The Total Economic Impact™ Of Freshdesk

Cost Savings And Business Benefits
Enabled By Freshdesk

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Table Of Contents

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Key Benefits

Cost saving from deflection to self-service channels:
$895,451

Cost saving from shift to lower-cost channels:
$2.88 million
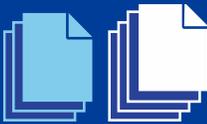
Improved agent productivity and efficiency:
$1.29 million

Executive Summary

In the age of the customer, customer service is a cornerstone of a company's customer experience (CX) strategy. Today's customers contact enterprises more often and via more channels, shifting between channels seamlessly and even using multiple channels simultaneously. To keep up with customer service demands — either via self-service or an interaction with a contact center agent — contact centers have been growing rapidly. Yet, this has come with added cost and complexity. To manage these challenges, organizations are now looking to omnichannel solutions with automation capabilities to modernize customer support operations.

Freshdesk is an online, cloud-based omnichannel customer service solution that simplifies cross-channel customer service and streamlines agent workflows to deliver better customer support experiences. Freshworks commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its customer support solution: Freshdesk.

The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Freshdesk on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with several years of experience using Freshdesk.

Prior to Freshdesk, these customers either used single solutions that were limited to specific contact channels (e.g., phone or email) or they deployed a variety of disparate solutions across their organizations, which led to many inefficiencies, added costs, and brought a lack of visibility into the complete customer profiles. To streamline their customer support operations and deploy digital customer service with ease, these customers sought a cost-effective solution that could unify customer communications across channels, offered integration with current back-end systems, and could scale with business growth. That led them to Freshdesk.

To develop a financial model for this study, Forrester constructed a composite organization based on data gathered from the customer interviews to reflect the total economic impact that the Freshdesk solution could have on an organization. The composite organization is representative of the organizations that Forrester interviewed, and is used to present the aggregate financial analysis in this study.

Key Findings

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

› **Cost savings of $895,451 through deflection to self-service channels.** Freshdesk offers several features to support and scale a self-service experience for customers – including an AI-powered chatbot, a help widget, and a knowledge base of frequently asked questions. With Freshdesk, the composite organization is able to steadily increase the proportion of tickets resolved with self-service at a rate of 40% annually. During a three-year period for the composite organization, this accounts for more than 1 million support tickets that are deflected to self-service channels, translating into a cost saving of $895,451.

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ROI
462%

Benefits PV
$5.67 million

NPV
$4.66 million

› **Cost savings of $2.88 million through a shift to lower-cost channels.** Freshdesk's ability to provide omnichannel support gives organizations more flexibility to encourage their customers to utilize lower-cost channels that are more efficient and can handle higher volumes of contacts simultaneously. With Freshdesk, the composite organization is able to reduce the volume of calls on phone channels by 15% annually. While some of these calls deflect to self-service channels, a large portion shift to lower-cost, web-based channels like live chat and email. By shifting tickets to lower-cost channels, the composite organization achieves a cost saving of $2.88 million over three years.

› **Improved agent productivity and efficiency, resulting in a reduced agent headcount of 32 FTEs over three years.** Freshdesk provides features to support and empower agents during customer interactions. Auto-assigned rules and visibility into a customers' context enable agents to serve customers faster and to be more proactive during each interaction. With Freshdesk, the composite organization is able to reduce the average handling time per phone ticket by 25%. This results in a capacity improvement of more than 65,000 hours, which is equal to a reduced agent headcount of 32 FTEs over three years. Through improved agent productivity and efficiency, the composite organization achieves a cost saving of $1.29 million over three years.

› **Avoided administrative tasks and reporting costs of $609,448.** With Freshdesk's automation and reporting capabilities, the interviewed organizations reported they were able to eliminate manual-based processes centered around repetitive work tasks and report generation. The composite organization is able to reduce the amount of time agents spend on repetitive, manual tasks and reporting by more than 54 hours per agent per year. Avoidance of administrative tasks and reporting results in a cost saving of $609,448 over three years.

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

› **Improved agent experience.** Interviewees reported that a key advantage of Freshdesk's platform is the user-friendly and intuitive interface, which improves agents' productivity and experiences.

› **Enhanced customer experience.** The interviewees mentioned that Freshdesk helped their organizations improve customer experience through flexible, proactive, and instantaneous support.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

› **Freshdesk license fees of $699,780.** This includes the license fees paid to Freshdesk based on a per-agent omnichannel enterprise plan.

› **Implementation and training costs of $71,668.** This includes the resources (i.e., employees' time and effort) spent on deploying the solution, as well as initial agent supervisor training.

› **Internal staff costs of $237,497.** This includes the internal staff cost for ongoing support and management of Freshdesk over three years.

Forrester's interviews with four existing customers and subsequent financial analysis found that the composite organization based on the interviewed organizations would experience benefits of $5.67 million over three years versus costs of $1 million, adding up to a net present value (NPV) of $4.66 million and an ROI of 462%.

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Financial Summary

Payback period: <3 months

Total benefits PV, $5.7M

Total costs PV, $1.0M

Initial   Year 1   Year 2   Year 3

Benefits (Three-Year)

$895.5K	$2.9M	$1.3M	$609.4K
Cost savings through deflection to self-service channels	Cost savings through shift to lower-cost channels	Improved agent productivity and efficiency	Cost avoidance of administrative tasks and reporting
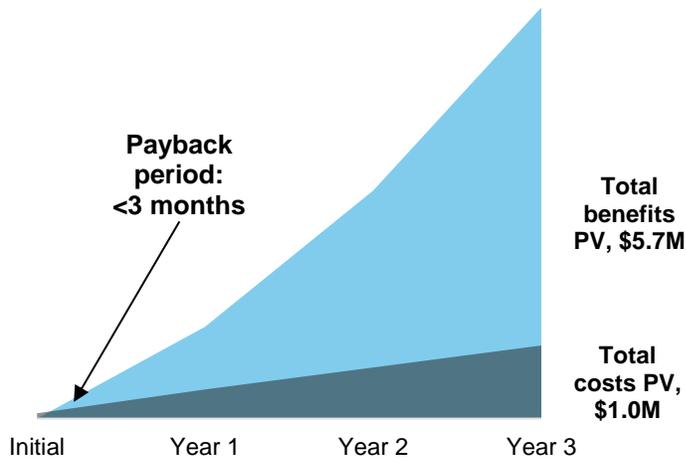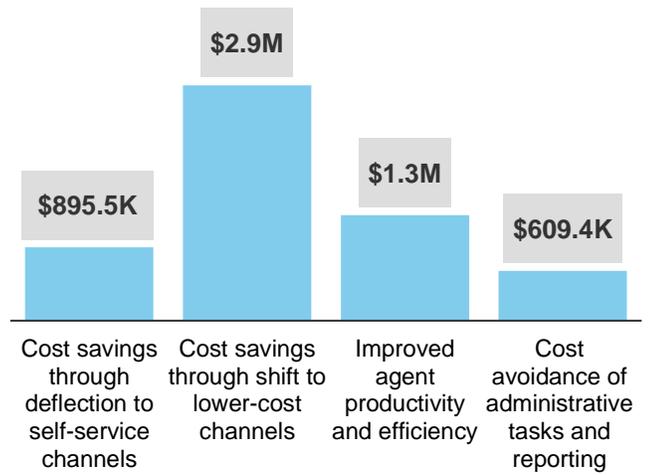
Is this study improving your understanding of how to build a business case for adopting Freshdesk?

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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 Freshdesk.

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 Freshdesk can have on an organization:

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

DUE DILIGENCE
Interviewed Freshworks stakeholders and Forrester analysts to gather data relative to Freshdesk.

CUSTOMER INTERVIEWS
Interviewed four organizations using Freshdesk 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 Freshdesk'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.

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The Freshdesk Customer Journey

BEFORE AND AFTER THE FRESHDESK INVESTMENT

Interviewed Organizations

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

INDUSTRY	REGION	INTERVIEWEE ROLE	NUMBER OF AGENTS
Health tech	Asia Pacific	Principal product manager	200 agents
Consumer goods	North America	Contact center, product specialist	210 agents
Travel	Europe	Customer service, operational excellence	250 agents
Logistics	Asia Pacific	CSM product manager	280 agents

Key Challenges

Interviewees outlined the following challenges with their organizations' previous customer support environments:

› **High complexity and cost of managing multiple solutions.** Most interviewees said their organizations used more than one solution for customer support (e.g., one dedicated solution for phone channels and another solution for email and chat-based channels). Not only does managing multiple solutions increase complexity and costs, but it also makes it challenging to provide a cohesive customer experience and increases the complexity to train agents.

› **Lack of a unified view of the customer journey.** Using multiple solutions also does not offer firms visibility into the customer journey. As customers move across channels and reach out to companies through different service channels, an organization's inability to view customer context can be detrimental to the customer experience. Interviewees explained that the inability to create a single view of the customer caused longer service interactions and placed a greater burden on the customer having to repeat their service history. One interviewee said, "We couldn't get the complete, comprehensive picture on what our customers were reaching out to us about."

› **Inaccurate measurement and reporting.** Interviewees said their organizations had very little access and visibility into contact center metrics and agents' actions. So it was difficult to identify key areas that could drive improvements and growth. For example, one interviewee mentioned that their organization did not have any ability to track or measure the performance of its customer support operations. This challenge is especially critical as organizations expand contact center operations and optimize agent performance.

After a competitive analysis evaluating multiple vendors, the interviewed organizations chose the Freshdesk platform and began deployment.

"The customer experience was not standardized at all. We needed a solution that could meet our customers wherever they are."

Principal product manager, health tech

"[Before Freshdesk,] we couldn't get the complete, comprehensive picture on what our customers were reaching out to us about."

Principal product manager, health tech

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Key Results

The interviews revealed that key results from the Freshdesk investment include:

› **Improved agent workflow.** Through customized and automated workflows, tickets can be prioritized and categorized, and organizations can assign agents with precision and speed. Agents can easily stay on top of all support tickets and collaborate to efficiently resolve customer issues.

› **Enhanced omnichannel customer support presence.** With Freshdesk, agents are able to handle inquiries from phone calls, email, social media, chats, and messages (e.g., Apple Business Chat and WhatsApp) in one place. With a unified platform, agents can gain insight into the complete context of the customer's issue, regardless of which channel they came from. That typically results in a faster time-to-resolution. In addition, offering omnichannel customer support empowers customers to contact organizations on their own terms, whether it's self-assisted (self-service) or agent-assisted and through their channel of their choice.

› **Centralized platform with seamless integration.** One interviewee mentioned that the ability to connect their organization's customer service and ticketing platform to its back-end systems via APIs is an important feature that enables seamless integration and a complete view of a customer's profile. A centralized platform also reduces front-line teams' need to toggle between different platforms, and it also offers analytics and dashboards for better insights and performance tracking.

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 by using Freshdesk. 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 fast-growth business-to-consumer service organization headquartered in North America with $400 million in annual revenue. As a fast-growth business, the organization has a high volume of customer service interactions and averages 240,000 tickets per month, which grows at a steady rate of 15% year over year. The organization employs 175 customer service agents who serve customers through phone and web-based (e.g., email and web-based chat) channels.

With greater visibility and control over support channels from the Freshdesk platform, the composite organization wants to evenly distribute customer support traffic across all channels. The strategy is to optimize support costs while delivering excellent omnichannel support for customers. The organization is able to achieve this over three years by shifting traffic across the following channels:

- Initially 10% self-service, increasing by 40% per year.

- Initially 65% phone, declining by 15% per year.

- Initially 25% web-based, increasing by 10% to 20% per year.

> "Freshdesk's culture seemed to be the closest to ours. As a growth company, we believed that [Freshdesk] would understand our needs and our growth stage, and be a long-term partner creating value for each other."
>
> *Customer service, operational excellence. travel*

Key assumptions
- 175 agents
- 240,000 tickets per month (average)
- Support cases divided across phone, web-based, and self-service channels

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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	Cost savings through deflection to self-service channels	$119,267	$342,891	$670,353	$1,132,511	$895,451
Btr	Cost savings through shift to lower-cost channels	$522,893	$1,152,543	$1,930,509	$3,605,945	$2,878,292
Ctr	Improved agent productivity and efficiency	$532,950	$532,950	$484,500	$1,550,400	$1,288,967
Dtr	Cost avoidance of administrative tasks and reporting	$219,287	$245,602	$275,675	$740,564	$609,448
	Total benefits (risk-adjusted)	$1,394,397	$2,273,986	$3,361,037	$7,029,420	$5,672,158

Cost Savings Through Deflection To Self-Service Channels

Freshdesk includes several features to support and enable a self-service experience for customers, including an AI-powered chatbot, a help widget, and a knowledge base of frequently asked questions (FAQs). According to interviewees, these features often deflect some customer queries to self-service channels that are typically cheaper to maintain.

One interviewed customer said, "[Although my organization doesn't] stop customers from reaching out via any other channel, we try to reduce the visibility where we feel that the urgency is not that high."

With Freshdesk, the composite organization is able to steadily increase the proportion of tickets resolved with self-service at a rate of 40% annually. Over a three-year period, this accounts for more than 768,000 support tickets that are now deflected to self-service channels. The blended cost of servicing each of these tickets would have been $1.74.

Forrester applied an attribution ratio of 70% to account for the additional work that is put into building quality content for the knowledge base and chatbot.

Individual organizations may experience different levels of deflection to self-service channels based on:

› The typical complexity of customer issues.

› The quality and effectiveness of content in the knowledge base to address customer issues.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $895,451.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 15%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $5.46 million.

"We don't stop customers from reaching out via any other channel, but we try to reduce the visibility where we feel that the urgency is not that high."

Principal product manager, health tech

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.

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Cost Savings Through Deflection To Self-Service Channels: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
A1	Number of support tickets received	Composite	2,880,000	3,312,000	3,808,800
A2	% of tickets resolved with self-service before Freshdesk	Composite	10%	10%	10%
A3	% of tickets resolved with self-service with Freshdesk	Composite	14%	20%	27%
A4	Additional number of support tickets deflected to self-service channels	(A3-A2)*A1	115,200	331,200	647,496
A5	Attribution to Freshdesk	70%	80,640	231,840	453,247
A6	Saved cost per ticket (blended cost of servicing each ticket)	Assumption	$1.74	$1.74	$1.74
At	Cost savings through deflection to self-service channels	A5*A6	$140,314	$403,402	$788,650
	Risk adjustment	↓15%			
Atr	Cost savings through deflection to self-service channels (risk-adjusted)		$119,267	$342,891	$670,353

Cost Savings Through A Shift To Lower-Cost Channels

Freshdesk's ability to provide omnichannel support also enables organizations to manage multiple support channels more efficiently, and on a single platform. This gives organizations more flexibility to shift users to lower-cost channels that can also cater to higher volumes and simultaneous contacts (e.g., live chat or WhatsApp). Similar to deflecting to self-service channels, this makes it easier for organizations to guide customers to lower-cost support channels.

For instance, one interviewee reported that using live chat allows agents to work on three support tickets simultaneously (as opposed to just one at a time on the phone). That also helped to reduce customer waiting times by 80%.

Forrester estimates that the composite organization is able to reduce the volume of calls on phone channels by 15% annually. While the organization will deflect some of these calls to self-service channels (accounted for in the first benefit), it will still shift a large portion to lower-cost, web-based channels like live chat and email. Forrester estimates that the average cost of these web-based channels is 70% lower than an agent-intensive phone channel ($0.89 versus $2.67 per support ticket).

Individual organizations may experience different levels of deflection to lower-cost channels based on:

› The nature and complexity of customer issues.

› The efficiency of support agents.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $2,878,292.

$2.9 million

three-year benefit PV

51%
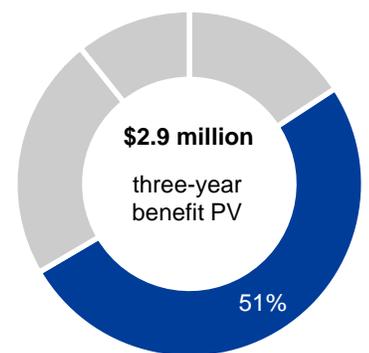
Cost savings through shift to lower-cost channels: 51% of total benefits

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Cost Savings Through Shift To Lower-Cost Channels: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
B1	Number of support tickets received	Composite	2,880,000	3,312,000	3,808,800
B2	% of support tickets received on phone channels before Freshdesk	Composite	65%	65%	65%
B3	% of support tickets received on web-based channels (e.g., live chat and email) before Freshdesk	Composite	25%	25%	25%
B4	Number of support tickets received on phone channels before Freshdesk	B1*B2	1,872,000	2,152,800	2,475,720
B5	Number of support tickets received on web-based channels (e.g., live chat and email) before Freshdesk	B1*B3	720,000	828,000	952,200
B6	% of support tickets received on phone channels with Freshdesk	Composite	55%	47%	40%
B7	% of support tickets received on web-based channels (e.g., live chat and email) with Freshdesk	Composite	31%	33%	33%
B8	Number of support tickets received on phone channels with Freshdesk	Composite	1,584,000	1,556,640	1,523,520
B9	Number of support tickets received on web-based channels (e.g., live chat and email) with Freshdesk	Composite	892,800	1,092,960	1,256,904
B10	Cost of servicing each ticket on phone channels	Assumption	$2.67	$2.67	$2.67
B11	Cost of servicing each ticket on web-based channels	Assumption	$0.89	$0.89	$0.89
B12	Total customer support costs before Freshdesk	(B4*B10) + (B5*B11)	$5,639,040	$6,484,896	$7,457,630
B13	Total customer support costs with Freshdesk	(B8*B10) + (B9*B11)	$5,023,872	$5,128,963	$5,186,443
Bt	Cost savings through shift to lower-cost channels	B12-B13	$615,168	$1,355,933	$2,271,187
	Risk adjustment	↓15%			
Btr	Cost savings through shift to lower-cost channels (risk-adjusted)		$522,893	$1,152,543	$1,930,509

Improved Agent Productivity And Efficiency

Freshdesk offers several features that support and empower agents during a customer interaction. Auto-assign rules intelligently prioritize and assign tickets to the right agents, ensuring that the most suitable agent is matched to each ticket. In addition, Freshdesk provides agents with greater visibility into the customer journey across all channels. With this context, agents can serve customers faster (requiring less discussion about the customer's context) and be more proactive during each customer interaction.

According to the interviewees, these features improve both the ease and speed of handling tickets. One interviewed customer said, "With a single platform, our departments are able cooperate and resolve tickets a lot faster."

With Freshdesk, the composite organization is able to reduce the average handling time per phone ticket from 4.9 minutes to 3.7 minutes per interaction (25% reduction). Assuming 70% of productivity is captured from this time saving, this is a net capacity improvement of

> "With a single platform, our departments are able cooperate and resolve tickets a lot faster."
>
> *Customer service, operational excellence, travel*

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65,000 hours. Over a three-year period, this results in a reduced agent headcount of 32 FTEs.

Individual organizations may experience different levels of agent productivity and efficiency based on:

› The nature and complexity of customer issues.

› The ability of agents to handle issues quickly and proactively.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $1,288,967.

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
Improved Agent Productivity And Efficiency: Calculation Table					
C1	Number of support tickets received	Composite	2,880,000	3,312,000	3,808,800
C2	% of support tickets received on phone channels with Freshdesk	B6	55%	47%	40%
C3	Average handling time before Freshdesk (minutes)	Composite	4.9	4.9	4.9
C4	Average handling time after Freshdesk (minutes)	C3-25%	3.7	3.7	3.7
C5	Average handling time saving (minutes)	C3-C4	1.2	1.2	1.2
C6	Total time savings (minutes)	C1*C2*C5	1,900,800	1,867,968	1,828,224
C7	Total time savings (hours)	C6/60	31,680	31,133	30,470
C8	Productivity capture rate	Assumption	70%	70%	70%
C9	Additional capacity due to time savings (hours)	C7*C8	22,176	21,793	21,329
C10	Reduced agent headcount (number of FTEs)	C9/2,080	11	11	10
C11	Average loaded salary of support agent	Assumption	$57,000	$57,000	$57,000
Ct	Improved agent productivity and efficiency	C10*C11	$627,000	$627,000	$570,000
	Risk adjustment	↓15%			
Ctr	Improved agent productivity and efficiency (risk-adjusted)		$532,950	$532,950	$484,500

Cost Avoidance Of Administrative Tasks And Reporting

With Freshdesk's automation and reporting capabilities, interviewees said their organizations were able to eliminate manual-based processes centered around repetitive work tasks and reporting.

Features such as advanced workflow automations, auto-generated summaries, and smart triggers can automate repetitive tasks that are part of an agent's workflow. One of the interviewees also said their organization uses AI-based automation to screen out spam mail and send auto-replies. Similarly, Freshdesk's built-in reports and dashboards help agents and supervisors save administrative time and effort in building custom reports and gathering insights.

Assuming 70% of productivity is captured from this time saving, the composite organization is able to save more than 54 hours per agent per year on repetitive manual tasks and reporting. This is equivalent to saving 15.5 FTEs over three years.

Individual organizations may experience different levels of cost avoidance of administrative tasks and reporting based on:

11%

$609,448

three-year benefit PV
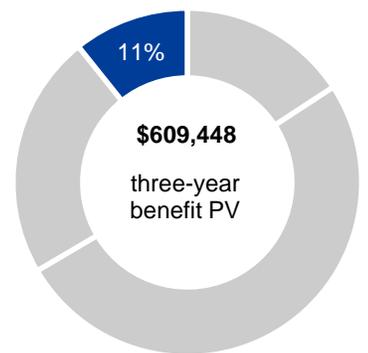
Cost avoidance of administrative tasks and reporting: 11% of total benefits

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The organization's current analytics and reporting capabilities.

The degree of automation integrated into agent workflows.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $609,448.

	Cost Avoidance Of Administrative Tasks And Reporting : Calculation Table				
REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
D1	Number of support agents	12% YOY growth	175	196	220
D2	Average number of hours spent on manual tasks per week	Composite	1.0	1.0	1.0
D3	Average number of hours spent on reporting per week	Composite	0.5	0.5	0.5
D4	Average number of hours spent on manual tasks and reporting per week	D2+D3	1.5	1.5	1.5
D5	Total time spent on manual tasks and reporting	D1*D4*52	13,650	15,288	17,160
D6	Productivity capture rate	Assumption	70%	70%	70%
D7	Total time savings (in hours) (rounded value shown)	D5*D6	9,555	10,702	12,012
D8	Average loaded hourly wage of support agent	Assumption	$27	$27	$27
Dt	Cost avoidance of administrative tasks and reporting	D7*D8	$257,985	$288,943	$324,324
	Risk adjustment	↓15%			
Dtr	Cost avoidance of administrative tasks and reporting (risk-adjusted)		$219,287	$245,602	$275,675

Unquantified Benefits

The composite organization realizes additional benefits that Forrester did not include in the financial analysis. In many cases, the interviewed organizations were unable to measure these benefits, but the impacts are still recognized.

Improved agent experience. Interviewees reported that a key advantage of Freshdesk's platform is the user-friendly and intuitive interface that makes it easier for agents to perform their work. Agents also have access to an internal agent-assist bot that offers instructions and suggestions for each ticket they work on, which makes their day-to-day work easier and more intuitive.

Enhanced customer experience. Interviewees mentioned that Freshdesk improves the customer experience through flexible and instantaneous support. One said, "Freshdesk allows [my organization] to develop a more intuitive approach to interacting with customers, helping [agents] serve them better than ever before." Through detection of online frustration signals, Freshdesk also enables agents to proactively reach out to customers before they ask for help.

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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 Freshdesk and later realize additional uses and business opportunities, including:

› **Unified control of service channels.** With Freshdesk's omnichannel support solution, organizations have complete visibility and unified control of all channels. This provides them with the ability to scale up or down channels based on their customer support strategies.

› **Ability to quickly scale with business growth.** Interviewed organizations noted that, in addition to reducing costs, the scalability of the Freshdesk solution allows them to quickly scale up customer support operations as their businesses grow. In addition, flexible "day passes" allow organizations to add temporary agents to manage seasonality without an annual overhead cost.

› **Expansion of internal workflow use cases.** While the most common use case of Freshdesk is customer support, the platform and its features can also be used to manage and automate internal workflows by replacing shared inboxes in functions such as technology management.

› **Increased testing and expanded use of chatbots.** Although interviewees said their organizations have already deployed some AI-based automation features, several mentioned that they are currently testing or planning to implement Freshdesk's customer-facing, AI-based chatbots to increase support automation.

> 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.

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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	Freshdesk license fees	$0	$251,790	$282,005	$316,536	$850,331	$699,780
Ftr	Implementation and training costs	$71,668	$0	$0	$0	$71,668	$71,668
Gtr	Internal staff costs	$0	$110,352	$86,944	$86,944	$284,240	$237,497
	Total costs (risk-adjusted)	$71,668	$362,142	$368,949	$403,480	$1,206,239	$1,008,945

Freshdesk License Fees

Freshdesk charges license fees on a per agent basis. The fees include but are not limited to omnichannel service, knowledge base, AI-enabled support and chatbots, help desk automations, and reporting and analytics. This represents a typical use case, as experienced by the interviewed customers.

Organizations may incur other fees based on the size and operational complexity of the customer support organization, as well as the desired features for the customer service solution.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $699,780.

> 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 $1 million.

	Freshdesk License Fees: Calculation Table					
REF.	**METRIC**	**CALCULATION**	**INITIAL**	**YEAR 1**	**YEAR 2**	**YEAR 3**
E1	Number of support agents	12% YOY growth		175	196	220
E2	Average cost per agent per year	Composite		$1,308	$1,308	$1,308
Et	Freshdesk license fees	E1*E2	$0	$228,900	$256,368	$287,760
	Risk adjustment	↑10%				
Etr	Freshdesk license fees (risk-adjusted)		$0	$251,790	$282,005	$316,536

Implementation And Training Costs

For the interviewed organizations, implementation of Freshdesk ranged from one month to six months depending on the degree of configuration, customization, ticket migration from legacy solutions, and testing required. Most of the interviewees mentioned that deployment was generally faster and easier than expected. Based on the customer interviews, Forrester estimates for the composite organization:

› Two internal resources supported the migration of tickets and managed the configuration and deployment over eight weeks.

› Twenty-five agent supervisors (one in six to eight agents) completed training on the Freshdesk platform over two-weeks on a part-time basis.

> "Freshdesk agreed to have dedicated people in its team constantly working with us to customize the solution to our needs."
>
> *Customer service, operational excellence, travel*

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Forrester applied a 15% upward risk adjustment to account for variances in customization requirements and different levels of implementation support (e.g., ticket migration) that different organizations require. In all, the total implementation costs are estimated to be a PV of $71,668.

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
Implementation And Training Costs: Calculation Table						
F1	Number of employees involved in implementation	Composite	2			
F2	Number of hours spent on implementation	Composite	320			
F3	Total manhours spent implementation	F1*F2	640			
F4	Number of employees involved in training	Composite	25			
F5	Duration of training per employee (FTE hours)	Composite	40			
F6	Total person-hours spent on training	Composite	1,000			
F7	Average loaded hourly wage of employees	Assumption	$38			
F8	Total implementation costs	F3*F7	$24,320			
F9	Total training costs	F6*F7	$38,000			
Ft	Implementation and training costs	F8+F9	$62,320	$0	$0	$0
	Risk adjustment	↑15%				
Ftr	Implementation and training costs (risk-adjusted)		$71,668	$0	$0	$0

Internal Staff Costs

Once implementation is complete, ongoing management and maintenance needs tend to be minimal. Most of the interviewees said their organizations have one or two full-time internal resources dedicated to managing their Freshdesk environments. That includes developing and improving knowledge base articles, automation, and integration.

Organizations may incur other fees based on the size and operational complexity of the customer support organization, as well as the desired features for the customer service solution. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $237,497.

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Internal Staff Costs: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Number of FTEs involved in ongoing solution management	Composite		1.5	1	1
G2	Number of weeks per year	Year 1 excludes weeks spent on implementation		44	52	52
G3	Total person-hours spent on managing Freshdesk per year	G1*40*G2		2,640	2,080	2,080
G4	Average loaded hourly wage of employees	Assumption		$38	$38	$38
Gt	Internal staff costs	G3*G4	$0	$100,320	$79,040	$79,040
	Risk adjustment	↑10%				
Gtr	Internal staff costs (risk-adjusted)		$0	$110,352	$86,944	$86,944

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Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)

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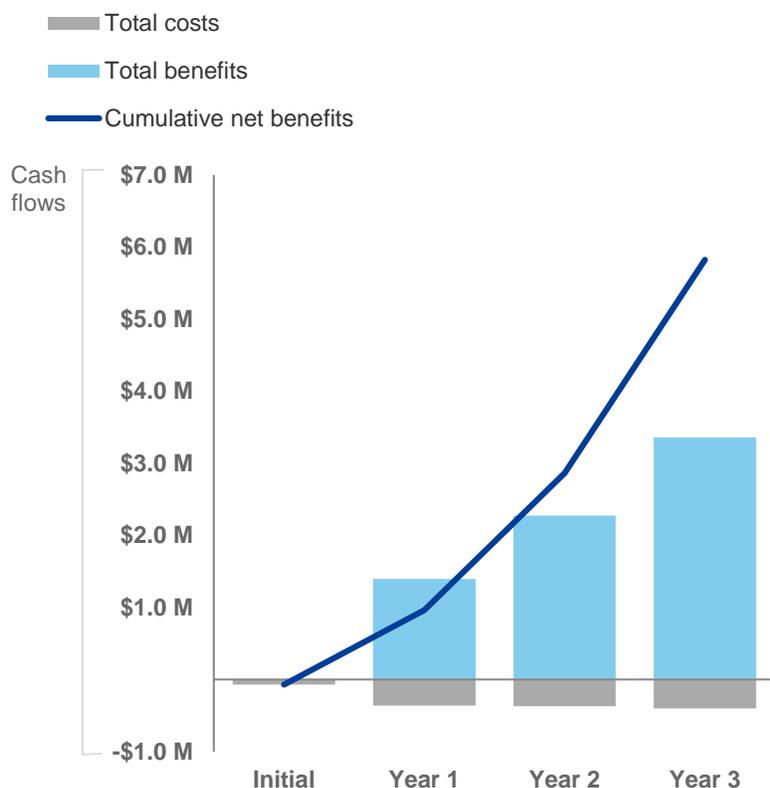
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($71,668)	($362,142)	($368,949)	($403,480)	($1,206,239)	($1,008,945)
Total benefits	$0	$1,394,397	$2,273,986	$3,361,037	$7,029,420	$5,672,158
Net benefits	($71,668)	$1,032,255	$1,905,037	$2,957,557	$5,823,181	$4,663,213
ROI						462%
Payback period (months)						<3

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Freshdesk: Overview

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

In this experience economy, customer expectations are changing rapidly, and businesses with the best experience realize higher revenues due to improved customer retention, repeat business, and referral revenue. When the agent experience is optimized for efficiency by using a modern, cloud-native platform, businesses also realize a decrease in operating costs and improve profitability.

To provide the best customer service experience and create customers for life, businesses must:

1. Reduce wait times and frustration with low-effort service experiences.
2. Be personal and proactive by harnessing customer data for increased context.
3. Improve the agent experience and reduce handle times.
4. Provide fast and accurate resolutions with efficient contact-center operations.
5. Use AI for both customer-facing self-service and agent-facing productivity.

Freshdesk is a future-ready, omnichannel customer service platform that helps you delight your customers and win them for life. With Freshdesk, you can unify customer service across channels including email, phone, web, live chat, instant messaging, social media, mobile, and more to have continuous and contextual conversations with your customers. Equip your support team with rich context and a 360-degree view of the customer across every touch point. Use powerful, AI-driven automations and collaboration tools to streamline workflows and resolve customer queries faster. Scale your customer service operations with Freddy AI for CX. Our AI chatbots for conversational self-service and agent-assist tools can supercharge productivity.

Enable modern omnichannel customer service to deliver an effortless experience for customers.

- Deliver consistent service across channels like email, phone, chat, messaging, social media, and more.
- Provide service on modern messaging apps including Apple Business Chat, WhatsApp, Facebook Messenger, etc.
- Manage and lower wait times across channels with omnichannel, skill-based routing.
- Make service personal with a 360-degree view of the customer including profiles, activities, and conversations.

Deploy self-service and AI to deliver instant resolutions around the clock.

- Set up a branded help center to make self-help information accessible to your customers.
- Deliver instant service around the clock with click-to-configure AI-chatbots. Execute workflows to book appointments, fetch order status, and more with open APIs.
- Delight your customers with intent detection and convert support queries into sales opportunities.

Empower your team with consumer-friendly, but enterprise-grade software.

- Onboard and ramp agents faster with our intuitive, easy-to-use agent desktop.
- Guide agents through troubleshooting with Freddy AI that suggests next-best actions for speedy resolution.
- Simplify collaboration with internal, external, and field-service teams to resolve issues faster.

Easily scale with a secure, flexible platform.

- Save time and effort by automating complex processes with smart, multi-level workflows.
- Integrate your existing IT applications with more than 600 app integrations and the Freshworks platform ecosystem.
- Secure your customer data with an ISO-, SOC II-, HIPAA-, and PCI-compliant platform.

To learn more about delivering delightful customer service and creating customers for life, please visit freshdesk.com.

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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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Appendix B: Supplemental Material

Related Forrester Research

"Transform The Contact Center For Customer Service Excellence," Forrester Research, Inc., March 19, 2019

Online Resources

More information about Freshdesk is available at http://www.freshdesk.com.

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