

FORRESTER®

The Total Economic Impact™ Of WordPress VIP

Cost Savings And Business Benefits
Enabled By WordPress VIP

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Executive Summary

While the content management system category is not a new one, many organizations still struggle with the cost, complexity, reliability, security, and measurability of these system. WordPress is an open-source CMS that powers more than 40% of the web.¹ WordPress VIP, which builds on the success of WordPress and its large pool of users, developers, and existing applications and plugins, is able to address many of these key challenges.

WordPress VIP by Automattic is an enterprise-ready, fully supported version of the popular, open-source WordPress content management system (CMS). Delivered as software as a service (SaaS), it is designed to enable large-scale content operations to create with agility and flexibility. It helps users meet stringent security and performance requirements and facilitate site management at scale while retaining all the flexibility and the extensive ecosystem of WordPress solutions. WordPress VIP also includes an integrated content analytics capability called Parse.ly that provides tools for content marketers to understand content performance and engagement across channels.

Automattic commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [WordPress VIP](#).² The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of WordPress VIP on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers with experience using WordPress VIP. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

These interviewees said that prior to using WordPress VIP, their organizations struggled with

KEY STATISTICS



Return on investment (ROI)

415%



Net present value (NPV)

\$2.80M

website maintenance, development, security, and measurement.

After their organizations invested in WordPress VIP, they saw improvements to daily operations, development speeds and costs, reliability, and measurement of content effectiveness. They said key results included enabling easier content development, having a much broader pool of potential talent (including potential employees and external agencies) to assist with content creation and development, and having more providers of applications and integrations.

The interviewees also said their organizations saw improvements in their ability to measure the impact of their content, to understand top-performing content, and to enable content creators with data to do their jobs more effectively. Their organizations saw efficiency improvements across multiple teams including content creators, operations, development, and security.

Each of the interviewees said many of the benefits they derive from using WordPress VIP are derived from the widespread adoption of WordPress. Benefits derived from the large number of practitioners and years of accumulated open-source development include:

- Reduced time and effort to identify and retain talent.
- Reduced training costs.
- Increased price competition among outside agencies.
- Off-the-shelf plugins and functionality.

KEY FINDINGS

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

- **Ease of use and maintenance, which drives efficiency and cost savings of 40%.** Factors that drive cost savings in this benefit are derived from several sources. Because WordPress is widely used across industries, there are many

users (e.g., operations team members, content creators) who require little to no training or changes in editorial processes to WordPress VIP. WordPress VIP is a fully supported version of WordPress that relieves the burden of maintenance from operations teams. For the composite organization, the ease of use and maintenance yield benefits of more than \$886,000.

- **Faster, less expensive development, which leads to a 45% reduction in costs.** Because many practitioners are already familiar with WordPress, this leads to further saving on new site launches and custom plugin development. Another contributing factor is that WordPress VIP tests and vets a broad range of plugins that often provide off-the-shelf functionality that otherwise would have required custom development work. During a three-year period, the composite organization launches 10 sites and a cumulative 46 custom development projects, and the development savings are worth \$1.34 million.

“WordPress overall is [very well-known], meaning there are many affordable developers [available]. We also have much more flexibility to be able to execute campaigns and set up our systems to run campaigns in a much faster way than we ever have before.

— Senior manager of marketing technology, B2B business services

- **Better reliability and security.** Interviewees reported that WordPress VIP support allowed their organizations' security teams to spend less time verifying the stability of the platform and/or making required updates to ensure platform security. For the composite organization, this leads to savings of almost \$527,000 over three years.
- **Improved business results from analytics.** The composite organization deploys Parse.ly to about half of its sites. Parse.ly allows a larger pool of content creators and managers to monitor content engagement and conversions in real time, which allows them to respond quickly to emerging trends and produce more content that drives engagement across channels. For the composite organization, this leads to \$718,000 in increased revenue over three years.

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

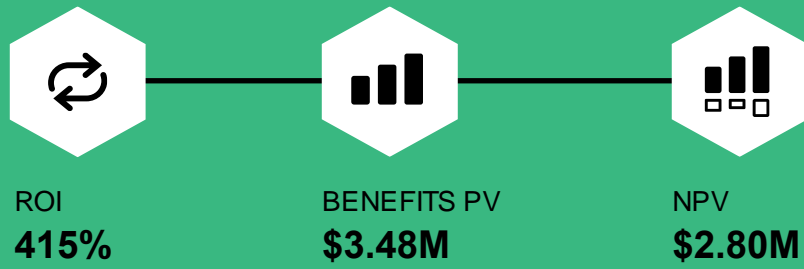
- **Scalability and performance.** Interviewees reported that the way that WordPress VIP is designed provided their organization with improved scalability and performance.
- **Decreased time-to-market.** Faster development meant shorter lead times for launching sites and putting content into production.

Costs. Risk-adjusted PV costs include:

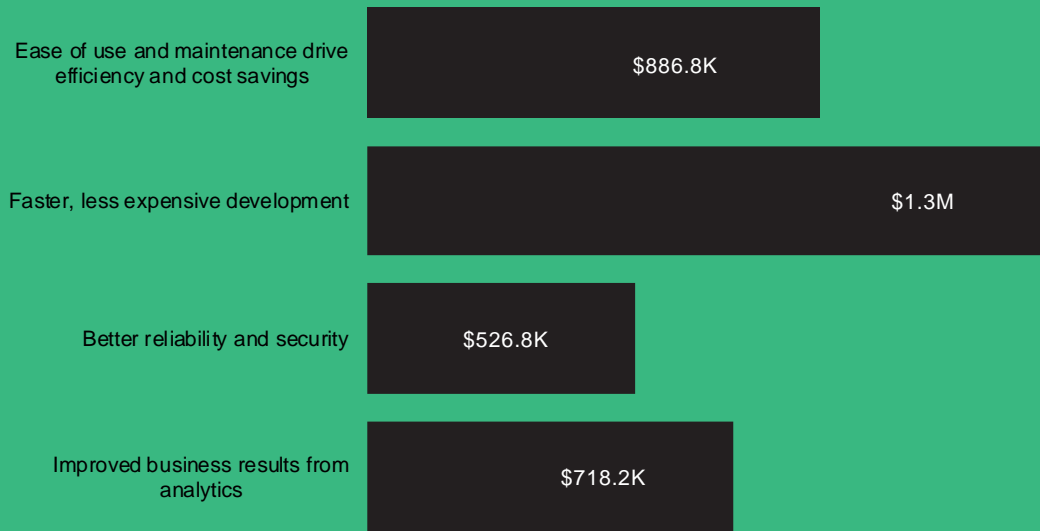
- **WordPress VIP fees, including those for Parse.ly.** WordPress VIP is offered on a subscription basis with optional support tiers. Parse.ly is an optional analytics capability offered on a fee-per-site basis. The composite organization, which is a sizable enterprise, incurs costs of \$675,000 over three years. But organizations of different sizes and complexity may incur more or less costs.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$3.48 million over three years versus costs of \$675,000, adding up to a net present value (NPV) of \$2.80 million and an ROI of 415%.

“From the developer side, something like 40% of the internet runs on [WordPress]. So, there are a lot of people who know how to work with it. There’s a lot of information out there.”
*Associate director of IT,
pharmaceuticals*



Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

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

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 WordPress VIP can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by WordPress 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 WordPress VIP.

WordPress VIP 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.

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



DUE DILIGENCE

Interviewed Automatic stakeholders and Forrester analysts to gather data relative to WordPress VIP.



DECISION-MAKER INTERVIEWS

Interviewed five decision-makers at organizations using WordPress VIP to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' 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 decision-makers.



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 WordPress VIP Customer Journey

■ Drivers leading to the WordPress VIP investment

Interviewed Decision-Makers			
Interviewee	Industry	Region	Sites hosted on WordPress VIP
Senior manager of marketing technology	B2B business services	United States	10
Lead UX designer	Renewable energy	United States	1
Associate director of IT	Pharmaceuticals	Global	11
Senior director	News	Global	4
Head of global partnerships	Media	Global	1

KEY CHALLENGES

Interviewees reported that their organizations previously hosted websites with other vendors, and some said their organizations were responsible for multiple sites on multiple platforms.

The interviewees noted how their organizations struggled with common challenges, including:

- **Disparate hosting solutions.** Interviewees described a variety of hosting solutions that differed across the organizations. Management sought to standardize website deployments.
- **Scarcity of practitioners including content creators and developers.** Interviewees also reported that finding practitioners was difficult and time-consuming.
- **Expensive development.** Using slower and more complicated systems coupled with the need for more custom development was expensive.
- **Difficulty or inability to maintain sites.** Without support, engineers spent time upgrading functionality and checking for security vulnerabilities.
- **Uncertainty about the extent of security vulnerabilities.** Even with engineers focused on

monitoring for potential threats and making updates, interviewees said their organizations may still not have been aware of all the ways their sites were vulnerable to new security threats.

- **Lack of content performance.** Interviewees said previous analytics tools were either not easily accessible for editorial teams or that they lacked features that allowed effective decision-making.

“We’re really pleased with WordPress VIP’s commitment to cybersecurity and the way that they store their data and all the various checks and balances to keep somebody from being able to get access to our site.”
Lead UX designer, renewable energy

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Meet strict security requirements.
- Meet enterprise-level requirements for scale and reliability.
- Integrate with other marketing tools.
- Integrate new capabilities as they become available.

After conducting business case processes evaluating multiple vendors, the interviewees' organizations chose WordPress VIP and began deployment.

- Most of the organizations took a phased approach to deployment, starting with a select few sites and expanding across their landscapes over time.
- Interviewees said traffic on their sites increased over time.

“There is no reason for us to have different hosting solutions when there is one that is doing the job extremely well. So, that’s really what we’re trying to drive toward in consolidating with WordPress VIP.”

Senior manager of marketing technology, B2B, business services

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected.

Key assumptions

- **Global presence**
- **Hosts websites for marketing and informational purposes**

The composite organization is representative of the five decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite has a global presence and hosts websites for marketing and informational purposes.

Deployment characteristics. The composite organization has multiple websites built on WordPress VIP. The organization uses WordPress VIP and deploys the Parse.ly content analytics platform to half of its websites. The composite organization opts to use the “Content Advocacy” support level for Parse.ly.

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	Efficiency and cost savings enabled by ease of use and maintenance	\$237,500	\$380,000	\$475,000	\$1,092,500	\$886,833
Btr	Faster, less expensive development	\$534,375	\$534,375	\$555,750	\$1,624,500	\$1,344,971
Ctr	Better reliability and security	\$141,075	\$225,720	\$282,150	\$648,945	\$526,779
Dtr	Improved business results from analytics	\$220,077	\$293,436	\$366,795	\$880,308	\$718,158
Total benefits (risk-adjusted)		\$1,133,027	\$1,433,531	\$1,679,695	\$4,246,253	\$3,476,741

EFFICIENCY AND COST SAVINGS ENABLED BY EASE OF USE AND MAINTENANCE

Evidence and data. Interviewees said that prior to adopting WordPress VIP, it was difficult to find ready talent to work on their sites, which led to delays in finding and training staff. It was also equally difficult and expensive to find maintenance and support providers.

Interviewees said the business impact of WordPress VIP is that there is a ready pool of talent already familiar with the CMS. However, we will focus on two groups: content creators who work on the content of their organizations' sites daily and operations team members who maintain and monitor their organizations' sites daily.

- A lead UX designer in the renewable energy industry said their organization worked with a partner agency and WordPress VIP support. They said: "I used to worry about [maintenance] a lot because I would get a lot of emails from people on my team saying, 'Oh, this thing stopped working' or some other problem arose. So, now, it's all handled by WordPress VIP or by the agency we work with. They work so well together that maintenance and downtime have

“Finding people who knew what they were doing in [our prior system] was a problem across the board. Finding people even just to add content is hard, and they have to go through tons of training. With WordPress VIP, costs come down across the board. Training costs go down. All of that type of stuff goes down because it’s just so much easier.”

Associate director of IT, pharmaceuticals

been a non-issue so far for us. It just happens quietly in the background, and we never hear about it. So, it's perfect for me.”

- An associate director of IT at a pharmaceuticals organization said: “The content user interface is pretty intuitive. It’s customizable. It’s pretty easy, and it’s so prevalent that a lot of people just know how to use it.”

Modeling and assumptions. Before moving to WordPress VIP, the composite organization experienced average annual maintenance costs of \$125,000 per site. Because interviewees estimated their organizations saved as much as 50% with WordPress VIP, Forrester conservatively assumes the composite organization saves 35%.

Risks. Savings from ease of use and maintenance may vary due to:

- Annual maintenance costs on the organization’s prior system.
- The organization’s ability to reduce the costs of use and maintenance.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$886,800.

Efficiency And Cost Savings Enabled By Ease Of Use And Maintenance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of sites being managed on WordPress VIP	Composite	5	8	10
A2	Annual maintenance per site previously	Interviews	\$125,000	\$125,000	\$125,000
A3	Savings on maintenance with WordPress VIP	Interviews	40%	40%	40%
At	Efficiency and cost savings enabled by ease of use and maintenance	A1*A2*A3	\$250,000	\$400,000	\$500,000
	Risk adjustment	↓5%			
Atr	Efficiency and cost savings enabled by ease of use and maintenance (risk-adjusted)		\$237,500	\$380,000	\$475,000
Three-year total: \$1,092,500			Three-year present value: \$886,833		

FASTER, LESS EXPENSIVE DEVELOPMENT

Evidence and data. Interviewees said the benefits of familiarity with WordPress and WordPress VIP extended to development. Whether their organizations chose to maintain internal development groups or to outsource that function, interviewees reported that launching new sites or developing custom capabilities for their organizations’ WordPress VIP-hosted sites was less expensive than other solutions.

They said the large number of plugins and other functionalities available in the WordPress ecosystem

were sources of savings and that there is additional support in choosing plugins that have been tested and vetted by WordPress VIP.

They said another source of savings came from the ready pool of developers, which saved the organizations not only in development cost, but also in hiring costs. Finally, interviewees reported that WordPress VIP is a more agile system to work with than other solutions, which makes customization faster and easier.

- The lead UX designer in the renewable energy industry said: “There were a few functions that

we needed that [our development partner] brought to us and said, 'Hey, rather than custom coding something from scratch, there's an approved plugin in the ecosystem that we've worked with a lot.' It saved everybody time and money to use that plugin."

- A senior manager for marketing technology in the B2B business services industry said: "We had a project where one of the agencies we've been working with quoted different prices on different systems. Once we made the decision to go with WordPress VIP, we were almost able to cut the cost in half."
- A senior director in the news industry said, "After using WordPress VIP for the last few years, it's very clear that it's the best option to go with just based on the size of the development community and the possibilities that can be unlocked."

"Not only did WordPress VIP save us tens of thousands' to potentially hundreds of thousands of dollars' worth of development costs, it also was the reason we could hit a super-compressed timeline. If developers had had to code it from scratch, we would never have been able to launch on time. So, WordPress VIP also saved us there."

Lead UX designer, renewable energy]

Modeling and assumptions. Forrester assumes the following about the composite organization:

- It deploys five new sites on WordPress VIP in Year 1. This grows to 10 sites in Year 3.
- It undertakes two new development projects per site per year.
- It previously spent an average of \$150,000 per new site launch.
- It previously spent an average of \$50,000 per custom development project.

Risks. Benefits from faster, less expensive development may vary due to:

- The number of sites the organization manages with WordPress VIP.
- The number of new sites the organization launches each year.
- The number of custom development projects the organization undertakes each year.
- The size and scope of the organization's custom development projects.
- The organization's ability to reduce costs.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$1.34 million.

Faster, Less Expensive Development

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of sites being managed on WordPress VIP	A1	5	8	10
B2	Sites launched per year	A1-A1 _{py}	5	3	2
B3	Development costs per launch	Interviews	\$150,000	\$150,000	\$150,000
B4	Development projects per year per site	Interviews	2	2	2
B5	Average costs per development project	Interviews	\$50,000	\$50,000	\$50,000
B6	Development costs before adopting WordPress VIP	(B2*B3)+(B1*B4*B5)	\$1,250,000	\$1,250,000	\$1,300,000
B7	Savings on development with WordPress VIP	Interviews	45%	45%	45%
Bt	Faster, less expensive development	B6*B7	\$562,500	\$562,500	\$585,000
	Risk adjustment	↓5%			
Btr	Faster, less expensive development (risk-adjusted)		\$534,375	\$534,375	\$555,750
Three-year total: \$1,624,500			Three-year present value: \$1,344,971		

BETTER RELIABILITY AND SECURITY

Evidence and data. Interviewees said that in addition to having IT teams search for security vulnerabilities, their organizations previously also maintained separate security teams. But that function is included in WordPress VIP support.

- The senior director of marketing technology in the B2B business services industry said: “Our director of information security was very much behind the idea of bringing websites to WordPress VIP. [IT staff] no longer needed to track those websites [because they know] they have a dedicated team with WordPress VIP to do that.”
- The lead UX designer in the renewable energy industry said: “We’re really pleased with WordPress VIP’s commitment to cybersecurity and the way [it] stores [its] data and all the various checks and balances to keep somebody from being able to get access to our site.”

Modeling and assumptions. Forrester assumes the following about the composite organization:

- Previously, one FTE information security engineer was allocated for every five sites under management.
- The average fully loaded annual cost of an information security engineer is \$148,500.

Risks. Benefits from better reliability and security may vary due to:

- The number of security workers the organization needed to search for security vulnerabilities in its previous system.
- The average cost of the organization’s security personnel.
- The number of sites under the organization’s management.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$527,000.

Better Reliability And Security					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of sites managed on WordPress VIP	A1	5	8	10
C2	Information security engineer FTE saved per site	Interviews	0.2	0.2	0.2
C3	Information security engineer fully loaded cost	TEI Standard	\$148,500	\$148,500	\$148,500
Ct	Better reliability and security	C1*C3*C2	\$148,500	\$237,600	\$297,000
	Risk adjustment	↓5%			
Ctr	Better reliability and security (risk-adjusted)		\$141,075	\$225,720	\$282,150
Three-year total: \$648,945			Three-year present value: \$526,779		

IMPROVED BUSINESS RESULTS FROM ANALYTICS

Evidence and data. Before using WordPress VIP, interviewees said their organizations tried different products to manage analytics and to provide content creators with the insights they needed to make better editorial decisions.

- A head of global partnerships in the media industry said: “There were tons of products that [my organization] paid for ... [and] I cut lots of [them] since I got here. ... They weren’t vital or critical to our daily operations or long-term success. We got rid of them, and we haven’t looked back. [Parse.ly] continues to be used by hundreds of people [at my organization each] day.”
- The senior director in the news industry said, “The data transparency and democratizing data across the whole organization has been one of the biggest values.”

Modeling and assumptions. Forrester assumes the following about the composite organization:

- It deploys Parse.ly capability on half of the sites it manages based on content and traffic.
- It employs five content creators per site.
- The average fully loaded annual cost of a content marketer is \$77,220.
- Using Parse.ly saves content marketing creators an average of 20% of their time.

“Really, it’s about how you manage the content across the ecosystem — both social media as well as our own site. For us, using Parse.ly to inform those decisions is ultimately what it’s for.”

Head of global partnerships, media

Risks. Benefits from improved results from business analytics may vary due to:

- The number of sites on which the organization deploys Parse.ly.
- The number of content creators per site.
- The number of content creators contributing to those sites.

- The average fully loaded cost of content creators.
- The amount of time saved by content creators.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$718,200.

Improved Business Results From Analytics					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of sites on which Parse.ly is deployed	A1/2	3	4	5
D2	Number of content creators per site	Composite	5	5	5
D3	Content marketing provider fully loaded cost	TEI Standard	\$77,220	\$77,220	\$77,220
D4	Time saved per year	Interviews	20%	20%	20%
Dt	Improved business results from analytics	D1*D2*D3*D4	\$231,660	\$308,880	\$386,100
	Risk adjustment	↓5%			
Dtr	Improved business results from analytics (risk-adjusted)		\$220,077	\$293,436	\$366,795
Three-year total: \$880,308			Three-year present value: \$718,158		

UNQUANTIFIED BENEFITS

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

- **Scalability and performance.** Interviewees reported that WordPress VIP is designed in a way that gives their organizations the flexibility to scale on demand without impact on performance.
 - The associate director of IT in the pharmaceuticals industry said: “Yes, we have saved money on the maintenance and [by] adding content, but we’ve also improved the scalability and performance of the sites.”
 - The senior manager of marketing technology in the B2B business services industry said: “The fact that we are able to

“The scalability and performance of the sites is a benefit. The infrastructure and the way the cache network is set up is huge for us.”

Associate director of IT, pharmaceutical

bring those marketers to a more stable platform [and] to give them the right to scale does impact the way those folks feel about the day-to-day job. It’s really freedom from not necessarily thinking

about all the things that could go wrong, but rather to focus on the strategy and on driving campaigns. So, if you think about the benefits of doing this, it's extremely difficult to quantify it, but it's very real."

- **Decreased time-to-market.** Faster development meant shorter lead times for launching sites and content into production.
 - The senior manager of marketing technology in the B2B business services industry said: "We are able to create a page and start the campaigns within a few hours instead of having to wait weeks and weeks to be able to get it done with different platforms."
 - The associate director of IT in the pharmaceuticals industry said: "We have a GDPR (general data protection regulation) banner. We created a plugin router for it, and marketing could deploy it in literally 5 minutes. [With our previous provider,] we would have been jumping through a ton of hoops to get it done [and] that took days."

FLEXIBILITY

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

- **The ability to integrate new tools as they are released.** Interviewees described ways that they were thinking about future strategies and how WordPress VIP could provide their organizations with the ability to execute on those strategies.

The lead UX designer in the renewable energy industry said: "I know there are some really advanced plug-ins that are available through WordPress VIP or there are approved partners that can help us really personalize the website in the future if we want to show different content to

different people based on what region they're coming from."

The senior manager of marketing technology in the B2B business services industry said, "We expect WordPress VIP will be a very key player in the technology marketing space by powering a lot of those marketing tools on the back end and driving that innovation."

Improved content effectiveness. Content analytics provide content creators with better insights to improve their content programs.

The senior director in the news industry said: "The real-time decision-making is powerful. We produce 10 articles about an event, we can see what resonated the most with our audience, and then we can produce follow-up pieces around that."

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	Year 1	Year 2	Year 3	Total	Present Value
Etr	WordPress VIP and Parse.ly fees	\$223,000	\$283,200	\$316,400	\$822,600	\$674,493
	Total costs (risk-adjusted)	\$223,000	\$283,200	\$316,400	\$822,600	\$674,493

WORDPRESS VIP AND PARSE.LY FEES

Evidence and data. WordPress VIP is provided on an annual subscription basis. WordPress VIP fees are based on:

- The number of sites deployed.
- The anticipated number of requests per site.
- The uptime SLA response time.
- The level of support contracted.
- The specific feature package of Parse.ly content analytics purchased.

Each subscription tier includes a maximum number of sites that can be managed. Additional support can be purchased on a per-site basis.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The number of sites it manages with WordPress VIP grows from five in Year 1 to 10 in Year 3.
- The anticipated requests per site increases from 75 million in Year 1 to 150 million in Year 3.
- With these increases, the composite moves to the next price tier in Year 2.
- The composite deploys Parse.ly on half of the sites it hosts on WordPress VIP.

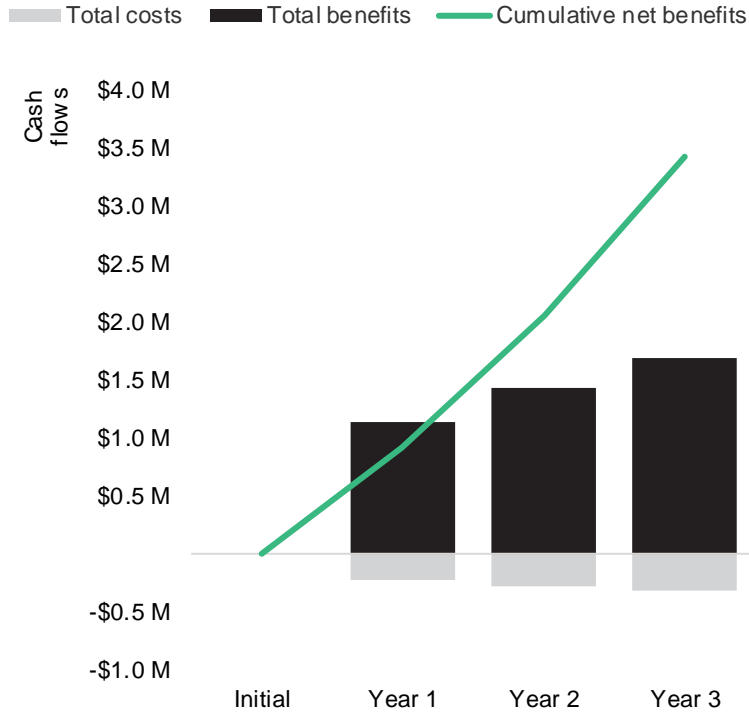
Results. Because WordPress VIP fees are contractually agreed upon, Forrester did not apply a risk adjustment to costs. This yields a three-year, total PV (discounted at 10%) of \$674,500.

WordPress VIP And Parse.ly Fees					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of sites under management	A1	5	8	10
E2	Number of sites included with base platform	Interviews	4	4	4
E3	Additional sites	Composite	1	4	6
E4	Cost for additional sites	E3*\$4,000	\$4,000	\$16,000	\$24,000
E5	Average monthly anticipated http requests per site	Composite	75,000,000	100,000,000	150,000,000
E6	WordPress VIP platform with application support	Interviews	\$135,000	\$170,000	\$170,000
E7	Subtotal: WordPress VIP fees	E4+E6	\$139,000	\$186,000	\$194,000
E8	Number of sites with Parse.ly capability	A1/2	3	4	5
E9	Number of sites included with base platform	Interviews	3	3	3
E10	Additional sites	E8-E9	0	1	2
E11	Cost for additional sites	E10*\$1,200	\$0	\$1,200	\$2,400
E12	Average monthly anticipated unique visitors per site	E5/5	15,000,000	20,000,000	30,000,000
E13	Annual Parse.ly fees per site	Interviews	\$84,000	\$96,000	\$120,000
E14	Subtotal: Parse.ly fees	E11+E13	\$84,000	\$97,200	\$122,400
Et	WordPress VIP fees, including Parse.ly	E7+E14	\$223,000	\$283,200	\$316,400
	Risk adjustment	0%			
Etr	WordPress VIP fees, including Parse.ly (risk-adjusted)		\$223,000	\$283,200	\$316,400
Three-year total: \$822,600			Three-year present value: \$674,493		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	\$0	(\$223,000)	(\$283,200)	(\$316,400)	(\$822,600)	(\$674,493)
Total benefits	\$0	\$1,133,027	\$1,433,531	\$1,679,695	\$4,246,253	\$3,476,741
Net benefits	\$0	\$910,027	\$1,150,331	\$1,363,295	\$3,423,653	\$2,802,248
ROI						415%

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.

Appendix C: Endnotes

¹ Source: "Usage statistics of content management systems," W3Techs, (https://w3techs.com/technologies/overview/content_management).

² 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.

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