we have now helps sales reps have a different kind of conversation with customers.”

Digital product manager – wholesale, food distributor



“The big thing for us was getting something that was more configurable out of the box than customizable, because we’re trying to get out of customizing everything. Salesforce has it set up where there are hooks. So, I can replace their code with my code, but I’m still using their base code for the majority of the stuff.”

Senior manager, application development, packaging company



“This was the only solution that gave us the possibility to grow so quickly and with such flexibility in implementation.”

Head of marketing and business development, chemicals company



- › **Effort and costs saved by standardizing on an IT platform(s), if already using other Salesforce products.** Organizations using other Salesforce products were able to streamline IT operations. A senior manager of application development for a packaging company noted, “In addition to cost reduction, it makes life easier everywhere because now we just have one team of Salesforce people instead of half a team supporting our Salesforce applications and half a team supporting the prior eCommerce system.”
- › **Improved inventory turns and cash position.** A global eCommerce leader for an industrial supplies company cited several benefits of being able to book orders faster using Salesforce B2B Commerce, noting: “In the past it took us two to three days to book an order. With online, it’s immediate. If customers pay by credit card, we can collect the cash upfront along with the order. If not, we still are able to book the order 72 hours earlier than in the past. That has improved our inventory turns and our cash position.”

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Salesforce B2B Commerce and later realize additional uses and business opportunities. The interviewed organizations cited:

- › **Broader corporate use.** Interviewees anticipated that over time their companies would roll out Salesforce B2B Commerce to other business units, which could substantially increase the magnitude of the benefits.
- › **Implementing and integrating with other Salesforce products.** The possibility of augmenting eCommerce efforts with complementary Salesforce products, such as Service Cloud, Customer Community, or CPQ (configure, price, quote) was mentioned by several interviewees.
- › **Leveraging additional functionality of Salesforce B2B Commerce.** All interviewed organizations continue to expand their use of Salesforce B2B Commerce’s extensive capabilities. A digital product manager – wholesale for a food distributor explained: “We have a planned approach to ongoing continuous improvement of the eCommerce system. We’re treating it like a product now, not a project. We have dedicated resources that are looking after it.” A senior manager for application development at a packaging company described plans to implement Salesforce B2B Commerce’s online claim functionality, noting: “We’ll ask customers a litany of questions about their claim. Their answer to one question will develop the next two questions — it’s very dynamic. And then, it will send that claim over to our ERP system, and customers can attach pictures and videos or whatever else they want to it. This claim entry will reduce the time a customer service rep now spends on the phone to take all this information and put it into our current system. Like ordering, it’s going to be self-served.”

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

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so.

“We’ve got a lot of new initiatives this year, some large, some small. Sixty percent of them we couldn’t have done without Salesforce B2B Commerce.”

Digital product manager – wholesale, food distributor



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
Dtr	Salesforce fees	\$0	\$367,500	\$367,500	\$367,500	\$1,102,500	\$913,918
Etr	Initial and ongoing business and IT labor costs	\$876,429	\$322,322	\$322,322	\$322,322	\$1,843,395	\$1,677,996
Ftr	Third-party professional services	\$902,750	\$0	\$0	\$0	\$902,750	\$902,750
Gtr	Training costs	\$40,434	\$0	\$0	\$0	\$40,434	\$40,434
Total costs (risk-adjusted)		\$1,819,613	\$689,822	\$689,822	\$689,822	\$3,889,079	\$3,535,098

Salesforce Fees

Salesforce fees include an annual subscription fee for Salesforce B2B Commerce.

Since fees are determined by customer-specific factors, consult with Salesforce for pricing specific to your organization when conducting your own analysis.

For the composite organization, Forrester models Salesforce fees as:

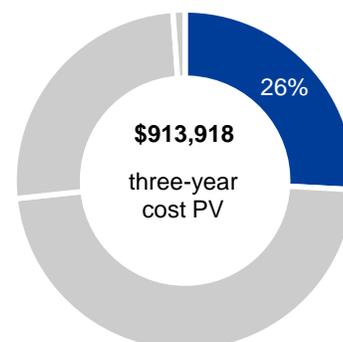
- › Annual subscription fees of \$350,000 for Salesforce B2B Commerce.
- › No additional charge for the advice and guidance of a Salesforce customer success manager.

Salesforce fees will vary based on:

- › Size and scope of deployment — your organization’s subscription fees may be lower or higher than the composite organization’s fees.
- › Contract terms.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$913,918.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than \$3.5 million.



**Salesforce fees:
26% of total costs**

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

Salesforce Fees: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
D1	Salesforce subscription fees			\$350,000	\$350,000	\$350,000
Dt	Salesforce fees	D1	\$0	\$350,000	\$350,000	\$350,000
	Risk adjustment	↑5%				
Dtr	Salesforce fees (risk-adjusted)		\$0	\$367,500	\$367,500	\$367,500

Initial And Ongoing Business And IT Labor Costs

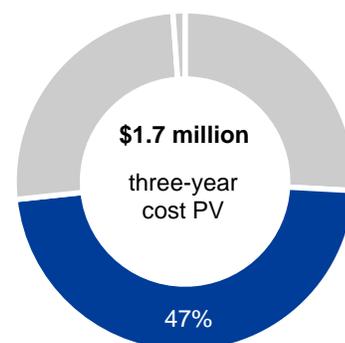
Initial costs: Implementing Salesforce B2B Commerce takes around six months of effort by a project team of business and IT staff. Given the diverse skills needed to implement eCommerce, project participation ranges from full-time to 10% or 20% time.

This project team determines the scope and work plan for the implementation, addressing business and IT considerations. It gathers or creates product data and descriptions, and translates content into other languages. The team sets up the product hierarchy and configures Salesforce B2B Commerce, including giving it the organization's look and feel and determining the appearance of product merchandising pages. Configuration also includes "data plumbing" like establishing interfaces to the back-end ERP system, in order to pull in product information and transmit order information. Testing ensures the system's integrity and a quality user experience. The project team creates and deploys materials that help customers understand how to use the eCommerce system. A senior manager of application development for a packaging company mentioned how a video describing Salesforce B2B Commerce features was created and sent to customers to get them enthusiastic about using the eCommerce system.

Organizations typically conducted an initial pilot, followed by a more comprehensive rollout of the new eCommerce system.

For the composite organization, Forrester models initial business and IT labor costs as six months of:

- › 100% of the time of a project manager, at a fully loaded hourly rate of \$59.
- › 100% of the time of three business staff (product manager, two business analysts), and 15% of the time of four other business staff (marketing, merchandising, sales, supply chain), at a blended fully loaded hourly rate of \$68.
- › 100% of the time of six IT staff (solution architect, developers, tester), and 15% of the time of four other IT staff (Salesforce administrator, ERP system-specific developer, UI developer, other specialized developers) at a blended fully loaded hourly rate of \$65.



Initial and ongoing business and IT labor costs: **47%** of total costs



Six months
Total implementation and deployment time

Ongoing costs: Once implementation and rollout is complete, ongoing management and maintenance needs are minimal, apart from a few days of IT staff time each year for periodic Salesforce B2B Commerce upgrades. However, given Salesforce B2B Commerce's extensive functionality and ease of configuration, interviewed organizations continue to make minor enhancements. These range from adding to a drop-down menu, to configuring additional Salesforce B2B Commerce functionality to support new business initiatives. Major enhancements are approached and budgeted for as separate projects.

For the composite organization, Forrester models ongoing internal labor costs as:

- › Business labor of 25% of the time of a business analyst and a product manager, for an annual total of 1,040 hours.
- › IT labor of 100% of a developer's time for management, maintenance, minor enhancements, and configurations; 25% of a tester and a Salesforce administrator; and 5% of a solutions architect, for an annual total of 3,224 hours.

Business and IT labor costs will vary based on:

- › Scope and complexity of implementation, including extent of functionality deployed and number of countries and languages.
- › Nature and extent of internal business and IT capabilities and eCommerce knowledge.
- › Number and complexity of required integrations.
- › How well an organization has documented its business processes (e.g., pricing, fulfillment, shipping) and researched what its customers want from an eCommerce system, prior to implementation.
- › Level of difficulty around migration from prior eCommerce system and processes.
- › Extent of ongoing enhancements.
- › Local compensation rates.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$1,677,996.

Initial And Ongoing Business And IT Labor Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Project manager hours required for implementation		1,040			
E2	Project manager fully loaded hourly rate	\$122,720/2,080	\$59			
E3	Business staff hours required for implementation and ongoing optimization		3,744	1,040	1,040	1,040
E4	Business staff blended fully loaded hourly rate	\$141,440/2,080	\$68	\$68	\$68	\$68
E5	IT hours required for implementation and ongoing management, maintenance, and support		6,864	3,224	3,224	3,224
E6	IT blended fully loaded hourly rate	\$135,200/2,080	\$65	\$65	\$65	\$65
E _t	Initial and ongoing business and IT labor costs	(E1*E2) + (E3*E4) + (E5*E6)	\$762,112	\$280,280	\$280,280	\$280,280
	Risk adjustment	↑15%				
E _{tr}	Initial and ongoing business and IT labor costs (risk-adjusted)		\$876,429	\$322,322	\$322,322	\$322,322

Third-Party Professional Services

Organizations typically partnered with a systems integrator to supplement the capacity and capabilities of their internal IT staff during implementation. If neither internal staff nor the IT contractors had user interface and design skills, an organization retained the services of a digital agency to address those needs. Third-party professional services costs varied depending on a number of organization-specific factors.

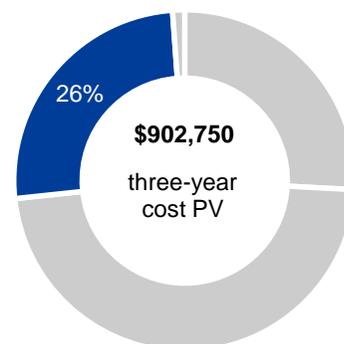
For the composite organization, Forrester models third-party professional services fees as:

- › Five IT contractors each working 1,000 hours at a billing rate of \$150/hour.
- › Digital design agency fees of \$35,000.

Third-party professional services fees will vary based on:

- › Scope and complexity of implementation.
- › Nature and extent of internal IT and user interface/design capabilities.
- › Number and complexity of the integrations required.
- › Difficulty migrating from prior systems/processes.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$902,750.



Third-party professional services: 26% of total costs

Third-Party Professional Services: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	IT contractors to supplement internal staff		\$750,000			
F2	Digital agency fees		\$35,000			
Ft	Third-party professional services	F1+F2	\$785,000	\$0	\$0	\$0
	Risk adjustment	↑15%				
Ftr	Third-party professional services (risk-adjusted)		\$902,750	\$0	\$0	\$0

Training Costs

The interviewed organizations typically had several members of the project team trained by Salesforce. Those team members brought that Salesforce B2B Commerce knowledge to implementation efforts and also subsequently trained internal end users on how to work with the new eCommerce system. End users included sales reps who need to know how to access customer data, customer service staff who may need to help customers navigate the eCommerce system, and marketers, merchandisers, and other business staff who may periodically access the eCommerce system.

Organizations used videos and written materials to acquaint their customers with the new eCommerce system. Customers found the eCommerce system easy to use.

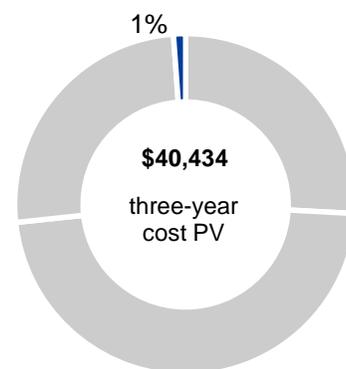
For the composite organization, Forrester models training costs as:

- › One week (40 hours) of Salesforce B2B Commerce training for six project team members.
- › A total of 20 hours of project staff time conducting internal end user training.
- › Two hours in end user training for 100 internal end users.

Training costs will vary based on:

- › Internal project staff and external contractors' initial knowledge of Salesforce B2B Commerce and eCommerce in general.
- › Number and type of internal end users to be trained.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of \$40,434.



**Training costs:
1% of total costs**

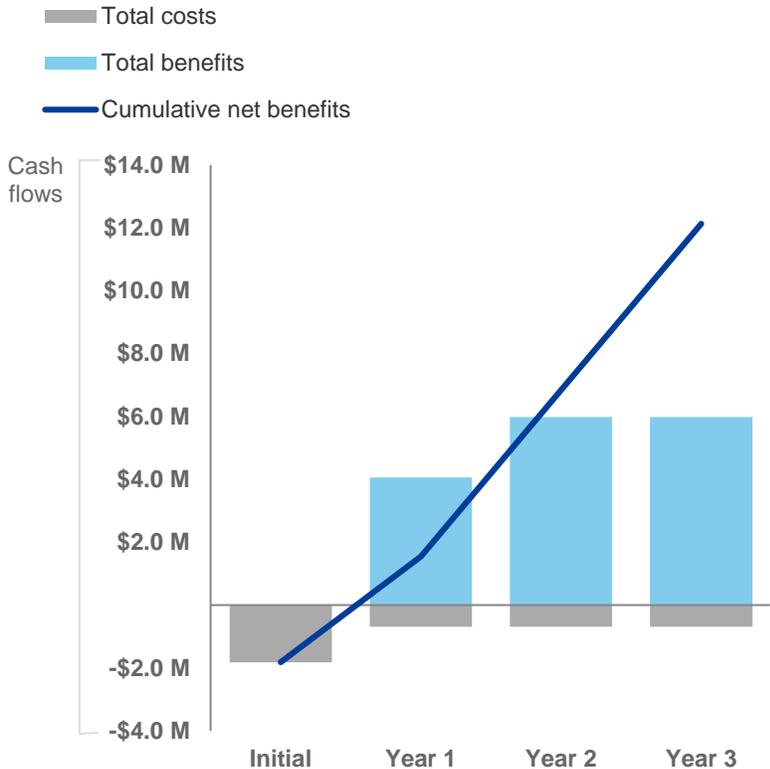
Training Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Salesforce fees for project staff training		\$10,000			
G2	Project staff hours spent attending Salesforce training or training internal end users		260			
G3	Project staff blended fully loaded hourly rate	$\$137,280/2,080$	\$66			
G4	Internal end user hours spent in training		200			
G5	Internal end user blended fully loaded hourly rate	$\$83,200/2,080$	\$40			
Gt	Training costs	$G1+(G2*G3)+(G4*G5)$	\$35,160	\$0	\$0	\$0
	Risk adjustment	↑15%				
Gtr	Training costs (risk-adjusted)		\$40,434	\$0	\$0	\$0

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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



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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$1,819,613)	(\$689,822)	(\$689,822)	(\$689,822)	(\$3,889,079)	(\$3,535,098)
Total benefits	\$0	\$4,059,760	\$5,982,760	\$5,982,760	\$16,025,280	\$13,130,057
Net benefits	(\$1,819,613)	\$3,369,938	\$5,292,938	\$5,292,938	\$12,136,201	\$9,594,959
ROI						271%
Payback period						7.0

Salesforce B2B Commerce: Overview

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

Salesforce B2B Commerce offers buyers the seamless, self-service experience of online shopping with all the B2B functionality they demand.

Using a single system to manage all of your business's customer engagement channels, B2B Commerce simplifies your brand's ecommerce initiatives. Salesforce's B2B ecommerce solution tailors commerce experiences to business buyers, maximizing conversions across every digital platform.

Our B2B ecommerce solution also gives you the power to create personalized experiences for each buyer, powered by next-gen AI. You can even connect B2B Commerce with other Salesforce products to create a 360-degree view of your business customers.

Make online buying easy, and generate more revenue now with our B2B ecommerce solution.

BOOST ONLINE REVENUE

Maximize your online growth with easy-to-use self-service online buying and empower your customers with the same easy, consumer-like shopping experience they enjoy in their personal life — anytime, anywhere, on any device.

Solve B2B ecommerce complexities. Simplify online buying with features specifically designed for B2B, including fast reorders, account hierarchies, contract pricing, custom catalogs, and more.

Optimize daily B2B functions. Stock the shelves of your retail stores, enable online ordering of replacement parts, or meet the needs of your distribution or wholesale partners.

Empower your sales teams. Give your sales team the time and insights it needs to develop winning strategies by eliminating manual tasks and giving them access to real-time customer data.

Enable your channel partners. Help your partners grow by your side by creating branded sites and intuitive digital portals that you can design and launch fast.

Get to market faster. Capture your share of today's ever-growing B2B ecommerce opportunities by deploying in weeks — not years.

ENGAGE MORE CUSTOMERS

Make every B2B ecommerce interaction seamless, relevant, and connected.

Connect customer data with the #1 CRM. Because we are built natively on the Salesforce platform, you can create a single, 360-degree view of customer activity across sales, service, and commerce.

Be there every step of the way. Stay connected and respond to customer needs across all touchpoints, in real time.

Make B2B ecommerce personal. Personalize with purchasing recommendations that are tailored to each customer in real time — no data scientist required.

Keep customers coming back. Build customer loyalty faster and ensure repeat business with guided buying experiences that are fast, efficient, and personal.

SCALE YOUR BUSINESS

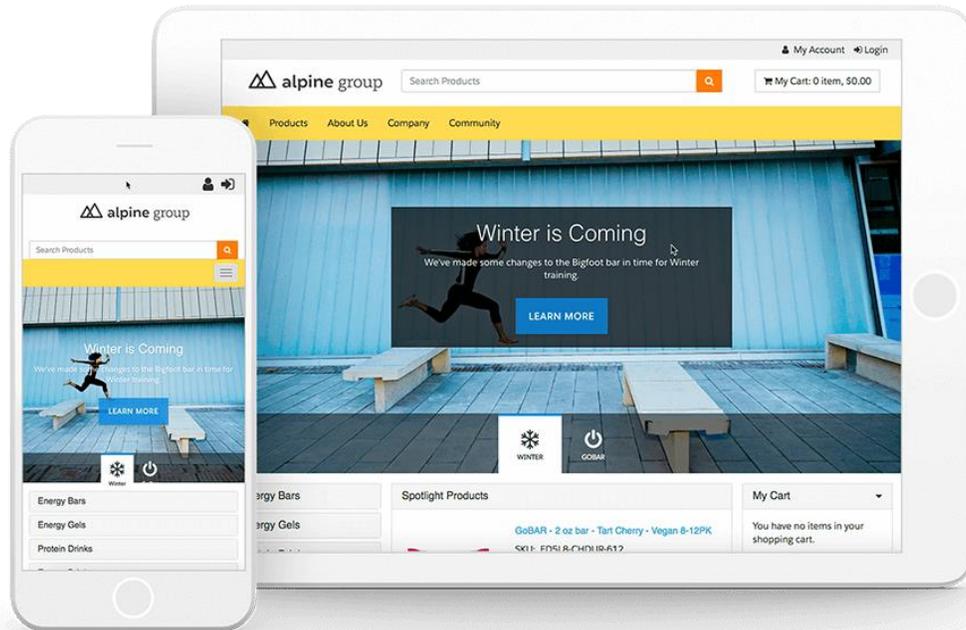
Grow your B2B ecommerce business quickly and easily.

Hit the market faster. Launch in record time and start generating revenue sooner with the fastest B2B ecommerce implementation on the market.

Reduce costs and reallocate resources. By empowering your customers with self-service tools and guided experiences, you can reallocate both time and money to other growth opportunities.

Innovate more quickly. Adapt to changing markets and customer needs faster by creating new business models on demand.

Update regularly. Get three updates every year to keep your technology — and your B2B ecommerce strategy — running smoothly.



Appendix A: Total Economic Impact

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

Total Economic Impact Approach



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



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



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



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

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



Present value (PV)

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



Net present value (NPV)

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



Return on investment (ROI)

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



Discount rate

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



Payback period

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