

FORRESTER®

The Total Economic Impact™ Of Workplace From Meta

Cost Savings And Business Benefits
Enabled By Workplace

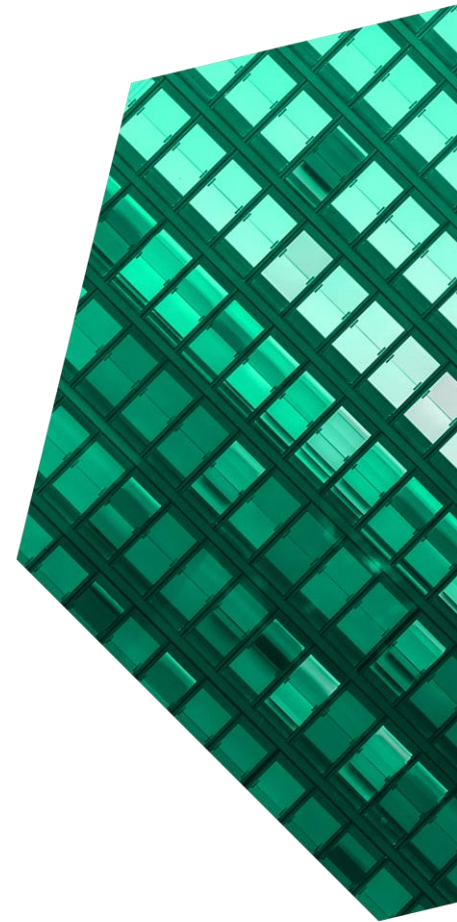
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Executive Summary

The trend to hybrid and remote working has increased the importance of business communications. Workplace is a business communication platform from Meta that combines chat, video, groups, and intranet, and that integrates with popular work tools. It has Facebook's familiar interface and enables access via a mobile app. Workplace helps organizations provide better employee experiences by improving organizational communications, collaboration, and employee lifecycle management.

Workplace is a business communication platform from Meta that combines chat, video, groups and company intranet and can be integrated with other work tools. It has a familiar interface and can be accessed by mobile app.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed eight representatives with experience using Workplace. This study also leverages some of the data from a 2019 iteration of this study, in which 226 Workplace users provided feedback through an online survey and 19 customers were interviewed. For the purposes of this study, Forrester aggregated

Reduced recruitment costs through improved talent acquisition

5%



KEY STATISTICS



Return on investment (ROI)
207%



Net present value (NPV)
\$2.03M

the interviewees' experiences and combined the results into a single composite organization in the global services sector with 5,000 employees, split 50/50 between frontline and knowledge-based workers.

These interviewees noted that prior to using Workplace, their organizations struggled to communicate across the whole enterprise and wanted to improve employee engagement. In particular, the shift to hybrid and remote working has made employee communications and collaboration more challenging. Engagement with alternative tools, including email and intranet, was limited and in many cases not available for frontline employees.

After the investment in Workplace, the interviewees highlighted that all employees could access internal communications and collaborate more easily. Key results from the investment include improved employee experience and better organizational communications and collaboration.

KEY FINDINGS

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

- **Better organizational communications and collaboration delivering benefits of nearly \$1.6 million to the composite.** By finding information faster and communicating more effectively, knowledge-based workers save 30 minutes every week while frontline employees save an hour on a weekly basis. Thirty-two percent more ideas are captured, driving better product and process innovations. Cost savings can also be made by decommissioning legacy communications tools and from reduced email and intranet use. Furthermore, HR and communications professionals save 5 hours a week because they are able to communicate more efficiently.
- **Better employee lifecycle management and improved employee experience deliver benefits of \$1.4 million to the composite.** From recruitment and onboarding through to internal promotions, Workplace boosts the employee experience throughout a worker's lifecycle. Not only does Workplace enable employees to work more efficiently and effectively, but it also provides a platform for a richer cultural exchange such as employee recognition, company successes, diversity and inclusion, social and fun events, distributing benefits (such as meal vouchers) and support for good causes. This, in turn, improves talent acquisition and employee retention-related metrics.

Unquantified benefits. Potential benefits that are not quantified in this study include:

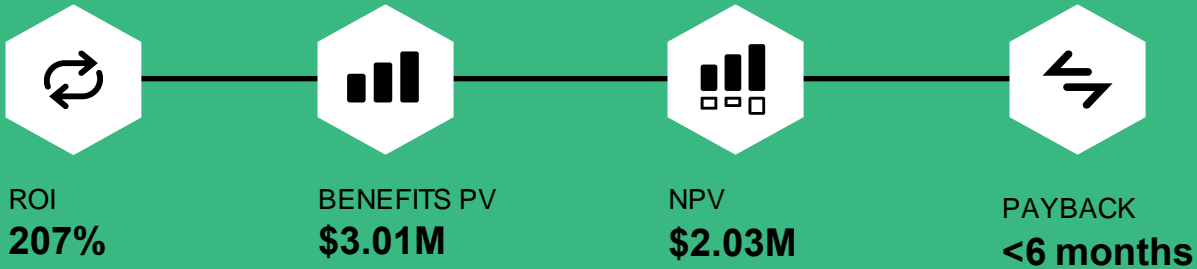
- **Future of work.** Many interviewees reported that Workplace is an important component to support ongoing hybrid work policies. Many of the organizations are looking at other tools from Meta, notably virtual reality.

- **Increased revenue and improved customer experience.** Some interviewees highlighted that by bettering employee engagement and collaboration, Workplace also facilitates improved customer experiences resulting in incremental customer metric enhancements.²
- **Reduced use of shadow IT.** Interviewees reported that in some cases, there was a reduction in the use of unauthorized tools, such as messaging applications.
- **Faster and lower cost merger or acquisition.** In a few cases in which a merger or acquisition had taken place, interviewees reported that Workplace enabled faster integration by having a single communication platform for all employees.
- **Faster and better information sharing for unexpected events.** In the event of unexpected events, Workplace could deliver similar benefits, including the Safety Check feature which quickly identifies which employees need urgent assistance.

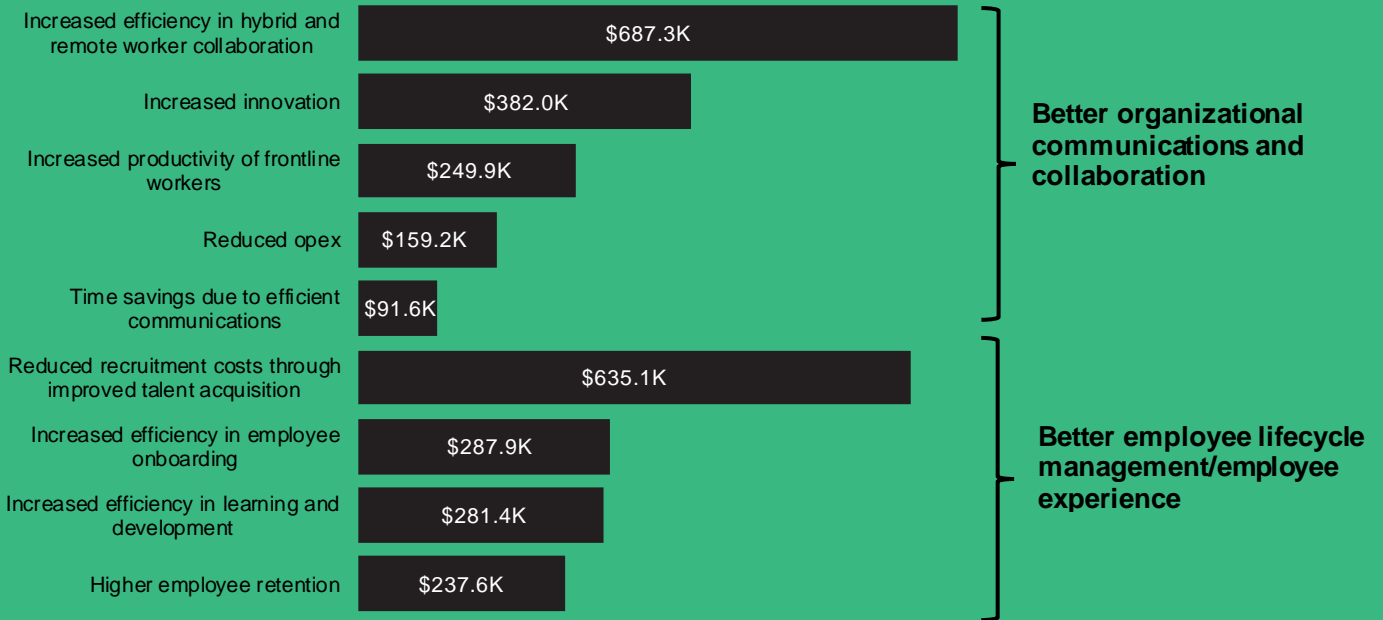
Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Licensing fees of more than \$722,200 over a 3-year period.** Workplace is charged on a per-employee per-month basis.
- **Change management costs of \$93,500.** This includes all the planning, implementation, deployment, and rollout of the tool prior to launch.
- **Administration costs of \$164,100.** For its 5,000 employees, the composite requires one FTE for administration, maintenance and support.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$3.01 million over three years versus costs of \$980,000, adding up to a net present value (NPV) of \$2.03 million and an ROI of 207%.



Benefits (Three-Year)



“Better employee experience has an indirect impact on retention, talent acquisition and better engagement. ... Acquiring talent was a key driver for our Workplace implementation to support our rapid growth.”

— People systems supervisor, e-commerce

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 Workplace from Meta.

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 Workplace from Meta can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Meta 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 Workplace from Meta.

Meta 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.

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



DUE DILIGENCE

Interviewed Meta stakeholders and Forrester analysts to gather data relative to Workplace.



INTERVIEWS AND SURVEY

Interviewed eight representatives at organizations using Workplace to obtain data with respect to costs, benefits, and risks. Some metrics were reused from a 2019 iteration of this study, which included an online survey of 226 Workplace administrators.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Workplace From Meta Customer Journey

■ Drivers leading to the Workplace investment

Interviews			
Role	Industry	Headquarters location	Number of employees
Marketing communications specialist	Professional services	Asia Pacific	45,000
Internal communications and ESG lead	Restaurant chain	Asia Pacific	22,000
User experience manager	Telecommunications	Europe	20,000
Head of digital enterprise	Manufacturing	Europe	10,000
Human resources professional	Industry and construction	North America	20,000
Director of digital work	Travel	North America	15,000
People systems supervisor	E-commerce	South America	55,000
Head of implementation	Financial services	South America	3,000

KEY CHALLENGES

Prior to investing in Workplace from Meta, interviewees' organizations typically relied on email and intranet for internal communications as well as virtual meeting rooms and, in some cases, informal collaboration applications. Ease of use and mobile access were key requirements for a tool to provide a better communications experience.

The interviewees noted how their organizations struggled with common challenges, including:

- **The lack of a single communications tool for all employees.** Interviewees' organizations lacked a single communications tool that spanned across all employees, including those on the frontline. Email overload was not uncommon, and many employees — particularly those on the frontline — could not access the company intranet. Adoption of other tools was also low because they were not easy to use and there was resistance to having to learn a new interface.
- **The need to improve the employee experience.** Interviewees' organizations increasingly recognize the importance of attracting and retaining the best talent. A good employee experience is fundamental to improving the lifecycle of staff, from acquisition through to onboarding and retention. It also feeds through to better customer experience.³
- **Pressures to improve efficiency and productivity.** The interviewees' organizations felt

“We were looking for a tool with a great mobile app that was easy to use and that was a good fit for the business.”

*Human resources professional,
Industry and construction*

the need to be more efficient, innovate faster, reduce costs, and be more productive.

COMPOSITE ORGANIZATION

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

Description of composite. The composite is a cross-country, billion-dollar, services-based organization with 5,000 employees and growing 5% annually. 50% of employees are knowledge workers and 50% are frontline workers. The average knowledge worker salary is assumed to be \$60,000, and the average frontline worker salary is assumed to be \$15,000. Prior to its Workplace investment, the organization relied largely on email and intranet for internal communications, and it also used a virtual collaboration tool. Some groups of employees also used an unauthorized messaging tool.

Deployment characteristics. Workplace from Meta is implemented across all employees at the same time. It is also integrated with the existing virtual collaboration tool; furthermore Knowledge Library is integrated with the existing intranet. Employee adoption grows from 64% in Year 1 to 76% in Year 3.

Key Assumptions

- **5,000 employees**
- **5% growth**
- **50/50 knowledge worker/frontline worker split**
- **International workforce**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Better Organizational Communication And Collaboration						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increased efficiency in hybrid and remote worker collaboration	\$258,509	\$278,326	\$295,871	\$832,706	\$687,322
Btr	Increased innovation	\$153,600	\$153,600	\$153,600	\$460,800	\$381,980
Ctr	Increased productivity of frontline workers	\$80,356	\$101,225	\$124,052	\$305,633	\$249,910
Dtr	Reduced opex	\$64,000	\$64,000	\$64,000	\$192,000	\$159,159
Etr	Time savings due to efficient communications	\$34,749	\$37,422	\$38,759	\$110,930	\$91,637
Better Employee Lifecycle Management / Employee Experience						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Reduced recruitment costs through improved talent acquisition	\$243,810	\$255,960	\$268,785	\$768,555	\$635,125
Gtr	Increased efficiency in employee onboarding	\$110,527	\$116,035	\$121,849	\$348,412	\$287,923
Htr	Increased efficiency in learning and development	\$103,669	\$114,070	\$123,587	\$341,327	\$281,371
Itr	Higher employee retention	\$86,944	\$96,221	\$105,243	\$288,408	\$237,632
Total benefits (risk-adjusted)		\$1,136,164	\$1,216,860	\$1,295,747	\$3,648,770	\$3,012,059

Better Organizational Communication And Collaboration

Workplace users reported significant benefits having all employees use a single communication platform. For many users, Workplace replaced email and use of the company intranet that aren't always optimal or available to all employees. Users were able to find and share information faster through use of Groups, Chat, Knowledge Library and integration with other tools. This resulted in weekly time savings, more ideas being captured to improve processes and decommissioning of other tools. Being able to communicate and collaborate better also contributes to better employee experience.

INCREASED EFFICIENCY IN HYBRID AND REMOTE WORKER COLLABORATION

Evidence and data. The biggest benefit is the improved efficiency for knowledge-based workers. Interviewees shared that a lot of time (half an hour per week on average) could be saved with the tool because knowledge workers can:

- Find information faster and more easily by searching in groups, crowdsourcing questions, using the mobile app, using Chat and accessing Knowledge Library. Such efficiencies are also supported when Workplace is integrated with other communications tools. This adds to insights from the previous study which found that knowledge workers are 8% more efficient during a meeting and decision-making time post meeting was reduced by nearly 20%.
- Increase the accuracy of information shared to reduce mistakes and the time to resolve them.

- Receive timely updates (and prioritize through posts marked as important) and respond more easily and quickly, compared to using email in many use cases.
- Accelerate decision-making through groups polls and group messaging.
- Choose to work remotely or from home, reducing the need to commute.

“There have been big time savings, not only in finding information, but also [in having] accurate information, reducing mistakes and so improving productivity.”

Director of digital work, travel

“During the pandemic, Workplace was like a savior to us. It was a huge challenge to work in isolation, to keep up with what’s going on, and share best practices.”

Marketing communications specialist, professional services

Modeling and assumptions. To quantify this benefit, Forrester:

- Calculated the total amount of time saved across all knowledge worker Workplace users.
- Then calculated the value of this time.
- Assumes knowledge-based workers, on average, earn a fully loaded annual salary of \$60,000, which equates to an hourly rate of around \$33.

- Applied a productivity conversion factor of 20%, given that not all time freed up is necessarily put back to productive use.
- Assumes 45 working weeks per year.

Risks. The impact of this benefit is variable across different organizations, and it depends on factors such as:

- The ways in which knowledge workers previously completed tasks and found information. They may have been efficient already.

- Salary rates.
- The degree of adoption of the tool.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$687,300.

Increased Efficiency In Hybrid And Remote Worker Collaboration					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of knowledge worker users	Composite	2,048	2,205	2,344
A2	Average time saving per week (hours)	Interviews	0.5	0.5	0.5
A3	Hourly salary	TEI Standard	\$33	\$33	\$33
A4	Productivity factor	Assumption	20%	20%	20%
At	Increased efficiency in hybrid and remote worker collaboration	$A1 \cdot A2 \cdot A3 \cdot A4 \cdot 45$	\$304,128	\$327,443	\$348,084
	Risk adjustment	↓15%			
Atr	Increased efficiency in hybrid and remote worker collaboration (risk-adjusted)		\$258,509	\$278,326	\$295,871
Three-year total: \$832,706			Three-year present value: \$687,322		

INCREASED INNOVATION

Evidence and data. Many of the interviewees described how Workplace from Meta increases the number of ideas that are captured. Some reported examples of ideas captured through Workplace including a new safety measure that potentially reduced accidents and related costs, quicker fixes for industrial mechanics, deciding on the best new product features, bot integrations to improve processes such as password reset, and automated responses to standard HR questions. There are a number of ways in which these can drive innovations.

- Many interviewees' organizations set up specific ideas or innovations groups.

“We are capturing more ideas from employees. Recently, we implemented a new safety suggestion that may have prevented some accidents.”

Human resources professional, Industry and construction

- More open, two-way communications facilitate and promote more rapid sharing of ideas, particularly through organizational hierarchies.
- By capturing more ideas, better ones can be adopted. The group poll function can also be used to prioritize and decide on the best ideas.
- Ideas and innovations can result in incremental product value through new features and capabilities, but they can also improve processes and thus improve efficiency.

Modeling and assumptions. To quantify this benefit, Forrester:

- Assumes the percentage improvement in ideas was 32%, which is a metric from the previous iteration of this study that included a survey of 226 Workplace from Meta users.

- Assumes 12 ideas were previously implemented, which increases to 16 following the implementation.
- Assumes that each of these innovations delivers a net benefit of \$50,000, which is a value based on the size of the composite organization.

Risks. The impact of this benefit is likely to differ in different organizations, depending on factors such as:

- Industry propensity for innovation.
- Previous channels for capturing ideas and innovations.
- Process maturity for capturing and acting on ideas.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$382,000.

Increased Innovation					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Percentage improvement in ideas	Interviews	32%	32%	32%
B2	Number of product and process innovations pre-investment	Assumption	12	12	12
B3	Number of product and process innovations post-investment	B1*B2	16	16	16
B4	Average net value of new product or process innovation	Assumption	\$50,000	\$50,000	\$50,000
Bt	Increased innovation	(B3-B2)*B4	\$192,000	\$192,000	\$192,000
	Risk adjustment	↓20%			
Btr	Increased innovation (risk-adjusted)		\$153,600	\$153,600	\$153,600
Three-year total: \$460,800			Three-year present value: \$381,980		

INCREASED PRODUCTIVITY OF FRONTLINE WORKERS

Evidence and data. The productivity impact for frontline employees is double that of knowledge-based workers because they previously relied on

email to access information and could not access intranet-based resources. Through the web or mobile app, they can:

- Find information much more quickly and easily through searching in groups, messaging peers, and accessing Knowledge Library.
- Provide feedback to peers 25% more efficiently and 21% more efficiently to management. (Both metrics come from the previous Workplace TEI, which included a survey component). Bots can be built and integrated to make such tasks very easy and quick to complete.
- Access HR-related information 20% more efficiently. (This metric comes from the previous Workplace TEI, which included a survey component).
- Quickly fill in timesheets online.
- Catch up with internal communications quickly and easily.

Modeling and assumptions. To quantify this benefit, Forrester:

- Assumes the composite’s frontline employees typically save an hour each week.
- Calculated the total amount of time saved across all frontline employees.
- Turned this into a financial value, using an average \$8 fully loaded hourly rate (across frontline workers in the different regions).

- Applied a 20% productivity conversion factor, given that not all the time saved will go back to productive use.

“Workplace has been a big success for our frontline teams, including field technicians and those working in stores.”

User experience manager, telecommunications

Risks. The impact of this benefit will vary across different organizations because:

- Previous processes and tools may already have provided some efficiency benefits.
- Salary rates vary.
- The adoption of the tool varies.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$249,900.

Increased Productivity Of Frontline Workers					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of frontline worker users	Composite	1,313	1,654	2,027
C2	Average time saving per week (hours)	Interviews	1.0	1.0	1.0
C3	Hourly salary	TEI Standard	\$8.0	\$8.0	\$8.0
C4	Productivity conversion factor	Assumption	20%	20%	20%
Ct	Increased productivity of frontline workers	$C1 * C2 * C3 * C4 * 45$	\$94,536	\$119,088	\$145,944
	Risk adjustment	↓15%			
Ctr	Increased productivity of frontline workers (risk-adjusted)		\$80,356	\$101,225	\$124,052
Three-year total: \$305,633			Three-year present value: \$249,910		

REDUCED OPEX

Evidence and data. Many of the interviewees told us their organizations were able to discontinue the use of some alternative tools following the implementation of Workplace from Meta. These included:

- Alternative communications and collaboration tools. In many cases, they did not support good mobile experiences and were unavailable to frontline employees.
- Reduced use of email and intranet resources.

Modeling and assumptions. To quantify this benefit, Forrester:

- Assumes the organization has 5,000 employees.
- Assumes the organization was previously spending \$100,000 on alternative software-as-a-service (SaaS) licenses.
- Assumes 80% of this cost is saved.

Risks. This benefit will impact different organizations in different ways because:

- Organizations invest in different tools.
- The costs of these tools will be different.
- The time and effort required to decommission these tools will vary.

“Compared to our previous communications platform, the same news article had 7x wider viewing.”

Head of digital enterprise, manufacturing

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$159,200.

Reduced Opex					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Cost of SaaS license	Assumption	\$100,000	\$100,000	\$100,000
D2	Percentage reduction	Interviews	80%	80%	80%
Dt	Reduced opex	F1*F2	\$80,000	\$80,000	\$80,000
	Risk adjustment	↓20%			
Dtr	Reduced opex (risk-adjusted)		\$64,000	\$64,000	\$64,000
Three-year total: \$192,000			Three-year present value: \$159,159		

TIME SAVINGS DUE TO EFFICIENT COMMUNICATIONS

Evidence and data. All the interviewees shared that HR and communications professionals were able to communicate much more efficiently following the implementation of Workplace from Meta. There were a number of reasons for this:

- The analytics feature of Workplace enables professionals to optimize communications so they have broader reach. This then reduces effort required to reach out through alternative tools and methods. The translation feature reduces additional effort for international organizations.
- Integration with other communications and collaboration tools also helps ensure wider reach, reducing the need to update intranet sites or use physical means of communication (such as noticeboards).
- Bots can also be built and integrated to answer commonly asked questions and how-tos, reducing HR helpdesk time.
- The use of Workplace Live video to communicate company-wide updates can also be more efficient than alternative methods.
- Second instances of Workplace could be implemented to communicate more efficiently with various nonpermanent employees (e.g., temps, contractors, students with offer letters).

Modeling and assumptions. To quantify this benefit, Forrester:

- Assumes there is one HR or communications professional for every 200 employees.
- Assumes half of that professional's time was previously taken up by managing various internal communications channels and methods.
- Assumes this time is reduced by 25% following the implementation of Workplace from Meta.

- Assumes the hourly rate of this professional is \$33 (equivalent to an average fully loaded annual salary of \$60,000).
- Assumes the productivity conversion rate is 20%, given that not all the time freed up will go back to productive use.

Risks. The impact of this benefit varies in different organizations because:

- The organization's previous setup may already have been relatively efficient.
- Salary rates vary.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$91,600.

Time Savings Due To Efficient Communications					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of FTEs for internal communications and HR	Composite	26	28	29
E2	Hours per week spent on internal communications tasks	Assumption	20	20	20
E3	Time saving	Interviews	25%	25%	25%
E4	Average internal communications hourly rate	Assumption	\$33	\$33	\$33
E5	Productivity conversion factor	Assumption	20%	20%	20%
Et	Time savings due to efficient communications	$E1 * E2 * E3 * E4 * E5 * 45$	\$38,610	\$41,580	\$43,065
	Risk adjustment	↓10%			
Etr	Time savings due to efficient communications (risk-adjusted)		\$34,749	\$37,422	\$38,759
Three-year total: \$110,930			Three-year present value: \$91,637		

Better Employee Lifecycle Management / Employee Experience

All interviewees highlighted that Workplace helps them improve employee experience. Workplace enables richer cultural exchanges, shared company values, authentic conversations between employees and leaders, recognition for the work employees and their teams are doing, helps build meaningful relationships and supports diversity and inclusion initiatives. Workplace users saw benefits of this across the employee lifecycle, from recruitment to retention.

REDUCED RECRUITMENT COSTS THROUGH IMPROVED TALENT ACQUISITION

Evidence and data. All the interviewees highlighted the importance of the better employee experience as a benefit. Improved employee experience can filter through to better talent acquisition in various ways:

- More engaged employees are more likely to recommend their organization as a place to work to friends and acquaintances.
- More engaged employees are more likely to be promoted internally.
- For high-growth organizations, attracting talent sufficiently quickly can be very challenging. One interviewee's organization gives students with a job offer the opportunity to connect through a second instance of Workplace to encourage engagement and offer acceptance.

Modeling and assumptions. To quantify this benefit, Forrester:

- Calculated the number of new frontline and knowledge-based employees recruited.
- Assumes the cost of recruiting a frontline employee is equivalent to 10% of their fully loaded salary.

- Assumes the cost of recruiting a knowledge-based employee is equivalent to 20% of their fully loaded salary.
- Calculated the total recruitment cost.
- Applied an estimated 5% reduction in such costs.

Risks. The impact of this benefit varies in different organizations because:

- The rate of employee turnover is different.
- The cost of recruitment differs, whether by region and/or industry.
- Cost reduction is different as some organizations already have strong talent acquisition policies in place.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$525,000.

“Today, 80% of our branch managers are promoted internally. [That’s] up from 60% a few years ago.”

*Human resources professional,
industry and construction*

Reduced Recruitment Costs Through Improved Talent Acquisition					
Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Total number of new frontline employees	Composite	716	752	790
F2	Total number of new knowledge workers	Composite	362	380	399
F3	Frontline employee recruitment cost as a percentage of salary	Assumption	10%	10%	10%
F4	Knowledge worker recruitment cost as a percentage of salary	Assumption	20%	20%	20%
F5	Frontline employee salary	TEI Standard	\$15,000	\$15,000	\$15,000
F6	Knowledge worker salary	TEI Standard	\$60,000	\$60,000	\$60,000
F7	Total recruitment costs	$(F1 * F3 * F5) + (F2 * F4 * F6)$	\$5,418,000	\$5,688,000	\$5,973,000
F8	Reduction in recruitment costs	Interviews	5%	5%	5%
Ft	Reduced recruitment costs through improved talent acquisition	$F7 * F8$	\$270,900	\$284,400	\$298,650
	Risk adjustment	↓10%			
Ftr	Reduced recruitment costs through improved talent acquisition (risk-adjusted)		\$243,810	\$255,960	\$268,785
Three-year total: \$768,555			Three-year present value: \$768,555		

INCREASED EFFICIENCY IN EMPLOYEE ONBOARDING

Evidence and data. Each interviewee said more-efficient employee onboarding is an important use case for their organization. Employee onboarding can be made more efficient because:

- New employees can quickly and easily find and engage with onboarding resources such as live sessions, videos and training documents.
- They can more quickly connect with team members and other colleagues.
- They can search project and team groups to quickly get up to speed on project histories and find other information.

Many interviewees’ organizations used Workplace as the primary tool for remote onboarding during the COVID-19 pandemic lockdowns. While organizations are moving to hybrid working, they still retain some of

the lessons and efficiency benefits from remote onboarding.

Modeling and assumptions. To quantify this benefit, Forrester:

- Calculated the number of new frontline and knowledge-based employees using employee growth and retention metrics.
- Assumes that frontline employee onboarding takes an average of two months and knowledge-based employee onboarding takes four months.
- Assumes the onboarding cost as a percentage of salary is 20%.
- Assumes the decreased time to onboard staff is 24%. This metric is derived from the survey conducted for the previous iteration of this study.
- Applied a 30% return on capital employed ratio.

Risks. The impact of this benefit will vary in different organizations, given that they differ in terms of:

- The number of new employees to onboard.
- Onboarding processes and time.
- Salary rates.
- The way in which Workplace is implemented for onboarding.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$287,900.

“Onboarding is an important area: enabling faster orientation through access to academy resources, videos, [and] group history, and to understand who is doing what.”

Head of digital enterprise, manufacturing

Increased Efficiency In Employee Onboarding

Ref.	Metric	Source	Year 1	Year 2	Year 3
G1	New frontline employees	Composite	716	752	790
G2	New knowledge workers	Composite	362	380	399
G3	Average time to onboard (months) - frontline	Assumption	2	2	2
G4	Average time to onboard (months) - knowledge worker	Assumption	4	4	4
G5	Average employee salary - frontline	TEI Standard	\$15,000	\$15,000	\$15,000
G6	Average employee salary - knowledge	TEI Standard	\$60,000	\$60,000	\$60,000
G7	Average onboarding cost as a percent of employee salary	Assumption	20%	20%	20%
G8	Decreased time to onboard new staff	Interviews	24%	24%	24%
G9	Return on capital	Assumption	30%	30%	30%
Gt	Increased efficiency in employee onboarding	$((G5/12)*G3*G1*G8*G7)+((G6/12)*G4*G2*G8*G7)*G9$	\$130,032	\$136,512	\$143,352
	Risk adjustment	↓15%			
Gtr	Increased efficiency in employee onboarding (risk-adjusted)		\$110,527	\$116,035	\$121,849
Three-year total: \$348,412			Three-year present value: \$287,923		

INCREASED EFFICIENCY IN LEARNING AND DEVELOPMENT

Evidence and data. In a similar way to more-efficient onboarding communications, interviewees also highlighted that learning and development became more efficient following the implementation of Workplace. Learning and development resources can more easily be found and accessed through Groups and Knowledge Library. Live video was also used in some cases for training purposes. Furthermore, related groups can be used to ask questions, find information, and share ideas.

Modeling and assumptions. To quantify this benefit, Forrester:

- Assumes the average employee spends 4 hours per month on learning and development.
- Calculated the average employee hourly rate.
- Applied an 18% improvement rate. This metric comes from the previous iteration of this study that included a large user survey.
- Applied a 20% productivity conversion rate, given that not all time saved is necessarily used productively.

Risks. The impact of the benefit will vary by company given that:

- The average time spent for learning and development differs.
- Salary rates differ.
- The improvement rate could be different, given different learning and development tools and processes.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$281,400.

“Workplace has contributed to a more open and connected culture.”

Communications and ESG lead, restaurant chain

Increased Efficiency In Learning And Development					
Ref.	Metric	Source	Year 1	Year 2	Year 3
H1	Number of users	Composite	3,361	3,859	4,371
H2	Employee time spent learning and development (hours per month)	Assumption	4	4	4
H3	Hourly salary (average)	TEI Standard	\$24	\$23	\$22
H4	Percent improvement	Survey	18%	18%	18%
H5	Productivity conversion factor	Assumption	20%	20%	20%
Ht	Increased efficiency in learning and development	$H1*H2*H3*H4*H5*12$	\$121,964	\$134,201	\$145,397
	Risk adjustment	↓15%			
Htr	Increased efficiency in learning and development (risk-adjusted)		\$103,669	\$114,070	\$123,587
Three-year total: \$341,327			Three-year present value: \$281,371		

HIGHER EMPLOYEE RETENTION

Evidence and data. All the interviewees highlighted the importance of employee experience and how this impacts loyalty and retention. Some of the ways users mentioned Workplace contributing to higher retention include:

- Various Workplace Groups were used to share and discuss company culture, including diversity and inclusion, charity events and sponsorships, and social activities.
- The broad reach of Workplace and high engagement also resulted in higher adoption of additional benefits, such as meal vouchers and end-of-year gifts.
- Workplace was also used to recognize employee and team successes such as badges to celebrate five- and 10-year tenures.

Modeling and assumptions. To quantify this benefit, Forrester:

- Assumes the frontline employee rate of retention was 25% prior to Workplace and 10% for knowledge-based employees.
- Assumes these rates of employee turnover reduced by 9.9%. This metric is reused from the

previous iteration of this study, which surveyed 226 Workplace respondents.

- Assumes the impact of improved retention is that the organization does not lose the productivity of an open position and the cost associated with having to recruit, hire, and onboard new employees.
- Assumes the average time for a frontline position to be open is two months and that for a knowledge worker is four months.
- Used the corresponding salary rates for the different worker types to calculate the value loss of an open position that is not filled, applying the recoverable salary rate of 70% (that is pure salary excluding benefits, bonuses, and other intangible salary components).
- Assumes a 30% return on capital.

Risks. The impact of this benefit varies in different organizations because:

- Retention rates differ.
- Salary rates differ.
- Length of open positions differ.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$237,600.

“Even during the lockdowns, employee engagement and retention remained strong. Our voluntary turnover rate was 9.1% in 2020, compared to 11.5% the previous year.”

*Human resources professional,
Industry and construction*

Higher Employee Retention					
Ref.	Metric	Source	Year 1	Year 2	Year 3
I1	Number of frontline users	Composite	1,313	1,654	2,027
I2	Number of knowledge users	Composite	2,048	2,205	2,344
I3	Employee turnover - frontline	Assumption	328	414	507
I4	Employee turnover - knowledge	Assumption	205	221	234
I5	Average length of open position - frontline (months)	2	2	2	2
I6	Average length of open position - knowledge (months)	4	4	4	4
I7	Average employee salary - frontline	TEI Standard	\$15,000	\$15,000	\$15,000
I8	Average employee salary - knowledge	TEI Standard	\$60,000	\$60,000	\$60,000
I9	Recoverable salary	Assumption	70%	70%	70%
I10	Percent improvement in retention	Interviews	9.9%	9.9%	9.9%
I11	Return on capital	Assumption	30%	30%	30%
It	Higher employee retention	$I1 * I2 * I3 * I11$	\$102,287	\$113,202	\$123,815
	Risk adjustment	↓15%			
Itr	Higher employee retention (risk-adjusted)		\$86,944	\$96,221	\$105,243
Three-year total: \$288,408			Three-year present value: \$237,632		

UNQUANTIFIED BENEFITS

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

- **Improved future of work.** Many of the interviewees said Workplace forms an important part of their organization’s future of work plans. It is an important tool for internal communications and cultural exchange, supporting a flexible, hybrid workforce and being able to integrate with other, complementary collaboration tools. Furthermore, many of the organizations are looking at other Meta tools, notably virtual reality.
- **Increased revenue and improved customer experience.** In some cases, interviewees

reported that account managers or sales consultants were able to upsell or improve contract terms because they could find information quickly or crowdsource

“We are exploring all options for future of work, including testing virtual headsets. Having Workplace makes this more accessible.”

User experience manager, telecommunications

recommendations from others in a team or group. Similar use of the tool was reported in some cases for customer-service executives who were able to improve the customer experience, which could impact metrics such as customer loyalty and satisfaction.

- **Reduced use of shadow IT.** In some cases, interviewees reported that there was a reduction in unauthorized tools, such as messaging applications. This can reduce security risks and potentially any additional IT time required to address such issues, as well as any costs related to such tools.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Workplace from Meta and later realize additional uses and business opportunities, including:

- **Faster and lower-cost merger or acquisition.** Some interviewees highlighted that Workplace from Meta enabled faster integration of employees from a merged or acquired organization. By adopting a single communications platform across all employees, siloes can be broken and connections can be made faster.
- **Faster and better information sharing for unexpected events.** Many interviewees highlighted the value of Workplace from Meta during the pandemic, enabling employees to be regularly updated about developments and changes, typically using the Workplace Live video capability. It is possible that in the future, there are other unexpected events for which such benefits could be achieved. The Safety Check feature in the tool can also be leveraged to identify employees needing assistance in certain situations.

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

“Internal communications are better and more accurate, reducing customer service requests and improving CX.”

Director of digital work, travel

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
Jtr	Licensing fees	\$0	\$277,200	\$291,086	\$305,659	\$873,946	\$722,214
Ktr	Change management	\$93,500	\$0	\$0	\$0	\$93,500	\$93,500
Ltr	Ongoing administration	\$0	\$66,000	\$66,000	\$66,000	\$198,000	\$164,132
	Total costs (risk-adjusted)	\$93,500	\$343,200	\$357,086	\$371,659	\$1,165,446	\$979,846

LICENSING FEES

Evidence and data. The biggest cost component is the licensing or subscription fee. Workplace subscriptions are charged on a per-employee per-month basis.

Modeling and assumptions. To quantify this cost, Forrester assumes the standard price for Workplace from Meta, that is at the time of this report, \$4.0 per-person per-month.

Risks. There is the possibility that pricing could be higher or that there is a price change during the course of the three-year period.

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 \$722,200.

Licensing Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
J1	Cost per user per month	Composite		\$4.0	\$4.0	\$4.0
J2	Number of users	Composite		5,250	5,513	5,789
Jt	Licensing fees	J1*J2*12	\$0	\$252,000	\$264,624	\$277,872
	Risk adjustment	↑10%				
Jtr	Licensing fees (risk-adjusted)		\$0	\$277,200	\$291,086	\$305,659
Three-year total: \$873,946				Three-year present value: \$722,214		

CHANGE MANAGEMENT

Evidence and data. Change management costs are all those that relate to the time to implement the tool prior to launch. Interviewees reported that these tasks include:

- Planning, design, and project management efforts.
- Awareness and communications campaigns and other change management efforts and process changes.
- IT time for technical integration and testing, as well as any decommissioning of legacy tools.

Modeling and assumptions. To quantify this cost, Forrester estimated the total amount of effort required for the above tasks including those in IT, communications, HR, and management, is equivalent to three weeks of work for a team of 20 FTEs.

Risks. All organizations have unique structures, setups, and processes, which could require more change management effort. These risks are:

- Alternative legacy tools and intranet setups that require additional work in preparation for the Workplace launch.
- Tighter security testing requirements in some organizations.
- Poor legacy communications tools and setups requiring additional time and effort to increase awareness and adoption of the new tool.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$93,500.

Change Management						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
K1	Implementation costs	Interviews	\$85,000			
Kt	Change management	K1	\$85,000	\$0	\$0	\$0
	Risk adjustment	↑10%				
Ktr	Change management (risk-adjusted)		\$93,500	\$0	\$0	\$0
Three-year total: \$93,500			Three-year present value: \$93,500			

ONGOING ADMINISTRATION

Evidence and data. Interviewees reported that there were ongoing costs related to administering the tool. The main tasks relate to managing and monitoring groups, general support, adding new employees and taking away those who have left. This also covers any IT resource time for any upgrades and implementing new features and capabilities.

It does not include the time to create and update content as this would be done with or without the tool. Efficiencies in creating and sharing content have been captured in Benefit E.

Modeling and assumptions. To quantify this cost, Forrester:

- Assumes the organization has 5,000 employees.

- Assumes one FTE is required for administering the Workplace tool.
- Assumes the fully loaded annual salary for this FTE is \$60,000.

Risks. All organizations are different, and administration costs may be higher because:

- There are different technical setups.
- Administrative requirements or processes can be more or less time-consuming.

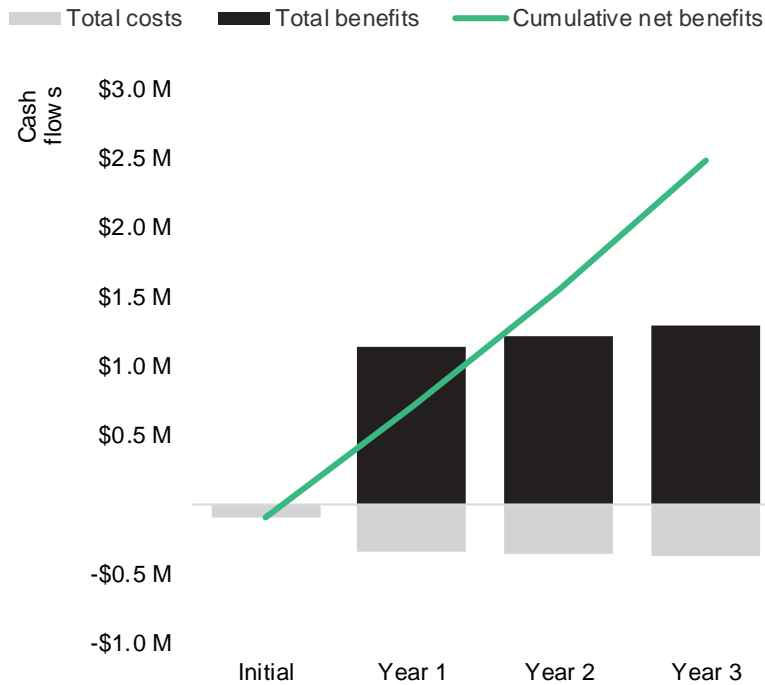
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$164,100.

Ongoing Administration						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
L1	Number of FTEs for administration	Interviews		1.0	1.0	1.0
L2	Salary cost	TEI Standard		\$60,000	\$60,000	\$60,000
Lt	Ongoing administration	L1*L2	\$0	\$60,000	\$60,000	\$60,000
	Risk adjustment	↑10%				
Ltr	Ongoing administration (risk-adjusted)		\$0	\$66,000	\$66,000	\$66,000
Three-year total: \$198,000			Three-year present value: \$164,132			

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	(\$93,500)	(\$343,200)	(\$357,086)	(\$371,659)	(\$1,165,446)	(\$979,846)
Total benefits	\$0	\$1,136,164	\$1,216,860	\$1,295,747	\$3,648,770	\$3,012,059
Net benefits	(\$93,500)	\$792,964	\$859,774	\$924,087	\$2,483,325	\$2,032,213
ROI						207%
Payback						<6 months

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Supplemental Material

Related Forrester Research

“Now Tech: Intranet And Employee Communications Platforms, Q4 2021,” Forrester Research, Inc., October 5, 2021

“The State Of The Metaverse,” Forrester Research, Inc., March 29, 2022

Appendix C: 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 Source: “Employee Experience Is A Business Imperative,” Forrester Research Inc., May 13, 2021.

³ Ibid.

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