



FORRESTER®

# The Total Economic Impact™ Of Palantir Foundry

Cost Savings And Business Benefits  
Enabled By Foundry

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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](https://forrester.com/consulting).

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## Executive Summary

Foundry is an end-to-end software platform that allows organizations to integrate and harmonize vast data, perform holistic analyses with optimization options, and take action to solve their top challenges across use cases. With Palantir Foundry, organizations can cut costs, grow revenue, save employee time, and make better data-driven business decisions.

Palantir's [Foundry](#) brings data from across systems together, creates feedback loops and analyses that span teams, and provides recommendations on how to best move forward. With Foundry, data and insights become actionable, thus allowing business and technical users to make more intelligent decisions and solve their organization's diverse challenges.

Palantir commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Foundry.<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Foundry on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Foundry. For the purposes of this study, Forrester aggregated

### KEY STATISTICS



Return on investment (ROI)  
**315%**



Net present value (NPV)  
**\$262M**

the interviewees' experiences and combined the results into a single [composite organization](#) that is a global enterprise with 100,000 employees and revenue of \$50 billion per year.

Prior to using Foundry, these organizations used a mix of homegrown and legacy licensed solutions for their data and analytics needs. However, this environment yielded limited success: They were left with data that was difficult to manage, understand, or gain meaningful and actionable insights from. These limitations resulted in high costs, missed revenue opportunities, and employee inefficiencies.

After the investment in Foundry, the interviewees' vast data was used to understand the optimal way forward in the face of pressing business challenges. Key results from the investment include better business decisions and financial benefits, such as: cost savings, revenue generation, and employee productivity gains.

**“By leveraging Foundry, we get a huge financial benefit. We use it for our big problems that we were not able to solve with other platforms.”**

*Senior director of analytics,  
consumer goods*

## KEY FINDINGS

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

- **Cost savings from better supply chain and inventory management by 30%.** Empowered by Foundry's abilities to integrate and visualize data across the organization, generate insights and what-if analyses, and provide optimal and actionable recommendations, the composite organization uses Foundry to reduce costs related to its high-priority supply chain and inventory management projects. This cost savings is worth more than \$161 million for the composite organization over three years.
- **Cost savings from improved procurement process by 30%.** As a solution that is applied to diverse use cases, the composite organization also uses Foundry to cut costs related to their high-priority procurement cycles, enabled by Foundry's holistic examination of all the relevant data and ability to provide optimization options, among other features. This cost savings is worth almost \$127 million for the composite organization over three years.
- **Incremental profit from optimized production, increased by 3.5% for certain revenue streams.** Foundry also enables increased revenue generation for the composite organization. Foundry equips employees with better insights and the ability to predict the future more reliably. This allows them to make decisions that result in optimized production and greater accompanying revenue. This uplift in revenue results in a profit worth almost \$11.8 million for the composite organization over three years.
- **Increased employee efficiency by 75% for key technical users and 50% for key business users.** This increased efficiency is driven by several Foundry features, including improved

data accessibility and harmonization, low-code/no-code ease of use, and the generation of options on the best way forward for business and technical decisions. This time savings translates into about \$20.9 million for the composite organization over three years.

- **Decommissioned legacy systems by 100% within three years.** As a comprehensive data and analytics platform, Foundry allows the composite organization to decommission its legacy data and analytics systems, including a mix of licensed and homegrown solutions. Fifty percent of the legacy environment is decommissioned in Year 1, and 100% by Year 3. This saves the composite organization more than \$24.6 million over three years.

**"We are using Foundry to enable critical business. It very quickly organizes, makes sense of, and gets additional value from a lot of disparate data sets."**

*Senior director of data and analytics, utilities*

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

- **Employee satisfaction and retention.** Among employees, there is widespread satisfaction with Foundry, a platform that is easy to use and improves the efficiency and effectiveness of employee performance. Foundry is also occasionally used as a recruitment tool, and it improves retention rates.
- **Fosters collaboration.** Foundry connects employees across offices and teams, providing a

collaborative environment that improves their problem-solving abilities. Foundry has clear workflows with data that can be traced and visualized as needed.

- **Better safety and compliance.** Foundry improves safety and compliance by providing teams with better forecasts and regulators with complete and auditable data. Moreover, efficiency gains allow employees to focus more on safety and compliance efforts.
- **Support from the Palantir team.** The Palantir team provides meaningful and effective support, which allows for the quick implementation of Foundry and results in the realization of its value, ensuring ongoing success with the platform.

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

- **Costs to Palantir.** The costs to Palantir vary according to the complexity of the problems to be solved, and include the use of Foundry, associated cloud costs, and Palantir's professional services. As a large and complex organization with several intricate use cases for Foundry, this cost totals almost \$82.1 million for the composite organization over three years.
- **Internal labor.** The composite organization dedicates a small team to Foundry's initial implementation and ongoing management. This costs slightly more than \$1.1 million for the composite organization over three years.

The representative interviews and financial analysis found that a composite organization experiences benefits of more than \$345 million over three years versus costs of over \$83.2 million, adding up to a net present value (NPV) of more than \$262 million and an ROI of 315%.

**"I would challenge organizations to think about what are those difficult problems, what are those big opportunities you see across the organization – Foundry will help you solve them."**

*Senior director of analytics, consumer goods*



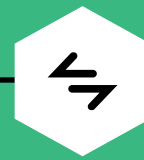
ROI  
**315%**



BENEFITS PV  
**\$345M**

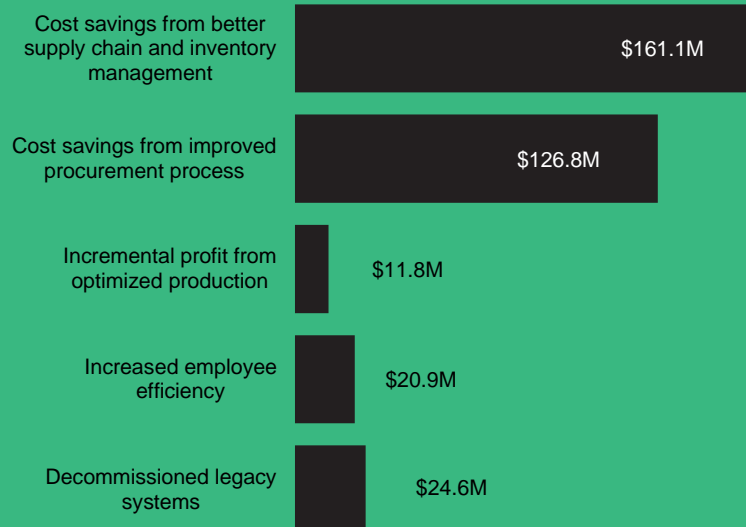


NPV  
**\$262M**



PAYBACK  
**<6  
months**

### Benefits (Three-Year)



**“Foundry has been extremely important in solving our main business problems. We’ve saved hundreds of millions of dollars in a single year.**

— Head of supply chain, manufacturing



## 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 Foundry.

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 Foundry can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Palantir 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 Foundry.

Palantir 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.

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



### DUE DILIGENCE

Interviewed Palantir stakeholders and Forrester analysts to gather data relative to Foundry.



### INTERVIEWS

Interviewed four representatives at organizations using Foundry 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 Palantir Foundry Customer Journey

## ■ Drivers leading to the Foundry investment

| Interviews                            |                         |        |                     |               |
|---------------------------------------|-------------------------|--------|---------------------|---------------|
| Role                                  | Industry                | Region | Number of Employees | Revenue       |
| Senior vice president of technology   | Science and Engineering | Global | 60,000              | \$160 billion |
| Senior director of analytics          | Consumer goods          | Global | 140,000             | \$40 billion  |
| Head of supply chain                  | Manufacturing           | Global | 120,000             | \$60 billion  |
| Senior director of data and analytics | Utilities               | USA    | 25,000              | \$20 billion  |

### KEY CHALLENGES

Before deploying Foundry, interviewees' organizations used a wide mix of homegrown and legacy licensed solutions for their data and analytics needs. The interviewees noted how their organizations struggled with these common challenges prior to using Foundry:

- **Time was spent managing data rather than analyzing and gaining insight from it.** Pulling data together was often a time-consuming and manual process. The senior vice president of technology in science and engineering said, "Our employees were complaining that they spent big chunks of their day looking for data rather than developing analysis or making decisions."
- **Lacked a holistic understanding of data.** Interviewees noted that their legacy solutions failed to provide a truly comprehensive understanding of the data and lacked cohesion across systems. They found that they needed a solution that could better connect digital and physical assets, as well as handle vast amounts of data — and connect that data with people and decision-making processes.
- **Ineffectiveness in using data to make optimal decisions.** Without sufficient capabilities to gain

actionable insights or fully understand the data they possessed, the interviewees' organizations were ineffective in making optimal decisions. They needed a system to assess cross-functional and complex data to provide an optimal recommendation.

- **Need for a comprehensive solution that can tackle major and diverse business challenges.** Interviewees encountered a broad mix of pain points across their organizations prior to using Foundry (e.g., cost and growth challenges). However, they lacked a tool that could adequately address and overcome them. They needed a tool that could span use cases, lead to actual solutions, and ultimately help their organizations maintain competitive advantage.



## 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 four 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 a global enterprise with \$50 billion in annual revenue, 100,000 employees, and an operating margin of 10%. Before employing Foundry, the composite organization used a mix of homegrown and licensed solutions, including one major legacy analytics solution.

**Deployment characteristics.** Foundry is the composite organization's data and analytics solution, replacing the previous mix of homegrown and licensed solutions. An internal team of seven employees dedicates their time to implementing the solution over two months, and two employees subsequently maintain it. At the composite organization, 5,000 employees from both business

and technical roles use Foundry. The composite organization is large and complex. It utilizes Foundry for several high-priority and intricate use cases, including reducing the costs across supply chain and inventory management projects, reducing the costs of procurement cycles, and optimizing production.

### Key Assumptions

- **\$50 billion annual revenue**
- **100,000 employees**
- **5,000 Foundry users**
- **Global enterprise**

**“Our main reason for going with Foundry was our need for a very complete solution — a solution that had all of the different components you need in a data or analytics stack, all well-integrated and managed by a third-party. Foundry was the sweet spot.”**

*Senior director of data and analytics, utilities*

# 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 from better supply chain and inventory management | \$64,800,000  | \$64,800,000  | \$64,800,000  | \$194,400,000 | \$161,148,009 |
| Btr            | Cost savings from improved procurement process                 | \$51,000,000  | \$51,000,000  | \$51,000,000  | \$153,000,000 | \$126,829,452 |
| Ctr            | Incremental profit from optimized production                   | \$4,725,000   | \$4,725,000   | \$4,725,000   | \$14,175,000  | \$11,750,376  |
| Dtr            | Increased employee efficiency                                  | \$8,403,750   | \$8,403,750   | \$8,403,750   | \$25,211,250  | \$20,898,882  |
| Etr            | Decommissioned legacy systems                                  | \$6,750,000   | \$10,125,000  | \$13,500,000  | \$30,375,000  | \$24,646,882  |
|                | Total benefits (risk-adjusted)                                 | \$135,678,750 | \$139,053,750 | \$142,428,750 | \$417,161,250 | \$345,273,601 |

## COST SAVINGS FROM BETTER SUPPLY CHAIN AND INVENTORY MANAGEMENT

**Evidence and data.** Interviewees' organizations used Foundry to substantially cut costs related to their top supply chain and inventory management projects. Foundry provided a holistic view of data and information, which was fully integrated and easily visualized, for a complete understanding of cost factors. With Foundry, organizations used what-if analyses and recommendations to make optimal decisions going forward. Among those who could quantify this benefit, there was an average reduction in costs by 30% related to the supply chain and inventory management projects for which Foundry was used. This often amounted to tens of millions to as much as hundreds of millions of dollars in savings each year.

- Interviewees' organizations used Foundry for a wide spectrum of use cases related to supply chain and inventory management. These use cases include understanding and optimizing production rates, inventory levels, and storage capacity, identifying the best place in the network for products to go, and preventing fill rate

problems). Interviewees described capturing significant savings at multiple points in the supply chain and inventory management process.

- The manufacturing organization used Foundry to save costs after market changes led to adjustments in what they were producing. Their head of supply chain explained: "Our big challenge was how to organize and optimize our stock of spare parts. So we made a model, and we run it in Foundry. We have confidence it's optimized. With Foundry, we can see all the data — and understand the amount of savings."
- Foundry allowed for a holistic understanding and provided what-if analysis that allowed interviewees' organizations to take the optimal path forward. The senior director of analytics in consumer goods elaborated: "With Foundry being in place, we're able to do what-if analysis by using lots of different slices of data — supply chain data, forecasts, actual production, the production plan, all the inventory positions, freight costs, everything. Foundry recommends the best decision to make."

- Interviewees said Foundry accommodates all types of data — for example, both structured and unstructured, of variant quality and security needs, and across all business domains — and integrates them well. They also highlighted that Foundry integrated smoothly with their ERPs and CRMs and made sense of the data in those systems.
- Interviewees also highlighted that data visualization with Foundry was impressive. The senior vice president of technology in science and engineering said: “Visualizing data and visualizing the linkages inherent in the data sets is a very strong aspect of Foundry. It’s very visual, and immediately so.” The senior director of data and analytics in utilities added: “Data visualization in Foundry is very strong. The key is that it’s well-integrated.”
- Several interviewees likened Foundry’s capabilities to connecting dots across their supply chain and inventory management. For example, the senior director of analytics in consumer goods said: “Supply chain is a puzzle, and you see these dots, and with Foundry you start connecting them and you think, ‘This is such a beautiful picture, let me connect more dots.’”
- All interviewees emphasized that Foundry’s ability to allow them to make data actionable and adopt the optimal approach was central to their organizations’ success. Based on data and analytics, Foundry made specific recommendations and allowed interviewees to understand the resulting savings.
- Interviewees said they utilized Foundry for several supply chain projects, but, given the significant impact the platform has on reducing costs, they prioritized using it for their most important problems with the greatest opportunity for cost savings. The senior director of analytics in consumer goods stated, “If we have a complex business problem and need to deliver urgently for

a high-value case, then we will go to Foundry.” The head of supply chain in manufacturing said of their use of Foundry: “We spend time selecting the best business problems.”

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

- Foundry is used for 12 high-priority supply chain and inventory management projects yearly.
- The average associated costs per project is \$20 million.
- The reduction in costs from better supply chain and inventory management due to Foundry is 30%.

**“Foundry integrates data and is low-code, no code. It’s very easy to use and enables us to act. We are permanently optimizing our supply chain.”**

*Head of supply chain,  
manufacturing*

**Risks.** The costs savings from better supply chain and inventory management will vary based on:

- The number of supply chain and inventory management projects, and the average associated costs per project.
- The processes and tools used to reduce supply chain and inventory management costs prior to using Foundry.
- The successful identification and prioritization of the supply chain and inventory management projects and problems for which organizations should use Foundry.

- The skillset of employees. Interviewees said that Foundry was a powerful tool but that its success depended on employees who understood how to successfully proceed with the information, insights, and recommendations Foundry provided.

**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 over \$161 million.

| Cost Savings From Better Supply Chain And Inventory Management |  |            |   |               |               |
|--|--|------------|---|---------------|---------------|
| Ref.   | Metric   | Source     | Year 1                                  | Year 2        | Year 3        |
| A1   | Number of high priority supply chain and inventory management projects for which Foundry is used | Composite  | 12                                      | 12            | 12            |
| A2   | Average associated costs per project   | Composite  | \$20,000,000                            | \$20,000,000  | \$20,000,000  |
| A3   | Total supply chain and inventory management costs for which Foundry is used                      | A1*A2      | \$240,000,000                           | \$240,000,000 | \$240,000,000 |
| A4   | Percentage reduction in costs due to Foundry   | Interviews | 30%                                     | 30%           | 30%           |
| At   | Cost savings from better supply chain and inventory management                                   | A3*A4      | \$72,000,000                            | \$72,000,000  | \$72,000,000  |
|  | Risk adjustment  | ↓10%       |   |               |               |
| Atr  | Cost savings from better supply chain and inventory management (risk-adjusted)                   |            | \$64,800,000                            | \$64,800,000  | \$64,800,000  |
| Three-year total: \$194,400,000                                |  |            | Three-year present value: \$161,148,009 |               |               |

## COST SAVINGS FROM IMPROVED PROCUREMENT PROCESS

**Evidence and data.** Interviewees said they used Foundry for their top business problems across multiple use cases, and the same Foundry features related to data visibility, holistic analysis, and optimized, actionable recommendations allowed them to cut costs associated with procurement cycles. Among those who could quantify this benefit, Foundry enabled an average of 30% in cost savings.

- Interviewees explained that many factors drove procurement costs and that effective procurement processes required knowledge of complex historical data and understanding targets. Foundry helped to navigate this complexity and save costs.
- The head of supply chain in manufacturing elaborated: “Sometimes we have complicated

negotiations with a lot of conditions when we are buying raw materials. In Foundry, we have a strong data system to understand and simulate negotiations. We compare with previous negotiations and target prices as well as the volume of production.”

- The senior director of analytics in consumer goods similarly described how their organization used Foundry during procurement cycles: “Before implementing Foundry, we ended up paying more. But now Foundry brings all the factors together in real time to enable our team to make the most cost-effective decisions. They have visibility into the pricing data and any factors that go into calculating the cost. It takes all of those components into play in real-time, and that’s the beauty of Foundry. ... We get ingredients for the lowest possible cost and just the right quantity.”

- The same interviewee highlighted the role the Foundry Ontology (i.e., the operational layer that sits on top of the data integrated into Foundry) had in improving procurement processes: “The Ontology that is built has all the data models in Foundry and they’re all interconnected. The Ontology is really the backbone. It’s powerful because it connects the dots across all of this data. It paints a complete picture for you. You’re not just looking at one aspect of that data point or that entity.”
- Interviewees reiterated that Foundry easily integrates disparate data sets across the organization, which helped enable the success they saw in reducing procurement costs. The head of supply chain in manufacturing summarized, “The integration capability in Foundry brings together very different types of data, combines the information, and allows us to solve the problem.”
- Foundry made recommendations based on vast and real data. With Foundry, there was transparency on how much money interviewees’ organizations would save when they adopted particular recommendations.
- The comprehensive data integration and in-depth what-if analysis, done as a matter of course with Foundry, was possible with interviewees’ organizations’ legacy solutions only very rarely and after great effort. With their legacy systems, interviewees had to run several reports, manually gather certain information, and perform extensive spreadsheet manipulation.

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

- Foundry is used for 10 high priority procurement cycles annually.
- The average associated costs per procurement cycle is \$20 million.

- The reduction in costs from an improved procurement process due to Foundry is 30%.

**“The beauty of Foundry is it brings all of the considerations together, it takes all of the components into play. We used it for procurement decisions, and it delivered a solution in 12 weeks. The year-over-year benefit was three to fourfold what we expected.”**

*Senior director of analytics, consumer goods*

**Risks.** The benefit of cost savings from an improved procurement process will vary based on:

- The number of procurement cycles and the average associated costs.
- The processes and tools used to reduce procurement costs prior to Foundry.
- The successful identification and prioritization of the procurement cycles and problems for which Foundry should be used.
- The skillset of employees. Interviewees said that Foundry was a powerful tool, but that its success depended on able employees who understood how to successfully proceed with the information, insights, and recommendations provided by Foundry.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of more than \$126 million.

| Cost Savings From Improved Procurement Process |  |            |   |               |               |
|--|--|------------|---|---------------|---------------|
| Ref.   | Metric   | Source     | Year 1                                  | Year 2        | Year 3        |
| B1   | Number of high priority procurement cycles for which Foundry is used | Composite  | 10                                      | 10            | 10            |
| B2   | Average associated costs per procurement cycle                       | Composite  | \$20,000,000                            | \$20,000,000  | \$20,000,000  |
| B3   | Total procurement costs for which Foundry is used                    | B1*B2      | \$200,000,000                           | \$200,000,000 | \$200,000,000 |
| B4   | Percentage reduction in costs due to Foundry                         | Interviews | 30%                                     | 30%           | 30%           |
| Bt   | Cost savings from improved procurement process                       | B3*B4      | \$60,000,000                            | \$60,000,000  | \$60,000,000  |
|  | Risk adjustment  | ↓15%       |   |               |               |
| Btr  | Cost savings from improved procurement process (risk-adjusted)       |            | \$51,000,000                            | \$51,000,000  | \$51,000,000  |
| Three-year total: \$153,000,000                |  |            | Three-year present value: \$126,829,452 |               |               |

## INCREMENTAL PROFIT FROM OPTIMIZED PRODUCTION

**Evidence and data.** In addition to cost savings, interviewees' organizations also used Foundry to increase their revenue. In particular, Foundry's data-driven insights and more reliable predictions of the future facilitated production optimization, increasing certain revenue streams. Among those who could quantify this benefit, the uplift for impacted revenue streams ranged between 2% to 5%.

- The senior vice president of technology in science and engineering described how their organization used Foundry to realize an uplift in revenue: "We're equipping our plant operators and engineers with better insight. We're losing less product and at the same time producing more of it. With Foundry, the focus has been on revenue uplift due to optimizing production."
- Employees could optimize production because insight from historical data in Foundry allowed them to understand the conditions that led to production inefficiencies in the past. Furthermore, visualization tools in Foundry let employees quickly apprehend trends over time.

**"Foundry really changes the way you use data. Instead of a report or data dump, it takes all of these data points and allows you to make a powerful decision. Foundry optimizes based on the rules that you put in — and has the ability to learn and solve the problem."**

*Senior director of analytics, consumer goods*

- The senior vice president of technology in science and engineering said that the Foundry Ontology enabled the optimization in production that led to revenue uplift: "We have the ability to share data very quickly because of the Ontology models that are built up. When you build a database, the Ontology is not specific to the database, it's specific to the data elements. With Foundry, we've been able to harmonize our data



sources and remap data elements to develop a different use case. Foundry makes this happen very easily.”

- Prior to this, interviewees explained that a major obstacle was that the same data element could be referred to with many different names in their databases. Therefore, employees often could not recognize data for what it was because of the differing labels. Foundry Ontology freed the data so that it was no longer tied up with one use case, allowing for data-driven decision-making.
- The senior director of analytics in consumer goods further explained how Foundry’s holistic look at data led to optimal decision-making: “What we are able to do now with Foundry is look at a lot of different data elements and come to a holistic picture or a holistic optimization. We can optimize across 15 parameters that live in 15 different systems. Our tools before just did not have that capability.”
- These capabilities in Foundry allowed interviewees’ organizations to more reliably predict future production upsets and identify optimization options for increasing production. Foundry provided options going forward, allowing users to select the best.
- The senior vice president of technology in science and engineering said: “Foundry definitely improves our agility, in terms of being able to look at different scenarios very quickly and being able to optimize. For example, it can generate 150 options to improve throughput, and then we see which are the top two that I need to evaluate further and implement.”
- While increased revenue due to optimized production was the principal revenue-generating use case, there were also others. Some discussed using Foundry to price their products more optimally. Others also used Foundry to

improve their products, allowing them to sell more or at a higher price.

- As the head of supply chain in manufacturing said: “Through the data and intelligence in Foundry, we optimize and improve the functionality of our products. At the end of the day, this is improving the value of our products. It’s a game changer in the value proposition we make to current customers and also allows us to reach new customers.”
- In some cases, Foundry also led to increased customer satisfaction, which ultimately supports sales. The senior director of data and analytics in utilities said Foundry enabled more efficient delivery of services and hence improved customer service: “We reduced the impact to our customer of these types of [negative] events. ... We use Foundry to continue to iterate on and get better at our operations and make them more efficient and effective. This means that ultimately fewer customers are negatively impacted.”

**“The ease and accessibility of data for our decision-makers has grown with Foundry. They’re able to predict upsets with more reliability and identify optimization options. The bottom-line result is that we’re able to add more production and see a revenue uplift.”**

*Senior vice president of technology, science and engineering*

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

- The total annual revenue is \$50 billion, and the percentage of revenue affected by Foundry is 3%.
- The increase in this revenue stream due to Foundry is 3.5%.
- The operating margin is 10%.

**Risks.** The benefit of incremental profit from optimized production will vary based on:

- Total annual revenue and the percentage of revenue impacted by Foundry.
- The processes and tools in place to optimize production and drive revenue prior to Foundry.

- The successful identification and prioritization of the production and revenue-generating use cases for which Foundry should be used.
- The skillset of employees. Interviewees said that Foundry was a powerful tool but that its success depended on employees who understood how to successfully proceed with the information, insights, and recommendations provided by Foundry.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of almost \$11.8 million.

| Incremental Profit From Optimized Production |  |            |  |                  |                  |
|--|--|------------|--|------------------|------------------|
| Ref.   | Metric   | Source     | Year 1                                 | Year 2           | Year 3           |
| C1   | Total revenue  | Composite  | \$50,000,000,000                       | \$50,000,000,000 | \$50,000,000,000 |
| C2   | Percentage of revenue affected by Foundry                    | Composite  | 3.00%                                  | 3.00%            | 3.00%            |
| C3   | Dollar amount of revenue stream affected (before Foundry)    | C1*C2      | \$1,500,000,000                        | \$1,500,000,000  | \$1,500,000,000  |
| C4   | Increase of revenue stream due to Foundry                    | Interviews | 3.5%                                   | 3.5%             | 3.5%             |
| C5   | Incremental revenue due to Foundry                           | C3*C4      | \$52,500,000                           | \$52,500,000     | \$52,500,000     |
| C6   | Operating margin   | Composite  | 10%                                    | 10%              | 10%              |
| Ct   | Incremental profit from optimized production                 | C4*C5      | \$5,250,000                            | \$5,250,000      | \$5,250,000      |
|  | Risk adjustment  | ↓10%       |  |                  |                  |
| Ctr  | Incremental profit from optimized production (risk-adjusted) |            | \$4,725,000                            | \$4,725,000      | \$4,725,000      |
| Three-year total: \$14,175,000               |  |            | Three-year present value: \$11,750,376 |                  |                  |

## INCREASED EMPLOYEE EFFICIENCY

**Evidence and data.** Both business users and technical users of Foundry saw time savings given its integration and harmonization of data across the organization and its optimized and data-driven recommendations. Interviewees reported productivity

improvements that exceeded 75% for key technical users and 50% for key business users.

- Improved data accessibility with Foundry drove employee efficiency. The senior vice president of technology in science and engineering explained: “Now everybody has access to the same data. So we have been able to actually change our

operating model on the back of Foundry. ... People just go in Foundry and look at different dashboards as opposed to preparing decks and validating numbers and all that.”

- Interviewees also said that Foundry harmonized the data across systems, which reduced rework. The senior director of analytics in consumer goods shared: “Before, our employees looked at the data in three different systems and then had to go reverse some transactions and redo others. That would take them several hours, but it’s the click of a button now. Foundry talks to all three systems.”
- Interviewees described Foundry as low-code/no-code and emphasized that the platform not only provides powerful information, but is also user-friendly.
- The senior director of analytics in consumer goods explained that a subset of business users saved substantial time because Foundry provided visibility into data and generated options on how to best proceed: “They’re saving 10 to 20 hours a week per person easily because they have all the data in one place, they can go track it, and it’s helping them make that decision by having a recommendation in place.”
- The head of supply chain in manufacturing explained how technical employees saved time with better data that makes it easier to solve problems, including rare ones that cost months of time: “Some issues were really complex for engineers and sometimes six months of investigation were not fruitful. These very complex problems now have been reduced by 80% due to the fact that Foundry gives us a much better understanding of the context of failure, and we can very quickly identify the commonalities of failure.”
- Multiple interviewees said that the time savings was so significant that Foundry enabled a

reduction in headcount for certain roles in the long term.

- The time saved was particularly crucial because it was often the most valuable and highly-skilled employees experiencing the efficiency gains. The senior vice president of technology in science and engineering said, “The benefit is the high-end employees are actually spending more time being high-end.” The head of supply chain in manufacturing echoed this, “By eliminating administrative tasks, our people are now focused more on actually analyzing the reports.”
- The senior director of analytics in consumer goods concluded: “Before, some employees were not even able to finish their jobs. Now they’re able to finish their jobs — and do them more effectively.”

**“Foundry plays a huge role in making our organization more efficient. The biggest benefit is that it essentially liberates the data and makes it more available to our employees. I have examples where people tell me, ‘This used to take me three weeks and now I can do it in two hours.’”**

*Senior vice president of technology, science and engineering*

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

- There are 25 Foundry users in technical roles experiencing substantial time savings due to Foundry; these technical users save 75% of their time due to Foundry.

- There are 120 Foundry users in business roles experiencing substantial time savings due to Foundry; these business users save 50% of their time due to Foundry.
- The average annual fully burdened salary is \$162,000 for technical users and \$105,000 for business users.

**Risks.** The benefit of increased employee efficiency will vary based on:

- The number of technical and business users of Foundry, especially key users who can realize substantial efficiency gains.
- Tools and processes these employees used prior to Foundry.
- The average annual fully burdened salary of these employees.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$20.9 million.

**“People from different areas of the company are using Foundry to gain situational awareness and align with their colleagues during really complex events. Having that information be curated in Foundry, and easy to understand and visualize, is a big value add.”**

*Senior director of data and analytics, utilities*

| Increased Employee Efficiency  |   |            |  |             |             |
|--------------------------------|---|------------|--|-------------|-------------|
| Ref.                           | Metric  | Source     | Year 1                                 | Year 2      | Year 3      |
| D1                             | Number of Foundry users in technical roles experiencing substantial time savings due to Foundry | Composite  | 25                                     | 25          | 25          |
| D2                             | Technical user time savings due to Foundry  | Interviews | 75%                                    | 75%         | 75%         |
| D3                             | FTE equivalents in technical roles saved because of Foundry                                     | D1*D2      | 18.75                                  | 18.75       | 18.75       |
| D4                             | Technical user average annual fully burdened salary   | Composite  | \$162,000                              | \$162,000   | \$162,000   |
| D5                             | Benefit from technical users saving time with Foundry   | D3*D4      | \$3,037,500                            | \$3,037,500 | \$3,037,500 |
| D6                             | Number of Foundry users in business roles experiencing substantial time savings due to Foundry  | Composite  | 120                                    | 120         | 120         |
| D7                             | Business user time savings due to Foundry   | Interviews | 50%                                    | 50%         | 50%         |
| D8                             | FTE equivalents in business roles saved because of Foundry                                      | D6*D7      | 60.00                                  | 60.00       | 60.00       |
| D9                             | Business user average annual fully burdened salary  | Composite  | \$105,000                              | \$105,000   | \$105,000   |
| D10                            | Benefit from business users saving time with Foundry  | D8*D9      | \$6,300,000                            | \$6,300,000 | \$6,300,000 |
| Dt                             | Increased employee efficiency   | D5+D10     | \$9,337,500                            | \$9,337,500 | \$9,337,500 |
|                                | Risk adjustment   | ↓10%       |  |             |             |
| Dtr                            | Increased employee efficiency (risk-adjusted)   |            | \$8,403,750                            | \$8,403,750 | \$8,403,750 |
| Three-year total: \$25,211,250 |   |            | Three-year present value: \$20,898,882 |             |             |

## DECOMMISSIONED LEGACY SYSTEMS

**Evidence and data.** Foundry served as a comprehensive data and analytics platform for interviewees' organizations. Organizations were thus able to decommission a variety of legacy licensed and homegrown data and analytics solutions.

- The legacy environments at interviewees' organizations varied, but commonly included multiple licensed point solutions, including one primary data and analytics software, and a mix of homegrown approaches.
- Interviewees described Foundry as having all-in-one capabilities, that allowed them to retire these legacy systems. Decommissioning saved interviewees' organizations anywhere from a few million to tens of millions of dollars. One

organization had yet to decommission their legacy systems but planned to shortly.

- The timeline of decommissioning ranged from soon after the implementation of Foundry to over the course of a few years, due to the breadth of the legacy environment and the size and complexity of the organization.

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

- The total cost of legacy systems is \$15 million per year.
- These legacy systems are decommissioned over time. In Year 1, 50% are decommissioned; in Year 2, 75% are decommissioned; in Year 3, 100% are decommissioned.

**Risks.** The benefit of decommissioned legacy systems will vary based on:

- The cost of legacy systems.
- How quickly the legacy systems are decommissioned, which can be influenced by several factors (e.g., organization size and complexity, the extent and nature of the legacy systems, and the priority given to decommissioning.)

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$24.6 million.

**“There is a cost savings from retiring our legacy software. We have also decommissioned quite a few homegrown systems and have reduced some of our data center work as we move that into Foundry.”**

*Senior vice president of technology, science and engineering*

### Decommissioned Legacy Systems

| Ref.                           | Metric  | Source     | Year 1                                 | Year 2       | Year 3       |
|--------------------------------|---|------------|--|--------------|--------------|
| E1                             | Cost of legacy systems                                  | Composite  | \$15,000,000                           | \$15,000,000 | \$15,000,000 |
| E2                             | Percentage able to be decommissioned because of Foundry | Interviews | 50%                                    | 75%          | 100%         |
| Et                             | Decommissioned legacy systems                           | E1*E2      | \$7,500,000                            | \$11,250,000 | \$15,000,000 |
|                                | Risk adjustment   | ↓10%       |  |              |              |
| Etr                            | Decommissioned legacy systems (risk-adjusted)           |            | \$6,750,000                            | \$10,125,000 | \$13,500,000 |
| Three-year total: \$30,375,000 |   |            | Three-year present value: \$24,646,882 |              |              |

### UNQUANTIFIED BENEFITS

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

- **Employee satisfaction and retention.** Interviewees reported widespread employee satisfaction with Foundry. The senior director of analytics in consumer goods said: “Our users love Foundry — the usability, how user-friendly it is, the time it saves.”

The head of supply chain in manufacturing noted that Foundry also specifically helped with employee recruitment and retention: “It’s very

easy to attract good people joining what we do in Foundry. It helps to recruit. It helps to develop people. It helps grow talent. ... Retaining people is also an outcome.” The same interviewee said that for around 100 employees, Foundry is a reason they remain with the company.



**“The people who use Foundry really love it. And they don’t want to use other tools once they have started using Foundry, because it’s very easy for them to navigate and get to the data. The secret is the very high-quality data models and the Ontology that’s being developed.”**

*Senior vice president of technology, science and engineering*

- **Fosters collaboration.** Employees used Foundry as a collaboration environment across offices and teams. They benefited from Foundry’s clear workflows and easy-to-visualize data that could be traced back to its origin. Foundry enabled feedback loops that spanned technical and business users.

The head of supply chain in manufacturing explained: “Foundry has really been a transformation lever for us. We have a project of 500 people from around the company, co-creating a solution on Foundry with zero waste.”

- **Better safety and compliance.** Foundry improved some organizations’ safety and compliance by providing their teams complete data and more accurate forecasts. Moreover, efficiency gains among employees allowed them to give heightened attention to these efforts. The senior vice president of technology in science and engineering elaborated: “We have better forecasts. So we’ve opened up the possibility of better safety. That’s an intangible benefit we are seeing because people have access to data —

but more importantly, they now have the time to focus on safety instead of hunting datasets.”

The senior director of data and analytics in utilities also noted how Foundry helps with compliance requirements: “Complete and auditable data really helps us with regulatory trust and government agencies that may be reaching out for information. Giving them really complete, traceable, and verifiable information is valuable.”

- **Support from the Palantir team.** Interviewees were impressed with the support they received from the Palantir team. The speed with which they were able to start seeing value exceeded their expectations, and several Palantir employees were attached to their account to help ensure ongoing success.

The senior director of data and analytics in utilities said: “We brought Palantir in, and within 8 to 12 weeks, Foundry was fully functional and we were consulting data from it. A stable, usable solution on that scale and in that timeframe is almost unheard of.”

**“Foundry started delivering significant value in the first month. The Palantir team comes side-by-side so you can ramp up your team.”**

*Senior director of analytics, consumer goods*

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer

might implement Foundry and later realize additional uses and business opportunities, including:

- **Solving their top problems as they emerge.**

Interviewees stressed that they utilized Foundry for their top problems and pain points and that going forward, they could use Foundry to solve new business challenges as they emerge and evolve.

The senior director of analytics in consumer goods provided a recommendation to other organizations of how to think of Foundry: “What are the top organizational priorities? What are the top pain points? Where is the most opportunity, whether it’s on the revenue side or on the cost saving side? When using Foundry, I would look at it as what are the top three, the top five, or however many problems the organization needs to solve.”

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

# Analysis Of Costs

■ Quantified cost data as applied to the composite

| Total Costs |                             |           |              |              |              |               |               |
|-------------|-----------------------------|-----------|--------------|--------------|--------------|---------------|---------------|
| Ref.        | Cost                        | Initial   | Year 1       | Year 2       | Year 3       | Total         | Present Value |
| Ftr         | Costs to Palantir           | \$0       | \$33,000,000 | \$33,000,000 | \$33,000,000 | \$99,000,000  | \$82,066,116  |
| Gtr         | Internal labor              | \$217,350 | \$372,600    | \$372,600    | \$372,600    | \$1,335,150   | \$1,143,951   |
|             | Total costs (risk-adjusted) | \$217,350 | \$33,372,600 | \$33,372,600 | \$33,372,600 | \$100,335,150 | \$83,210,067  |

## COSTS TO PALANTIR

**Evidence and data.** Interviewees' organizations paid an annual cost to Palantir, which included the use of Foundry, associated cloud costs, and Palantir professional services.

- Annual costs were tailored for each organization. Interviewees reported that Foundry had a few different pricing models and that their organizations worked with Palantir representatives to negotiate the cost model and details.
- Costs paid for Foundry varied widely across organizations and depended on their size and complexity, as well as the problems to be solved.
- Interviewees described the cost of Foundry as significant but concluded that Foundry in turn provided considerable value to their organizations. The senior director of data and analytics in utilities said, "With Foundry, we have a major investment, and it is bringing us major value." The same interviewee added, "You get what you pay for there."
- The associated cloud costs were cheaper through Palantir, so interviewees' organizations opted to pay through Palantir to cover those costs.

- Palantir professional services were also included in the costs. These professional services were used most at implementation, but also ongoing as needed. The senior director of analytics in consumer goods explained: "As part of our check to Palantir, we don't just get the platform, we also get a set of Foundry developers, admin, and customer support. This team comes with the contract, and it's very valuable. They bring the people to make you successful."

**Modeling and assumptions.** For the composite analysis, Forrester assumes that the annual costs to Palantir for the use of Foundry, Palantir professional services, and associated cloud costs are \$30 million.

**Risks.** The costs to Palantir for Foundry will vary based on:

- Customer-specific pricing.
- The size and complexity of the organization, and the problems to be solved.
- The pricing model negotiated, the scope of the implementation, and the length of the contract.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$82.1 million.

| Costs To Palantir              |                                   |            |  |              |              |              |
|--------------------------------|-----------------------------------|------------|--|--------------|--------------|--------------|
| Ref.                           | Metric                            | Source     | Initial                                | Year 1       | Year 2       | Year 3       |
| F1                             | Costs to Palantir                 | Interviews | \$0                                    | \$30,000,000 | \$30,000,000 | \$30,000,000 |
| Ft                             | Costs to Palantir                 | F1         | \$0                                    | \$30,000,000 | \$30,000,000 | \$30,000,000 |
|                                | Risk adjustment                   | ↑10%       |  |              |              |              |
| Ftr                            | Costs to Palantir (risk-adjusted) |            | \$0                                    | \$33,000,000 | \$33,000,000 | \$33,000,000 |
| Three-year total: \$99,000,000 |                                   |            | Three-year present value: \$82,066,116 |              |              |              |

## INTERNAL LABOR

**Evidence and data.** Implementations of Foundry at interviewees' organizations ranged from one week to 12 weeks and required the involvement of a small team of internal employees. The requirements for ongoing management varied and depended on the scope of implementation, but typically amounted to around two employees. Interviewees said the training needs for Foundry users were very limited and described the platform as "self-help" and "learning-by-using."

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

- Seven employees dedicate two months to implement Foundry. Subsequently, two

employees are dedicated to the ongoing management of Foundry.

- The fully burdened monthly salary for these employees is \$13,500.

**Risks.** The cost of internal labor will vary based on:

- The scope of the implementation.
- The skill set of employees.
- The average fully burdened salary of employees dedicated to implementation and ongoing management.

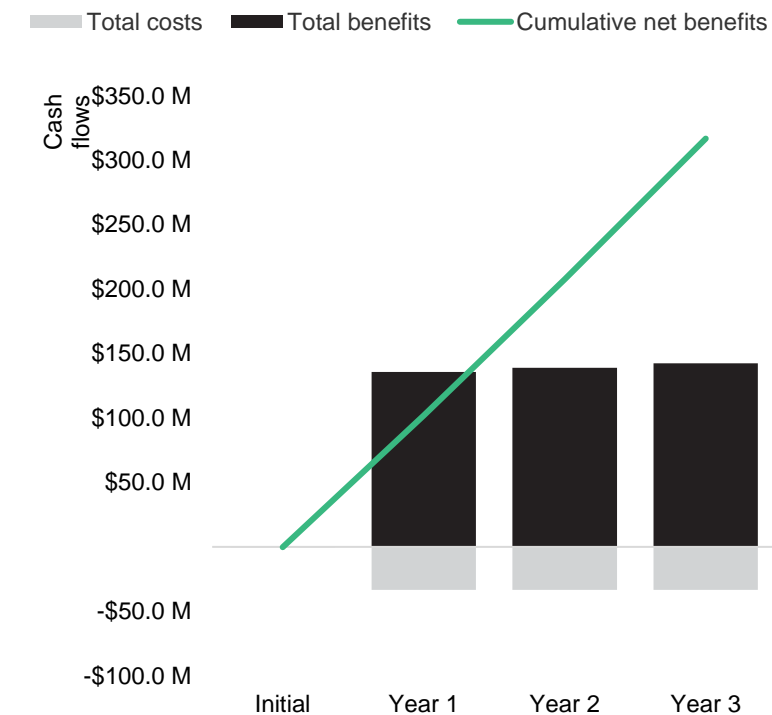
**Results.** To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$1.1 million.

| Internal Labor                |   |            |                                       |           |           |           |
|-------------------------------|---|------------|---------------------------------------|-----------|-----------|-----------|
| Ref.                          | Metric  | Source     | Initial                               | Year 1    | Year 2    | Year 3    |
| G1                            | Internal team to implement and maintain Foundry | Interviews | 7                                     | 2         | 2         | 2         |
| G2                            | Months spent on Foundry                         | Interviews | 2                                     | 12        | 12        | 12        |
| G3                            | Fully burdened monthly salary                   | Composite  | \$13,500                              | \$13,500  | \$13,500  | \$13,500  |
| Gt                            | Internal labor                                  | G1*G2*G3   | \$189,000                             | \$324,000 | \$324,000 | \$324,000 |
|                               | Risk adjustment                                 | ↑15%       |                                       |           |           |           |
| Gtr                           | Internal labor (risk-adjusted)                  |            | \$217,350                             | \$372,600 | \$372,600 | \$372,600 |
| Three-year total: \$1,335,150 |   |            | Three-year present value: \$1,143,951 |           |           |           |

# 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             | (\$217,350) | (\$33,372,600) | (\$33,372,600) | (\$33,372,600) | (\$100,335,150) | (\$83,210,067) |
| Total benefits          | \$0         | \$135,678,750  | \$139,053,750  | \$142,428,750  | \$417,161,250   | \$345,273,601  |
| Net benefits            | (\$217,350) | \$102,306,150  | \$105,681,150  | \$109,056,150  | \$316,826,100   | \$262,063,534  |
| ROI                     |             |                |                |                |                 | 315%           |
| Payback period (months) |             |                |                |                |                 | <6             |

## 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

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<sup>1</sup> 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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