

A Forrester Total Economic  
Impact™ Study  
Commissioned By  
Olapic

Project Director:  
Reggie Lau  
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# The Total Economic Impact™ Of Olapic

Business Benefits Enabled By The  
Olapic Visual Content Platform

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## Executive Summary

In May 2017, Olapic commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Olapic. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Olapic on their organizations.

Olapic is a visual content platform that assists organizations in collecting and curating user-generated visual content (images and videos) that can then be published, repurposed, and measured in multiple channels, from brand website to social. Olapic offers organizations the capability to not only collect images based on hashtags but also request user permissions and curate thousands of images per week at scale.

To better understand the benefits, costs, and risks associated with Olapic, Forrester interviewed an existing customer with at least six months of experience using the solution. Prior to adopting Olapic, the interviewed customer, a large US specialty retailer, relied on embedding forms on the branded blog to generate user submissions and subsequently manual, case-by-case user permission requests. The customer selected Olapic for its ability to function beyond just automating the pulling of images from social media sites, as it can also provide moderation tools and has the capability to tag products and keywords to images. These additional features made Olapic the best product that the customer evaluated at the time, and the platform continues to update with new features to win, serve, and retain customers.

### OLAPIC PROVIDES AN EFFICIENT PLATFORM TO COLLECT USER-GENERATED VISUAL CONTENT THAT PERFORMS MORE EFFECTIVELY THAN BRANDED CONTENT IN CERTAIN CHANNELS AND PRODUCT SPACES

Our interview with an existing customer and subsequent financial analysis found that the interviewed organization experienced the risk-adjusted ROI<sup>1</sup>, benefits, and costs shown in Figure 1.<sup>2</sup> See Appendix A for a description of the interviewed organization.

The interviewed customer experienced three-year, risk-adjusted present value benefits of \$2,533,872 versus present value costs of \$324,675, resulting in a net present value (NPV) of \$2,209,197.

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*“We had a vision of social and user-generated content, which was supported by the creative director and VP of marketing because it showed authentic audience content, and Olapic allowed us to achieve that vision in scale.”*

~ Director of social media and digital content, large US specialty retailer

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#### FIGURE 1

#### Financial Summary Showing Three-Year Risk-Adjusted Results

**ROI:**  
**680%**

**NPV:**  
**\$2,209,197**

**Payback:**  
**0.7 months**

Source: Forrester Research, Inc.

› **Benefits.** The interviewed organization experienced the following risk-adjusted present value benefits:

- **Content collection efficiency (\$346,372).** This benefit focuses on the customer's ability to collect user-generated content (UGC) more efficiently than with its previous, manual process of requesting user submissions and permissions through embedded forms on branded blog posts. With the growth of social media and the volume of tagged images to the brand, the customer estimates that while it could have manually collected 700 images per week previously, it can now automate the collection of 1,500 images per week with Olapic. Of the total images collected, the customer also estimates that approximately 40% are selected and approved for use. This would then require effort to seek user permission, which can be automated in Olapic. The customer highlights that leveraging the Olapic platform allowed the organization to avoid allocating at least two resources that would have to be dedicated to produce the same results as Olapic.
- **Earned content performance (\$2,187,500).<sup>3</sup>** This benefit centers on the use and effectiveness of UGC in campaigns, eCommerce, retargeting, and other forms and channels of marketing. Overall, the tracked revenue over 12 months that involved viewed UGC or "impressions" was \$113 million. Of that amount, \$55 million also involved users interacting with the UGC. The customer noted that in one campaign, it conducted A/B tests between UGC and branded content for social campaigns and found that ads featuring UGC resulted in 15% more orders while also reducing the cost of acquisition by 11%. The financial summary and model featured in this case study also apply a diminishing attribution ratio to the incremental revenue achieved by using UGC effectively in campaigns to account for the benefits of Olapic specifically and the benefits of UGC generally. While readers should adjust the model based on their organization's attribution strategy, it is important to note that this case study would have still resulted in a positive ROI even without the benefits of incremental revenue from effectively using the collected and curated UGC. That is, even if an organization did not use any of the UGC collected with the Olapic platform, it would still result in a positive ROI because of the automation and scalability of Olapic.
- **Customer loyalty enhancement.** This benefit describes the role that Olapic plays in enhancing customer loyalty and potentially tracking the tangible value of consumers who take part in UGC. The platform tracks "ambassadors" and allows an organization to recognize which users' content is used or selected the most, which may typically correlate with highest quality. The ability for consumers to communicate and contribute to a brand through submitting UGC that could be featured in major marketing channels could prove to be a customer loyalty tactic. In the future, organizations may be able to track the lifetime value and purchases of these brand ambassadors by linking each user's social and commerce accounts. Although the interviewed customer agrees that this could be a potential quantifiable benefit in the future, it is not currently tracked.
- **Regulatory compliance.** This benefit ensures that organizations avoid fines and penalties related to privacy and user permission rights. In addition to allowing a customer to seek permissions in a more scalable and standardized manner, Olapic provides an organized and process-driven platform for customers to approve images. The interviewed customer did not quantify this benefit, as it only experienced minor incidents prior to Olapic, which were rectified without major fines or penalties; however, the customer also highlighted that Olapic is methodical and does not let anything "slip through the cracks" compared with the previous, more error-prone process of reminders to seek approvals through sticky notes.
- **Storage cost avoidance.** This ancillary benefit points to the advantage of keeping the hundreds and thousands of images on the cloud through Olapic's infrastructure as opposed to downloading and keeping all images on internal storage. The customer noted that the storage cost avoidance related to images may not be material currently, but the ability to have all images in one central location is a key benefit. Furthermore, with the improvement in video recording technology and accessibility on smartphones, storage costs may play a bigger role as file sizes become increasingly larger.

› **Costs.** The interviewed organization experienced the following risk-adjusted present value costs:

- **Olapic solution cost (\$196,959).** This cost focuses on the subscription fee for Olapic. Pricing may vary based on volume and scale; readers are encouraged to reach out to Olapic for an accurate and tailored quote.

- **Social campaign cost (\$16,020).** This cost is not specific to Olapic but essential for calculating the true value of using UGC in social campaigns. As the incremental revenue is a partial benefit in this case study, the related investment to achieve that incremental revenue through social campaigns must also be included. This cost accounts for a six-month social campaign at an assumed cost per mille (CPM) for the customer's industry.
- **Internal labor and implementation (\$111,696).** This cost centers on the time and effort to deploy Olapic, training, and ongoing usage. The customer highlighted that deployment could be completed with less than \$100,000 in internal IT hours. The majority of the work included the customer's social media team and IT team collaborating to integrate UGC and the Olapic platform with the organization's store pages and product pages and implementing the pixel to set up the ambassador module. The customer also worked with its agency to integrate display and retargeting.

## Disclosures

The reader should be aware of the following:

- › The study is commissioned by Olapic 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 report to determine the appropriateness of an investment in Olapic.
- › Olapic 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.
- › Olapic provided the customer names for the customer interview but did not participate in the interview.

## TEI Framework And Methodology

### INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering deploying Olapic. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision.

### APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact that Olapic can have on an organization (see Figure 2). Specifically, we:

- › Interviewed Olapic marketing, sales, and consulting personnel, along with Forrester analysts, to gather data relative to Olapic's marketplace.
- › Interviewed one organization currently using Olapic to obtain data with respect to costs, benefits, and risks.
- › Constructed a financial model representative of the interviews using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the interviews.
- › Risk-adjusted the financial model based on issues and concerns the interviewed organization highlighted in the interview. Risk adjustment is a key part of the TEI methodology. While the interviewed organization provided cost and benefit estimates, some categories included a broad range of responses or had a number of outside forces that might have affected the results. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling Olapic's value: benefits, costs, flexibility, and risks.

Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix B for additional information on the TEI methodology.

**FIGURE 2**  
**TEI Approach**



Source: Forrester Research, Inc.

## Analysis

### INTERVIEWED CUSTOMER DESCRIPTION

For this study, Forrester interviewed a large US specialty retailer with the following characteristics:

- › Has over \$800 million in annual revenue with more than 80 stores based mostly in the US.
- › Employs approximately 300 corporate staff, with three on the social media and digital content team.
- › Generates five to 10 blog posts each week and has over 130,000 hashtagged images and videos on a major social network and content sharing platform.

### INTERVIEW HIGHLIGHTS

The interviewed customer highlighted the following pre-Olapic issues and gaps, technology selection criteria and goals, and post-Olapic deployment results.

#### *Situation*

Prior to engaging Olapic, the interviewed customer did not use any technology or platform to collect UGC through social platforms and visual content sharing sites. The organization manually collected images through form submissions embedded in the organization's branded blog. Major social outreach efforts were in place to drive users to the branded blog. Once images were collected and selected, the customer would then manually and individually reach out to the author for usage permission. This process not only became inefficient but also unscalable as social media continued to grow and visual content sharing through hashtags increased.

#### *Solution*

The interviewed customer reviewed several tools and selected Olapic based on the following criteria:

- › The ability to automate, increase efficiency, and build a scalable collection and usage permission request process.
- › The ability to easily moderate and tag products or keywords to specific images.

After selecting Olapic, the interviewed customer deployed with the following goals:

- › Effectively address the growing scale of visual content shared through social channels.
- › Enable the organization to leverage authentic UGC that results in more genuine connections with consumers.
- › Repurpose top content for use in multiple channels and stores.

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*“The ability to scale requests for usage rights from users is a huge win for us. This is especially important as we collected 700 images per week before (Olapic), and now we collect 1,500 images per week with a 40% approval rate — saving at least two resources if done manually.”*

~ Director of social media and digital content, large US specialty retailer

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*“There are instances where UGC has worked so well that there's now a ‘UGC first’ rule when selecting imagery for social ads.”*

~ Director of social media and digital content, large US specialty retailer

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## Results

The interview revealed the following themes:

› **As imaging hardware and software continue to improve in quality and accessibility on smartphones, the volume of user-generated visual content will continue to grow, and brands have an opportunity to efficiently earn content.** Users will continue to take pictures with smartphones, and organizations can target a portion of those pictures that users take daily — as part of work, private life, and hobbies. Organizations can design hashtag strategies and contests focused on either quality or quantity to entice users to tag visual content to the brand or specific brand campaigns. Once the hashtag strategy has been set up and a steady volume of tagged images appear each week, organizations will have a large opportunity to automate the collection, curation, and user permission request processes. For the interviewed customer, a weekly volume of 1,500 images translated to two resources that would be needed to collect and request user permissions. The customer chose to select and curate images internally, though this process can also be outsourced to Olapic. The combined efficiency could potentially be even greater than two resources, especially for organizations that experience a high flow of brand-tagged UGC.

› **Users should track the performance of UGC, as it can vary depending on industry, product type, and channel.** The customer highlighted two examples of A/B testing related to social ads leveraging UGC versus branded content. The first test was a display campaign on a social platform, resulting in a 15% increase in orders and an 11% decrease in cost of acquisition when leveraging UGC. The second test was retargeting on a social platform, resulting in a 57% increase in click-through rate (CTR) but a 30% reduction in conversion when leveraging UGC. The first test showed a clear advantage to using UGC, and the second test was a “breakeven,” as the higher volume of click-throughs broke even with branded content even though the conversion rate was lower. This shows that UGC’s effectiveness can differ based on channel, audience, and how an organization uses it. Furthermore, the customer mentioned that UGC may work better for certain products in its portfolio that lend themselves to users wondering how to use or place the product. Readers can target the lowest-hanging fruit by evaluating their product portfolio and identifying the products that consumers would want to view in the authentic context of use or placement by other users.

› **In addition to more apparent benefits like efficiently collecting visual content and leveraging UGC for higher conversion rates, organizations may also experience a trail of ancillary benefits with Olapic.** There are three benefits that were not quantified in this case study but are important for readers to keep in mind. As leveraging UGC naturally allows a brand to engage its users, organizations can integrate customer loyalty strategies into social and visual content collection. Olapic’s ambassador module can support the identification of users to allow organizations the opportunity to apply customer loyalty incentives and tactics. Also, in addition to efficiently securing user permissions, Olapic ensures that securing user permissions is not left to chance, memory, or written notes. Using a process-driven tool allows brands to only use the images that have been approved by users. Lastly, organizations can keep all their visual content on Olapic’s cloud platform. This allows organizations to leverage a centralized repository and avoid worrying about expanding local storage drives. As video hardware and software also becomes higher quality and accessible, local storage avoidance may become an even more relevant benefit area.

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*“Each store has their own hashtag and the main brand has three, one of which constantly pulls in images. There’s a high volume of images and not all images are the highest quality, but since it’s a branded hashtag, we still view it as insight — Olapic becomes a visual listening tool for us.”*

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~ Director of social media and digital content, large US specialty retailer

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## BENEFITS

The interviewed organization experienced five benefits in this case study:

- › Content collection efficiency.
- › Earned content performance.
- › Customer loyalty enhancement.
- › Regulatory compliance.
- › Storage cost avoidance.



### Content Collection Efficiency

The interviewed customer highlighted that it would need at least two dedicated resources to manually deliver Olapic's results. Readers can use the content collected per week and the curation and approval ratio to determine how many resources can be avoided from manual effort with Olapic. Table 1 suggests using one base resource and then adding based on the content collection growth rate. Alternatively, readers may also detail each step of manually collecting content, including the tasks involved and the average time it takes.

Over three years, the risk-adjusted value is \$422,419, as shown in Table 1.

**TABLE 1**  
**Content Collection Efficiency**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
A1	Pre-Olapic images collected per week	Customer provided		700	700	700
A2	Post-Olapic images collected per week	Year 1: customer provided Years 2 and 3: assumption		1,500	1,800	2,000
A3	Approval rate of images to be used	Customer provided		40%	40%	40%
A4	Annual approved user-generated images for use	$A2 * A3 * 52$		31,200	37,440	41,600
A5	Image collection growth	$(A2 - A1) / A1$		114%	157%	186%
A6	Additional FTE avoidance	$(A5 / 1) + 1$		2.1	2.6	2.9
A7	Marketing resource salary	E1		\$60,000	\$61,800	\$63,654
At	Content collection efficiency	$A7 * A6$		\$128,571	\$158,914	\$181,869
	Risk adjustment	↓10%				
<b>Atr</b>	<b>Content collection efficiency (risk-adjusted)</b>		<b>\$0</b>	<b>\$115,714</b>	<b>\$143,023</b>	<b>\$163,682</b>

Source: Forrester Research, Inc.



### Earned Content Performance

The interviewed customer highlighted results from a social display campaign with UGC that yielded 15% more orders and an 11% reduction in cost of acquisition compared with branded content ads. Readers can leverage those starting points and plug in assumptions such as average order value, average visitors, conversion rates, and average CPM. It is important to note that the incremental revenue and cost savings is a partial result of using Olapic and a partial result of leveraging UGC in general. The assumed attribution ratio starts at 5% in Table 2 and is reduced each year, with the expectation that the value of UGC in specific use cases and channels becomes more a product of usage and experience rather than the platform over time with a minimum value. The minimum value would likely be applicable in out years as organizations still need technology to efficiently access content even if the content is increasingly easily accessible.

To more broadly cover the effect of Olapic beyond social campaigns, the model accounts for all tracked revenue involving UGC through the customer's eCommerce site. Of the \$113 million captured and involved in a UGC impression, \$55 million also involved interaction with UGC. Customer-verified data also highlighted a conversion rate improvement of 257%, or 3.6x, from 0.79% to 2.82% based on the same comparison of UGC impression and UGC interaction.

Over three years, the risk-adjusted value is \$2,547,188, as shown in Table 2.

**TABLE 2**  
**Earned Content Performance**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
B1	Revenue involving UGC impression	Year 1: customer verified Years 2 and 3: $B1_{py} * 110\%$		\$113,000,000	\$124,300,000	\$136,730,000
B2	Revenue involving UGC interaction	Year 1: customer verified Years 2 and 3: $B2_{py} * 110\%$		\$55,000,000	\$60,500,000	\$66,550,000
B3	Ratio of revenue involving UGC interaction to UGC impression	$B2/B1$		49%	49%	49%
B4	Conversion rate involving UGC impression	Customer verified		0.79%		
B5	Conversion rate involving UGC interaction	Customer verified		2.82%		
B6	Improvement in conversion from UGC interaction	$(B5/B4) - 1$		257%		
B7	Attribution ratio	Assumption		5.00%	2.50%	1.25%
Bt	Earned content performance	$B7 * B2$		\$2,750,000	\$1,512,500	\$831,875
	Risk adjustment	↓50%				

<b>Btr</b>	<b>Earned content performance (risk-adjusted)</b>	<b>\$0</b>	<b>\$1,375,000</b>	<b>\$756,250</b>	<b>\$415,938</b>
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Source: Forrester Research, Inc.



### Customer Loyalty Enhancement

This benefit was not quantified, as the customer did not track the lifetime value of customers whose visual content was used more frequently. As there may be a link between brand ambassadors who submit high-quality content and their propensity to purchase that brand's products, this benefit could be quantified if an organization wants to consider this benefit for a business case.

The model would essentially be a comparison of the average value of an ambassador versus consumers with registered commerce accounts versus consumers without registered accounts. Average value is derived from average order value, order frequency, and conversion rate. The value of the ambassador should be subtracted from each of the other two groups to result in the incremental value of an ambassador. Those two values should then be multiplied by the proportion of registered accounts and nonregistered accounts, respectively, and then summed to find the weighted incremental value. The formula would look similar to:

$$\begin{aligned} & ((\text{Value}_{\text{ambassador}} - \text{Value}_{\text{registered accounts}}) * (\text{Registered accounts} / \text{Total accounts})) \\ & + ((\text{Value}_{\text{ambassador}} - \text{Value}_{\text{nonregistered accounts}}) * (\text{Nonregistered accounts} / \text{Total accounts})) \end{aligned}$$

Weighted incremental value per ambassador



### Regulatory Compliance

Organizations that have experienced fines, penalties, or lawsuits related to user permission and privacy regulations may find it relevant to quantify this benefit category. Olapic takes user permission requests from reminders on sticky notes to a process-driven platform. Therefore, in the business case for Olapic, organizations can include the value of avoiding previously experienced fines, penalties, or lawsuits.



### Storage Cost Avoidance

As the interviewed customer mentioned, the cost of incremental local storage was not significant enough to quantify even if it was measured by terabytes. However, as video becomes a more popular form of socially shared visual content for companies with products that require more motion and video rather than still image, the storage cost avoidance may become material, as the file sizes for videos are larger than images. The value would be the estimated incremental storage and related backups that would need to be invested in and refreshed over a period of three to seven years.

### Total Benefits

Table 3 shows the total of all benefits across the two quantified areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the interviewed customer expects risk-adjusted total benefits to be a PV of \$2,533,872.

**TABLE 3**  
**Total Benefits (Risk-Adjusted)**

Ref.	Benefit Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Atr	Content collection efficiency	\$0	\$115,714	\$143,023	\$163,682	\$422,419	\$346,372

Btr	Earned content performance	\$0	\$1,375,000	\$756,250	\$415,938	\$2,547,188	\$2,187,500
	<b>Total benefits (risk-adjusted)</b>	<b>\$0</b>	<b>\$1,490,714</b>	<b>\$899,273</b>	<b>\$579,619</b>	<b>\$2,969,606</b>	<b>\$2,533,872</b>

Source: Forrester Research, Inc.

## COSTS

The interviewed organization experienced three primary costs associated with the solution:

- › Olapic solution cost.
- › Social campaign cost.
- › Internal labor and implementation.



### Olapic Solution Cost

The Olapic solution cost is based on a cloud software-as-a-service (SaaS) model. The subscription fee is based on each organization's need and size. The interviewed organization leveraged most of the Olapic offering except for outsourcing the curation process. The organization also estimates about 1,500 new images collected each week and has over 130,000 tagged images on just one social network for its primary branded hashtag. Readers are encouraged to get a tailored quote from Olapic.

Over three years, the risk-adjusted value is \$237,600, as shown in Table 4.

**TABLE 4**  
**Olapic Solution Cost**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
C1	Annual fee	Customer provided		\$72,000	\$72,000	\$72,000
Ct	Olapic solution cost	C1		\$72,000	\$72,000	\$72,000
	Risk adjustment	↑10%				
<b>Ctr</b>	<b>Olapic solution cost (risk-adjusted)</b>		<b>\$0</b>	<b>\$79,200</b>	<b>\$79,200</b>	<b>\$79,200</b>

Source: Forrester Research, Inc.



### Social Campaign Cost

The social campaign cost is not a direct cost of using Olapic. It is the related cost and the counterbalance to the partially attributable incremental revenue and cost savings from leveraging UGC in social campaigns. This model assumes a six-month campaign each year with stable CPMs. Readers can input varying scenarios if UGC will be used in different channels.

Over three years, the risk-adjusted value is \$19,443, as shown in Table 5.

**TABLE 5**  
**Social Campaign Cost**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	Social campaign fees	Assumption		\$5,340	\$5,874	\$6,461
Dt	Social campaign cost	D1		\$5,340	\$5,874	\$6,461
	Risk adjustment	↑10%				
<b>Dtr</b>	<b>Social campaign cost (risk-adjusted)</b>		<b>\$0</b>	<b>\$5,874</b>	<b>\$6,461</b>	<b>\$7,108</b>

Source: Forrester Research, Inc.



### Internal Labor And Implementation

The interviewed customer highlighted that implementation was spread out over many months for its organization, which may be longer than usual. However, the total cost of IT resources did not exceed \$100,000, with training for business resources taking one to two weeks. The ongoing usage of the platform is estimated at 1 hour per day for every day of the week.

Over three years, the risk-adjusted value is \$117,875, as shown in Table 6.

**TABLE 6**  
**Internal Labor And Implementation**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Marketing resource salary	Initial and Year 1: assumption Years 2 and 3: $E1_{py} * 103\%$	\$60,000	\$60,000	\$61,800	\$63,654
E2	IT resource salary	Initial and year 1: assumption Years 2 and 3: $E2_{py} * 103\%$	\$70,000	\$70,000	\$72,100	\$74,263
E3	Training and ramp-up (hours)	Customer provided	160			
E4	Training cost	$(E1/2,080) * E3$	\$4,615			
E5	Implementation (hours)	Customer provided	2,080			
E6	Implementation cost	$(E2/2,080) * E5$	\$70,000			
E7	Ongoing operations (hours)	Customer provided	0	365	365	365
E8	Ongoing operations cost	$(E1/2,080) * E7$	\$0	\$10,529	\$10,845	\$11,170
E <sub>t</sub>	Internal labor and implementation	$E4 + E6 + E8$	\$74,615	\$10,529	\$10,845	\$11,170
	Risk adjustment	↑10%				
<b>E<sub>tr</sub></b>	<b>Internal labor and implementation (risk-adjusted)</b>		<b>\$82,077</b>	<b>\$11,582</b>	<b>\$11,929</b>	<b>\$12,287</b>

Source: Forrester Research, Inc.

## Total Costs

Table 7 shows the total of all costs as well as associated PVs, discounted at 10%. Over three years, the interviewed organization expects total costs to be a PV of \$324,675.

**TABLE 7**

**Total Costs (Risk-Adjusted)**

Ref.	Cost Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ctr	Olapic solution cost	\$0	\$79,200	\$79,200	\$79,200	\$237,600	\$196,959
Dtr	Social campaign cost	\$0	\$5,874	\$6,461	\$7,108	\$19,443	\$16,020
Etr	Internal labor and implementation	\$82,077	\$11,582	\$11,929	\$12,287	\$117,875	\$111,696
	<b>Total costs (risk-adjusted)</b>	<b>\$82,077</b>	<b>\$96,656</b>	<b>\$97,591</b>	<b>\$98,595</b>	<b>\$374,918</b>	<b>\$324,675</b>

Source: Forrester Research, Inc.



## FLEXIBILITY

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so. There are multiple scenarios in which a customer might choose to implement and later realize additional uses and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix B).

The interviewed organization mentioned three main use cases in the future. The first includes testing Olapic’s offer of stitching images together to create videos or motion pictures. This is Olapic’s solution to fill the video gap for industries where video may not be as popular as images from users.

The second future use case is to continue to leverage UGC for products on the brand’s eCommerce site. The product assortment is changed and updated frequently, so the customer will also maintain fresh and updated UGC.

Lastly, as the customer runs further A/B testing on existing and different channels, the organization plans to leverage UGC for emails and catalogs as well.

## RISKS

Forrester defines two types of risk associated with this analysis: “implementation risk” and “impact risk.” Implementation risk is the risk that a proposed investment in Olapic may deviate from the original or expected requirements, resulting in higher costs than anticipated. Impact risk refers to the risk that the business or technology needs of the organization may not be met by the investment in Olapic, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

**TABLE 8**

**Benefit And Cost Risk Adjustments**

<b>Benefits</b>	<b>Adjustment</b>
Content collection efficiency	↓ 10%
Earned content performance	↓ 50%
<b>Costs</b>	<b>Adjustment</b>
Olapic solution cost	↑ 10%
Social campaign cost	↑ 10%
Internal labor and implementation	↑ 10%

Source: Forrester Research, Inc.

Quantitatively capturing implementation risk and impact risk by directly adjusting the financial estimates results provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as “realistic” expectations since they represent the expected values considering risk.

The following impact risks that affect benefits are identified as part of the analysis:

- › Only leveraging parts of the Olapic platform without terminating previous, manual processes and techniques to collect, curate, and request permission for UGC.
- › Collecting and curating visual content without utilizing it in any marketing channels.
- › Either not repurposing the highest quality images enough or repurposing them too much, which diminishes the value of the volume of available content for use.

The following implementation risks that affect costs are identified as part of this analysis:

- › Increased marketing channel or social campaign costs.
- › Selecting and curating images internally.
- › Extended deployment and integration timelines.

Table 8 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates for the interviewed organization. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

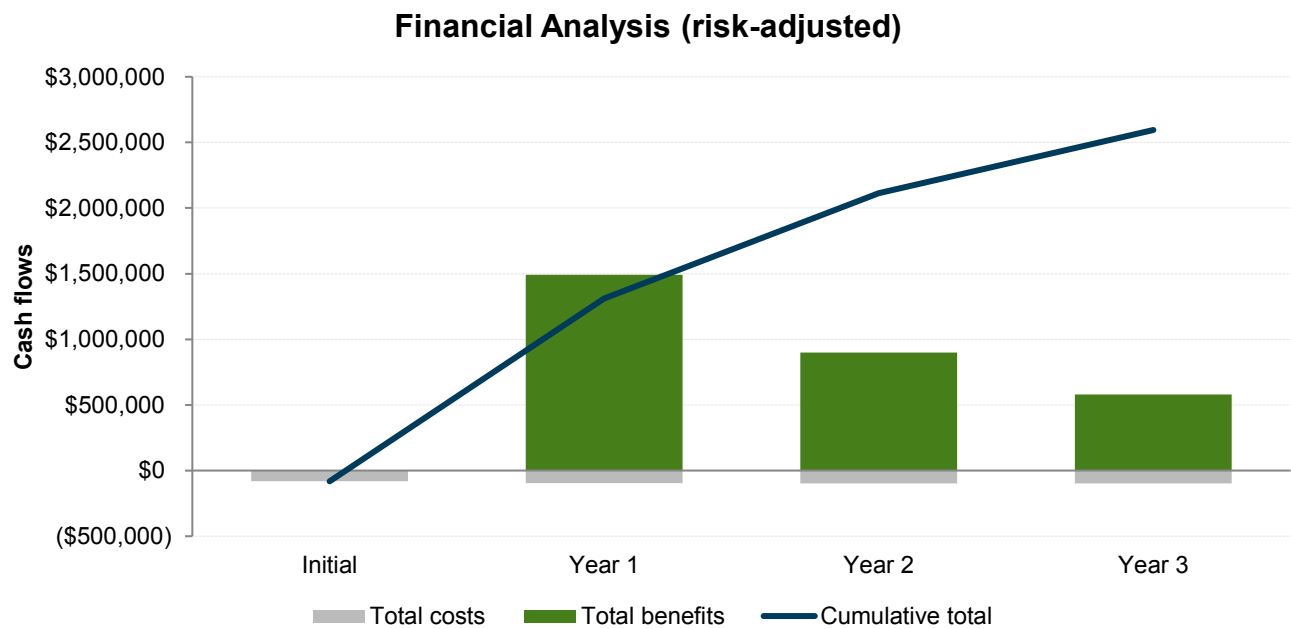
## Financial Summary

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the interviewed organization's investment in Olapic.

Table 9 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 8 in the Risks section to the unadjusted results in each relevant cost and benefit section.

**FIGURE 3**

**Cash Flow Chart (Risk-Adjusted)**



Source: Forrester Research, Inc.

**TABLE 9**

**Cash Flow (Risk-Adjusted)**

Summary	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$82,077)	(\$96,656)	(\$97,591)	(\$98,595)	(\$374,918)	(\$324,675)
Total benefits	\$0	\$1,490,714	\$899,273	\$579,619	\$2,969,606	\$2,533,872
<b>Total</b>	<b>(\$82,077)</b>	<b>\$1,394,059</b>	<b>\$801,682</b>	<b>\$481,025</b>	<b>\$2,594,689</b>	<b>\$2,209,197</b>
<b>ROI</b>	<b>680%</b>					
<b>Payback period (months)</b>	<b>0.7 months</b>					

Source: Forrester Research, Inc.

## Olapic: Overview

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

Olapic helps brands search for, surface, and curate imagery associated with specific products that is posted across various social media platforms by consumers. Using machine learning, Olapic can accurately match the products in a photo to a brand's specific product SKUs and filter these photos based on any number of factors, including users, hashtags, products, and rights approval. Solution highlights include:

- › **Collect.** Source content from your customers all over the world. Olapic collects from Instagram, Twitter, Tumblr, Vine, YouTube, email, and direct uploads.
- › **Curate.** Approve the content that is on-brand, and reject the rest. Tag your approved content to the product(s) featured to make them shoppable.
- › **Publish.** Showcase your customer photos on your web and mobile properties. Organize for display on home pages, category pages, booking pages, product detail pages, and more.
- › **Extend.** Take your content omnichannel. Request and receive rights for using customer photos in email, print, in-store display, online and offline advertising, and more.
- › **Measure.** Track the success of your initiatives and campaigns. Measure the influence of sales, lift in revenue and conversions, and engagement across your implementations.

## Appendix A: Interviewed Customer Description

For this study, Forrester interviewed a large US specialty retailer with the following characteristics:

- › Has over \$800 million in annual revenue, with more than 80 stores based mostly in the US.
- › Has approximately 300 corporate staff, with three on the social media and digital content team.
- › Generates five to 10 blog posts each week and has over 130,000 hashtagged images and videos on a major social network and content sharing platform.

### INTERVIEW HIGHLIGHTS

The interviewed customer highlighted the following pre-Olapic issues and gaps, technology selection criteria and goals, and post-Olapic deployment results.

#### *Situation*

Prior to engaging Olapic, the interviewed customer did not use any technology or platform to collect UGC through social platforms and visual content sharing sites. The organization manually collected images through form submissions embedded in the organization's branded blog. Major social outreach efforts were in place to drive users to the branded blog. Once images were collected and selected, the customer would then manually and individually reach out to the author for usage permission. This process not only became inefficient but also unscalable, as social media continued to grow and visual content sharing through hashtags increased.

#### *Solution*

The interviewed customer reviewed several tools and selected Olapic based on the following criteria:

- › The ability to automate, increase efficiency, and build a scalable collection and usage permission request process.
- › The ability to easily moderate and tag products or keywords to specific images.

After selecting Olapic, the interviewed customer deployed with the following goals:

- › Effectively address the growing scale of visual content shared through social channels.
- › Enable the organization to leverage authentic UGC that results in more genuine connections with consumers.
- › Repurpose top content for use in multiple channels and stores.

## FRAMEWORK ASSUMPTIONS

Table 10 provides the model assumptions that Forrester used in this analysis.

The discount rate used in the PV and NPV calculations is 10%, and the time horizon used for the financial modeling is three years. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult with their respective company's finance department to determine the most appropriate discount rate to use within their own organizations.

**TABLE 10**  
**Model Assumptions**

Ref.	Metric	Value
X1	Hours per week	40
X2	Weeks per year	52
X3	Hours per year (M-F, 9-5)	2,080
X4	Hours per year (24x7)	8,760
X5	Marketing resource salary	\$60,000
X6	IT resource salary	\$70,000
X7	Salary growth	3%
X8	Company growth	10%
PY	Previous year	

Source: Forrester Research, Inc.

## 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, flexibility, and risks.

### 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 form 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.

### 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. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

### RISKS

Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI risk factors are based on a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the risk factor around each cost and benefit.

## Appendix C: Glossary

**Discount rate:** The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own 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 respective organizations 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 at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

**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.

**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 the Framework Assumptions section) at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until 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.

TABLE [EXAMPLE]

Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
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Source: Forrester Research, Inc.



## Appendix D: Endnotes

<sup>1</sup> The ROI in this case study includes an incremental revenue benefit component. While this benefit has already been adjusted for attribution ratio (see endnote 3) and risk, it has not been adjusted for financial margins and earnings ratios. Readers that would like to calculate a ROI based on incremental earnings instead of incremental revenue should adjust Table 2 with their respective and relevant financial margins. Depending on the industry or how an organization assesses an investment, you use the incremental revenue or the any of the financial margins, such as gross margin, operating margin, net margin, earnings before tax and interest (EBIT), or earnings before interest, tax, depreciation, and amortization (EBITDA).

<sup>2</sup> Forrester risk-adjusts the summary financial metrics to take into account the potential uncertainty of the cost and benefit estimates. For more information, see the section on Risks.

<sup>3</sup> Based on best available data and customer verification, the financial model in this case study compares the difference in revenue captured that involved UGC impression (i.e., appeared on page but was not clicked or interacted with) versus UGC interaction. The model acknowledges the best available data does not account for the optimal test scenario of comparing conversion rates, average order values, and volumes between products that feature only branded content versus only UGC versus a mix of both. We also understand that UGC is not only available through Olapic. Thus, we account for both risks by including a diminishing attribution rate and higher risk-adjustment value to the model. Attribution ratios allow readers to apply partial attribution of incremental revenue to a technology solution as opposed to marketing efforts, training, or other activities. Risk-adjustment ratios allow readers to apply a discount on estimated values that may vary for their organizations. Readers who want to account for only incremental earnings instead of incremental revenue may also apply a financial margin to the calculation (e.g., gross margin, operating margin, EBITDA, etc.).