

FORRESTER®

The Total Economic Impact™ Of The Kustomer Platform

Cost Savings And Business Benefits
Enabled By Customer Service CRM

JULY 2021

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Consulting Team: *Greg Phillips*
Gerry Pape

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Executive Summary

Contact centers are a vital and growing customer facing asset, and as organizations expand service channels across social, chat, email and voice, demand for efficient handling on a single platform will become increasingly important to satisfaction and brand performance. With its unified omnichannel customer view, AI-powered case management, customizable workflows and automations that create efficiencies across all channels, Kustomer's CRM for Customer Service demonstrated significant ROI for dynamic and fast-growing businesses.

Kustomer brings together customer relationship management (CRM), digital engagement, and help desk software into a single omnichannel customer service platform. It provides a unified view of the conversations and customer history across multiple channels — phone, email, chat, messaging apps, social and others — in a single-screen timeline, giving support teams visibility into customers and enabling them to deliver fast, consistent, and personalized support at every touchpoint. The platform combines tools, processes and data from multiple systems into a customer centric workspace, and offers advanced case management capabilities such as AI-driven workflows, routing, and chatbots, making Kustomer a one-stop customer service solution for businesses to orchestrate end-to-end omnichannel experiences at scale.

Kustomer commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its [all-in-one, AI-powered customer service CRM platform](#).¹

“The ability to handle conversations and take action from any channel on the Kustomer platform is very important to agent productivity. We no longer have to toggle between multiple applications or screens.”

Senior platforms manager, consumer marketplace

KEY STATISTICS



Return on investment (ROI)

422%



Net present value (NPV)

\$30.34M

The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Kustomer platform on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four organizations with experience using Kustomer. For the purposes of this study, Forrester aggregated the experiences of the interviewed organizations the results into a single [composite organization](#).

Prior to using Kustomer, the interviewed organizations relied on legacy ticket-based help desk platforms to support their customers. With traditional ticketing systems, every customer interaction is treated as a siloed conversation, with no visibility into the entire customer journey to deliver contextual and personalized support. Agents had to switch between multiple dashboards to manage cross-channel engagement, and had to navigate different

applications to find relevant information to resolve customer inquiries. Additionally, these platforms lacked advanced case management capabilities such as AI, intelligent automation, chatbots or sophisticated multi-tiered workflows, requiring support teams to manually triage and process inbound requests. With the absence of built-in integrations and out-of-the-box configurations, the interviewed organizations had to hire third-parties to configure and customize these systems on an ongoing basis, adding to the total cost.

After switching to Kustomer, the interviewed organizations benefited from lower CRM solution costs and improved agent productivity rates from 20-30% through easily customizable workflows and API integrations. With Kustomer’s case management capabilities, many conversations could be fully resolved by AI-enabled chatbots, and chatbots’ semiautonomous responses improved handling times by 50% for cases escalated to an agent. Through Kustomer’s integration of social media channels, agents could use the saved time to focus on more valuable tasks, such as customer follow-up and overall brand management. For some customers, these improvements resulted in higher NPS scores.²

Total benefits present value:
\$37.5 million



used a collection of tools and platforms to deliver support and resolve customer inquiries. These tools were fully decommissioned after investing in Kustomer, which led to an average net price savings of 40%. Additionally, the organizations eliminated expensive third-party customizations that were required to configure and maintain custom integrations to consolidate customer data, communication channels, and analytics.

“Kustomer provided us with the tools and capabilities to build new configurations to optimize workflows. Compared to our previous platform, we would need 20% more agents to handle the workload that Kustomer resolves more efficiently for us.”
Senior platforms manager, consumer marketplace

“What agents see is streamlined, simplified, and intuitive. That makes a big difference in the service we can provide. For the agent, Kustomer is a nice place to work in.”
Senior digital manager, global retail brand

KEY FINDINGS

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

- **Reduced net cost of CRM tool by 40%.** Prior to using Kustomer, the interviewed organizations

- **Increased agent efficiency and effectiveness by up to 30% with workflow automation.** Kustomer’s ability to create and customize workflows led to better automation of processes, manual tasks, and routine customer-agent dialogue flows. As a result, agents were 20-30% more efficient, and the organizations were able to scale their customer service while minimizing costs.
- **Reduced costs by 88% via conversation automation with chatbots.** By deploying highly personalized chatbots across the entire user journey, the interviewed organizations were able to reduce overall service costs by 88%. Kustomer chatbots automated end-to-end support

workflows for many use cases, reducing the total number of conversations sent to agents.

- **Increased agent efficiency by 50% from pairing human with automation.** For conversations that required agent involvement, chatbots automated information collection up front, reducing the overall handle time. Kustomer's AI-powered chatbots conveyed to agents all relevant customer information, including the reason for the support request. This capability saved agents and customers valuable time, and it reduced handle times by 50% for such escalated cases.

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

- **Improved effectiveness of social media channels.** Prior to implementing Kustomer, organizations used social media as a marketing and brand awareness channel only. Kustomer's integrated CRM for Customer Service allowed the organizations to efficiently leverage social media for customer interactions, such as answering questions, following up on customer issues, and prioritizing customer accounts all on the platform.

“Social has become a much more important channel for our contact centers. Kustomer feeds social contacts to our agents just like any other inbound contact. So, whether it is supporting operations, order feedback, or brand management, to us it’s all about our customer service and brand. Kustomer allows us to handle it all on one platform, on one screen.”

Senior platforms manager, consumer marketplace

- **Reduced training time for agents.** Kustomer also influenced the speed at which agents trained to become effective customer service providers. With advanced workflows that alleviated manual triage and processing, training and onboarding new support agents became faster and easier. Agents no longer needed experience on multiple business systems to access the information they needed to be effective.

“Kustomer is faster, more intuitive, and our system-specific training is simpler than on our previous CRM.”

Senior digital manager, global retail brand

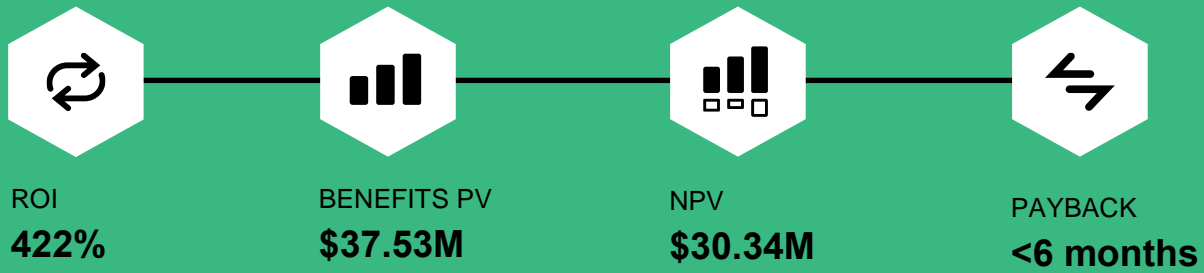
- **Operational flexibility.** With improved efficiency, Kustomer also enabled the responsive and flexible allocation of customer service agents, depending on business needs. For example, at large contact centers, specific agent teams could now be dedicated to managing individual channels, while agents at smaller market hubs could effectively multitask across chat, email, voice, and social media channels to handle any inbound conversations.

Costs. Risk-adjusted PV costs include:

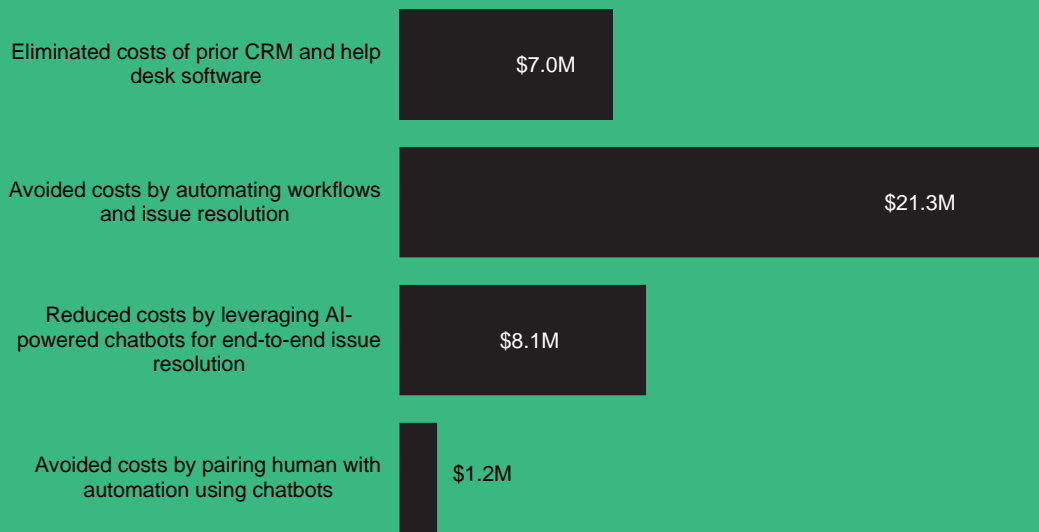
- **Cost of Kustomer fees.** The cost of the Kustomer platform is based on a per-agent user cost. Compared to prior CRM tools, Kustomer saved the interviewed organizations an average of 40% on a net price basis.
- **Cost of AI-powered chatbots.** Interviewees noted leveraging Kustomer's AI-powered chatbots to reduce the net cost of interactions. The cost of these fully automated chat sessions was priced at \$0.12 per conversation for the composite organization.

- **Resources for deployment and ongoing workflow optimization.** Three developer resources were required for three months to design and optimize workflows for deployment. Three business analysts were also needed for three months to run testing during multiple market rollouts. Ongoing optimizations following deployment required just one-eighth of a full time equivalent job (FTE).

The interviews and financial analysis found that a composite organization experiences benefits of \$37.53M over three years versus costs of \$7.19M, adding up to a net present value (NPV) of \$30.34M and an ROI of 422%.



Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

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

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 Kustomer can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Kustomer 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 the Kustomer CRM.

Kustomer 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.

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



DUE DILIGENCE

Interviewed Kustomer stakeholders and Forrester analysts to gather data relative to Kustomer.



CUSTOMER INTERVIEWS

Interviewed four decision-makers at organizations using Kustomer to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Employed four fundamental elements of TEI in modeling 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 Kustomer CRM For Customer Service Customer Journey

■ Drivers leading to the CRM for Customer Service investment

Interviewed Organizations				
Industry	Sector	Region	Interviewee	Revenue and agents
Retail	Direct to consumer	Global	Senior manager, digital	\$3.6 billion and 700 agents
Consumer marketplace	Marketplace	Global	Senior manager, platforms	\$1.5 billion and 2,500 agents
E-commerce	Direct to consumer	North America	CTO	\$100 million and 75 agents
Food and beverage	Direct to consumer	North America	Director of operations	\$20 million and 25 agents

KEY CHALLENGES

Before investing in Kustomer, interviewed organizations used a collection of ticket-based help desk software, CRM platform, and digital engagement systems. Configuring automated workflows and integrating relevant systems required the use of third-party consultants and system integrators, adding to annual costs and limiting flexibility in meeting support needs in a dynamic service environment. Inefficiencies were further compounded by the growing support volume generated as organizations entered new markets.

“We are multibrand and global with multiple contact centers in different parts of the world, various tier-level teams, different languages, different channels. Kustomer brings this all together seamlessly, and [it] helped us immensely to [solve] everything to be more efficient and expansive in how we talk to our customers.”

Senior digital manager, global retail brand

The interviewed organizations described challenges prior to an investment in Kustomer that included:

- **Inadequate tooling to meet customer demand.** As customer contact channels proliferated, organizations were challenged to meet customer demands with their limited, ticket-based tools. Without a single, unified view of the customer, interviewees struggled to keep pace with contacts that now occurred across chat, email, voice, and social media. Agents had to hunt down customer information from multiple sources and interact with various customers across different tools and channels. This introduced customer service inefficiency and ineffectiveness. The organizations needed to reimagine support operations and introduce workflows to enable efficient, real-time support across channels.
- **Inflexibility to respond to complex operating environments.** The operating context for the consumer marketplace includes sharp intraday peaks in order volumes and fast-evolving customer needs. Inflexible, ticket-based tools created siloed, disconnected conversations across the variety of channels and challenged agents to keep up with operationally driven delivery issues and demand at scale.

INVESTMENT OBJECTIVES

The interviewed organizations searched for a solution that could:

- Provide a unified view of customers that minimized the number of tools and screens for agents.
- Create workflow efficiencies through advanced automation and a single view of the customer to maintain high service levels.
- Provide easily configurable, out-of-the-box features that minimize or eliminate the cost of third-party customization.

“We were looking for a one-stop shop for our CRM platform with all our customer information, including orders, order status, purchase history, and all conversations. With Kustomer, agents can see everything needed to do their work with a single screen.”

CTO, e-commerce

Key assumptions

- **\$1.2B revenue**
- **2,500 contact center agents**
- **2.5M monthly conversations**
- **Multichannel contact: chat, voice, email, messaging, social**

COMPOSITE ORGANIZATION

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

Description of composite. The global, multibillion-dollar B2C organization provides operational support and order follow-up to its partner businesses, customers, and delivery couriers in high volume. It supports: 2.5 million monthly conversations across voice, chat, email, and social media channels; annual order volumes of about 120 million; and a strong online presence.

Deployment characteristics. The composite organization has global operations and 2,500 agents across a range of large and small contact centers to support its operating markets. It adds between one and two contact centers every couple of years through acquisition and outsourcing arrangements to support service demand. Most service contact required real-time order support, with chat as the leading channel of contact.

The Kustomer platform was deployed across these contact centers within months. With the help of a small team of developers and business analysts, the team was able to map and design workflows, and build API integrations quickly.

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	Eliminated costs of prior CRM and help desk software	\$2,385,000	\$2,835,000	\$3,285,000	\$8,505,000	\$6,979,226
Btr	Avoided costs by automating workflows and issue resolution	\$7,200,000	\$8,640,000	\$10,080,000	\$25,920,000	\$21,259,204
Ctr	Reduced costs by leveraging AI-powered chatbots for end-to-end issue resolution	\$1,854,000	\$3,780,000	\$4,333,500	\$9,967,500	\$8,065,244
Dtr	Avoided costs by pairing human with automation using chatbots	\$278,100	\$567,000	\$674,100	\$1,519,200	\$1,227,875
Total benefits (risk-adjusted)		\$11,717,100	\$15,822,000	\$18,372,600	\$45,911,700	\$37,531,549

ELIMINATED COSTS OF PRIOR CRM AND HELP DESK SOFTWARE

Evidence and data. The interviewed organizations shared that implementing Kustomer’s CRM platform enabled them to decommission legacy, ticket-based CRMs. The organizations were able to completely move away from their legacy CRM tools, saving on the full cost of these solutions. Interviewees noted that Kustomer’s platform was 40% less expensive on average across all channels.

Additionally, interviewees no longer needed costly customizations by third parties. Kustomer features easily customizable APIs that allow organizations to integrate data and develop automations on their own. On average, interviewees were able to save an average of \$150,000 annually by eliminating third-party customizations.

The senior manager for the consumer marketplace company noted: “Regarding API integrations, we now build business logic very quickly, automating many things we could not automate before. We can send an SMS, trigger actions with our back-end systems, and so on. And it takes something like 30 minutes to

implement. It’s super easy compared to our prior third-party customizations.”

Modeling and assumptions. For the composite organization, Forrester estimates:

- The number of agents in Year 1 is 2,500. This number rises to 3,500 by Year 3.
- There are fees of \$1,000 per agent when using the previous platform.
- The prior cost of third-party customizations is \$150,000 annually.

Risks. The reduced cost of the previous CRM will vary with:

- The pricing model of the prior platform. In this case, it is based on the number of agents.
- The use and prior cost of third-party customizations.

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 \$7.0 million.

Eliminated Costs Of Prior CRM And Help Desk Software

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Number of agent users	Interviews	2,500	3,000	3,500
A2	Per user cost with previous platform	Interviews	\$1,000	\$1,000	\$1,000
A3	Eliminated cost of platform customizations	Interviews	\$150,000	\$150,000	\$150,000
At	Eliminated costs of prior CRM and help desk software	$(A1 \times A2) + A3$	\$2,650,000	\$3,150,000	\$3,650,000
	Risk adjustment	↓10%			
Atr	Eliminated costs of prior CRM and help desk software (risk-adjusted)		\$2,385,000	\$2,835,000	\$3,285,000
Three-year total: \$8,505,000			Three-year present value: \$6,979,226		

AVOIDED COSTS BY AUTOMATING WORKFLOWS AND ISSUE RESOLUTION

Evidence and data. The interviewed organizations shared that Kustomer helped to make their customer service operations more efficient by introducing a timeline-based unified view of the customer and automated workflows to resolve customer issues. Before implementing Kustomer, interviewees noted that their agents had to spend time looking for information within the legacy CRM to adequately respond to customer requests. Sometimes, agents had to jump between various systems outside the legacy CRM, compiling various pieces of information before taking action. Such an action could require jumping across various systems all over again, just to effectively respond to a single customer request.

After investing in Kustomer, the organizations had a unified view of their customers historically and across channels, accessed via a single screen. Organizations were also able to easily implement workflow automations, such as a one-click resolution button to cancel and reorder a delayed shipment. As a result, agents could handle conversation volume more efficiently, and they could effectively manage the increase in requests that came with business growth.

Interviewees shared that Kustomer’s unified view and automated workflows reduced prior costs by 20% to 30%. One interviewee stated: “With our previous platform, agents spent more time looking for information, and without important automations, manual actions were required. We would need 20% more agents to handle the same workload we do now on Kustomer.”

Modeling and assumptions. For the composite organization, Forrester estimates:

- Agent totals expand from 2,500 in Year 1 to 3,500 by Year 3.
- The average fully burdened agent salary is \$16,000 globally.

Risks. The avoided cost from unified view and automated workflows will vary with:

- The number of agents affected by Kustomer.
- The average fully burdened rate of pay of these agents.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$21.3 million.

Avoided Costs By Automating Workflows And Issue Resolution

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Number of agents	Interviews	2,500	3,000	3,500
B2	Efficiency gain from unified view and automated workflows	Interviews	20%	20%	20%
B3	Avoided FTEs	B1*B2	500	600	700
B4	Average fully burdened agent salary globally	Interviews	\$16,000	\$16,000	\$16,000
Bt	Avoided costs by automating workflows and issue resolution	B3*B4	\$8,000,000	\$9,600,000	\$11,200,000
	Risk adjustment	↓10%			
Btr	Avoided costs by automating workflows and issue resolution (risk-adjusted)		\$7,200,000	\$8,640,000	\$10,080,000
Three-year total: \$25,920,000			Three-year present value: \$21,259,204		

REDUCED COSTS BY LEVERAGING AI-POWERED CHATBOTS FOR END-TO-END ISSUE RESOLUTION

Evidence and data. The interviewed firms shared that they were able to gain further efficiencies by leveraging AI and chatbots to triage and respond to customer service requests. Before investing in Kustomer, the consumer marketplace organization relied exclusively on live agents to manually prioritize, process, and resolve customer issues. This resulted in high value conversations being delayed or unresolved, which in turn led to order cancellations and lower customer satisfaction.

After deploying Kustomer, organizations leveraged AI-powered workflows and chatbots to eliminate manual triage and routing and reduce the total number of service requests sent to agents. One interviewee noted: “For many use cases where we’ve automated workflows with AI, Kustomer’s chatbots could resolve customer issues with no human agent intervention.”

Following the deployment of AI and chatbots, agents had improved availability to address the highest value customer service tasks. One interviewee described,

“Agents can now focus on more valuable work, which keeps customer satisfaction high while saving costs.”

Modeling and assumptions. For the composite organization, Forrester estimates:

- There are 2 million fully automated conversations in Year 1. This number increases to 4 million in Year 2 and 4.5 million in Year 3.
- Agent interaction costs are \$1.03 each in Year 1. This cost grows to \$1.05 in Year 2 and \$1.07 in Year 3.
- The cost per automated chat interaction is modeled in the Analysis Of Costs section of this study and is not considered here. This cost is \$0.12 per interaction and holds steady over time.

Risks. The improved costs from AI and chatbots may vary with:

- The number of conversations automated.
- The cost per agent interaction.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$8.1 million.

Reduced Costs By Leveraging AI-Powered Chatbots For End-To-End Issue Resolution

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Number of conversations automated	Interviews	2,000,000	4,000,000	4,500,000
C2	Agent cost per non-automated conversation	Interviews	\$1.03	\$1.05	\$1.07
Ct	Improved costs by leveraging AI-powered chatbots for end-to-end issue resolution	C1*C2	\$2,060,000	\$4,200,000	\$4,815,000
	Risk adjustment	↓10%			
Ctr	Improved costs by leveraging AI-powered chatbots for end-to-end issue resolution (risk-adjusted)		\$1,854,000	\$3,780,000	\$4,333,500
Three-year total: \$9,967,500			Three-year present value: \$8,065,244		

AVOIDED COSTS BY PAIRING HUMAN WITH AUTOMATION USING CHATBOTS

Evidence and data. Lastly, the interviewed organizations further optimized customer service processes leveraging chatbots to get useful information into live agents’ hands. Before investing in Kustomer, the interviewed organizations relied exclusively on live agents to collect relevant information to process and resolve customer issues. Agents frequently had to switch between multiple systems to find the relevant customer and order information to effectively resolve customer issues.

Following implementation, the interviewed organizations deployed Kustomer chatbots to automate information collection such as name, email, or order information before routing to agent, shaving time required to process an inquiry and reducing the overall handle time.

The senior manager of the consumer marketplace organization noted: “For conversations needing escalation to an agent, agents now receive the history of the conversation up front, and [they] already know what the customer is requesting. Thanks to this, we’ve seen a 50% reduction in handle time.”

Modeling and assumptions. For the composite organization, Forrester estimates:

- The volume of AI-populated chats is 600,000 in Year 1. This number increases to 1.2 million in Year 2 and 1.4 million in Year 3.

Risks. The avoided costs from AI assistance of live agents may vary with:

- The number of conversations that are chosen for AI to prepopulate.
- The cost per agent interaction without AI assistance.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1.2 million.

Avoided Costs By Pairing Human With Automation Using Chatbots

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Number of conversations populated via automation using chatbots	Interviews	600,000	1,200,000	1,400,000
D2	Automation time saving factor for agent	Interviews	50%	50%	50%
D3	Agent cost per non-AI conversation	Interviews	\$1.03	\$1.05	\$1.07
Dt	Avoided costs by pairing human with automation using chatbots	D1*D2*D3	\$309,000	\$630,000	\$749,000
	Risk adjustment	↓10%			
Dtr	Improved costs by pairing human with automation using chatbots (risk-adjusted)		\$278,100	\$567,000	\$674,100
Three-year total: \$1,519,200			Three-year present value: \$1,227,875		

UNQUANTIFIED BENEFITS

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

- Improved NPS.** Interviewees noted their organizations’ NPS scores improved after deploying Kustomer. For example, the CTO from the e-commerce company shared: “With the way our audience engages, we’ve found customers really want to be on the phone with us. With the efficiencies Kustomer brings, agents were able to respond faster, reducing wait and handle times and improving our NPS by 5 percentage points, hitting our targets even as contact and business expanded during [COVID-19].”
- Improved effectiveness of social media.** Kustomer’s integration of social media channels enabled one interviewed organization to evolve its social media focus from brand awareness to brand performance. Kustomer provides a single unified view of customer actions across all channels including social, permitting social teams and agents to respond nimbly, answering questions and following up on customer issues shared on social media.

The organization was able to prioritize influential accounts to buttress purchase afterglow and help

manage overall perceptions of its brand on social media. Prior to Kustomer, brands had to manage social media channels from those specific social media platforms or apps, creating inefficiencies and inability to prioritize important conversations.

- Easier agent training.** Interviewees also noted it was much easier to train contact center agents on Kustomer than for prior solutions. With its faster workflows and valuable inlay of customer timeline, contact reason, and supporting information, agents more quickly became effective users of Kustomer. Kustomer also integrates with various systems, removing the need to train agents on those systems. The CTO from the e-commerce company stated: “With Kustomer, we don’t have to train our agents how to use our other systems like we did on the previous platform, because it is all available on Kustomer. This makes agents’ jobs so much easier.”

FLEXIBILITY

The value of flexibility is unique to each organization. There are multiple scenarios in which an organization might implement the Kustomer platform and later realize additional uses and business opportunities, including:

- **Operational flexibility.** Kustomer enabled the interviewed organizations to allocate their agents in a responsive and flexible manner. At large contact centers, specific agent teams could be dedicated to managing individual channels, while agents at the smaller market hubs could effectively multitask across chat, email, voice, and social media channels on the Kustomer platform.

“Following the implementation of Kustomer we had a holistic way of looking at what our audience wants to talk to us about and our best ways to do that. We were able to redirect our customer service channel strategy, following the switch to Kustomer, and be more productive.”

Director of operations, food and beverage

- **Flexible APIs amplified upsell opportunities.** One organization leveraged the ability to connect and access third-party information from within the Kustomer workspace to integrate their product recommendations engine to showcase upsell opportunities for agents during voice conversations. The CTO from the e-commerce company noted, “Our next phase with Kustomer is integrating our product recommendation engine based on purchase history and what new products are of interest.”

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

- **Channel optimization for preference.** One of the interviewed organizations found that Kustomer’s case management capabilities and automations enabled them to focus on email as an effective medium to handle customer conversations. This allowed them to sunset inbound voice conversations as a channel and respond to twice as many customers. Another organization found that their audience preferred the voice channel. Kustomer allowed this organization to lower wait and handle times on voice by integrating and displaying all customer information in a single view for agents.

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Cost of Kustomer fees	\$0	\$1,980,000	\$2,376,000	\$2,772,000	\$7,128,000	\$5,846,281
Ftr	Cost of chatbot capability	\$0	\$264,000	\$528,000	\$594,000	\$1,386,000	\$1,122,645
Gtr	Implementation and maintenance cost	\$177,375	\$17,188	\$17,188	\$17,188	\$228,939	\$220,118
	Total costs (risk-adjusted)	\$177,375	\$2,261,188	\$2,921,188	\$3,383,188	\$8,742,938	\$7,189,044

COST OF KUSTOMER FEES

Evidence and data. Interviewees noted paying fees for their use of Kustomer’s CRM for Customer Service. Kustomer charges organizations a per-user fee for use of the platform, which amounted to \$720 annually per agent for the composite organization. As the Kustomer platform was implemented to replace a previous ticket-based platform, the interviewed organizations noted that the price of Kustomer was 40% less than what they were previously paying for their legacy CRM tool. Furthermore, Kustomer came with the ability to unify and automate service across channels, including chat, email, integrated voice, and social media.

Modeling and assumptions. For the financial model, Forrester estimates:

- For Year 1, 2,500 agents use Kustomer. This number expands in Years 2 and 3.
- Costs per agent are steady over the three years.

Risks. The cost of Kustomer fees may vary with:

- The number of agents using Kustomer.
- Any change in the per-agent pricing of the Kustomer platform.

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 \$5.8 million.

Cost Of Kustomer Fees							
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	
E1	Number of agent users	Interviews		2,500	3,000	3,500	
E2	Kustomer per user cost per year	Interviews		\$720	\$720	\$720	
Et	Cost of Kustomer fees	E1*E2	\$0	\$1,800,000	\$2,160,000	\$2,520,000	
	Risk adjustment	↑10%					
Etr	Cost of Kustomer fees (risk-adjusted)		\$0	\$1,980,000	\$2,376,000	\$2,772,000	
Three-year total: \$7,128,000				Three-year present value: \$5,846,281			

COST OF CHATBOT CAPABILITY

Evidence and data. As the interviewed organizations leveraged Kustomer’s AI-powered chatbots for interactions, there was a cost per interaction incurred for this new feature. Interactions via chatbot came at an average cost of \$0.12 each. Kustomer enabled organizations to set up chatbots that could fully automate specific types of use cases, as well as chatbots to triage and collect relevant information before routing to an agent.

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

- A total of 2.0 million fully automated and resolved conversations take place in Year 1. This number increases to 4.0 million in Year 2 and 4.5 million in Year 3.

- The cost of these chatbot conversations is \$0.12 per chat. These costs hold steady in Years 2 and 3 of the model.

Risks. The cost of chat AI capability may vary with:

- The type and number of conversations chosen to be handled by the chatbot capability.
- The future pricing of this capability on a per conversation basis.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$1.1 million.

Cost Of Chatbot Capability						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Number of conversations deflected	Interviews		2,000,000	4,000,000	4,500,000
F2	Cost of chatbots handling conversation	Interviews		\$0.12	\$0.12	\$0.12
Ft	Cost of chatbot capability	F1*F2	\$0	\$240,000	\$480,000	\$540,000
	Risk adjustment	↑10%				
Ftr	Cost of chatbot capability (risk-adjusted)		\$0	\$264,000	\$528,000	\$594,000
Three-year total: \$1,386,000			Three-year present value: \$1,122,645			

IMPLEMENTATION AND MAINTENANCE COST

Evidence and data. Lastly, the interviewed firms noted experiencing limited internal costs for implementation and ongoing maintenance related to their Kustomer investment. Implementation required three software developers and three business analysts each working over a three-month period.

On an ongoing basis, the continued enhancement of workflows required one-eighth of one FTE, which was composed of a single software developer for a portion of each year.

Modeling and assumptions. For the composite organization, Forrester estimates:

- Three developer resources were required for three months to design and optimize workflows for deployment.

- Three business analysts were needed for three months to run testing during a series of market rollouts.
- Ongoing optimizations following deployment required one-eighth of an FTE.

Risks. The cost of implementation and maintenance may vary with:

- The fully burdened rates of the involved software developers and business analysts.

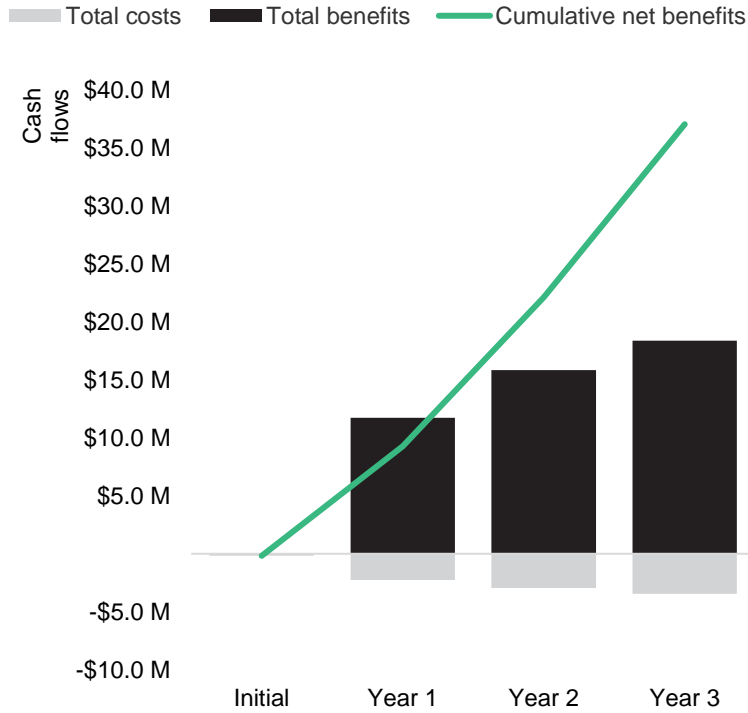
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$220,118.

Implementation And Maintenance Cost						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
G1	Number of software developers	Interviews	3			
G2	Average fully burdened software developer salary	Composite	\$125,000			
G3	Number of business analysts	Interviews	3			
G4	Average fully burdened salary of business analyst	Composite	\$90,000			
G5	Time required of software developers and business analysts	3 months	25%			
G6	Sub-total: implementation cost	$((G1*G2)+(G3*G4))*G5$	\$161,250			
G7	One software developer at one-eighth time annually for maintenance work	$0.125*G2$	\$0	\$15,625	\$15,625	\$15,625
Gt	Implementation and maintenance cost	G6+G7	\$161,250	\$15,625	\$15,625	\$15,625
	Risk adjustment	↑10%				
Gtr	Implementation and maintenance cost (risk-adjusted)		\$177,375	\$17,188	\$17,188	\$17,188
Three-year total: \$228,939			Three-year present value: \$220,118			

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	(\$177,375)	(\$2,261,188)	(\$2,921,188)	(\$3,383,188)	(\$8,742,938)	(\$7,189,044)
Total benefits	\$0	\$11,717,100	\$15,822,000	\$18,372,600	\$45,911,700	\$37,531,549
Net benefits	(\$177,375)	\$9,455,913	\$12,900,813	\$14,989,413	\$37,168,763	\$30,342,505
ROI						422%
Payback period						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

² Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

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