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The Total Economic Impact™ Of Mimecast's Unified Email Management solution

A Multicompany Case Study

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Executive Summary

In September 2009, Mimecast commissioned Forrester Consulting to examine the total economic impact and potential return on investment (ROI) enterprises may realize by deploying its Unified Email Management solution. Mimecast's solution is a software-as-a-service enterprise email management solution that complements the client's existing on-premise email server. The Mimecast cloud service provides a comprehensive solution that archives all email, ensures continuity of email service, improves the eDiscovery process, and allows the application of consistent security and policy settings.

This study illustrates the financial impact of using the Mimecast service in a \$1 billion business services firm with 5,000 users that operates a large headquarters and two branch offices overseas.

In conducting in-depth interviews with five existing Mimecast customers, Forrester found that these companies achieved benefits in the following areas:

- **Avoiding on-premise archiving and replication costs.** Avoiding the costs associated with a new email replication solution and refreshing an existing on-premise email archive solution were the most significant benefits identified in this study. Customers avoided hardware and software costs plus the associated internal and external costs for planning, integrating, maintaining, and operating the solution. This benefit accounts for approximately 45% of all the risk-adjusted benefits quantified in this study.
- **Maintaining email availability.** This mitigates the risk of revenue and productivity losses. Mimecast customers acknowledged the advantages of ensuring availability during planned and unplanned email downtime. This benefit accounts for about 25% of all risk-adjusted benefits.
- **Reducing costs.** The Mimecast solution resulted in the decommissioning of a legacy email antivirus solution and the cancelling of a third-party email filtering service. This benefit accounts for about 15% of all risk-adjusted benefits.
- **Making productivity gains for email users.** Mimecast customers identified productivity gains for email users because of time saved searching for emails (e.g., eDiscovery) and dealing with spam issues. To create a conservative and realistic quantification of end user productivity gains, Forrester has aggressively risk-adjusted this benefit. It accounts for about 15% of all risk-adjusted benefits.

In general, cloud-based services can: give IT more leverage to get more projects done; accelerate deployments by reducing on-premise implementation; lower cost barriers with a pay-as-you-go model; and beat on-premise software costs.

In addition to the benefits described above, the Mimecast solution has other capabilities that should be considered but that have not been quantified in this study. For example, regarding litigations, being able to present all email receipts in a timely manner, being confident about the completeness of email evidence, and gaining more time for the analysis of evidence certainly has a positive impact on the risk inherent to individual legal cases. The nature of litigation means the financial risk or benefit at stake for a given company can range from a few hundred dollars to several million. The variability and uncertainty associated with this benefit category prevents us from including it in this ROI quantification. Companies are encouraged to determine how far this applies to them. To create

a credible business case, the analysis in this study only considers the productivity gains for the IT and legal staff in preparing for such a case.

Purpose

The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Mimecast's Unified Email Management solution on their organization. Forrester's aim is to clearly show all calculations and assumptions used in the analysis. Readers should use this study to better understand and communicate a business case for investing in Mimecast's Unified Email Management solution.

Methodology

Mimecast selected Forrester for this project because of its industry expertise in IT services and Forrester's Total Economic Impact™ (TEI) methodology. TEI not only measures costs and cost reduction (areas that are typically accounted for within IT) but also weighs the enabling value of a technology in increasing the effectiveness of overall business processes.

For this study, Forrester employed four fundamental elements of TEI in modeling the Unified Email Management solution:

1. Costs and cost reduction.
2. Benefits to the entire organization.
3. Flexibility.
4. Risk.

Given the increasing sophistication that enterprises have regarding cost analyses related to IT investments, Forrester's TEI methodology serves an extremely useful purpose by providing a complete picture of the total economic impact of purchase decisions. Please see Appendix B: Total Economic Impact™ Overview for additional information on the TEI methodology.

Approach

Forrester used a five-step approach for this study:

1. Forrester gathered data from existing Forrester research relative to Mimecast's Unified Email Management solution and the email services market in general.
2. Forrester interviewed Mimecast's technical, marketing and sales personnel to fully understand the potential (or intended) value proposition of its Unified Email Management solution.
3. Forrester conducted a series of in-depth interviews with five organizations currently using Mimecast's Unified Email Management solution.
4. Forrester constructed a financial model representative of the interviews. This model can be found in the TEI Framework section below.

- Forrester created a composite organization based on the interviews and populated the framework using data from the interviews as applied to the composite organization.

Key Findings

Forrester's study yielded a number of key findings:

- ROI.** Based on the interviews with five existing customers, Forrester constructed a TEI framework for a composite organization (see Appendix A), and the associated ROI analysis illustrating the financial impact areas. As seen in Table 1, the **five-year risk-adjusted ROI for our composite organization is 86%** with a **breakeven point (payback period) within seven months** of deployment.
- Benefits.** The principal benefits from an investment in Mimecast include end user and IT productivity gains, IT cost savings, and cost avoidance in the acquisition of server hardware, storage, and software. The cost avoidance is not a one-time benefit; in a long-term analysis, companies must consider the costs associated with software upgrades, hardware refreshes, and building storage costs. In general, cloud-based services can: give IT more leverage to get more projects done; accelerate deployments by reducing on-premise implementation; lower cost barriers with a pay-as-you-go model; and beat on-premise software costs.
- Costs.** The significant categories of costs include ongoing SaaS license fees, setup and support charges, and internal labor costs for deploying the solution.

Table 1 illustrates the main financial metrics for the composite organization, based on data and characteristics obtained during the interview process. Forrester risk-adjusts these values to take into account the potential uncertainty that exists in estimating the costs and benefits of a technology investment. The risk-adjusted value is meant to provide a conservative estimate, incorporating any potential risk factors that may later impact the original cost and benefit estimates. For a more in-depth explanation of risk and risk adjustments used in this study, please see the "Risk" section.

Table 1: Summary financial results, composite organization

Summary financial results	Original estimate	Risk-adjusted
ROI	148%	86%
Payback period	Five months	Seven months
Total costs (present value)	-\$1,235,465	-\$1,266,137
Total benefits (present value)	\$3,062,197	\$2,349,928
Total (net present value)	\$1,826,732	\$1,083,791

Source: Forrester Research, Inc.

Disclosures

The reader should be aware of the following:

- The study is commissioned by Mimecast and delivered by the Forrester Consulting group.
- Mimecast 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.
- The customer names for the interviews were provided by Mimecast.
- Forrester makes no assumptions as to the potential return on investment that other organizations will receive. Forrester strongly advises that readers should use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Mimecast's Unified Email Management solution.
- This study is not meant to be used as a competitive product analysis.

Mimecast's Unified Email Management Solution: Overview

Mimecast delivers software-as-a-service-based enterprise email management, including archiving, eDiscovery, continuity, security, and policy management. By unifying disparate and fragmented email management applications into one holistic service that is always available from the cloud, Mimecast claims to minimize risk and reduce cost and complexity while providing total end-to-end control of email.

Mimecast seamlessly integrates with a company's existing MS Exchange, Domino, and GroupWise servers to deliver email archiving, continuity, security, and policy management. Employees continue to work within Outlook or via Webmail with an unlimited inbox.

A company's on-premise email server supplies the mailboxes, and Mimecast replaces the software and hardware running email archiving, continuity, security, policy management, branding, and disclaimers. The Mimecast solution eliminates the growing risks and complexities of email management to support emerging regulatory, legal, and eDiscovery requirements.

All aspects of email are centrally controlled and completely configurable with this cloud-based platform, freeing up resources and allowing clients to focus on strategic activities.

Mimecast's service stores email messages and data according to corporate-defined retention and destruction policies; the robust grid technology produces search results in seconds even as the email archive grows over time, and it is priced as a fixed cost per user. End users are able to search their personal archives directly within Outlook, with full drag-and-drop functionality — effectively giving them a bottomless inbox. Furthermore, should a customer's Exchange Server fail, Mimecast temporarily emulates Exchange, enabling Outlook users to remain online seamlessly during the recovery process. This avoids the cost and complexity of failover and failback disaster recovery (DR) models.

Metadata archiving ensures that eDiscovery searches produce comprehensive audit trails for compliance and litigation requirements. Organizations with legacy email such as .PSTs can ingest data into their Mimecast archive.

Mimecast is priced at a flat per-user cost, making budgeting predictable. As a SaaS application, Mimecast claims that its solution can be implemented in hours, compared with months for on-premise-based deployments.

Analysis

As stated in the Executive Summary, Forrester took a multistep approach to evaluate the impact that implementing Unified Email Management solution can have on an organization, including:

- Interviews with Mimecast marketing, technical, and sales personnel.
- In-depth interviews with five organizations currently using Mimecast's Unified Email Management solution.
- The construction of a common financial framework for the implementation of Mimecast's Unified Email Management solution.
- The construction of a composite organization based on characteristics of the interviewed organizations.

Interview Highlights

A total of five interviews were conducted for this study, involving representatives from the following Mimecast customers:

1. A facilities management company with 50,000 employees, including 5,000 email users, based in the UK. This organization originally used a managed service provider to host its email cluster and related systems, such as antispam and antivirus. It felt it was spending too much time and effort fine-tuning the email environment and dealing with spam issues on a daily basis. It also had no real archiving and disaster recovery solution for its email service and was looking for the most cost-efficient way to implement these services.
2. A US-based public-sector healthcare organization with 6,000 email users. This organization was running the main email infrastructure in-house. It was unhappy with the performance of its third-party email filtering appliance and was looking for alternatives that would be more efficient and take less time to administer and maintain. In addition, it wanted to improve its email archiving capabilities and ensure continuity of the email service.
3. An independent insurance company based in the US with 650 email users in 25 locations. This company has a highly decentralized approach to IT operations. Every division runs its own infrastructure. It used an external service provider for email filtering. The archiving was done manually by using native Exchange journaling and creating DVDs. Its main objectives for the new investment were to ensure the integrity of archived emails, speed up the retrieval of archived emails, and minimize the hardware and labor costs associated with email management.
4. A large construction company based in South Africa with 4,500 email users. Due to mergers and acquisitions, this organization found itself operating several data centers with email systems from different vendors. One of its main challenges with regards to email services was to restore data. As its IT department had to respond to frequent eDiscovery requests, it was looking for a new solution that would save it time and effort.
5. A property management company based in South Africa with 450 email users. This company is a spinoff of a larger group. The group IT department originally took care of all IT operations. After the spinoff, the company decided to bring all IT operations in-house or

alternatively find other service providers. It wanted a robust email service with absolute email redundancy.

The composite organization created from the results of the customer interviews is a large business services firm with a large head-office site and two branch offices abroad (see the description below). The company has annual revenues of \$1 billion and employs 5,000 people.

The interviews uncovered a number of facts and insights that apply to the composite company and may also apply to other organizations considering an investment in the Mimecast solution, including:

- There was an opportunity to decommission on-premise server hardware and software as well as the storage requirements associated with maintaining an archiving and eDiscovery platform. This would include avoiding eventual software upgrades, hardware refreshes, and increasing storage requirements. In other cases, a company might not have a platform and must consider the initial acquisition costs of the platform as well as training personnel to administer the platform.
- The risk associated with end users creating and managing their own local .PST archives presented a challenge. IT had little or no visibility into what was stored and deleted in local archive files and was worried about the potential liability that this created.
- Services like message filtering and archiving required deeper vendor-specific knowledge and attention for tasks including management, security, tuning, and troubleshooting.
- Companies are looking to increase email availability and disaster recovery capabilities without the associated hardware, software, storage, and implementation costs. In addition, companies would have to consider either building out a data center at one of their locations or paying collocation fees for hosting disaster recovery servers. As email criticality increases, the tolerance for email downtime decreases. Depending on a company's industry and business, email downtime can impact employee productivity at the very least and can often have an impact on revenue loss.
- Although every company has some form of antivirus and spam filtering, experiences can vary, and end users may have to spend time reviewing their spam folders for false positives. Companies were looking to boost the effectiveness of their spam filtering. A hosted solution for spam filtering can also help reduce bandwidth requirements and cycles consumed by processing spam on mailbox servers.

TEI Framework

Introduction

From the information provided in the in-depth interviews, Forrester has constructed a TEI framework for those organizations considering an implementation of Mimecast's Unified Email Management solution. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision.

Composite Organization

Based on the interviews with the five existing customers provided by Mimecast, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas impacted financially. The composite organization that Forrester synthesized from these results represents a large business service company with 5,000 employees.

The company is running an on-premise email infrastructure based on Microsoft Exchange 2003 at three major sites. The Exchange servers are clustered for high availability at the headquarters. In total, 12 Exchange servers are running on-premise.

Prior to the investment in Mimecast, there was no email replication between sites for business continuity. In the event of a major site outage in either location, servers would need to be restored via tape. All sites used an external service provider for filtering email for viruses, spam, phishing attempts, and malware. In addition, two sites used a legacy email antivirus solution consisting of a server at each site. The email archiving infrastructure was run centrally at the headquarters and was due to be completely refreshed after being implemented three years ago.

The initial reasons why the company was looking for a new email solution were: 1) to avoid refreshing the on-premise email archiving solution, 2) to improve its email filtering capability, 3) to increase the availability of email in the case of a major outage, and 4) to enable central management of global policy and corporate standards.

The company evaluated three alternative scenarios: 1) building up its own replication solution and refreshing the on-premise email archiving system, 2) outsourcing the entire email service to an external service provider, and 3) employing a hybrid solution in which the company keeps its mailbox servers on-site to maintain their integration with other business applications and tools while taking advantage of a hosted service to handle expensive supporting services like email filtering, archiving, and continuity. The flexibility and cost savings of this latter option drove the company to invest in Mimecast.

The Mimecast deployment was split into two phases. The first phase was connecting to Mimecast for security, continuity, and archiving services and took two weeks to complete. The second phase of ingesting the company's historical data took two months, as the business had to aggregate all tape and .PST files, cleanse them, and provide them to Mimecast.

See Appendix A for more details on the composite organization.

Framework Assumptions

Table 2 lists the discount rate used in the PV and NPV calculations and the time horizon used for the financial modeling.

Table 2: General Assumptions

Ref.	General assumptions	Value
A1	Discount rate	10%
A2	Length of analysis	Five years

Source: Forrester Research, Inc.

Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult with Finance to determine the most appropriate discount rate to use within their own organizations.

In addition to the financial assumptions used to construct the cashflow analysis, Table 3 provides fully loaded salary assumptions used within this analysis for the IT and the business staff.

Table 3: Salary Assumptions

Ref.	Metric	Calculation	Value
A3	Hours worked per day		8
A4	Days worked per year		220
A5	Average fully loaded hourly salary IT operations		\$48
A6	Average fully loaded hourly salary IT help desk		\$38
A7	Average fully loaded hourly salary business unit typical email user		\$52
A8	Average fully loaded hourly salary business unit legal staff		\$62
A9	Average fully loaded annual salary IT operations	A3xA4xA5	\$84 480
A10	Average fully loaded annual salary IT help desk	A3xA4xA6	\$67 584
A11	Average fully loaded annual salary business unit typical email user	A3xA4xA7	\$91 520
A12	Average fully loaded annual salary business unit legal staff	A3xA4xA8	\$109 824

Source: Forrester Research, Inc.

Costs

This section describes and lists the costs for configuring and controlling the Mimecast solution for the composite organization over a five-year period.

Initial setup costs

The initial costs for setting up the Mimecast solution consist of professional service charges from Mimecast (see B1 in Table 4 below), internal labor costs (B2), and costs for the ingestion of existing email archives into the new platform (B3).

The internal efforts required for integration, configuration, project management, and basic administrator training have been estimated to be 20 person days.

The costs for the ingestion of legacy email archives are based on the assumption that the composite organization had 2 TB of emails to be absorbed. Some organizations will ingest higher data volumes than this, depending on their previous archiving strategy. To account for the uncertainty associated with the volume of emails ingested, we have risk-adjusted these costs up by 25% (see risk section). The final risk-adjusted ROI in this study includes 125% of the ingestion costs cited in row B3 in Table 4.

Ongoing costs

Regarding the ongoing costs, the software-as-a-service (SaaS) fees constitute the largest expense. The composite organization pays \$60 per user per year for a total of 5,000 users. An annual fee is paid in advance. The cost quoted here is for the premium Mimecast Advance service package. Other service packages include the Enterprise and Express packages.¹

The additional yearly Mimecast support charges for “priority support” are indicated in B5.

Total Costs

Table 4 summarizes the costs incurred by the composite organization in deploying and running the Mimecast solution over a five-year period.

Table 4: Total costs (non-risk adjusted)

Ref	Category	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Total	PV
B1	Mimecast setup costs	\$3,000	\$0	\$0	\$0	\$0	\$0	\$3,000	\$3,000
B2	Costs of internal labor (20 person days)	\$7,680	\$0	\$0	\$0	\$0	\$0	\$7,680	\$7,680
B3	Costs for ingestion of existing email archives (2 TB)	\$42,060	\$0	\$0	\$0	\$0	\$0	\$42,060	\$42,060
B4	Total SaaS fees per year (\$60 per mailbox per year)	\$0	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000	\$1,137,236
B5	Mimecast support charges per year	\$0	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$60,000	\$45,489
B6	Total costs	\$52,740	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000	\$1,612,740	\$1,235,465

Source: Forrester Research, Inc.

Benefits

The Mimecast customers who were interviewed for this study described a range of hard and soft benefits that they have accrued from their deployment of the Unified Email Management platform. The most significant benefits described to Forrester were around avoiding infrastructure costs due to not having to build out their own email continuity solution or refresh the on-premise email archiving solution. Other benefit categories that were revealed in interviews are IT cost savings and productivity gains, as well as benefits related to the continuity of email service.

Each of these categories of benefit is discussed below.

Replication Cost Avoidance

The composite organization wanted to ensure full continuity of email service for all employees. By deploying the Mimecast service, the composite organization did not have to replicate the service between the three sites. Costs that have been avoided range from hardware, software, and related maintenance costs to network upgrade costs, integration and migration costs, and ongoing operating costs. Additionally, we assumed that a refresh of the system was necessary in year five.

The avoided hardware costs consist of two servers, SAN devices, and storage space. The company did not have to buy replication software licenses and did not have to upgrade the network links between the three sites. Related hardware and software maintenance costs, integration, and operating costs were also avoided. The planning, integration, and migration efforts were estimated at 40 person days and the annual operating costs to one-quarter of a full-time equivalent (FTE).

Table 5: Replication cost avoidance

Ref.	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
C1	Hardware costs avoided (2 servers and SAN including future storage growth)	\$27,000	\$1,600	\$1,600	\$1,600	\$28,600	
C2	Software costs avoided (replication software licenses)	\$22,880	\$0	\$0	\$0	\$22,880	
C3	WAN upgrades avoided (links between headquarters and the two branch offices)	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	
C4	Maintenance costs avoided (10% of hardware + 20% of software)	\$7,276	\$7,276	\$7,276	\$7,276	\$7,276	
C5	Planning/integration/migration efforts avoided (40 person days; refer to A5 for hourly salary assumption)	\$15,360	\$0	\$0	\$0	\$15,360	
C6	Operating costs avoided (efforts in running and maintaining replication infrastructure; assumption: one-quarter of FTE per year; refer to A9 for annual salary assumption)	\$21,120	\$21,120	\$21,120	\$21,120	\$21,120	
C7	Total	\$129,636	\$65,996	\$65,996	\$65,996	\$131,236	\$458,860

Source: Forrester Research, Inc.

Archiving Infrastructure Cost Avoidance

By choosing the Mimecast solution, the composite organization avoided refreshing a new email archiving solution at its main data center. The estimated hardware, software, and related maintenance costs are indicated in Table 6 below. The planning and integration efforts were estimated to be 60 person days and the annual operating costs to one-quarter of a full-time equivalent (FTE).

The composite organization avoided a further storage refresh in the fifth year of the investment period after the original refresh in year one. Four years is a typical upgrade cycle for an on-premise archiving solution.

Table 6: Archiving infrastructure cost avoidance

Ref.	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
D1	Hardware refresh costs avoided (storage space, servers)	\$50,000	\$0	\$0	\$0	\$50,000	
D2	Software refresh costs avoided (archiving software, third-party replication software, database)	\$190,000	\$0	\$0	\$0	\$190,000	
D3	Maintenance costs avoided (10% of hardware + 20% of software)	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	
D4	Planning/integration costs avoided (60 person days; refer to A5 for hourly salary assumption)	\$23,040	\$0	\$0	\$0	\$23,040	
D5	Future storage space avoided (assumption: 3934 GB per year at \$8 per GB)	\$0	\$31,471	\$31,471	\$31,471	\$31,471	
D6	External consultancy costs avoided	\$40,000	\$0	\$0	\$0	\$40,000	
D7	Operating costs avoided (efforts in running and maintaining replication infrastructure; assumption: one-quarter of FTE per year; refer to A9 for annual salary assumption)	\$21,120	\$21,120	\$21,120	\$21,120	\$21,120	
D8	Total	\$367,160	\$95,591	\$95,591	\$95,591	\$398,631	\$1,052,565

Source: Forrester Research, Inc.

Email Filtering Cost Savings

The composite organization originally used an external service provider for email filtering. The service was priced at \$1.50 per user per month. This service was simply decommissioned and resulted in the cost savings detailed in Table 7.

Table 7: Email filtering cost savings

Ref.	Category	Per period & Year 1	Year 2	Year 3	Year 4	Year 5	Total
E1	Number of email users	5,000					
E2	Third-party filtering costs (per user per month)	\$1.50					
E3	Cost savings from decommissioned service (=E1xE2x12)	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$450,000

Source: Forrester Research, Inc.

Legacy Systems Cost Savings

Two of the composite organization's sites used legacy email antivirus gateway servers; these were made redundant by the Mimecast service. The bridgehead/routing servers were also decommissioned. The related cost savings are indicated in Table 8.

Table 8: Legacy systems cost savings

Ref.	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
F1	Hardware cost savings (residual value)	\$3,333	\$0	\$0	\$0	\$0	
F2	Related software license cost savings	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	
F3	Related maintenance cost savings (10% of hardware + 20% of software)	\$733	\$733	\$733	\$733	\$733	
F4	Related facilities cost savings	\$750	\$750	\$750	\$750	\$750	
F5	Related operations cost savings (assumption: 0.5 hours of effort per site and per week)	\$2,304	\$2,304	\$2,304	\$2,304	\$2,304	
F6	Total	\$9,121	\$5,787	\$5,787	\$5,787	\$5,787	\$32,270

Source: Forrester Research, Inc.

IT Help Desk Productivity Gains

This benefit includes time savings for the composite organization's IT help desk function. Most of the companies that were interviewed for this study experienced a reduction in spam issues and related help desk calls. Additionally, users who were searching their email archive or, for example, seeking confirmation from IT that an email has been delivered to their intended recipient now find all emails in their Mimecast archive or can look up the email delivery status themselves.

The Total Economic Impact™ Of Mimecast's Unified Email Management solution

The number of calls avoided, the time associated with fulfilling these calls, and the overall time saved are shown in Table 9. Not all of the time saved by the IT organization will necessarily be reallocated to productive tasks. For example, some of the time saved may allow IT staff to work less unpaid overtime or take longer breaks. In conservatively estimating the productivity gain, Forrester assumed that only 50% of the time saved is allocated to other productive tasks. Fifty percent of the potential time saving is therefore not included in the analysis below.

Table 9: IT help desk productivity gains

Ref.	Category	Per period & Year 1	Year 2	Year 3	Year 4	Year 5	Total
G1	Number of spam-related help desk calls avoided per day	10					
G2	Minutes spent per spam-related call	10					
G3	Number of email-search-related help desk calls or email delivery confirmation calls avoided per day	1					
G4	Minutes spent per email search/delivery-related call	10					
G5	Total hours saved per year = $(((G1 \times G2) + (G3 \times G4)) / 60) \times A4$	403					
G6	Average fully loaded hourly salary (help desk)	\$38					
G7	Productivity gain (%)	50%					
G8	IT help desk productivity gain (=G5xG6xG7)	\$7,744	\$7,744	\$7,744	\$7,744	\$7,744	\$38,720

Source: Forrester Research, Inc.

eDiscovery Productivity Gains

This benefit includes time savings for the composite organization's IT and legal staff who are involved in the process of recovering emails and associated attachments in preparation for or during legal disputes.

The Mimecast Unified Email Management solution enabled the composite organization to conduct faster, more comprehensive, and better documented eDiscovery. The solution's fast email search, centralized architecture, and complete archiving (such as retained folder structures and avoiding having separate quarantine folders) enable IT and legal staff to rapidly access (given faster time to deploy and recreate folders), search, and document (chains of custody) email communications.

To come to a conservative but realistic estimation, the same productivity factor of 50% that was explained in one of the previous sections is applied here.

Table 10: eDiscovery productivity gains

Ref.	Category	Per period & Year 1	Year 2	Year 3	Year 4	Year 5	Total
H1	Number of hours saved for IT per eDiscovery request	8					
H2	Number of eDiscovery requests per month	10					
H3	Hours saved per year (IT) (=H1 x H2) x12)	960					
H4	Average fully loaded hourly salary (IT ops, see A5)	\$48					
H5	Number of hours saved for legal per eDiscovery request	2					
H6	Hours saved per year (legal) (=H5 x H2) x12)	240					
H7	Average fully loaded hourly salary (legal, see A8)	\$62					
H8	Productivity gain (%)	50%					
H9	IT and legal staff productivity gain (=[(H3xH4) + (H6xH7)] x H8)	\$30,528	\$30,528	\$30,528	\$30,528	\$30,528	\$152,640

Source: Forrester Research, Inc.

Note: eDiscovery requests often occur at the beginning of a litigation case. To create a credible business case, the analysis in this study only considers the productivity gains for the IT and legal staff in preparing for such a case. The nature of litigation means the financial risk or benefit at stake for a given company can range from a few hundred dollars to several million. The variability and uncertainty associated with this benefit category prevents us from including it in this ROI quantification. However, being able to present all email receipts in a timely manner, being confident about the completeness of email evidence document, and gaining more time for the analysis of evidence certainly has a positive impact on the risk inherent to each individual case. Companies are encouraged to determine how far this applies to them.

End User Productivity Gains

Most of the companies interviewed for this study experienced a reduction in spam issues and saw a positive impact on end users, who now spend less time managing spam. For the analysis in this study, it is assumed that all end users experience productivity gains but only 5% of them really suffered from heavy spam issues before. Again, to come to a conservative but realistic estimation with regards to productivity gains, a productivity factor of 50% is applied here.

Additionally, Forrester has used the risk element of the TEI framework as a filter to account for the uncertainty in benefit estimates (see the Risk section for further details) .The final risk-adjusted ROI in this study includes 50% of the end user productivity gains cited in Table 11 below.

Table 11: End user productivity gains

Ref.	Category	Per period & Year 1	Year 2	Year 3	Year 4	Year 5	Total
11	Average number of minutes saved per week for a user with heavy spam issues	10					
12	Average number of minutes saved per week for a user with few spam issues	1					
13	Number of users	5,000					
14	Percent of users heavily concerned by spam issues	5%					
15	Number of days worked per year	220					
16	Number of hours saved per year $(= [(11/5/60 \times 13 \times 14) + (12/5/60 \times 13 \times (1-14))] \times 15)$	5,317					
17	Average fully loaded hourly salary (BU)	\$52					
18	Productivity gain (%)	50%					
19	End user productivity gain (=16x17x18)	\$138,233	\$138,233	\$138,233	\$138,233	\$138,233	\$691,167

Source: Forrester Research, Inc.

Business Continuity

Forrester recommends that end users go through a comprehensive seven-step process when evaluating a business continuity solution.² For the purposes of this study, Forrester has provided customer-validated inputs that allow readers to assess two of the seven steps: 1) the cost of downtime, and, 2) developing impact scenarios.

Calculating the cost of downtime is a complex exercise for organizations. For a comprehensive assessment of the cost of downtime, Forrester recommends determining the following for each business process: 1) revenue losses, 2) impact on cashflow, 3) productivity losses, 4) compliance and or reporting losses, 5) penalties and loss of discounts, 6) impact on customers and strategic partners, 7) employee morale and employee confidence in IT, and 8) damage to reputation and goodwill.

To account for the uncertainty associated with estimating business continuity gains, we have risk-adjusted all business continuity benefits down by 50% (see the Risk section). The final risk-adjusted ROI in this study includes 50% of the business continuity benefits cited in Tables 12 and 13.

Impact Scenario 1: Relocation Of A Branch Office

For the purposes of this study, we have developed one impact scenario that includes an assessment of the cost of downtime for the composite organization. The risk identified for this study is email system downtime caused by the relocation of one of the composite organization's branch offices. We assumed all 400 employees at this site would be affected by the email system being unavailable. To calculate the cost of downtime for this scenario, we have assumed that the main impact of the risk is productivity loss. To calculate the impact of the productivity loss, Forrester calculated the daily revenue per employee and made assumptions about the percentage productivity loss for three roles within the composite organization — managers, sales and delivery, and administration and support.

Table 12: Business continuity (impact scenario 1: relocation of regional office)

Ref.	Category	Per period & Year 1	Year 2	Year 3	Year 4	Year 5	Total
J1	Total number of users	5,000					
J2	Number of affected users	400					
J3	Number of working days new infrastructure was late	5					
J4	Total annual revenue of the company	\$1 billion					
J5	Total DAILY revenue of the company per person (=J4/J1/A4)	\$909					
J6	Category of workforce — managers	10%					
J7	Category of workforce — sales and delivery	60%					
J8	Category of workforce — admin and support	30%					
J9	Impact on employee productivity if no email service is available — managers	20%					
J10	Impact on employee productivity if no email service is available — sales and delivery	30%					
J11	Impact on employee productivity if no email service is available — admin and support	20%					
J12	Average percentage of productivity lost during downtime (=J6xJ9 + J7xJ10 + J8xJ11)	26%					
J13	Business continuity gains (office move) (=J2xJ3xJ5xJ12)	\$472,727	\$0	\$0	\$0	\$0	\$472,727

Source: Forrester Research, Inc.

Impact Scenario 2: Email Availability During Unplanned Downtime

The other impact scenario evaluated for this case study is the risk of unplanned email availability. Email system availability of 99.5% during extended working hours (12 hours per day, five days per week, 52 weeks per year) would result in more than 15 hours of unplanned downtime per year. To calculate the cost of downtime, we have assumed that the impact of the risk is productivity loss.

The productivity loss calculation is based on the percentage of users affected by the unplanned outages, the cost of their loaded salaries, and their reliance on email for productivity. The calculation assumes that 10% of the composite organization's users are affected by the outages and that 26% of each employee's productivity is lost (see calculations above).

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Table 13: Business continuity (impact scenario 2: unplanned downtime)

Ref.	Category	Per period & Year 1	Year 2	Year 3	Year 4	Year 5	Total
K1	Email availability (hours of downtime per year)	15,6					
K2	Total number of users	5,000					
K3	Percent of users affected by actual unplanned downtime	10%					
K4	Number of affected users (=K2xK3)	500					
K5	Employee reliance on email for productivity (see J12)	26%					
K6	Average fully loaded hourly salary (Business, see A7)	\$52					
K7	Business continuity gains (unplanned downtime) (=K1xK4xK5xK6)	\$105,456	\$105,456	\$105,456	\$105,456	\$105,456	\$527,280

Source: Forrester Research, Inc.

Note: System downtime can also result in permanent revenue loss for a company. The impact and probability of revenue loss varies significantly by industry and company. To create a conservative and realistic business case, we have therefore **not** included avoided revenue loss in the above benefit calculations. Readers should consider whether avoided revenue loss is applicable to their organization and should be added to their business case.

Total Benefits

Table 14 shows the total benefits that were quantifiable for this study.

Table 14: Total benefits (non-risk adjusted)

Ref.	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Present Value
L1	Replication cost avoidance	\$129,636	\$65,996	\$65,996	\$65,996	\$131,236	\$458,860	\$348,540
L2	Archiving infrastructure cost avoidance	\$367,160	\$95,591	\$95,591	\$95,591	\$398,631	\$1,052,565	\$797,411
L3	Email filtering cost savings	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$450,000	\$341,171
L4	Legacy systems cost savings	\$9,121	\$5,787	\$5,787	\$5,787	\$5,787	\$32,270	\$24,969
L5	IT help desk productivity gains	\$7,744	\$7,744	\$7,744	\$7,744	\$7,744	\$38,720	\$29,356
L6	eDiscovery productivity gains (IT and legal)	\$30,528	\$30,528	\$30,528	\$30,528	\$30,528	\$152,640	\$115,725
L7	End user productivity gains	\$138,233	\$138,233	\$138,233	\$138,233	\$138,233	\$691,167	\$524,013
L8	Business continuity — move of the South African office	\$472,727	\$0	\$0	\$0	\$0	\$472,727	\$429,752
L9	Business continuity — email availability during unplanned downtime	\$105,456	\$105,456	\$105,456	\$105,456	\$105,456	\$527,280	\$399,761
L10	Total benefits	\$1,350,605	\$539,336	\$539,336	\$539,336	\$907,616	\$3,876,229	\$3,010,698

Source: Forrester Research, Inc.

Risk

Risk is the third component within the TEI model; it is used as a filter to capture the uncertainty surrounding different cost and benefit estimates. If a risk-adjusted ROI still demonstrates a compelling business case, it raises confidence that the investment is likely to succeed because the risks that threaten the project have been taken into consideration and quantified. The risk-adjusted numbers should be taken as “realistic” expectations, as they represent the expected values considering risk. In general, risks affect costs by raising the original estimates and they affect benefits by reducing the original estimates.

For the purpose of this analysis, Forrester risk-adjusts cost and benefit estimates to better reflect the level of uncertainty that exists for each estimate. The TEI model uses a triangular distribution method to calculate risk-adjusted values. To construct the distribution, it is necessary to first estimate the low, most likely, and high values that could occur within the current environment. The risk-adjusted value is the mean of the distribution of those points.

For example, take the case of the costs related to the ingestion of existing email archives (see B3 in Table 4). The total \$42,060 value used in this analysis can be considered the “most likely” or expected value. However, this value might be underestimated, depending on the previous archiving policy that was in place. This variability represents a risk that must be captured as part of this study. Forrester here uses a risk factor of 150% on the high end, 125% as the medium, and 100% on the low end. This has the effect of increasing the cost estimate to take into account the fact that original

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cost estimates are more likely to be revised upward than downward. Forrester then creates a triangular distribution to reflect the range of expected costs, with 125% as the mean. Forrester applies this mean to the most likely estimate — \$42,060 — to arrive at a risk-adjusted value of \$52,575.

The following tables show the values used to adjust for uncertainty in cost and benefit estimates. Different cost and benefits estimates have different levels of risk adjustment. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

Table 15: Cost category risk adjustments

Ref	Risk to cost	Low	Medium	High	Risk-adjusted
O1	Mimecast setup costs	100%	102%	104%	102%
O2	Costs of internal labor	100%	105%	110%	105%
O3	Costs for ingestion of existing email archives	100%	125%	150%	125%
O4	Total SaaS fees per year	100%	102%	103%	102%
O5	Mimecast support charges per year	100%	102%	103%	102%

Source: Forrester Research, Inc.

Risk adjustments for benefits reduce the original benefits estimates. For example, Forrester applies a risk range of 0% on the low end of the estimate, 50% on the medium, and 100% on the high end for end user productivity gains and the business continuity cost savings. This has the effect of reducing the benefit estimate by 50%.

Table 16: Benefit category risk adjustments

Ref	Risk to benefits	Low	Medium	High	Risk-adjusted
N1	Replication cost avoidance	95%	98%	100%	98%
N2	Archiving infrastructure refresh avoided	95%	98%	100%	98%
N3	Email filtering cost savings	98%	99%	100%	99%
N4	Legacy systems cost savings	98%	99%	100%	99%
N5	IT help desk productivity gains	95%	98%	100%	98%
N6	eDiscovery productivity gains (IT and legal)	95%	98%	100%	98%
N7	End user productivity gains	0%	50%	100%	50%
N8	Business continuity — move of a branch office	0%	50%	100%	50%
N9	Business continuity — email availability during unplanned downtime	0%	50%	100%	50%
N10	Flexibility option (costs)	100%	102%	103%	102%
N11	Flexibility option (benefits)	95%	98%	100%	98%

Source: Forrester Research, Inc.

Flexibility

Flexibility, as defined in Forrester's TEI methodology (described in more detail in Appendix B), is an investment in additional capacity or capability today that can be turned into future business benefits at some additional cost in the future. This provides an organization with the "right" or the ability to engage in specific future initiatives — but not the obligation to do so. There are multiple scenarios in which a customer might choose to deploy the Mimecast services within a certain scope or area and later discover additional value that can be realized by expanding the usage. The flexibility component of TEI can capture that value, using the industry standard Black-Scholes option pricing model.

One example of flexibility is the opening of an office at a new location or the prospect of an acquisition. If the composite organization were to open a new office or acquire another company, hardware, software, and time savings would be realized because the new office would simply have to be connected to the cloud service to benefit from the archiving and continuity capabilities.

Using the example above, the opening of a new office with about 100 employees, Forrester assumed that the costs avoided (external filtering service, a failover server, an antivirus server, storage space, software licenses, installation and operating costs) outweigh the SaaS costs. Even without considering any of the softer benefits, such as end user productivity gains, the value of this option can be estimated to be about \$55,000, with a two-year horizon.

Table 17: Flexibility option

Ref.	Category	Calculation	Value
FL1	Number of email users in new office		100
FL2	Costs to acquire option (SaaS fees)	FL1 x \$60 x 5 years	-\$30,000
FL3	Hardware cost savings		\$15,000
FL4	Software license cost savings		\$5,000
FL5	Hardware and software maintenance costs avoided	\$2,500 x 5 years	\$12,500
FL6	Integration cost savings	25 person days	\$9,600
FL7	Facilities cost avoided	\$500 x 5 years	\$2,500
FL8	Labor costs saved per year	8 hours per month avoided for 5 years	\$23,040
FL9	Cost avoidance (third-party antispam filtering)	\$1.50 per user per month	\$9,000
FL10	Expiration of option (years)		2,0
FL11	Benefits of this option	Sum(FL3:FL9)	\$76,640
FL12	Flexibility (non-risk-adjusted)	Black-Scholes option pricing model	\$56,649
FL13	Flexibility (risk-adjusted)	Black-Scholes option pricing model	\$54,756

Source: Forrester Research, Inc.

The flexibility component of TEI captures that value using either the financial-industry-standard Black-Scholes or the binomial option-pricing models.³

TEI Framework: Summary

Considering the financial framework constructed above, the results of the costs, benefits, risk, and flexibility sections using the representative numbers can be used to determine a return on investment, net present value, and payback period. Table 18 shows the consolidation of the numbers for the composite organization.

Table 18: Composite organization ROI, non-risk-adjusted

	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Total	PV
Total costs	-\$52,740	-\$312,000	-\$312,000	-\$312,000	-\$312,000	-\$312,000	-\$1,612,740	-\$1,235,465
Total benefits	\$0	\$1,350,605	\$539,336	\$539,336	\$539,336	\$907,616	\$3,876,229	\$3,010,698
Total flexibility	\$0	\$56,649	\$0	\$0	\$0	\$0	\$56,649	\$51,499
Total	-\$52,740	\$1,095,254	\$227,336	\$227,336	\$227,336	\$595,616	\$2,320,138	\$1,826,732
Return on investment								148%
Payback period								Within five months

Source: Forrester Research, Inc.

Table 19 below shows the risk-adjusted values, applying the risk-adjustment method indicated in the "Risks" section and the values from Tables 15 and 16 to the numbers in Tables 4 and 14.

Table 19: Composite organization ROI, risk-adjusted

	Initial	Year 1	Year 2	Year 5	Year 5	Year 5	Total	PV
Total costs	-\$63,699	-\$317,200	-\$317,200	-\$317,200	-\$317,200	-\$317,200	-\$1,649,699	-\$1,266,137
Total benefits	\$0	\$978,921	\$411,870	\$411,870	\$411,870	\$771,557	\$2,986,088	\$2,300,149
Total flexibility	\$0	\$54,756	\$0	\$0	\$0	\$0	\$54,756	\$49,778
Total	-\$63,699	\$716,477	\$94,670	\$94,670	\$94,670	\$454,357	\$1,391,145	\$1,083,791
Return on investment								86%
Payback period								Within 7 months

Source: Forrester Research, Inc.

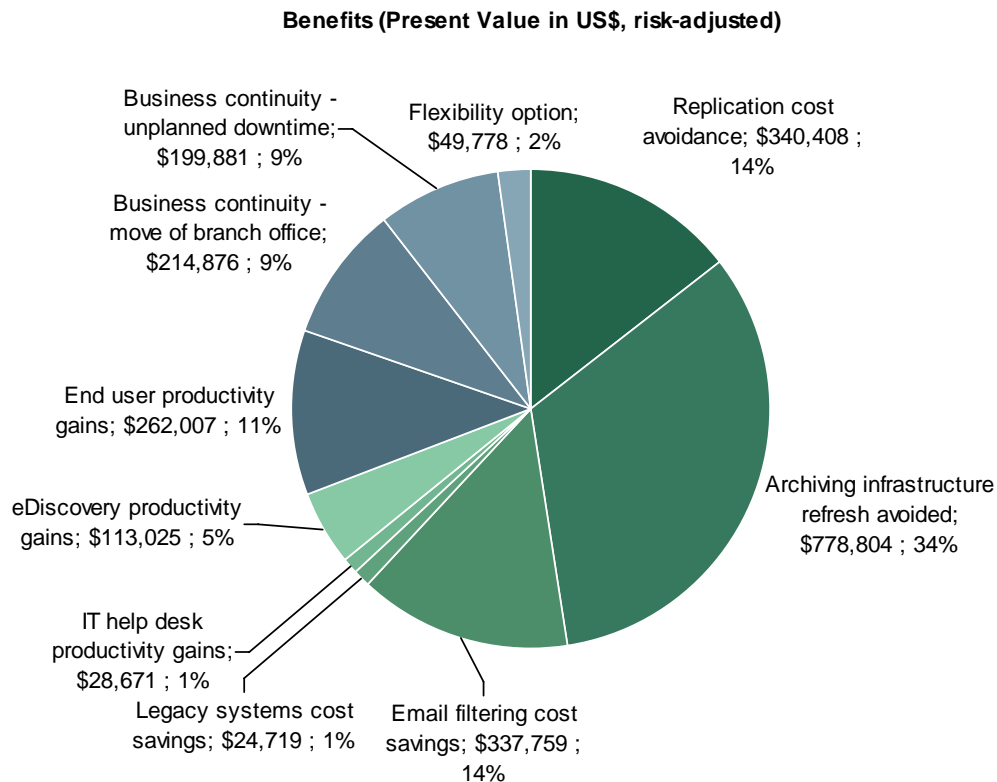
It is important to note that the values used throughout the TEI Framework are based on in-depth interviews with five organizations and the resulting composite organization built by Forrester. Forrester makes no assumptions as to the potential return that other organizations will receive within their own environment. Forrester strongly advises that readers use their own estimates within the framework provided in this study to determine the expected financial impact of implementing Mimecast's Unified Email Management solution.

Study Conclusions

Based on information collected in interviews with current Mimecast customers, Forrester observed that customers realized benefits in the form of increased end user and IT productivity, IT cost savings, and IT cost avoidance. Specifically, Forrester found that:

- Customers were not just avoiding costs associated with initial implementations but also those that occur later on during the software ownership life cycle. In other words, Mimecast customers would not have to deal with software upgrades, server refreshes, and scaling storage requirements.
- Mimecast customers were able to reallocate IT staff to other tasks. For instance, internal IT attention was required to administer and maintain archiving and filtering solutions, and this burden was offloaded to Mimecast.
- End users also benefited from Mimecast services. Customers observed a decline in the number of help desk calls from end users and that the users were spending less time each week managing their spam.

The following graph shows the breakdown of the risk-adjusted benefits.



The financial analysis provided in this study illustrates the potential way an organization can evaluate the value proposition of Mimecast's Unified Email Management solution. Based on information collected in five in-depth customer interviews, Forrester calculated a **five-year risk-**

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adjusted ROI of 86% for the composite organization with a **payback period within seven months of deployment**. All final estimates are risk-adjusted to incorporate potential uncertainty into the calculation of costs and benefits.

Based on these findings, companies looking to implement Mimecast's Unified Email Management solution can see cost savings, cost avoidance, and productivity benefits for end users and IT staff. Using the TEI framework, many companies may find the potential for a compelling business case to make such an investment.

Appendix A: Composite Organization Description

In this TEI study, Forrester has created a composite organization to illustrate the quantifiable costs, and benefits, risk, and flexibility of deploying Mimecast's Unified Email Management solution. Forrester's conclusions were derived in large part from information received in a series of in-depth interviews with executives and personnel at five organizations currently using Mimecast's services. As each of the interviewed organizations was promised anonymity, Forrester constructed a composite company, a TEI framework, and an associated ROI analysis based on our findings from these Mimecast customers.

This study illustrates the financial impact of using Mimecast email services by aggregating the findings from the customer interviews and portraying a composite organization that is achieving value from Mimecast's Unified Email Management solution.

Our composite company is a large business services firm that provides a variety of services through its different business units. The company has one head-office site and two branch offices. The organization has annual revenues of \$1 billion and employs 5,000 people worldwide. Email is a critical business tool for this company; contracts, proposals and all other kinds of important documents are exchanged via email (internally and externally). There is an increased need for accountability for all email sent and received.

The company is running an on-premise email infrastructure based on Microsoft Exchange 2003 on the three major sites. The Exchange servers are clustered for high availability. In total, 12 Exchange servers are running on premise. This consists of three sets of clustered Exchange Mailbox servers and two front-end Exchange servers at the headquarters and one mailbox server and one front-end server in the two branch offices.

Prior to the investment in Mimecast, there was no email replication between the sites for business continuity. In the event of a major site outage in any location, servers would need to be restored via tape. All sites used an external service provider for filtering email for viruses, spam, phishing attempts, and malware. In addition, the two branch offices used a legacy email antivirus solution consisting of a server at each site. The email archiving infrastructure had run centrally at the headquarters for the previous three years but was due to be completely refreshed. The company also realized that it was not able to centrally set and administer corporate email policies.

The initial reasons why the company was looking for a new email solution were to:

1. Avoid refreshing the on-premise email archiving solution.
2. Improve its email filtering capability.
3. Increase the availability of email in the case of a major outage.
4. Enable central management of global policy and corporate standards.

The company evaluated three alternative scenarios:

- **Continue to manage all of its email infrastructure on-premise.** This included building replication into its architecture for site resiliency as well as refreshing the email archiving platform. The cost of adding all of the new hardware and software as well as the headcount made this prohibitive.

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- **Outsource its entire email service to a provider.** This scenario was not feasible; many of its applications required integration with on-premise email as well as other collaboration tools.
- **Employ a hybrid solution.** In this scenario, the company keeps its mailbox servers on-site to maintain their integration with other business applications and tools in their environment while taking advantage of a hosted service to handle the expensive supporting services like email filtering, archiving, and continuity.

The flexibility and cost savings associated with this last option drove the company to invest in Mimecast.

The Mimecast deployment was split into two phases. The first phase was connecting to Mimecast for security, continuity, and archiving services, which took two weeks. The second phase of ingesting the company's historical data took two months, as the business had to aggregate all tape and .PST files, cleanse them, and provide them to Mimecast.

Appendix B: Total Economic Impact™ Overview

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.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility. For the purpose of this analysis, the impact of flexibility was not quantified.

Benefits

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place 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. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

Costs

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the forms of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

Risk

Risk measures the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: the likelihood that the cost and benefit estimates will meet the original projections and the likelihood that the estimates will be measured and tracked over time. TEI applies a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the underlying range around each cost and benefit.

Flexibility

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office productivity suite can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point in time. However, having the ability to capture that benefit has a present value that can be estimated. The flexibility component of TEI captures that value.

Appendix C: Glossary

Discount rate: The interest rate used in cash flow analysis to take into account the time value of money. Although the Federal Reserve Bank sets a discount rate, companies often set a discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their organization to determine the most appropriate discount rate to use in their own environment.

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.

Present value (PV): The present or current value of (discounted) cost and benefit estimates given an interest rate (the discount rate). The PV of costs and benefits feed into the total net present value of cash flows.

Payback period: The breakeven point for an investment. The point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Return on investment (ROI): A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

A Note On Cash Flow Tables

The following is a note on the cash flow tables used in this study (see the Example Table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in Years 1 through 3 are discounted using the discount rate shown in Table 2 at the end of the year. Present value (PV) calculations are calculated for each total cost and benefit estimate. Net present value (NPV) calculations are not calculated until the summary tables and are the sum of the initial investment and the discounted cash flows in each year.

Example Table

Ref.	Category	Calculation	Initial cost	Year 1	Year 2	Year 3	Total

Source: Forrester Research, Inc.

Appendix D: About The Project Managers

Sebastian Selhorst

Consultant, Forrester Consulting

Sebastian is a consultant for Forrester's Total Economic Impact (TEI) products and services. The TEI methodology focuses on measuring and communicating the value of IT and business decisions and solutions and providing an ROI business case based on the costs, benefits, flexibility, and risk of investments.

Sebastian has more than eight years of professional experience in the telecommunications and IT outsourcing industry. Prior to joining Forrester, Sebastian worked as a project manager and consultant for EDS, where he engaged in large IT infrastructure and telecommunications onshore and offshore outsourcing projects. His work included general project, account, and financial management tasks, management of third-party relationships, and sales support. Sebastian began his career at Alcatel, where he was responsible for analyzing needs for new mobile network features and translating them into high-level technical requirements.

Sebastian holds a French and German M.Sc. from Ecole Centrale Paris and RWTH Aachen with a specialization in computer science and telecommunications. He is fluent in English, German, and French.

Paul Devine

Consultant, Forrester Consulting

Paul is a consultant for Forrester's Total Economic Impact (TEI) products and services. The TEI methodology focuses on measuring and communicating the value of IT and business decisions and solutions and providing an ROI business case based on the costs, benefits, flexibility, and risk of investments.

Paul has more than eight years of consulting experience in the telecommunications and IT sector. Paul spent five years working as a consultant in Frost & Sullivan's ICT practice. During his time at Frost & Sullivan, Paul managed large primary research projects and consulting engagements across Europe, Middle East, and Africa.

Paul earned a B.Sc. in chemistry with management studies and a master's in technology and innovation management from the University of Sussex in the UK.

Paul is currently located in London, UK.

Appendix E: Related Forrester Research

[Protecting Email With The Cloud](#), June 8, 2009

[Should Your Email Live In The Cloud? A Comparative Cost Analysis](#), January 5, 2009

[Should Your Email Live In The Cloud? An Infrastructure And Operations Analysis](#), January 5, 2009

[Best Practices: Email Archiving](#), October 17, 2008

[Building The Business Case For Disaster Recovery Spending](#), April 3, 2008

Appendix F: Endnotes

¹ The following service descriptions are from Mimecast collateral:

Unified Email Management Express: A solution for organizations requiring premium security plus added benefits of data leak prevention and business continuity. Email continuity ensures your end users can keep working during any email system outage with the ability to send and receive emails and access a short-term archive. Data leak prevention protects against leaks of sensitive and confidential data — a key component in current data security strategies.

UEM Enterprise: An enterprise-ready solution for email dependent organizations that need the added benefit of long-term archiving for productivity, compliance and regulatory requirements. End users can access their archive seamlessly within Microsoft Outlook, OWA (Outlook Web Access) or the Mimecast webmail client. Enhanced E-Discovery, Litigation Hold, and Case Management tools ensure preservation policies and email discovery requests are easily executed and managed. Includes premium security, business continuity and data leak prevention.

UEM Advanced: The most comprehensive service by Mimecast that is ideal for organizations with complex email infrastructures requiring greater information governance and who face mailbox management and on-premise storage challenges. Unique integrated services for Microsoft Exchange environments ease the burden on Exchange; improve local mail server performance; and significantly reduce on-premise storage and the need for PSTs. The service also includes long-term archiving, business continuity, email security, data leak prevention, information governance, E-Discovery, Litigation Hold and seamless email continuity and search capability for Microsoft Outlook users.

Source: Mimecast "Service Comparison — Selecting your Mimecast Service." (Visit <https://system.netsuite.com/core/media/media.nl?id=118947&c=601905&h=99e709dcf581747541ee&xt=.pdf> for more details)

² Investments in disaster recovery (DR) don't increase top-line revenues, though they will likely let you retain more of your profits through cost avoidance and corporate viability. Forrester recommends the following seven steps for securing new, additional, or ongoing funding of DR-related efforts: 1) implement a continuity management process; 2) conduct a business impact analysis (BIA) and risk assessment; 3) calculate the cost of downtime; 4) develop impact scenarios that address all risks, not just "disasters;" 5) position DR as a competitive necessity; 6) develop a DR services catalog; 7) align DR technology investments with other IT initiatives. Source: April 3, 2008, "[Building The Business Case For Disaster Recovery Spending](#)" Forrester report. This report includes more recommendations on building a business case for disaster recovery.

³ Visit http://en.wikipedia.org/wiki/Black-Scholes#The_model to read more about the Black-Scholes model.