

FORRESTER®

The Total Economic Impact™ Of Freshworks Freshservice

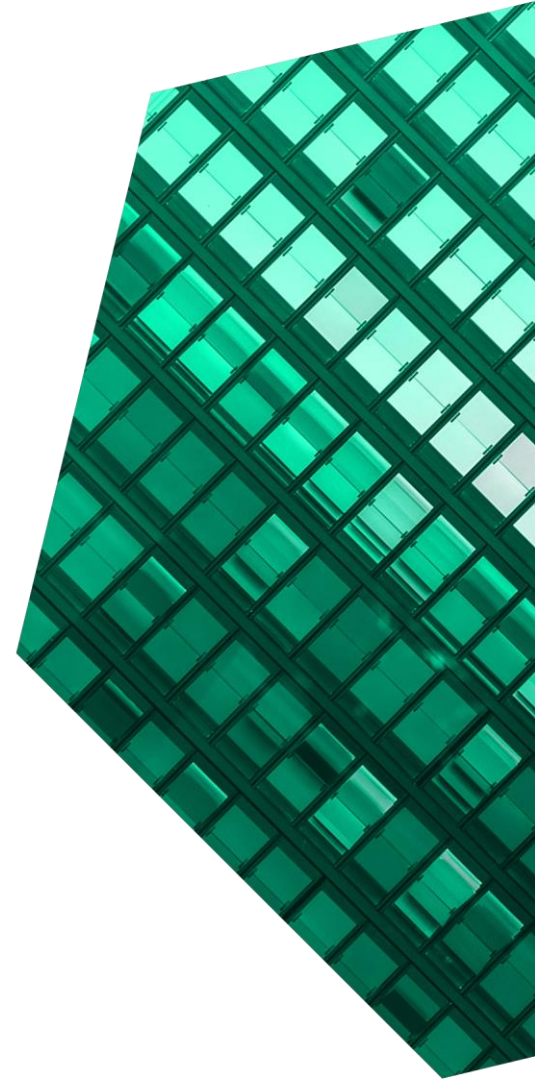
Cost Savings And Business Benefits
Enabled By Freshservice

JULY 2023

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester’s seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

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Executive Summary

Modern business environments demand businesses to be future fit — adaptive, fast, and data-driven — and IT operations need to keep up with the pace of business operational demands. Organizations need IT service management to support knowledge workers in improving productivity, simplify employee experience, and leverage orchestration and artificial intelligence for faster resolution.

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 [Freshservice](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Freshservice on their organizations.

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

Prior to using Freshservice, these interviewees noted how their organizations used various tools ranging from email and messaging tools to other IT service management (ITSM) solutions. However, they found their legacy solutions to be limited in features, outdated, and nonintuitive to configure.

After the investment in Freshservice, the interviewees could move most if not all tickets to a centrally managed service desk portal. This was possible due to a user-friendly interface and design that was easy to understand and navigate. The adoption of Freshservice was a stark improvement compared to legacy solutions. Key results from the investment include improved service agent productivity, end-user productivity gains, improved IT operational efficiency,

KEY STATISTICS



Return on investment (ROI)
356%



Net present value (NPV)
\$2.84M

cost savings from the retirement of legacy systems, and reporting and analytics productivity gain.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Improved service agent productivity.** Before Freshservice, there was a sizeable number of tickets that were submitted through unofficial channels such as emails or even phone calls. With Freshservice's ticketing portal, service agents no longer need to structure unofficial requests by manually creating tickets on the ITSM platform. Freshservice Virtual Agent (i.e., chatbot) is powered by artificial intelligence (AI), resulting in deflected tickets that do not require resolution by service agents. As a result, the composite organization achieves a productivity gain worth \$2.1 million.

- **Increased end-user productivity.** Freshservice has a better user experience compared to legacy solutions. The ticketing forms are standardized and easy to use, reducing the time spent by end users, or requestors, on submitting tickets. With AI-powered capabilities, end users can resolve their issues even before submission of tickets, saving operational time spent on ticket submission, and time spent assisting and collaborating with service agents during ticket resolution. The time savings amount to a productivity gain of nearly \$596,000.
- **Improved IT operational efficiency.** Freshservice features structured routing process for workflow reconfiguration, and improves change management, thereby reducing operational time spent by technicians and service agents. The time saved amounts to efficiency gains of nearly \$221,000.
- **Reduced costs savings from retirement of legacy system.** The composite organization retires its legacy solution when it implements Freshservice. The legacy solution required at least four operations analysts who spent half of their time managing the platform. After implementing Freshservice, this yields a cost savings of close to \$676,000.
- **Increased reporting and analytics productivity.** With Freshservice, the composite organization can now measure, track, and generate insights on the performance of its service desk. This is made available via dashboards, reports, and conversational insights powered by Freddy AI, and it eliminates the need for time-consuming manual data extraction. As a result, the composite organization achieves productivity gains in reporting and analytics of more than \$15,000.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Ease of security permissions management.** Interviewed decision-makers noted that the ability to manage security permissions of requestors, for instance, partners, vendors, and internal employee requestors, came in handy.
- **Improved user experience.** Employees reported greater satisfaction with Freshservice ITSM solution compared to previous systems. This led to improved satisfaction scores from their employee surveys.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Freshservice license fees.** The Freshservice license is based on a subscription model. The composite organization incurs license fees of \$119 per agent per month, resulting in a cost of nearly \$597,000 over three years.
- **Implementation and ongoing management costs.** Interviewed decision-makers reported that implementation of Freshservice generally took about three months of four employees' time. Service agents require training during implementation to onboard them quickly onto the platform. For this scale of deployment (as modeled by the composite), Forrester estimates 75% of one full-time equivalent (FTE) to manage and maintain Freshservice. For the composite organization, the total implementation and ongoing management costs \$203,000.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$3.64 million over three years versus costs of \$800,000 adding up to a net present value (NPV) of \$2.84 million and an ROI of 356%.



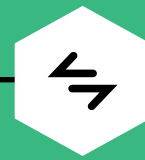
ROI
356%



BENEFITS PV
\$3.64M

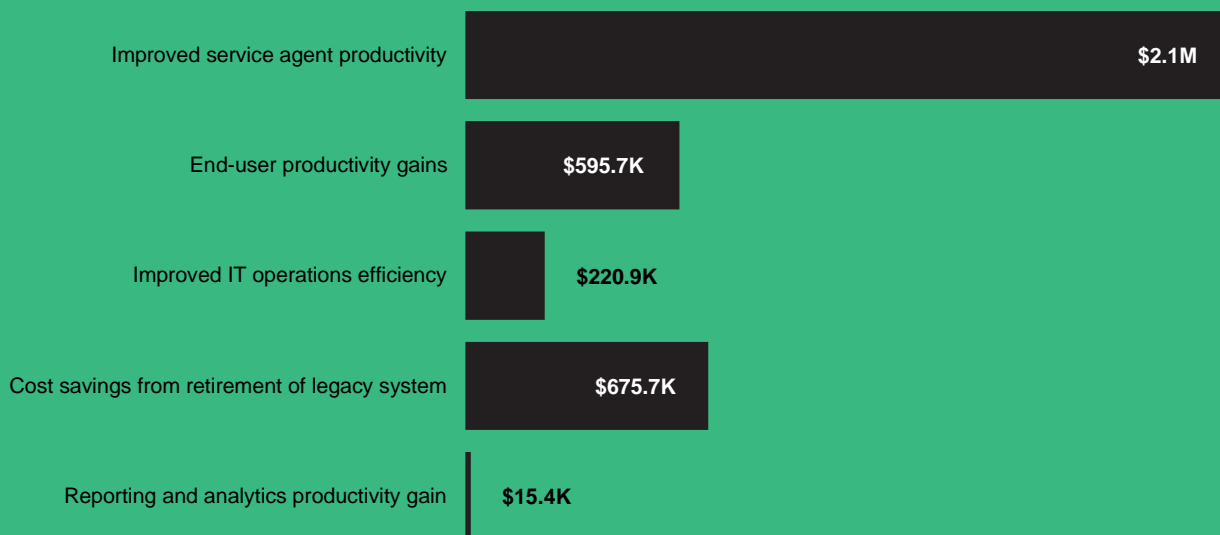


NPV
\$2.84M



PAYBACK
<6 months

Benefits (Three-Year)



“The biggest win for me is the way we could identify issues much quicker. When something goes wrong, we can start working on them and communicate that externally a lot faster.”

— Chief technology officer, media

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 Freshservice.

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 Freshservice can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Freshworks 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 Freshservice.

Freshworks 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.

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



DUE DILIGENCE

Interviewed Freshworks stakeholders and Forrester analysts to gather data relative to Freshservice.



INTERVIEWS

Interviewed five representatives at organizations using Freshservice 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 interviewees.



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 Freshservice Customer Journey

■ Drivers leading to the Freshservice investment

Interviews			
Role	Industry	Headquarters	End Users/Requestors
Product administrator	Construction	US	5,000
Chief technology officer	Media	US	3,000
IT service support manager	Education	UK	420
Supply chain analyst	Manufacturing	Dubai	4,500
Solutions architect	Nonprofit	UK	10,000

KEY CHALLENGES

Prior to implementing Freshservice, interviewees' organizations used various tools that ranged from emails and messaging tools to other ITSM solutions. However, they found their legacy solutions to be limited in features, outdated, and nonintuitive to configure.

The interviewees noted how their organizations struggled with the following challenges:

- **Complex maintenance.** Interviewees mentioned that their operational team spent a lot of time and effort maintaining their legacy solutions. The legacy solutions typically had a feature release once every two years that required the team to manually build a database backup and test environment, a time-consuming endeavor. As a result, the team found themselves in favor of skipping upgrades and releases, and they lagged three to four years behind on features.
- **Limited features of legacy solutions.** Interviewees stated their organizations' legacy solutions had limited features. While it was a tool for ticket logging, it had no additional support in areas of IT infrastructure library (ITIL) change management processes, and self-service

“Our previous solution was deployed on-prem and built on an existing stack where we had to maintain an SQL server. Because of the effort involved in upgrading, we would sometimes skip releases, finding ourselves three or four years behind.”

Chief technology officer, media

capabilities (e.g., knowledge base and service catalogs).

- **Poor reporting capabilities.** Interviewees reported that their organizations' legacy solutions had limited reporting features. Service desk agents or managers struggled with gathering and extracting data to build reports that would serve to inform their internal business strategy. Reporting required manual heavy lifting and support from service desk managers to obtain the required metrics.

- **Poor end-user experience.** Interviewees revealed that their organizations received negative feedback on their legacy solutions. End users struggled to navigate around their previous interface as it was difficult to locate their required service items or create a ticket. They would end up not submitting a ticket and resort to using email and other unofficial channels to communicate their IT support needs. Agents had to manually consolidate unofficial requests, creating further inefficiencies.
- **Absence of a centralized IT service desk.** For interviewed decision-makers without a prior legacy solution, end users wanted a centralized IT service desk system and a more efficient and accountable way of managing requests, incidents, and changes. Further driven by the launch of other internal IT systems (e.g., customer relationship management), employees had more issues that led to increased tickets needing resolution. Without a centralized IT service desk, it was not possible to properly assign tickets before resolution to ensure compliance with regulations.

COMPOSITE ORGANIZATION

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

Description of composite. The composite organization is headquartered in the US and operates globally. It generates approximately US\$1 billion in revenue annually and operates a shared service model for delivery of IT services to its 7,000 employees.

Deployment characteristics. The organization deploys Freshservice to help manage the 120,000 tickets it receives each year. These requests are handled by 160 service agents, with one additional IT staff member needed to maintain Freshservice. The organization deploys several modules and features, including AI-driven service management, incident, knowledge, problem, change, release, SLA, and workload management.

“Senior management asked for very specific reports that helped inform business direction [and] that we could not pull from our previous solution. Our previous solution did not provide the services that we needed, especially when our business expanded.”

Product administrator, construction

Key Assumptions

- **7,000 employees worldwide**
- **Team of 160 service agents managing approximately 120,000 tickets annually**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Improved service agent productivity	\$713,162	\$836,892	\$1,060,801	\$2,610,855	\$2,136,971
Btr	End-user productivity gains	\$216,349	\$238,364	\$268,848	\$723,561	\$595,666
Ctr	Improved IT operational efficiency	\$78,975	\$89,100	\$100,479	\$268,554	\$220,923
Dtr	Cost savings from retirement of legacy system	\$267,308	\$271,949	\$276,729	\$815,986	\$675,669
Etr	Reporting and analytics productivity gain	\$6,037	\$6,218	\$6,405	\$18,660	\$15,440
Total benefits (risk-adjusted)		\$1,281,831	\$1,442,523	\$1,713,262	\$4,437,617	\$3,644,669

IMPROVED SERVICE AGENT PRODUCTIVITY

Evidence and data. Interviewees reported that their legacy ITSM platform had multiple shortcomings, which resulted in poor adoption by employees. Tickets were submitted through unofficial channels such as emails or even phone calls rather than through the legacy ITSM platform. Service agents had to manually create and triage tickets with unstructured information from unofficial channels to log issues. The lack of a templated ticket submission form that was easy to understand and use meant that service agents had to spend more time to obtain supporting information from the requestors to clarify, properly address, and resolve issues.

Freshservice has a robust end-user portal and an AI-powered virtual agent in instant messaging services. Freshservice Virtual Agent is pretrained with common ITSM use cases, enabling employees to resolve their issues even before they submit a ticket. The use of AI meant that the virtual agent could independently resolve common issues within the collaboration channel, eliminating the need to create a ticket or contact support staff. This reduced the overall volume

of incoming IT tickets and service requests as end users were empowered with a self-service option. Virtual agents were equipped to handle multiple interactions and provide conversational support for recurring issues. Service agents also benefited directly with Freshservice’s machine learning-based recommendations. Instead of typing out common solutions or looking for the relevant knowledge articles to resolve requestor issues, Freshservice AI suggested responses that helped agents quickly deliver answers to requestors.

The chief technology officer in the media industry noted that their organization used to receive up to 30% of its tickets via unofficial channels such as phone calls or emails, despite having a legacy ITSM solution. With Freshservice, service agents no longer needed to go through the time-consuming process of manually creating tickets on the ITSM platform with unstructured data from unofficial channels. The organization also benefited from AI that maximized agents’ productivity. Freshservice Virtual Agent suggested articles in the customer’s knowledge base, so requestors could resolve their issues independently and on demand.

The IT service support manager from the education sector found Freshservice’s out-of-the-box templated forms helped improve service agents’ productivity. The forms in Freshservice captured essential information that service agents needed to resolve requestors’ issues. As a result, service agents were less likely to waste time by returning to requestors to collect more information, and they were able to resolve their issues faster.

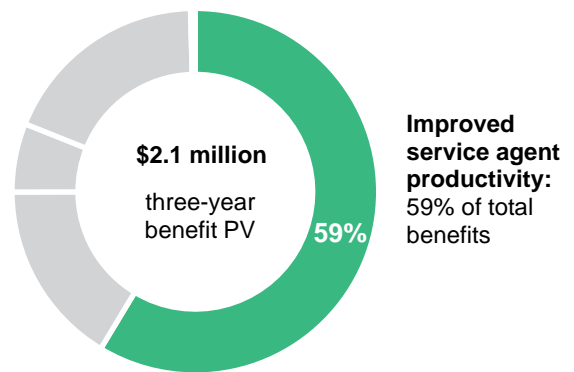
Modeling and assumptions. For the composite analysis, Forrester assumes:

- Service agents process 120,000 tickets annually, of which 40% are incident tickets and 60% are service request tickets. The number of tickets increases 5% year-over-year in Years 2 and 3.
- Due to Freshservice, time saved processing each incident ticket and service request ticket is 10 minutes and 5 minutes, respectively.
- With Freshservice Virtual Agent, a total of 35,000 queries are submitted by the 7,000-employee workforce in Year 1, equivalent to five queries per employee annually. These queries do not qualify as tickets.
- Thirty-five percent of the queries submitted to Freshservice Virtual Agent are resolved in Year 1. This increases to 50% in Year 3. Freshservice Virtual Agent provides an option to create a ticket for any remaining unresolved queries, which is then sent to the service desk for prompt resolution. A total of 12,250 tickets are therefore deflected in Year 1.
- The composite organization has 7,000 employees in Year 1, growing 2% year over year to 7,283 by Year 3.
- The average fully burdened hourly rate for service agents is \$39 in Year 1, growing 3% year over year to \$41 by Year 3.
- Of the total time service agents save, 90% is captured and reallocated into productive work.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- Difference in IT operations complexities.
- Different capabilities of legacy solutions.
- Variance in salary.
- Variance in productivity of service agents.
- Variance in adoption and utilization of Freshservice AI.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.1 million.



Improved Service Agent Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Tickets received annually	Composite	120,000	126,000	132,300
A2	Percentage of tickets received through unofficial channels	Composite	30%	30%	30%
A3	Tickets received through unofficial channels	A1*A2	36,000	37,800	39,690
A4	Percentage of tickets that are incidents (i.e., complex issues)	Composite	40%	40%	40%
A5	Percentage of tickets that are service requests (i.e., simple issues)	1-A4	60%	60%	60%
A6	Incident management requests through unofficial channels	A3*A4	14,400	15,120	15,876
A7	Service requests received through unofficial channels	A3*A5	21,600	22,680	23,814
A8	Time avoided by service agents to create ticket for each incident reported through unofficial channels (minutes)	Composite	10	10	10
A9	Time avoided by service agents to manually create ticket for each service request reported through unofficial channels (minutes)	Composite	5	5	5
A10	Total time saved by service agents with Freshservice ticket (hours)	$((A6*A8)+(A7*A9))/60$	4,200	4,410	4,631
A11	End-users/requestors	Composite	7,000	7,140	7,283
A12	Average number of queries posted to Freshservice Virtual Agent per employee annually	Freshservice	5.0	5.0	5.0
A13	Total queries posted to Freshservice Virtual Agent	A11*A12	35,000	35,700	36,414
A14	Percentage of queries resolved by Freddy AI	Freshservice	35.0%	40.0%	50.0%
A15	Number of tickets resolved by Freddy AI	A13*A14	12,250	14,280	18,207
A16	Agent time saved per ticket (hours)	Assumption	1.50	1.50	1.50
A17	Total time saved by service agents with Freshservice Freddy AI (hours)	A15*A16	18,375	21,420	27,311
A18	Total time captured and reallocated into productive work (hours)	$90%*(A10+A17)$	20,318	23,247	28,748
A19	Average fully burdened service agent hourly salary	TEI standard	\$39	\$40	\$41
At	Improved service agent productivity	A18*A19	\$792,402	\$929,880	\$1,178,668
	Risk adjustment	↓10%			
Atr	Improved service agent productivity (risk-adjusted)		\$713,162	\$836,892	\$1,060,801
Three-year total: \$2,610,855			Three-year present value: \$2,136,971		

END-USER PRODUCTIVITY GAINS

Evidence and data. Ticket submission prior to Freshservice was via the legacy platform’s ticketing portal, emails, or phone calls. Poor user experience on the ticketing portal meant requestors were averse to submitting tickets through the legacy ITSM platform and preferred submitting tickets through unofficial channels like emails or phone calls.

- The legacy platform was difficult to use, which led to additional time spent on ticket submission. Requestors did not understand the fields in the ticket submission forms, leading to poor capture of the necessary information required for service agents to act upon to resolve issues. Service agents had to spend additional time following up on the tickets with requestors, wasting each party’s time. With Freshservice, this additional effort was avoided, improving end-users’ productivity.
- Ease of use of Freshservice’s platform meant improved adoption, but it also reduced time spent on the portal figuring out how to fill in the forms and avoided input of unnecessary information.

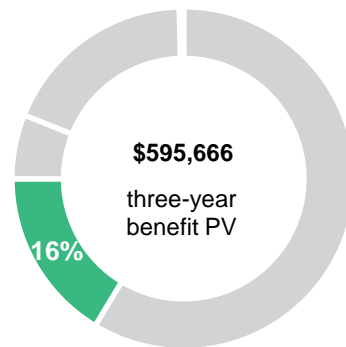
Modeling and assumptions. For the composite analysis, Forrester assumes:

- The average fully burdened hourly salary for employees is \$38 in Year 1. This grows by 3% year over year.
- Of the total time saved, 90% is captured and reallocated into productive work.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- Difference in the total number of tickets submitted by requestors.
- Difference in time saved by end users on ticket submissions.
- Variance in salary.
- Variance in productivity of end users.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$596,000.



End-user productivity gains:
16% of total benefits

End-User Productivity Gains					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Tickets received annually	A1	120,000	126,000	132,300
B2	Percentage of tickets submitted through official channels	Composite	70%	70%	70%
B3	Tickets submitted through official channels	B1*B2	84,000	88,200	92,610
B4	Time saved by end users per ticket (minutes)	Composite	4	4	4
B5	Total time saved on ticket creation by end users with Freshservice (minutes)	B3*B4	336,000	352,800	370,440
B6	Tickets resolved by Freddy AI	A15	12,250	14,280	18,207
B7	Time saved by end users per ticket (minutes)	Composite	7	7	7
B8	Total time saved by end user with Freddy AI (minutes)	B6*B7	85,750	99,960	127,449
B9	Total time captured and reallocated into productive work (hours)	$90\% * (B5+B8)/60$	6,326	6,791	7,468
B10	Average fully burdened hourly salary for all end users	TEI standard	\$38	\$39	\$40
Bt	End-user productivity gains	B9*B10	\$240,388	\$264,849	\$298,720
	Risk adjustment	↓10%			
Btr	End-user productivity gains (risk-adjusted)		\$216,349	\$238,364	\$268,848
Three-year total: \$723,561			Three-year present value: \$595,666		

IMPROVED IT OPERATIONAL EFFICIENCY

Evidence and data. Compared to their legacy solutions, customers reported an easier experience in handling change management requests with Freshservice. For two interviewees, managing change requests was a key challenge with their legacy ITSM systems.

Their legacy solutions did not have a structured routing process for change management requests. It was time-consuming for support technicians or engineers to manually record individual changes and input asset information for every change release that occurred. With Freshservice’s change management, agents could now tie their change requests to their asset inventory system using workflow automations. Changes and asset information were automatically recorded, triggering the workflow across different teams responsible for that specific request and improving IT operational efficiency.

Modeling and assumptions. For the composite analysis, Forrester assumes:

- The total number of workflow reconfiguration and change management requests is 1,250 in Year 1 and grows by 10% year over year.
- Each workflow change request takes 3 hours to resolve with their legacy ITSM systems, compared to 1 hour with Freshservice,
- Of the total time saved, 90% is captured and reallocated into productive work.
- The average fully burdened hourly salary for service agents is \$39 in Year 1. This grows by 3% year over year.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

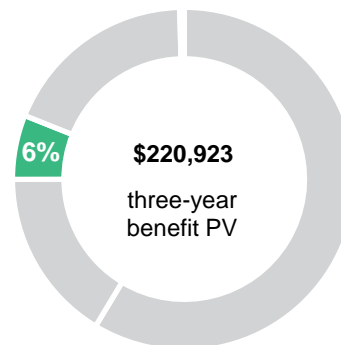
- Difference in total number of workflow reconfiguration and change management requests.

- Difference in time saved on workflow configuration.
- Variance in productivity of service agents.
- Variance in salary.

“Change management was a big benefit as it really ties back to our asset and inventory system. We don’t need to enter all that asset information every time we do a change release. With automatic approval features, we can now log minor changes without even going through our change review board.”

Chief technology officer, media

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$221,000.



Improved IT operational efficiency:
6% of total benefits

Improved IT Operational Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Workflow reconfiguration and change management requests	Composite	1,250	1,375	1,513
C2	Time needed for IT managers to effect changes with legacy solution (hours)	Composite	3	3	3
C3	Time needed for IT managers to effect changes with Freshservice (hours)	Composite	1	1	1
C4	Time savings on each workflow reconfiguration and change request (hours)	C2-C3	2	2	2
C5	Total time saved with each workflow configuration on Freshservice (hours)	C1*C4	2,500	2,750	3,026
C6	Total time captured and reallocated into productive work (hours)	90%*C5	2,250	2,475	2,723
C7	Average fully burdened service agent hourly salary	TEI standard	\$39	\$40	\$41
Ct	Improved IT operational efficiency	C6*C7	\$87,750	\$99,000	\$111,643
	Risk adjustment	↓10%			
Ctr	Improved IT operational efficiency (risk-adjusted)		\$78,975	\$89,100	\$100,479
Three-year total: \$268,554			Three-year present value: \$220,923		

COST SAVINGS FROM RETIREMENT OF LEGACY SYSTEM

Evidence and data. Interviewees reported that their organizations used a variety of solutions before Freshservice. They ranged from competitor solutions to more rudimentary solutions such as spreadsheets or emails. Critical challenges such as intensive labor and operational costs were key drivers that drove respondents to switch to another platform.

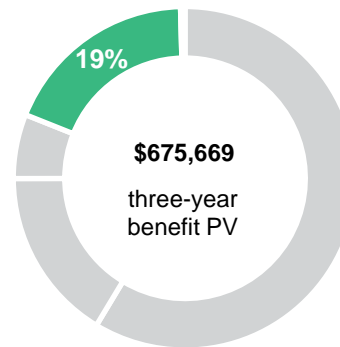
Modeling and assumptions. For the composite analysis, Forrester assumes:

- The legacy solution is a competitor product suite that costs \$132,480 in annual license fees.
- It requires four IT network operations/database analysts to maintain it.
- The average annual fully burdened analyst salary is \$91,000 in Year 1. This grows by 3% year over year.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- The cost variation of the legacy solution.
- Difference in the number of database and network operations analysts required to manage the legacy solution.
- Variance in time spent managing legacy ITSM system.
- Variance in salary.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$676,000.



Cost savings from retirement of legacy systems: 19% of total benefits

Cost Savings From Retirement Of Legacy System

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Annual cost of legacy ITSM system	Composite	\$132,480	\$132,480	\$132,480
D2	Database and network operations analyst FTEs required to maintain the legacy system	Composite	4	4	4
D3	Analyst average fully burdened annual salary	TEI standard	\$91,000	\$93,730	\$96,542
D4	Percentage of time spent on managing legacy ITSM system	Assumption	50%	50%	50%
Dt	Cost savings from retirement of legacy system	$D1+(D2*D3*D4)$	\$314,480	\$319,940	\$325,564
	Risk adjustment	↓15%			
Dtr	Cost savings from retirement of legacy system (risk-adjusted)		\$267,308	\$271,949	\$276,729
Three-year total: \$815,986			Three-year present value: \$675,669		

REPORTING AND ANALYTICS PRODUCTIVITY GAIN

Evidence and data. Having a centralized platform to manage tickets, assets, problems, and changes enabled interviewees' organizations to measure and gain insights into their service desk performance, including their SLAs.

- By conversing with Ask Freddy, Freshservice's reporting and insights feature, interviewees were able to request and generate analytical reports on their key performance indicator (KPI) metrics in real time. Interviewees tracked several metrics including number of tickets resolved, overdue tickets, and service agents' SLAs. A high-level overview of the SLA metrics could be generated almost immediately, which was especially helpful for the senior management team to capture a snapshot of the current state.
- Leveraging the interactive nature of the analytical dashboard, managers were able to select filters and configurations to fetch specific data for deeper granularity.

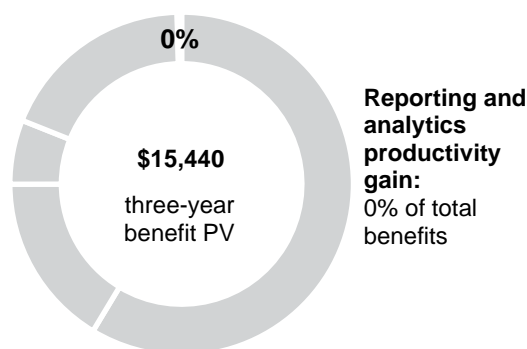
Modeling and assumptions. For the composite analysis, Forrester assumes:

- KPIs are automatically reported at the end of each month via reports or dashboards, and senior management can log in and review the reports in real time.
- With Freshservice Ask Freddy for reporting and insights, 8 hours is saved generating each report.
- Of the total time saved, 90% is captured and reallocated into productive work.
- The average fully burdened hourly salary of administrators is \$78 in Year 1. This grows by 3% year over year.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- Difference in the number of managers with reporting responsibilities.
- Difference in time spent preparing reports.
- Variance in salary.
- Variance in manager productivity.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of more than \$15,000.



Reporting And Analytics Productivity Gain					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Reports created annually	Composite	12	12	12
E2	Time saved on reporting per report (hours)	Assumption	8	8	8
E3	Time saved per FTE per year (hours)	$E1 * E2$	96	96	96
E4	Administrator average fully burdened hourly salary	TEI standard	\$78	\$80	\$83
E5	Total time captured and reallocated into productive work (hours)	$90% * E3$	86	86	86
Et	Reporting and analytics productivity gain	$E4 * E5$	\$6,708	\$6,909	\$7,117
	Risk adjustment	↓10%			
Etr	Reporting and analytics productivity gain (risk-adjusted)		\$6,037	\$6,218	\$6,405
Three-year total: \$18,660			Three-year present value: \$15,440		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Ease of managing security permissions.** Interviewees were able to create different identity sources (e.g., internal employee identity vs. external requestor identity). One interviewee mentioned that they could decide what to reveal publicly in a service catalog for an external requester as compared to internal requestors.
- **Improved user experience.** One interviewee from the media industry mentioned that their organization had a customer satisfaction (CSAT) survey that was sent upon request closure. Since the inception of Freshservice, they averaged about 1,800 responses annually from customers, where 95% of the responses reflected a positive customer experience.

FLEXIBILITY

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

- **Enabling hybrid work.** For an interviewed decision-maker, Freshservice aligned with the organization's digital transformation plans in moving its infrastructure to the cloud. The organization needed to enable agents to work from home, and its previous solution could not accommodate that. With Freshservice, rather than an on-premises solution, the organization moved to a software-as-a-service model, enabling their employees to work anywhere, anytime.

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

“We sat with the Freshworks technical team, and we basically did a branding redesign of our help desk to make it look more aesthetically pleasing and to simplify language for users when raising a ticket.”

Solutions architect, nonprofit

“You can ask Freddy AI for an average resolution time by priority, and it will give you a quick high-level report in a couple of seconds. I’ve seen this used a lot by our IT delivery leads in presentations.”

Solutions architect, nonprofit

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Freshservice license fees	\$0	\$239,904	\$239,904	\$239,904	\$719,712	\$596,606
Gtr	Total implementation and ongoing management costs	\$28,743	\$68,640	\$70,356	\$72,072	\$239,811	\$203,437
	Total costs (risk-adjusted)	\$28,743	\$308,544	\$310,260	\$311,976	\$959,523	\$800,043

FRESHSERVICE LICENSE FEES

Evidence and data. Freshservice is available in several pricing tiers depending on the number of agents using the solution, features, and level of support needed. Pricing may vary. Contact Freshworks for additional details.

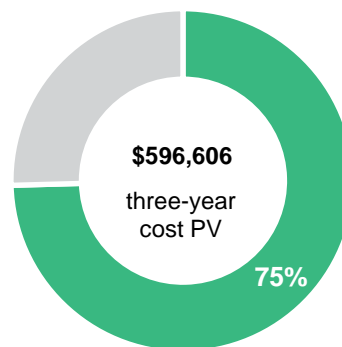
Modeling and assumptions. For the composite analysis, Forrester assumes:

- Forrester estimates that the composite organization requires 160 agent licenses to meet the needs of the composite organization with 7,000 employees worldwide. There is no increase in the number of agents in Year 2 and 3.
- The organization deploys several modules and features across AI driven service management, change, incident, knowledge, problem, release, SLA, and workload management. Based on this deployment, the license fees reflected here assume the Enterprise subscription tier.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- The tier of license.
- Variances in product features or module add-ons purchased/required.
- Applicable discounts (if any).

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$597,000.



Freshservice license fees:
75% of total costs

Freshservice License Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Agents	Composite	0	160	160	160
F2	Freshservice license fees (per agent per year)	Freshworks	\$0	\$1,428	\$1,428	\$1,428
Ft	Freshservice license fees	F1*F2	\$0	\$228,480	\$228,480	\$228,480
	Risk adjustment	↑5%				
Ftr	Freshservice license fees (risk-adjusted)		\$0	\$239,904	\$239,904	\$239,904
Three-year total: \$719,712			Three-year present value: \$596,606			

TOTAL IMPLEMENTATION AND ONGOING MANAGEMENT COSTS

Evidence and data. Interviewed decision-makers' journey with Freshservice began with discovery of the platform. A discovery team was formed to evaluate Freshservice, conduct comparison with alternative solutions, and evaluate the proof of concept. One interviewee emphasized building out key use cases on each vendor, including Freshservice. The entire process from discovery to implementation generally required approximately three months, which may vary depending on the requirements of the organization.

- Implementation process varied by organizations' requirements and features/modules purchased.
- There was clear and consistent evidence from interviewees that Freshservice was generally easier to implement than legacy solutions.
- According to one interviewed decision-maker, Freshservice held itself accountable for performance issues or outages and fixes until resolution. All relevant administrators were kept informed on the status.
- In general, the network support, application development, and development operations teams were involved in implementation.
- Functional team leads could be involved during implementation if needed, but this was typically unnecessary among interviewees.

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- The composite organization takes three months to implement Freshservice, requiring 15% of four employees' time during the period.
- Training of service agents takes 2 hours per agent.
- Only one software engineer is required to provide ongoing management of Freshservice.

“Instead of spending time on maintenance and troubleshooting the platform, I can now spend it on integrations and automations to improve efficiency across our teams.”

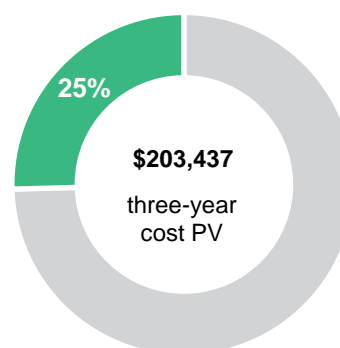
Chief technology officer, media

- The average fully burdened hourly salary for service agents is \$39, which increases by 3% year over year.
- The average fully burdened hourly salary for IT administrators is \$44, which increases by 3% year over year.

Risks. Organizations may realize results that differ from those presented in the financial model due to:

- Complexity of existing processes and use cases.
- Difference in number of agents trained.
- Complexity of deployment.
- Variance in salary.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$203,000.



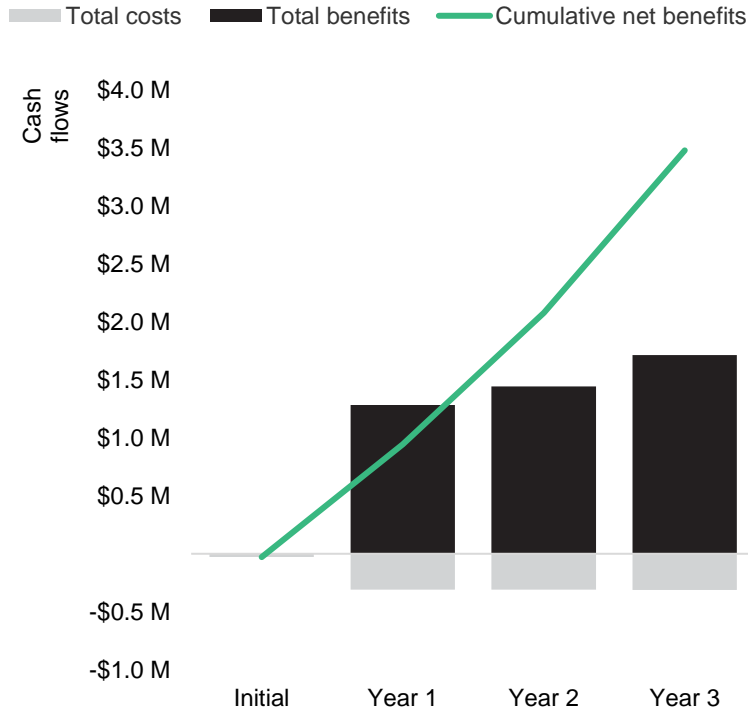
Total implementation and ongoing management costs:
25% of total costs

Total Implementation And Ongoing Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Employees involved in implementation	Composite	4	0	0	0
G2	Percentage of time spent on implementation project	Composite	15%	0%	0%	0%
G3	Months spent on implementation	Composite	3	0	0	0
G4	Total person-hours spent on implementation	$G1 \times G2 \times (G3/12) \times 2,080$	312	0	0	0
G5	Agents requiring training	Composite	160	0	0	0
G6	Training time per agent (hours)	Composite	2	2	2	2
G7	Total person-hours spent on training	$G5 \times G6$	320	0	0	0
G8	Employees involved in ongoing management of solution	Composite	0	1	1	1
G9	Percentage of time spent of managing Freshservice solution	Composite	0%	75%	75%	75%
G10	Time spent on managing Freshservice solution (hours)	$G8 \times G9 \times 2,080$	0%	1,560	1,560	1,560
G11	Service agent average fully burdened hourly salary	TEI standard	\$39	\$40	\$41	\$42
G12	IT analyst average fully burdened hourly salary	TEI standard	\$44	\$45	\$46	\$47
Gt	Total implementation and ongoing management costs	$(G4 \times G12) + (G7 + G10) \times G11$	\$26,130	\$62,400	\$63,960	\$65,520
	Risk adjustment	↑10%				
Gtr	Total implementation and ongoing management costs (risk-adjusted)		\$28,743	\$68,640	\$70,356	\$72,072
Three-year total: \$239,811			Three-year present value: \$203,437			

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	(\$28,743)	(\$308,544)	(\$310,260)	(\$311,976)	(\$959,523)	(\$800,043)
Total benefits	\$0	\$1,281,831	\$1,442,523	\$1,713,262	\$4,437,617	\$3,644,669
Net benefits	(\$28,743)	\$973,287	\$1,132,263	\$1,401,286	\$3,478,094	\$2,844,626
ROI						356%
Payback						<6 months

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 B: Endnotes

¹ 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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