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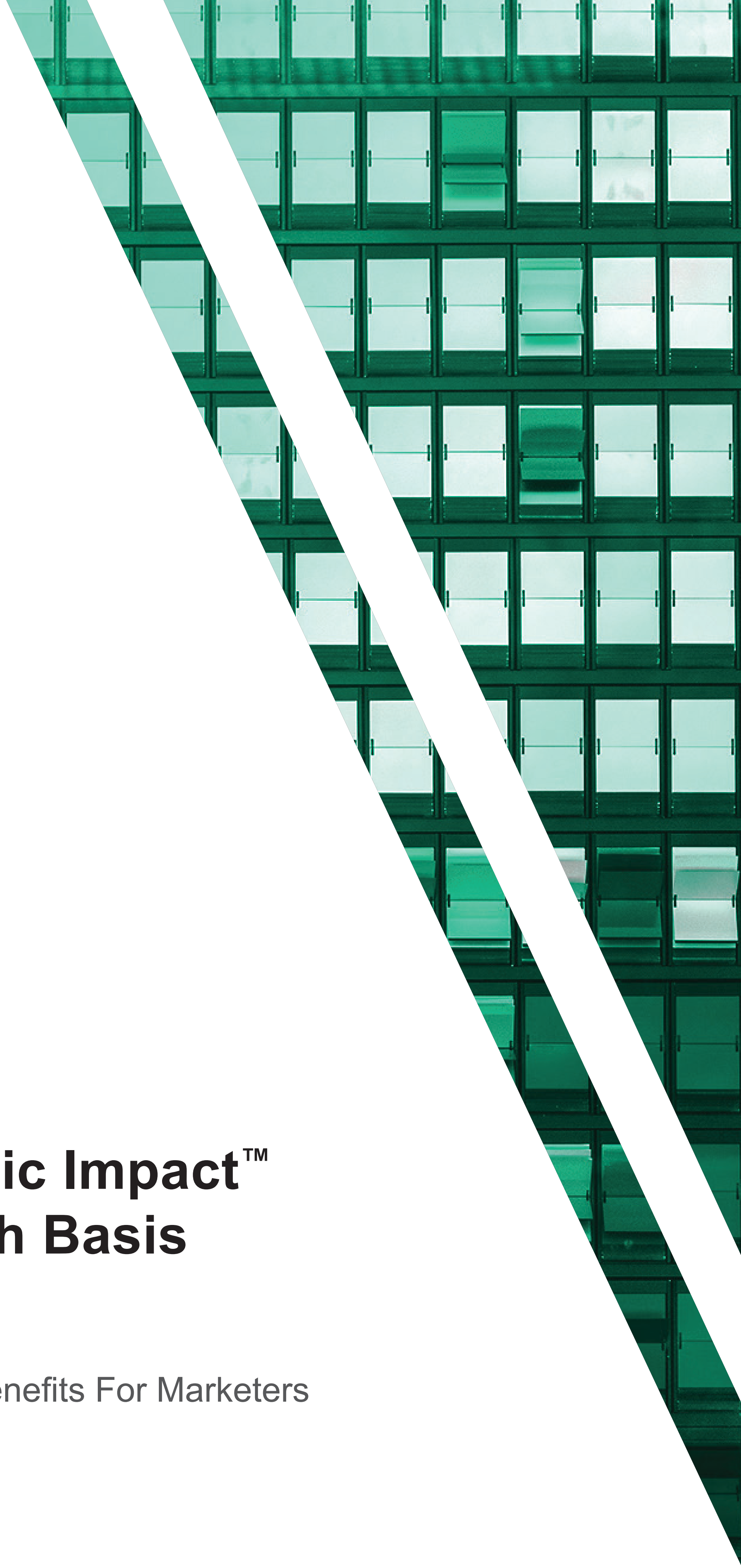

The Total Economic Impact™ Of In-Housing With Basis

Cost Savings And Business Benefits For Marketers Enabled By Basis

July 2021

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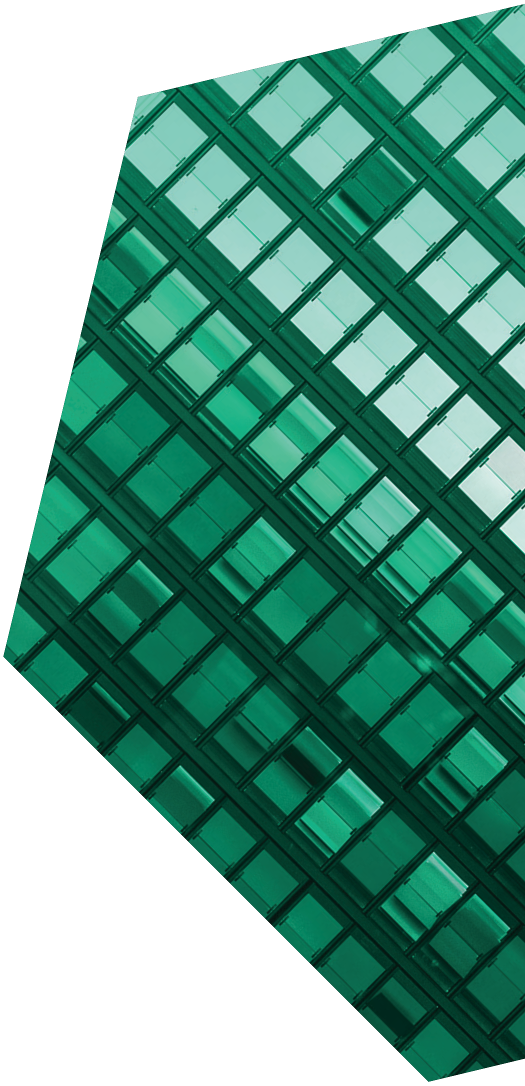


ABOUT FORRESTER CONSULTING

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

Executive Summary

Marketers are looking for more control and transparency in how and where they advertise to their target markets, prompting brands to shift digital media responsibilities from traditional agencies to in-house teams. This shift has caused many companies to invest in Basis. Basis is an enterprise platform that connects all digital advertising mediums – programmatic, direct, search, social and Advanced TV with end-to-end workflow automation across the entire campaign process. Using Basis, companies reduced outside managements fees, increased workflow efficiency, enriched analyses and reduced costs for data consolidation, integration, and storage. These improvements led to a positive ROI for companies using Basis and elevated the strategic work of the brand teams.

Centro commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Basis. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Basis on their organizations. Basis is a media automation platform that enables brands to efficiently manage programmatic, publisher direct, advanced TV, search and social digital media campaigns in a comprehensive environment.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Basis. 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 Basis, the customers either hired agencies or performed these tasks with internal teams. These teams used legacy demand-side platforms (DSPs) and traditional digital media campaign workflow management processes in spreadsheets, email chains, and phone calls. However, prior attempts yielded limited success, leaving customers with inefficient and costly operations. These limitations led to problems like; time lost due to manual workflow, highly strategic employees performing low value tasks like manual entry across multiple systems, decentralized management of digital advertising activities and campaigns, fragmented analytics leading to a limited view into the impact of digital efforts, and poor managerial oversight.

KEY STATISTICS

Return on investment (ROI)
48%

Net present value (NPV)
$5.4 million

After the investment in Basis, the customers were able to unite their programmatic, search, social, direct, and advanced TV advertising and operations into one centralized platform, reducing time, errors, and cost. In addition, customers leveraged Basis to integrate their internal and external communications into one tool, create a system of record for all data, documents, and vendor information, and automate manual steps across their entire campaign process, from planning to billing and financial reconciliation.

Customers using Basis now also have access to ever-growing inventory and target audience data from various partnerships and integrations.

Key results from the investment include savings from outside service provider fees, speed and improvement in workflow management, reduction in data consolidation and integration cost, and enhanced data for analyses

> **Our total advertising budget has increased because our executives have more faith in Centro. Access to Basis provides a lot more transparency to be able to judge whether our spend is cost-effective. We took a gamble by increasing our spend with them, because we knew we'd be able to see those results. I'd probably say our investment has been twice as effective.**
>
> — *Digital marketing director, electronics*

KEY FINDINGS

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

- **Managed services fees savings of $13.7 million.** Outside management fees average 30% of the media budget to manage digital campaigns. The composite organization's annual digital media budget is $25 million, running 200 campaigns per year with 23 FTEs (without Basis). By deploying Basis, the organization reduced outside management fees by $13.7 million over three years. It also eliminated outside management fees after the first year.
- **Workflow cost savings of $2.8 million by automating processes within the Basis platform.** Before using Basis, employees spent an average of 80% of working hours performing workflow tasks like media sheets creation, publisher RFPs, insertion orders and revisions, spec sheets management, ad tag communications with vendors, ad tag verifications, campaign updates, vendor updates, media optimizations and revisions processes amongst others. Basis automates many of these processes and reduced FTE time for manual processes by 43%.
- **Analyses cost savings of $427,000 by having comprehensive multi-channel campaign data already consolidated in the platform.** Interviewees told Forrester that 15% of FTE hours were spent analyzing the effectiveness of campaigns. Before Basis, employees had to gather data from various platforms and applications, which was error-prone and time-consuming. They said that Basis helps them to consolidate the information into one platform through its search, social, programmatic, and direct integration capabilities, allowing employees to easily generate reports. Customers said Basis helped reduce the time required to deliver reporting and campaign analytics by 43%.
- **Data consolidation, integration, and storage cost savings of $142,000 from capabilities built within the platform.** Forrester learned that the remaining 5% of FTE hours are used in gathering, consolidating, and storing data related to a campaign's life cycle. Interviewees told Forrester that Basis helps to improve efficiencies in this area by about 48%. Traditionally, campaign data was scattered in emails, spreadsheets, and chats. The information was disorganized and often unintentionally restricted. With the implementation of Basis, customers were able to create one system of record where this data is consolidated and accessible, enabling FTE hours previously spent on manual data pulling to shift towards more strategic tasks. Additionally, data within the platform is automatically integrated and consolidated into applications that can then be used for analyses and other reports.

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

- **Data ownership and transparency.** Interviewees were most excited about the ability to own their campaign data. Working in Basis allowed customers to collect and store data around all digital media campaigns in one platform. By in-housing digital media operations, customers are able to control and access granular performance data in real time, view breakdowns of data costs and media costs, and pull reports directly from the platform.
- **Media campaign deployment visibility and control.** Basis enables all layers of a brand's digital media team to enter the platform and work from the most current status of each campaign. Rework or effort duplication is avoided, and different employees can manage and continue the efforts started by others who may not be readily available when prompt changes need to be made.

- **Visibility and access to advertising inventory.** Another benefit of using Basis is that the platform consolidates a robust DSP, publisher direct relationships, search and social in one place. Since brands can perform programmatic, publisher direct, advanced TV, search and social buys through Basis, they are exposed to more inventory in the same platform rather than using multiple platforms for similar or less efficient results.

Costs. Risk-adjusted PV costs include:

- **Managed services fees.** In Year 1 of the engagement, brands opting for a managed transition to Basis will be gradually trained on how to use the platform. Workflow execution and other processes are being managed with Basis staff while brand staff work alongside them in a learning capacity. If a brand opts from managed transition to in-housing, they pay a management fee during this time. In the composite organization this management fee was removed by Year 2 as the brand takes over the execution of campaigns internally. If the brand still needs support with workflow and other digital media campaign work after Year 1, a hybrid arrangement that mixes in some services can be negotiated with Basis.

- **License fees.** In Year 1, the customer pays no user license fees because it is not using the platform on its own. As the brand transitions to managing its workflow and other processes in Year 2, a monthly per-user license fee is charged. The impact of this fee diminishes as the digital media spend increases and more licenses are acquired to manage the brand's digital media spend.

- **Technology fees.** Basis charges a technology fee based on programmatic spend. This covers the use of Basis and stays consistent regardless of other digital media spend through the platform in areas such as publisher direct, search, and social.

The customer interviews and financial analysis found that a composite organization experiences benefits of $16.6 million over three years versus costs of $11.2 million, adding up to a net present value (NPV) of $5.4 million and an ROI of 48%.

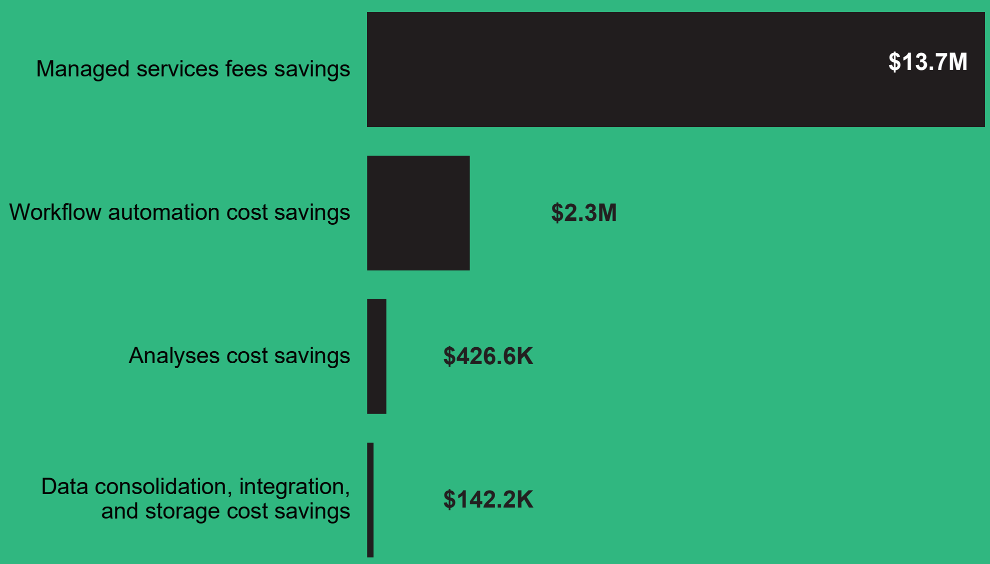
48%
ROI

$16.6 million
BENEFITS PV

$5.4 million
NPV

18 months
PAYBACK

Benefits (Three-Year)



TEI Framework And Methodology

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

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 Basis can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Basis 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 study to determine the appropriateness of an investment in Basis.

Basis 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.

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

DUE DILIGENCE

Interviewed Basis stakeholders and Forrester analysts to gather data relative to Basis.

CUSTOMER INTERVIEWS

Interviewed decision-makers at organizations using Basis 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 organization.

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 Basis Customer Journey

Drivers leading to the Basis investment

Interviewed Organizations			
Industry	**Interviewee**	**Revenue**	**Employees**
Financial Services	SVP strategic marketing	$295 million	350 employees
Retail	Performance marketing manager	$200 million	200 employees
Electronics	Digital marketing director	$1 billion	1000 employees
IT Services	VP growth marketing	$250 million	1000 employees

KEY CHALLENGES

The interviewed organizations struggled with common challenges, including:

- **High account management fees.** Traditionally, interviewees went to media agencies to plan and execute digital campaigns. These agencies charged an average of 30% of digital media spend to execute campaigns that were sometimes inefficient or ineffective. The brands could not track how the spend was being used in real-time. When they got reports from the agencies, they were often weeks or months old and hard to adapt to changing business demands.
- **Lack of visibility and control.** Previous solutions were either obscure contracts with media service providers or a mix of in-house and third-party solutions. These solutions were fragmented across programmatic, publisher-direct, search and social. This made it difficult to aggregate and analyze digital campaign processes and performance in a timely manner.
- **Manual and inefficient workflow processes.** Prior-state solutions involved a lot of manual and siloed business processes. Various workflow processes were performed individually and manually and then communicated across a wide range of activities and roles. For example, every RFP had to be created and formatted manually before being communicated individually to publishers. Historical rate data was not centrally kept, making negotiations harder and more time consuming.
- **Difficulty adapting to business trends.** Prior-state solutions often lagged behind changes in the business environment due to the manual nature of workflow processes. One interviewee said that they were still seeing ads two weeks or more after they had asked for them to be paused because some actions took significant time to progress through traditional workflow processes. Another interviewee told Forrester that they couldn't adapt quickly enough to increase digital spend around unplanned events that could have improved results for their campaigns.

SOLUTION REQUIREMENTS / INVESTMENT OBJECTIVES

The interviewed organizations searched for a solution that could:

- Bring all digital media spend in-house and run programmatic, publisher-direct, advanced TV, search, and social campaigns through a single solution, consolidating their tech stack.
- Be cost effective, efficient, and agile enough to adapt to a changing business landscape.
- Consolidate, integrate, store process and results data for better analytics and workflow management.
- Come from a responsive vendor that could support a gradual transition from managed services to self-serve autonomy.

After an RFP and business case process evaluating multiple vendors, the interviewed organizations chose Basis and began deployment.

- One out of the four interviewees chose to take a fully managed services approach, while the other three took phased approaches to deployment. Basis eventually transitions many of its brand customers to self-service, where the in-house brand teams manage 100% of their digital media campaigns internally using Basis as the centralized digital media system.
- Depending on a brand's comfort level and the depth of their internal digital media team, Basis started these relationships by managing all or some campaign volume through Basis. During this period, the brand managed the rest as Basis trained the brand's internal media team.
- By Year 2 or 3, brands scaled down their use of Basis managed services, as they now had an internal team trained on Basis that could handle the responsibility of a full portfolio of campaigns.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a 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 has the following characteristics:

- A global, $500M business-to-consumer ecommerce organization with 300 employees. It provides sales in North American and Europe, customer support, and service/warranty support for its consumer products in small individual volumes. The organization is building brand recognition online, with a customer base of 10 million customers. The organization has no physical stores and is focused on building its clientele exclusively online. The average value of its products is $50.
- This composite organization has global low-cost country sourcing (LCCS) operations with production coming out of factories in 3 countries.
- Its 300-employee workforce works out of 18 distribution outlets scattered around NA and Europe to ensure a maximum of 2-days fulfillment of orders.
- The composite organization has a 13 FTEs team in charge of digital media marketing and is very aggressive in growing its online customer base.

KEY ASSUMPTIONS

Global B2C Ecommerce

$500M in Annual Revenue

300 Employees

200 marketing campaigns a year

$25M Digital Media Spend

- It adds a few complementary products to its flag-ship product each year as it learns the online shopping habits of its customers.
- Growth is being achieved through sales expansion from a heavy focus on programmatic. They also plan and buy some publisher direct, search and social digital media campaigns.
- The composite organization averages 200 campaigns per year with a $25M annual digital media spend.
- Fulfillment, returns and all other customer service functions are serviced out of the location closest to the customer.

Analysis Of Benefits

Quantified benefit data

Total Benefits						
Ref	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Managed services fees savings	$3,375,000	$6,750,000	$6,750,000	$16,875,000	$13,718,069
Btr	Workflow cost savings	$1,162,070	$757,325	$788,880	$2,708,275	$2,275,013
Ctr	Analyses cost savings	$217,888	$141,998	$147,915	$507,802	$426,565
Dtr	Data consolidation, integra-tion, and storage cost sav-ings	$72,629	$47,333	$49,305	$169,267	$142,188
	Total benefits (risk-adjusted)	$1,061,305	$703,178	$912,015	$2,676,498	$2,231,173

MANAGED SERVICES FEES SAVINGS

Evidence and data. Outside management firms charged high fees with limited visibility of how media budgets were being spent.

- Interviewees expressed how they used to pay very high management fees. The digital marketing director for an electronics firm said, "We spent around half of our budget through an old agency but had a 20% management fee without including some pass-through cost. As a result, we tried to manage some of the spend in-house. We deliberately withheld some investment from them because the management fee was so high at 20%. Plus, due to the quality of the agency, it did not make sense to allocate all of our budget to them. Centro was a lower management fee of 15% of our media and included access to Basis. Also, if we wanted to use Basis directly, we didn't have to pay a license fee because we were already accounting for that with our management fee for our other media. That was a big cost saving for us and it allowed us to be more flexible with our media and ultimately resulted in us having a bigger media budget."
- Other interviewees spoke about also paying technology fees as pass-through cost levied on them by agencies for using various third-party DSP applications.

> **"Even from a full-service media agency to full-service at Centro, we saved 40% when we moved to Centro and that's since come down another 30% since we took additional work in-house. We did not need to hire additional staff in order to take that work in-house. The platform is relatively easy to use, therefore all of that savings has been redeployed to media spend. It is not savings to our bottom line if you ask our CFO, but in terms of dollars that we feel are helping us achieve our marketing goals, instead of just going to an agency, it is now going to advertise to customers."**
>
> *— SVP strategic marketing, financial services*

- With all these costs aggregated, interviewees described paying an average of 30% of digital media budgets in management fees regardless of whether their campaigns were running as programmatic, publisher-direct, search, or social.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- An average 30% outside-firm management fee baseline.
- 15% of digital spend as a managed services fee in Year 1. During this time Basis is fully involved in the training of the composite organization's internal media team on the use of Basis and how to efficiently run campaigns internally.
- In Year 2 and 3, managed services fees are eliminated as the composite organization becomes fully self-service and is no longer using Basis' on-boarding resources. The brand still has access to a Customer Success Manager for strategic help, ongoing training, and platform assistance.

Risks. Actual personnel cost savings may vary due to:

- Variations in the management fees organizations paid to their prior agencies.
- The degree and speed with which brands will become self-served as Basis allows for brands to transition at their own pace.
- The compensation packages for the brand's internal FTEs who will run campaigns once it becomes self-served.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $13,718,069.

Managed Services Fees Savings

Ref	Metric	Calculation	Year 1	Year 2	Year 3
A1	Baseline programmatic spend	Composite	$25,000,000	$25,000,000	$25,000,000
A2	Expected management fees before engaging Basis	30%*A1	$7,500,000	$7,500,000	$7,500,000
A3	Management fees after implementing Basis	Year 1 = 15%*A1 Year 2 = 0%*A1 Year 3 = 0%*A1	$3,750,000	$0	$0
At	Managed services fees savings	A2-A3	$3,750,000	$7,500,000	$7,500,000
	Risk adjustment	↓10%			
Atr	Managed services fees savings (risk-adjusted)		$3,375,000	$6,750,000	$6,750,000
	Three-year total: : $16,875,000		**Three-year present value: $13,718,069**		

WORKFLOW AUTOMATION COST SAVINGS

Evidence and data. Many tasks that were historically performed manually are automated in Basis thereby reducing workflow FTE hours by 43%.

- A performance marketing manager for a retail firm was very excited by the efficiency that Basis helped introduce into their internal team: “Basis has shortened workflow from two months to about two weeks. That gives us more agility when it comes to promotional spend and seasonal products. Especially over this last year, where we’ve had to be quite agile and reactive. That’s been a huge help.”
- Other interviewees explained that, because campaigns can be planned on a single platform, it is easier for planners to copy templates from prior campaigns, refresh them faster and use time and efforts more efficiently.
- Every interviewed organization had something good to say about the shortening of workflow processes through automation. This benefit was even more profound than just the FTE hours saved for some interviewees. The senior VP of strategic marketing at a financial services firm said “Savings related to the cost of getting the media to market between the old agency to Centro today are enormous. It used to take us about six weeks to get an advertisement from the end of the design stage to actually be in market, and that’s now shortened to about two weeks, maybe even a week. The real-world implication of that in our business is invaluable, as we have to be very sensitive to current events. It’s not just the cost of employee hours but also the cost of lost opportunities.”

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- An average FTE spents 85% of a workday performing workflow task.
- Basis automates or speeds up some processes like campaign updates, vendor updates, optimization, and revision activities. saving 43% of FTE hours.
- The fully burdened hourly rate for an average FTE in the digital media shop is $46.
- An FTE works 2080 hours each year.

Risks. This benefit can vary from uncertainty related to:

- Fully burdened rates for FTEs may differ between brands depending on the location and experience of employees.
- The productivity of individual employees will differ due to factors like experience, work ethic, and workplace dynamics, among other factors.
- The complexity of individual campaigns may also affect the realization of this benefit.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2,275,013.

> **“I would say that we’re all so quick into market transition phase. We can launch a new campaign within around two weeks, whereas before, it would be probably more like two months with the last agency.”**
>
> *— Digital marketing director, electronics*

Workflow Automation Cost Savings					
Ref	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
B1	Baseline number of digital media campaigns each year	Interviews	200	200	200
B2	FTE hours needed without Basis	239 hours *B1	47,800	47,800	47,800
B3	FTEs hours used on workflow activities	80%*B2	38,240	38,240	38,240
B4	FTEs employed after deploying Basis	Interviews	7	13	13
B5	FTE hours used per year using Basis	80%*(2,080 hours*B4)	11,648	21,632	21,632
B6	Workflow FTE hours saved per year using Basis	B3-B5	26,592	16,608	16,608
B7	FTE burdened rate per hour. $46 with 5% annual increase	Payscale.com	$46	$48	$50
Bt	Workflow automation cost savings	B6*B7	$1,223,232	$797,184	$830,400
	Risk adjustment	↓5%			
Btr	Workflow automation cost savings (risk-adjusted)		$1,162,070	$757,325	$788,880
	Three-year total: $2,707,275		**Three-year present value: $2,275,013**		

ANALYSES COST SAVINGS

Evidence and data. One of the Basis's advantages is that it consolidates, aggregates and stores both historical and current campaign data in one platform.

- Basis has tools that align analytics and insights across programmatic, direct-buy, advanced TV, search, and social. These capabilities help digital teams make fast and smart decisions by accessing campaign analytics and insights on one comprehensive platform, saving FTE hours.
- Basis also provides tools that make it easier to pull real-time and post-campaign analytics, as well as access team and business intelligence metrics. This improves business operations management.
- A senior VP of strategic marketing for a financial services firm observed: "The integration that Basis provides in terms of analytics capabilities, taking all these data sources that we used to wait weeks after the end of the month to find out what the numbers were from The Wall Street Journal or other publications, is amazing. It's now all fed into Basis and gives us a centralized repository to pull numbers from, to analyze what's working or not working."
- Basis comes with a robust reporting engine that uses data across search, social, programmatic, and direct campaigns along with team, business, and financial metrics. This automates the process of delivering necessary campaign and business information to the media team and marketing leadership.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Digital media teams spent 15% of FTE hours performing analysis tasks.
- Automation tools within Basis help reduce analyses FTE hours: some reports now take a few clicks instead of multiple hours to produce, reducing analysis time by 43%.
- The fully burdened hourly rate is $46 for an average FTE doing digital media analytics.
- An FTE works 2080 hours each year.

Risks. This benefit can vary from uncertainty related to:

- Experience with platform tools will influence how fast reports are generated.
- Fully burdened rates for FTEs within brands will vary.
- The frequency of analytics and the intended audience will differ within brands.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $426,565.

> **"The use of Basis has allowed us to spend less time figuring out media performance. Everything is within this platform, and it takes just a few clicks sometimes to generate reports. That used to take days of gathering data just to see how a campaign was doing."**
>
> *Performance marketing manager, retail*

Analyses Cost Savings

Ref	Metric	Calculation	Year 1	Year 2	Year 3
C1	Baseline number of digital campaigns each year	Interviews	200	200	200
C2	FTE hours needed without Basis	239 hours*C1	47,800	47,800	47,800
C3	FTEs hours used on analyses activities (15%)	15%*C2	7,170	7,170	7,170
C4	FTEs employed after deploying Basis	Interviews	7	13	13
C5	FTE hours used on analyses after deployment of Basis	15%*(2,080*C4)	2,184	4,056	4,056
C6	Analyses FTE hours saved after deployment of Basis	C3 - C5	4,986	3,114	3,114
C7	FTE burdened rate per hour. $46 with 5% annual increase	Payscale.com	$46	$48	$50
Ct	Analyses cost savings	C6*C7	$229,356	$149,472	$155,700
	Risk adjustment	↓5%			
Ctr	Analyses cost savings (risk-adjusted)		$217,888	$141,998	$147,915
	Three-year total: $507,802		**Three-year present value: $426,565**		

DATA CONSOLIDATION, INTEGRATION, AND STORAGE COST SAVINGS

Evidence and data. In the process of executing daily digital media workflow tasks, Basis automatically consolidates, aggregates, and stores campaign data within the platform. Legacy processes of gathering data from multiple sources before, during, or after campaigns are reduced.

- Communication through the messaging tools within Basis creates and stores data for better documentation for both internal and external communications. This increases collaboration by giving coworkers access to it when needed and automatically stores data that would have been scattered across multiple venues.
- Executing programmatic, publisher-direct, advanced TV, search, and social campaigns through Basis also stores results automatically within the platform. This reduces the need to search for data later, as Basis captures inputs from vendors and buyers - both sides of the transaction. This also ensures that the campaign performance can be viewed and optimized in real-time.
- Gathering accurate data is more efficient, as most of it is generated by Basis when campaign transactions happen. Manual input processes, revisions, and corrections are stored in the platform, reducing FTE hours for updates and corrections.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Digital media teams spent 5% of FTE hours performing data entry, consolidation, and integration tasks.
- Automation tools within Basis help reduce FTE hours since they do not have to repeat many manual data entry processes. Multiple employees can now edit data within the platform, saving time and improving accuracy. This led Forrester to assume a 43% saving in FTE hours for this benefit.
- The fully burdened hourly rate for an average FTE doing digital media data entry, consolidation, and integration tasks is $46.
- An FTE works 2080 hours each year.

Risks. This Benefit can vary from uncertainty related to:

- Experience with the platform tools will influence how quickly needed data can be input into the system.
- Fully burdened rates for FTEs within brands will be different.
- The frequency of revisions, campaign updates, campaign durations, and other manual data entry processes will differ within brands.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $142,188.

> **“We now operate with half the team we used to have. Many manual processes have been eliminated, and repeat data entry into multiple applications is gone.”**
>
> *— VP growth Marketing, IT services*

Data Consolidation, Integration, And Storage Cost Savings					
Ref	**Metric**	**Calculation**	**Year 1**	**Year 2**	**Year 3**
D1	Baseline number of digital media campaigns each year	Interviews	200	200	200
D2	FTE hours needed without Basis	239 hours*D1	47,800	47,800	47,800
D3	FTEs hours used on data consolidation, integration, and storage activities (5%)	5%*D2	2,390	2,390	2,390
D4	FTEs employed after deploying Basis	Interviews	7	13	13
D5	FTE hours used per year using Basis	5%*(2,080*D4)	728	1,352	1,352
D6	FTE hours saved per year using Basis	D3 - D5	1,662	1,038	1,038
D7	FTE burdened rate per hour. $46 with 5% annual increase	Payscale.com	$46	$48	$50
Dtr	Data consolidation, integration, and storage cost savings	D6*D7	$76,452	$49,824	$51,900
	Risk adjustment	5%			
Dtr	Data consolidation, integration, and storage cost savings (risk-adjusted)		$72,629	$47,333	$49,305
	Three-year total: $169,267		**Three-year present value: $142,188**		

UNQUANTIFIED BENEFITS

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

- Data transparency and the ability to see detailed breakdowns of media spend.
  - Interviewees were happy that with Basis, they can now see details about how their digital spend is deployed. In the past, brands either received reports after the campaign had been executed or did not see any details of how the money was spent.
  - A performance digital marketing manager at a retail firm said, "Transparency is paramount. you can see the details of your campaign. Social and search are more going toward a 'give us your money and this is how much revenue was driven from it.' They do not really want you to have control over your campaigns. They want the algorithms to do it all for you. Comparing Centro to other DSPs, you can see down to the domain level. CNN is doing better than Yahoo Finance, or whatever level of transparency you want."
- Nimble deployment, control, and flexibility.
  - Interviewees observed that, by moving to Basis, they have full control and flexibility over how and where their media is placed. Previously, agencies would take some input from them but controlled final placements. Agencies also took too long to adapt when changes in the business environment required rapid loading or pulling of media.
  - A performance digital marketing manager at a retail firm lamented: "With Basis you can see exactly how things are performing compared

to social and search. You can see that around the fourth impression you start to see a drop-off. With that, you could say, 'I only want someone to see four impressions in a day or so.' You're able to have control over that, whereas search and social will just say, 'Give us your money and we will take care of it.'"

- Greater visibility and access to advertising inventory.
  - Interviewees were excited that Basis gives them access to additional and higher quality inventory through direct integrations. With Basis, they did not feel limited to siloed environments of digital media, since they could execute programmatic, publisher-direct, advanced TV, search and social in one platform.
  - Interviewees also emphasized the importance of quality inventory that they could access through Basis because of its comprehensive brand safety and fraud protection capabilities. This ensures that ads are not placed in locations with incompatible or harmful content.

FLEXIBILITY

- The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Basis and later realize additional uses and business opportunities, including:
- According to a senior VP of strategic marketing for a financial services firm: "The ability to determine when and where to serve." Is the best feature that Basis provides. He said this gives his organization valuable room to be creative.
- Integrating additional ad formats into a programmatic buy, such as search, social, and publisher direct.
- Leveraging unique programmatic placements across previously unused channels, like advanced TV and digital audio.
- Using artificial intelligence to improve audience targeting, thus improving sales.
- Doing more with business analytics to improve internal operations, reduce cost and increase ad spend.
- Testing different scenarios to improve campaigns.

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
Etr	License and managed services fees	$0	$3,937,500	$81,900	$81,900	$4,101,300	$3,708,764
Ftr	Technology fees	$0	$3,000,000	$3,000,000	$3,000,000	$9,000,000	$7,460,556
	Total costs (risk-adjusted)	$0	$6,937,500	$3,081,900	$3,081,900	$13,101,300	$11,169,320

LICENSE AND MANAGED SERVICES FEES

Evidence and data. For the composite organization, Basis charged a managed services fee of 15% of programmatic spend and a license fee of $500 per month, per license.

- The managed services fee is only charged on the portion of programmatic spend managed by Basis staff.
- Any programmatic spend managed by the brand is not charged.
- Any cost incurred for publisher-direct, search and social media campaign placements is negotiated directly with those parties, and Basis receives no fee for this.
- Basis charges for a minimum of five licenses. While Basis performs managed services for the brand, this fee is waived. The fee is $500 per month for each license.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Basis will manage the entire digital media spend in Year 1. This gives room for Basis to train the brand's internal media staff on how to use the platform, as well as how to execute efficient campaigns through the platform.
- The composite organization will become self-served from Year 2 onward, after which it will no longer pay managed services fees.
- Basis determines that it takes 13 FTEs to manage a digital spend budget of $25 million and running an average of 200 campaigns per year. The composite organization starts to pay for 13 licenses from Year 2 when it transitions to completely self-served.

Risks. Forrester assumes that there is limited risk with this cost since it was quoted directly by Basis. Forrester acknowledges that there will be some variance to this cost depending on each brand's use-case, including:

- How long a brand will want to keep using Basis managed services.
- The distribution of spend between programmatic, publisher-direct, search, and social.
- The distribution of spend between managed services and self-serve.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3,708,764.

License And Managed Services Fees						
Ref	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Programmatic spend each year	Composite	$0	$25,000,000	$25,000,000	$25,000,000
E2	Programmatic spend managed by Basis	Managed to self-service Year 1 100% Year 2 0% Year 2 0%	$0	$25,000,000	$0	$0
E3	Number of users (licenses)	5 minimum Basis	15%	0%	13	13
E4	License fees per year ($500 per user per month)	$6,000 per user from Year 2		$0	$78,000	$78,000
E5	Managed services fee	15% of managed spend *E2		3,750,000	0	0
Et	License and managed services fees	E4+E5	$0	$3,750,000	$78,000	$78,000
E5	Managed services fee	15% of managed spend *E2		3,750,000	0	0
	Risk adjustment	↑15%				
Etr	Implementation cost (risk-adjusted)		$0	$3,937,500	$81,900	$81,900
	Three-year total: $4,101,300			**Three-year present value: $3,708,764**		

TECHNOLOGY FEES

Evidence and data. For the composite organization, Basis charges a technology fee of 12% of all programmatic spend for using the Basis platform.

- The Basis platform allows for the execution of programmatic, publisher-direct, advanced TV, search, and social. This fee is only charged on programmatic spend executed through the DSP built into the platform.
- The technology fee is charged for all spend executed through the DSP.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The entire digital media spend is used on programmatic.
- The technology fee is charged on the entire budget.
- Publisher-direct, search, and social campaign placements are not charged a technology fee, reducing this cost.

Risks.

- Forrester assumes there is no risk in this cost since it is quoted directly by Basis.
- This cost may be lower, as some spend may be directed toward publisher-direct, search, and social campaign placements, which aren't charged a technology fee.

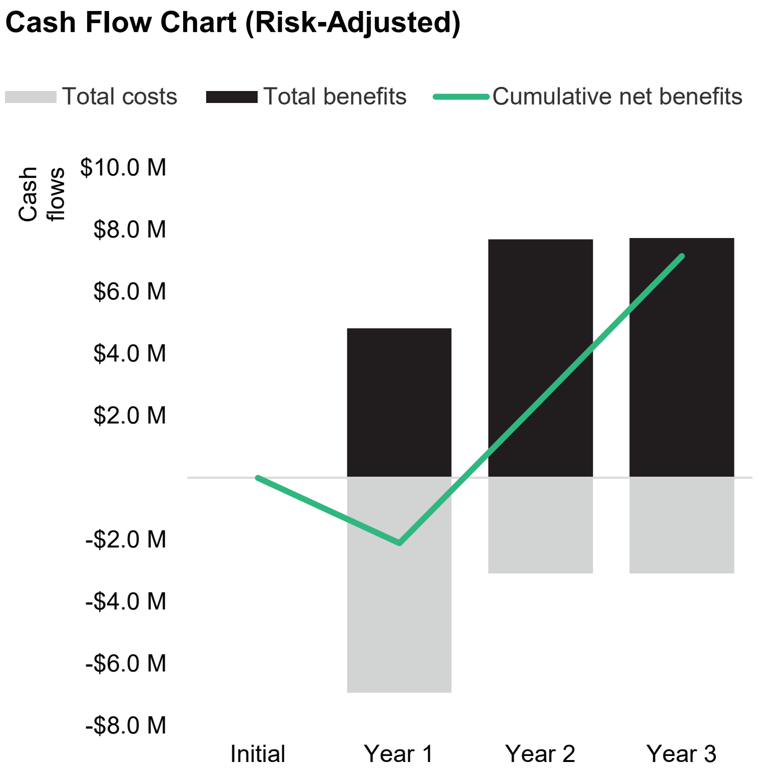
For the purpose of this study, Forrester did not risk adjust this cost, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $7,460,556

Technology Fees

Ref	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Programmatic spend each year	Composite		25,000,000	25,000,000	25,000,000
F2	Technology Fee (12% of Spend)	12%*F1		3,000,000	3,000,000	3,000,000
Ft	Technology Fee	F2	$0	$3,000,000	$3,000,000	$3,000,000
	Risk adjustment	0%				
Ftr	Technology Fee (risk-adjusted)		$0	$3,000,000	$3,000,000	$3,000,000
	Three-year total: $9,000,0000			Three-year present value: $7,460,556		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	$0	($6,937,500)	($3,081,900)	($3,081,900)	($13,101,300)	($11,169,320)
Total benefits	$0	$4,827,588	$7,696,656	$7,736,100	$20,260,344	$16,561,835
Net benefits	$0	($2,109,912)	$4,614,756	$4,654,200	$7,159,044	**$5,392,515
ROI						48%
Payback period (months)						18.0

***When activating $25M per year for 3 years in advertising through Basis, the composite company received this Net Benefit (Total Benefit – Total Cost)*

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.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