



FORRESTER®

The Total Economic Impact™ Of Sage Intacct

Cost Savings And Business Benefits
Enabled By Sage Intacct

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

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Executive Summary

Sage Intacct is a cloud-native accounting solution that delivers in-depth finance capabilities to organizations, empowering executives to report with accuracy and confidence, offering complete visibility at both macro and micro levels, and enabling them to address problems quickly and efficiently in real time. Sage Intacct's ease of integration with other third-party solutions helps companies capture unclaimed revenue, increase productivity, and deliver a high return on investment.

Sage Intacct is cloud-native financial management software that enables organizations to access more accurate, comprehensive, and automated real-time data. The platform's robust financial capabilities empower leaders with visibility into their organization's performance and enables them to make more informed decisions quickly.

In addition, Sage Intacct's out-of-the-box (OOTB) offering provides organizations with the flexibility to add more extensive capabilities gradually without tying up significant financial resources.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Sage Intacct. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization, a technology services company, headquartered in North America with global operations. The composite generates \$30 million in annual revenue, has 100 employees, and grows 20% annually via acquisitions during the three-year TEI analysis period.

Prior to Sage Intacct, the organizations' accounting and financial systems were disjointed, complex, and

STUDY HIGHLIGHTS



5%

Incremental revenue improvement



2

Delayed hires while sustaining growth



10%

Increased sales team productivity



45%

Reduction in days sales outstanding (DSO)

Total three-year PV
benefits

\$2.1 million



problematic. The financial processes resided across multiple platforms, such as enterprise legacy systems, bookkeeping software, spreadsheets, and other applications.

Due to lack of system consolidation and automation, the organizations used laborious manual processes to bridge data gaps, often requiring additional manpower to perform maintenance tasks, such as replicating the data in prior legacy and third-party software solutions or tracking contracts and invoices in individual spreadsheets.

Lack of system integration created misrepresentation and blind spots for executives and auditors due to incorrect or missing data. This prior process was not scalable or sustainable in a high-growth and heavily scrutinized M&A environment.

Furthermore, leadership lacked data accuracy and visibility required to make financial decisions and address issues in a timely manner.

After the investment in Sage Intacct, the interviewees acquired visibility into their organizations' financial performance and had confidence in their numbers due to the platform's real-time data. They gained financial insights and the ability to slice and dice the data, drill down on numbers, and isolate any issues with a particular number, which they could not do in their previous environments.

In addition, the interviewees were able to purchase the basic OOTB solution and add components as needed. This provided them with the flexibility to customize their financial software according to their

reporting and audit requirements without tying up financial resources necessary for their growth.

KEY FINDINGS

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

- **Incremental margin gained due to more accurate customer invoicing.** The financial environment of the composite organization is complex and fragmented, resulting in missed billing invoices, lost business opportunities, and unclaimed revenue. With Sage Intacct's financial capabilities and ease of integration with third-party CRM software, the organization captures incremental revenue gains and delegates customer contract management to sales teams more efficiently.
- **Avoided/delayed cost of hires due to improved system automation and data accuracy.** Sage Intacct's automated platform enables data accuracy and integration with third-party systems, eliminating the need to hire and sustain additional labor.

Furthermore, Sage Intacct offers the flexibility to add revenue recognition and other modules, allowing the organization to delay hiring and doing due diligence required for acquisitions and other business transactions.

Also, with Sage Intacct, the organization eliminates some more expensive software solutions for substantial savings.

- **Incremental improvement in sales team effectiveness.** Sage Intacct's OOTB solution syncs with CRM software, providing the sales team with complete visibility into customer accounts and contract status as well as enabling team members to renew contracts in real time, oversee billing, and provide more accurate add-on pricing. The solution creates automation and cohesion between sales and accounting

departments, eliminating laborious and duplicate data entry and helping them focus on customer relationships and churn reduction.

- **Increased productivity of the accounting team and improved reporting compliance.** The process to determine revenue per generally accepted accounting principles (GAAP) requirements is tedious, complex, and time-consuming in the composite organization's legacy environment, which permits too much room for error and makes it difficult to perform the due diligence required by investors in a business transaction. Sage Intacct's integrated, automated, multi-entity reporting based on GAAP's revenue recognition requirements significantly improves the accounting team's productivity and better prepares team members for business transactions, such as acquisitions and divestitures.
- **Improved finance team efficiency and cost savings in audit reporting.** In the prior environment, the composite organization requires internal resources to complete audit tasks, causing delays in submitting the data to external auditors. Furthermore, the consolidated data reveals significant gaps, leading to extensive, drawn-out, and costly audits.

With Sage Intacct, the composite organization provides external auditors with read-only access to systems. This saves time for the accounting and audit teams. This also saves on audit costs without disrupting the accounting team's day-to-day operations.

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

- **Improved visibility and reporting in real time that helps analyze data and isolate issues with numbers, locations, or products quickly.** The composite organization can dive into

transactions deeper to determine problems and resolve them quickly.

Furthermore, Sage Intacct's customized dashboard feature empowers executives with better visibility into their organization's financial performance in real time and the ability to drill down and get answers quickly without having to rely on the finance team.

- **Access to customer accounts that does not require access to Sage Intacct due to real-time data integration with third-party CRM.** With Sage Intacct, salespeople can see customers' contracts and status in their CRM solution without having to access Sage Intacct, allowing them to better coordinate with the accounting team to address collection issues.
- **The multi-entity function that effectively captures acquisitions and reports on company performance.** Within Sage Intacct, the composite organization uses the multi-entity function to manage business transactions such as acquisitions or divestitures and view domestic and foreign business unit performance. The solution provides the composite with the flexibility to either absorb an acquired organization into the parent as a branch or keep it as a separate business unit while operating in multiple currencies and countries.
- **Accounts payable and automated clearing house (ACH) transfers managed easily and securely.** Once vendors enter their information into the composite's portal solution, the data is automatically transferred to Sage Intacct and then to the composite's bank, eliminating any human access to sensitive information and facilitating a faster payment process.
- **Increased visibility into nationwide operations at the local level that provides a unique perspective.** With Sage Intacct, the composite

better determines a local pricing strategy without sacrificing business margins or objectives.

Furthermore, Sage Intacct allows the composite to customize bulk billing, differentiating it in certain markets.

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

- **The annual software costs: \$119,000 over three years.** Sage Intacct's pricing includes the OOTB solution and the ability to opt for the gradual implementation of additional modules, expanding reporting and audit capabilities of the growing organization.
- **Implementation costs, initial and ongoing: \$263,000 over three years.** In the initial implementation stage, three people from the organization are involved: the CFO, a software engineer, and a finance manager. An external Sage-recommended VAR also helps implement the system according to reporting needs and requirements.

Once the system is installed and running, two people, a finance manager and a software engineer, troubleshoot and manage the solution daily. They are also responsible for evaluating the current resource allocation, coordinating with the VAR to implement additional modules and discontinue any third-party software due to duplication.

- **Training costs: \$5,000 over three years.** The composite organization migrates from an enterprise legacy solution. Sage Intacct is generally intuitive and requires about 1 hour to train employees in the composite organization.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$2.1 million over three years versus costs of \$387,000, adding up to a net present value (NPV) of \$1.7 million and an ROI of 441%.



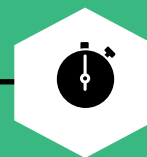
ROI
441%



BENEFITS PV
\$2.1M



NPV
\$1.7M



FASTER MONTHLY CLOSE
70%

Benefits (Three-Year)

Incremental margin gained due to more accurate customer invoicing

\$604.0K

With Sage Intacct, organizations captured 5% missing revenue due to inaccurate invoicing.

Avoided/delayed cost of hires due to improved system automation and data accuracy

\$496.1K

Incremental improvement in sales team effectiveness

\$605.2K

Sales representative productivity increased by 4 hours per week with better accuracy, visibility, and control.

Increased productivity of the accounting team and improved reporting compliance

\$137.6K

Improved finance team efficiency and cost savings in audit reporting

\$249.7K

“Sage Intacct allowed us to have a market-moving advantage. We are making our customers’ lives more efficient and automating our processes. We’re doing it all because Intacct gave us the capabilities.”

— CFO, insurance

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 Sage Intacct.

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 Sage Intacct can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Sage 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 Intacct.

Sage 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.

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



DUE DILIGENCE

Interviewed Sage stakeholders and Forrester analysts to gather data relative to Sage Intacct.



INTERVIEWS

Interviewed four customers at organizations using Sage Intacct to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

The Sage Intacct Customer Journey

■ Drivers leading to the Sage Intacct investment

Interviews			
Role	Industry	Annual Revenue	Growth Rate Per Year (Percent And Type)
CFO	Marketing technology	\$80 million	100% acquisitions
CFO	Insurance	\$20 million	25% organic
CFO	ERP consultancy	\$17 million	20% organic
CFO	Cloud and software services	\$10 million	80% M&A

KEY CHALLENGES

Prior to Sage Intacct, the interviewees' organizations lacked data accuracy, depth, and visibility into their organizations' financial health and performance. Some used a comprehensive enterprise legacy solution that was a closed, very rigid, and expensive system lacking the customized flexibility and support that they needed to function. Others used a bookkeeping software that led to very manual and laborious processes of contract management, accounts payables, financial analysis, and reporting.

Furthermore, their prior enterprise resource planning (ERP) solutions did not integrate well with their other third-party solutions. The data was siloed and housed on multiple platforms and spreadsheets, leading to duplication, gaps, misrepresentation, and the inability to close the books in a timely manner.

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

- **Increased concern over lack of in-depth capabilities and integration with third-party solutions.** The lack of agility and integration of their prior solutions with CRM, vendor management, banking, and other business-related solutions created misinformation and blind spots that interviewees tried to address by hiring additional personnel to create and maintain

“We embarked on a strategy of getting best-of-breed systems for the individual pieces, and we were looking at cloud-based solutions. Sage Intacct was the best solution out there.”

CFO, ERP consultancy

reports and data in spreadsheets and replicate this same data simultaneously in multiple systems to get a complete picture of the organizations' financial health. This complex, laborious, and costly process was not scalable or sustainable.

- **Lack of visibility, data accuracy, and automation hindered growth.** Due to time-consuming and tedious manual reporting processes, leadership had little visibility into the financial performance of their organization. Managers were often in the dark regarding existing problems and busy chasing and consolidating numbers rather than focusing on strategic issues and organizational growth.

- **Increasing challenges with audit reporting, due diligence, and investor scrutiny.** As a result of the complex and problematic nature of their accounting systems, the interviewees were unable to close their books within a reasonable timeframe. And without complete accuracy in reporting, the organizations failed to meet the demands and specifications of their financial investors, which impacted their credibility and raised concerns.

“That’s why you buy a system like this to enable you to operate your business and anticipate your needs from a financing standpoint.”

CFO, cloud and software services

solution environment with the implementation of various third-party solutions, such as CRM, accounts payable, banking, and vendor management. To achieve this objective, the organization starts with Sage Intacct’s OOTB solution and integrates additional modules or software to nurture and sustain its growth rate via acquisitions.

Key Assumptions

- **\$30 million in revenue**
- **100 employees**
- **20% annual growth via acquisitions**
- **5 finance team members**
- **Migration from a legacy enterprise solution**

COMPOSITE ORGANIZATION

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

Description of composite. The composite is a technology services company headquartered in North America with \$30 million in annual revenue, 100 employees, and an annual 20% growth rate. The number of finance and accounting employees is five, including the CFO.

Deployment characteristics. The composite’s objective is to create a best-in-class business

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Incremental margin gained due to more accurate customer invoicing	\$202,500	\$243,000	\$291,600	\$737,100	\$604,001
Btr	Avoided/delayed cost of hires due to improved system automation and data accuracy	\$199,500	\$199,500	\$199,500	\$598,500	\$496,127
Ctr	Incremental improvement in sales team effectiveness	\$243,360	\$243,360	\$243,360	\$730,080	\$605,200
Dtr	Increased productivity of the accounting team and improved reporting compliance	\$55,328	\$55,328	\$55,328	\$165,984	\$137,593
Etr	Improved finance team efficiency and cost savings in audit reporting	\$95,040	\$99,360	\$108,000	\$302,400	\$249,658
Total benefits (risk-adjusted)		\$795,728	\$840,548	\$897,788	\$2,534,064	\$2,092,579

INCREMENTAL MARGIN GAINED DUE TO MORE ACCURATE CUSTOMER INVOICING

Evidence and data. The interviewees stated that migrating to Sage Intacct led to significant revenue gains.

- Previously, due to fragmentation in their systems, the interviewees failed to renew several contracts and bill customers. Before adopting Sage Intacct, the creation of a sales order did not require a corresponding purchase order. This lack of organizational cohesiveness led to missed revenue because customers were never invoiced or their contracts were not renewed, even though they received continued access to services.

Sage Intacct ensures the creation of a sales order and purchase order at the same time, providing additional visibility into customer status and ongoing engagement.

- The lack of agility and integration of their prior solutions with their other systems such as sales, banking, and external third-party CRM solutions was an issue. They found their systems didn't communicate effectively, so they had to enter the

customer data into two solutions simultaneously to create a full picture, which was not comprehensive or accurate. With their double-digit growth, this duplication wasn't sustainable and created blind spots as well as an incomplete and inaccurate data environment that led to unrealized revenue.

For example, when consultants didn't find a specific customer in the system, instead of adding the customer, they categorized their hours as other or nonbillable, which would then become an absorbed expense without associated revenue. Due to Sage Intacct's advanced integration with their third-party CRM, the consultants got full visibility into their customer's status and easily located them to bill.

Furthermore, with Sage Intacct, salespeople created an invoice in their CRM solution that became a sales order in Sage Intacct. The accounting team then took over, converted the order to an invoice, and sent it out to the customer.

The CFO at an ERP consultancy stated, "When they go into the contract in CRM and add an

opportunity, it automatically creates an entry in Sage Intacct that's connected to that contract." This advanced integration created a one-stop shop and enabled interviewees to transfer more control to sales representatives, making sales team members' jobs easier and lives happier.

Modeling and assumptions. Based on the customer interviews, Forrester estimates the following for the composite organization.

- The composite migrates from an enterprise legacy solution, experiences 20% annual growth, and employs a sales team of 20 people.
- With Sage Intacct, the sales team has greater visibility into customer status and contract detail, such as invoices that are outstanding, paid, on hold, and in collection, enabling the team to capture an additional 5% incremental revenue.

- Comprehensive integration of other sales-related third-party solutions such as CRM enables the sales team to focus on more accurate invoicing rather than duplication of data entry.

Risks. The realization of this benefit will vary with:

- The prior ERP system of the organization and its level of integration with third-party CRM solutions.
- The average annual revenue, percentage growth, and overall gross margin efficiency.
- The size of the sales team.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$604,000.

Incremental Margin Gained Due To More Accurate Customer Invoicing					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Net annual revenue (with 20% annual growth)	Composite	30,000,000	36,000,000	43,200,000
A2	Percentage captured with Sage Intacct	Composite	5%	5%	5%
A3	Gross margin	TEI standard	15%	15%	15%
At	Incremental margin gained due to more accurate customer invoicing	$A1 \times A2 \times A3$	\$225,000	\$270,000	\$324,000
	Risk adjustment	↓ 10%			
Atr	Incremental margin gained due to more accurate customer invoicing (risk-adjusted)		\$202,500	\$243,000	\$291,600
Three-year total: \$737,100			Three-year present value: \$604,001		

AVOIDED/DELAYED COST OF HIRES DUE TO IMPROVED SYSTEM AUTOMATION AND DATA ACCURACY

Evidence and data. The interviewees adopted Sage Intacct to establish in-depth automated accounting capabilities in real time to facilitate their double-digit growth.

- In their previous environment, to sustain their high growth, interviewees said they had to hire additional personnel as the numbers of customers, orders, and transactions grew rapidly and started putting strain on their internal resources to cope with the redundancy in tasks.

Sage Intacct offered improved integration and visibility across all the data platforms and

eliminated tedious and time-consuming manual processes. The interviewees were able to access and analyze the data in real time without needing to increase headcount. The CFO at a cloud software and services organization noted: “We find ways to get more efficient almost every month as we refine our solution within the environment. As a result, there’s no one on the hiring plan from an accounting standpoint in the foreseeable future because we think we can still scale quite a bit without adding more staff.”

- The growth of interviewees’ organizations was mostly sustained through acquisitions, so their numbers came under severe scrutiny from investors. Data accuracy, proper revenue recognition at the invoice level according to GAAP standards, and multi-entity detailed reporting were crucial to successful growth.

In prior systems, interviewees required additional finance team members to compute revenue-recognition allocations. Sage Intacct’s automated real-time accounting processes addressed GAAP requirements and eliminated the need to hire additional headcount.

- Interviewees whose orgs migrated from a bookkeeping solution to Sage Intacct replaced their external CPA at a cost of \$15,000 to 20,000 per month with an internal accounting specialist earning a base salary of \$38,000 per year. The

CFO at an insurance company commented, “You’re paying a higher-level resource because of the complexities that were introduced unnecessarily.”

Modeling and assumptions. Based on customer interviews, the composite organization assumes the following:

- The composite organization has five Sage Intacct business users: two accountants, two financial analysts, and a CFO.
- Due to higher-level data integration, automation, and accuracy as well as the elimination of complex tedious manual processes, the composite avoids hiring two people while sustaining 20% annual growth.

Risks. The optimization of this benefit will vary with:

- The prior accounting system the company is replacing and its level of integration.
- The organization’s growth rate and nature.
- The level of scrutiny from investors.
- Salary levels, depending on skills and geographic location.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$496,000.

Avoided/Delayed Cost Of Hires Due To Improved System Automation And Data Accuracy

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of delayed hires on the finance team	Composite	2	2	2
B2	Average annual fully burdened salary per employee	TEI standard	\$105,000	\$105,000	\$105,000
Bt	Avoided/delayed cost of hires due to improved system automation and data accuracy	B1*B2	\$210,000	\$210,000	\$210,000
	Risk adjustment	↓5%			
Btr	Avoided/delayed cost of hires due to improved system automation and data accuracy (risk-adjusted)		\$199,500	\$199,500	\$199,500
Three-year total: \$598,500			Three-year present value: \$496,127		

INCREMENTAL IMPROVEMENT IN SALES TEAM EFFECTIVENESS

Evidence and data. The interviewees noted that their sales teams became more efficient with the adoption of Sage Intacct:

- Sage Intacct's OOTB solution automatically synchronized with interviewees' CRM solutions, providing their sales teams with greater visibility into their customers' accounts and contract detail in real time.

This easy integration enabled the sales representatives to renew contracts within a reasonable timeframe before expiration and add extra licenses per contracted amount. Before Sage Intacct, interviewees needlessly replicated a customer profile in multiple systems, spending time to locate the contract or, worse, misquoting prices, which led to customer confusion and dissatisfaction.

Due to Sage Intacct's automation and data accuracy, the sales team achieved significant time savings and focused on enhancing the customers' experience. Furthermore, the organizations' days of sales outstanding (DSO) decreased from 112 days to 62.

Modeling and assumptions. The composite organization has a total of 30 Sage Intacct licenses. In addition to five business users, 25 employees have user access.

- Twenty salespeople have employee access to Sage Intacct. The CEO and four VPs have business user access.
- Due to better integration of Sage with CRM systems, sales team members gain significant

efficiencies. Sage Intacct empowers them with greater visibility into their customers' accounts so that they can quote rates and add licenses to existing contracts faster and more accurately, saving them 2 hours per week.

- In addition, with the elimination of duplicate entry and the need to create multiple customer records from scratch, salespeople save an additional 2 hours per week. They refocus this time savings to build better relationships with customers and follow up on collection or payment issues.

“Sage Intacct enabled us to have better visibility into customer health, which led to increased revenue and savings by preventing loss of renewals and reducing churn.”

CFO, cloud and software services

Risks. Potential risks that can impact the benefit are:

- The size of the organization and number of sales team members.
- Sage Intacct's level of integration with the CRM solution and added modules for increased functionality.
- Salary levels, depending on skills and geographical location.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$605,000.

Incremental Improvement In Sales Team Effectiveness					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of sales team employees	Composite	20	20	20
C2	Hourly rate for a fully burdened salesperson	TEI standard	\$65	\$65	\$65
C3	Number of hours saved per week with Sage Intacct	Composite	4	4	4
Ct	Incremental improvement in sales team effectiveness	$C1 \times C2 \times C3 \times 52$	\$270,400	\$270,400	\$270,400
	Risk adjustment	↓10%			
Ctr	Incremental improvement in sales team effectiveness (risk-adjusted)		\$243,360	\$243,360	\$243,360
Three-year total: \$730,080			Three-year present value: \$605,200		

INCREASED PRODUCTIVITY OF THE ACCOUNTING TEAM AND IMPROVED REPORTING COMPLIANCE

Evidence and data. The interviewees stated that Sage Intacct's integrated, fully automated multi-entity reporting based on GAAP's revenue recognition requirements significantly improved accounting team's productivity and better prepared them for a business transaction such as an acquisition or divestiture.

- In legacy environments, the interviewees said reporting of revenue recognition consisted of a very complex and tedious process and was often inaccurate due to the manual processes being managed in spreadsheets.
- In addition, these manual processes were prone to human error and meshed the data together at a macro level, making it difficult to get through due diligence required by investors versus providing the micro-level automated calculations required for proper revenue recognition.
- Also, interviewees reported that their prior systems lacked integration with their accounts payable and third-party CRM solutions, and as a result, accountants had to manually enter the data into multiple systems. This became

particularly problematic when they experienced significant rapid growth that their prior systems couldn't accommodate, putting a strain on their internal resources and costing them an excessive amount to maintain.

“There are some complicated things in GAAP rules that Sage Intacct handles very well. It reduces the amount of effort required from our team. I would have to hire another person or two to be able to calculate the revenue recognition.”

CFO, cloud and software services

Modeling and assumptions. The composite has two employees in accounting, handling accounts payable and ensuring reporting compliance per GAAP revenue-recognition principles.

- With Sage Intacct, accounting team members save 32 hours per week: 10 hours from elimination of duplicate data entry into multiple systems and spreadsheets, 16 hours from

revenue allocation processes, and 6 hours from manual entry of accounts payable and reporting.

Risks. The ability to realize this benefit will vary according to:

- The organization's GAAP and other reporting requirements for its investors.
- The necessary add-on modules to capture additional reporting requirements such as revenue recognition, multi-entity, and dimensions.
- The number of people in the accounting/finance team dedicated to data consolidation, analysis, and reporting.
- Salary levels, depending on skills and geographical location.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$138,000.

Increased Productivity Of The Accounting Team And Improved Reporting Compliance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of accountants	Composite	2	2	2
D2	Hours saved per person from manual duplicate data entry in multiple systems (weekly)	Composite	10	10	10
D3	Hours saved per person by automatic revenue allocation by GAAP standards (weekly)	Composite	16	16	16
D4	Hours saved per person from manual entry of accounts payable and reporting (weekly)	Composite	6	6	6
D5	Subtotal: hours saved with Sage Intacct per week	$D1*(D2+D3+D4)$	64	64	64
D6	Employee productivity realization	TEI standard	50%	50%	50%
D7	Hourly rate for a fully burdened accountant	TEI standard	\$35	\$35	\$35
Dt	Increased productivity of the accounting team and improved reporting compliance	$D5*D6*D7*52$	\$58,240	\$58,240	\$58,240
	Risk adjustment	↓5%			
Dtr	Increased productivity of the accounting team and improved reporting compliance (risk-adjusted)		\$55,328	\$55,328	\$55,328
Three-year total: \$165,984			Three-year present value: \$137,593		

IMPROVED FINANCE TEAM EFFICIENCY AND COST SAVINGS IN AUDIT REPORTING

Evidence and data. The interviewees found their prior systems were inadequate to the point that they were unable to take a contract from quote to cash, get invoices out the door in a timely manner, and close the books within a reasonable timeframe.

Due to the complexity and problematic nature of this process, they required extra accounting staff to meet their audit requirements. Furthermore, the resulting consolidated data revealed significant gaps, leading to extensive, drawn-out, and costly audits.

The interviewees reported that with Sage Intacct:

- Their data accuracy improved, creating a buttoned-down environment, shaving time from audit process, and increasing executive confidence in presenting financials.
- With read-only access to the system, the auditors had accurate and real-time information, no longer having to pull data or investigate. This translated to considerable time savings for both the accounting and audit teams and saved on audit costs without causing any disruption to the accounting teams' day-to-day functioning.
- Interviewees said that monthly close time decreased from about six to two weeks and empowered executives with the ability to see and correct problems a month earlier. They repurposed this time to focus on more strategic issues.
 - In addition, they provided accurate information in a timelier manner to lending organizations, which increased their credibility and rating.

Modeling and assumptions. The composite utilizes an external accounting company to conduct an audit on an annual basis.

- Four finance employees oversee the audit process internally and address any issues or

questions that arise from the auditors in the Sage Intacct system, ensuring that this required data is included for future audits.

- The composite organization's finance team gives external auditors read-only access to the platform, simplifying the process. The accuracy, transparency, and real-time access to data enable the auditors to complete the auditing process faster and more efficiently, leading to significant cost savings.

“Within two years, we went from a 31- to a 5-day close, and our audit was a nonevent. We just let the auditors go into the system and audit the system, and there was minimal impact on my team.”

CFO, marketing technology

Risks. The audit process time and efficiency savings will depend on:

- The number of employees involved in the audit process.
- The hourly rate, depending on skill level and geographic location.
- The external auditing company's service and pricing structure.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$250,000.

Improved Finance Team Efficiency And Cost Savings In Audit Reporting					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of employees involved in audit process in finance (including the CFO)	Composite	4	4	4
E2	Time savings in hours per annual audit cycle	Composite	140	160	200
E3	Average hourly fully burdened employee salary	TEI standard	\$120	\$120	\$120
E4	Employee realization factor	TEI standard	50%	50%	50%
E5	Subtotal: increased employee efficiency in preparation for annual audits	$E1 \times E2 \times E3 \times E4$	\$33,600	\$38,400	\$48,000
E6	Reduced third-party audit costs due to automated, real-time, accurate, and easy access to financial reports	Composite	\$72,000	\$72,000	\$72,000
Et	Improved finance team efficiency and cost savings in audit reporting	$E5 + E6$	\$105,600	\$110,400	\$120,000
	Risk adjustment	↓10%			
Etr	Improved finance team efficiency and cost savings in audit reporting (risk-adjusted)		\$95,040	\$99,360	\$108,000
Three-year total: \$302,400			Three-year present value: \$249,658		

UNQUANTIFIED BENEFITS

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

- **Improved visibility and reporting in real time to analyze data and isolate any issues with numbers, locations, or products quickly.** This enables deeper dives into transactions to determine where problems occur, which is a function absent in prior systems.

Furthermore, with Sage Intacct's customized dashboard feature, executives have better visibility into the composite's financial performance in real time and the ability to drill down and get answers quickly without having to rely on the finance team.

This level of transparency and detail allows them to make better decisions faster rather than waiting three weeks after the monthly close.

- **Easy access to a complete picture without having to access Sage Intacct due to the high level of real-time data integration.** Due to improved integrations, salespeople can see customers' account statuses in their CRM solutions without having to access Sage Intacct directly. A CFO at an ERP consultancy said: "That whole process is automated. There's no rekeying of information. Everything is done once at the source."
- **The multi-entity function that effectively captures acquisitions and reports on company performance.** Within Sage Intacct, the composite uses the multi-entity function to manage acquisitions or divestitures and view domestic and foreign business-unit performance. The solution provides the flexibility to either fully absorb the acquired organization into the parent as a branch or keep it as a separate business unit while operating in multiple currencies and countries.

In addition, the ability to report accurately in real time, combined with system-generated and detailed revenue schedules, enables the composite to close sizable deals quickly, such as acquiring or divesting a second entity requiring scrutiny and due diligence. The CFO at a cloud and software services company noted: “The multi-entity enabled us to navigate not only the split of a project in Sage Intacct but also a sale transaction and keep the books going pretty continuously through those types of complex transactions.”

- **Accounts payable and ACH transfers managed easily and securely.** Once vendors enter their information into the composite’s portal, the data is transferred to Sage Intacct in a secure environment and then uploaded to the composite’s bank automatically, eliminating any human access to sensitive information. The CFO of an insurance company noted, “Everything is completely secured and embedded.”
- **Increased visibility into nationwide operations at the local level that provides a unique perspective.** Sage Intacct helps better determine an advantageous pricing strategy, separating new and existing customers by location and quoting them the best pricing without sacrificing business margins or goals.

Furthermore, Sage Intacct allows the composite to design, customize, and create bulk billing for customers according to their specifications, differentiating it from competitors and creating a market advantage. It receives payment faster via ACH, check, and wire rather than processing hundreds of checks from the same account required in previous environments.

FLEXIBILITY

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

- **With Sage Intacct, organizations experience greater flexibility in accessing and reporting the data in a more meaningful way.** Sage Intacct allows finance teams to generate reports based on executives’ needs in real time with speed and ease. A CFO at a cloud and software services organization commented, “When my CEO asks for something, I feel pretty confident not only that I can get it but also that I can get it pretty easily.”

The interviewees found Sage Intacct’s dimension module gives them the flexibility to do custom reporting, change how dimensions are used, and add new dimensions within the system at any point in time.

- **Ability to build gradually without having to drain resources upfront.** With Sage Intacct, organizations have the flexibility to purchase the basic solution initially and add modules over time without committing to a large financial investment in the beginning. They can gradually add and continuously integrate additional features and functionalities with Sage Intacct and other third-party solutions.
- **Sage Intacct’s OOTB open API.** This integrates easily with other systems so that end users can be up and running quickly. It is all automated, and all the systems talk to each other. The CFO of an ERP consultancy stated: “The open API gives us the ability to add other products into the mix if we need to. We’re glad we made the investment.”

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

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Software costs	\$0	\$39,900	\$47,880	\$57,456	\$145,236	\$119,011
Gtr	Initial and ongoing implementation costs	\$74,400	\$103,320	\$114,264	\$0	\$291,984	\$262,760
Htr	User training costs	\$0	\$1,980	\$1,980	\$1,980	\$5,940	\$4,924
	Total costs (risk-adjusted)	\$74,400	\$145,200	\$164,124	\$59,436	\$443,160	\$386,695

SOFTWARE COSTS

Evidence and data. Interviewees noted that after migrating to Sage Intacct, they experienced cost savings from the elimination of their legacy system renewal fees, now offset by investment in other best-in-class applications.

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The composite's annual software costs start at \$38,000 for the subscription, add-on modules, and their subsets, expanding reporting capabilities to address due diligence and scrutiny

from investors as well as operational challenges from double-digit growth.

- The price increases in Years 2 and 3 reflect additional investment in Sage Intacct, including enhanced dashboard functionality, more in-depth integration with CRM solutions, and other applications focusing on revenue recognition, contracts, dimensions, custom fields, and web services.

Risks. Software costs will vary depending on the number of employees, type of subscription, and price of additional modules.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$119,000.

Software Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Annual enterprise software costs	Composite	\$0	\$38,000	\$45,600	\$54,720
Ft	Software costs	F1	\$0	\$38,000	\$45,600	\$54,720
	Risk adjustment	↑5%				
Ftr	Software costs (risk-adjusted)		\$0	\$39,900	\$47,880	\$57,456
Three-year total: \$145,236			Three-year present value: \$119,011			

INITIAL AND ONGOING IMPLEMENTATION COSTS

Evidence and data. The interviewees revealed the following about their organizations' deployment of the Sage Intacct:

- The migration experience depended on prior ERP solutions and the complexity of financial structures. It took anywhere from six weeks to six months.
- The time and human resources allocated to the implementation process varied according to accounting and financial needs and how customized, in-depth, and flexible interviewees needed the solution to be.
- Interviewees chose a recommended VAR by Sage to install the solution, costing from 100% to 150% of the licensing fee.
- The internal resources dedicated to this installation varied depending on the complexity of the implementation. If teams were moving from another ERP solution, it was expedited due to Sage Intacct's open API.

However, if they were moving from a bookkeeping solution, the CFO was heavily involved in the design and architecture of the implementation to ensure that the solution addressed the nature of the business effectively as well as reporting, audit, and growth requirements.

- Interviewees also noted that adding certain modules produced significant savings from discontinued third-party solutions.

Modeling and assumptions. For the financial analysis, Forrester assumes:

- The composite dedicates three people to oversee the initial implementation: the CFO, one software engineer, and one financial manager.

- The composite migrates from an enterprise legacy ERP solution and uses a VAR to manage the initial implementation according to its audit requirements.
- In Years 1 and 2, the composite continues to increase its investment by licensing additional modules and using the VAR to implement these additional modules. It also dedicates two FTE resources to oversee the implementation in-house: a finance manager and a software developer.
- The Year 3 implementation costs are not included because they are assumed to enable benefits in Year 4, which is outside the analysis period.

“Training people is a nonevent. That is the biggest thing. Getting people who actually use the system up to speed is really, really quick.”

CFO, marketing technology

Risks. The cost of the implementation will vary with:

- The complexity and demands of the implementation, depending on the prior ERP solution.
- The organization's financial structure and audit requirements.
- The number of people allocated to the initial and ongoing implementation, including the CFO.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year risk-adjusted total PV of \$263,000.

Initial And Ongoing Implementation Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of finance team members included in the initial implementation	Composite	3			
G2	Number of hours spent to transfer data to Sage Intacct	Composite	80			
G3	Average blended hourly salary for a fully burdened CFO, financial manager, and software engineer	TEI standard	\$100			
G4	Subtotal: initial implementation and deployment costs for employees	$G1 \times G2 \times G3$	\$24,000			
G5	Initial implementation costs for a professional services company	Composite	\$38,000			
G6	Subtotal: initial implementation costs	$G4 + G5$	\$62,000			
G7	Number of employees involved in ongoing implementation (one finance and one software engineer)	Composite		2	2	
G8	Average fully burdened employee salary	TEI standard		\$135,000	\$135,000	
G9	Percentage of time dedicated to Sage Intacct	Composite		15%	15%	
G10	Additional ongoing implementation costs for a professional services company	Composite		\$45,600	\$54,720	
Gt	Initial and ongoing implementation costs	$G6 + (G7 \times G8 \times G9) + G10$	\$62,000	\$86,100	\$95,220	
	Risk adjustment	↑20%				
Gtr	Initial and ongoing implementation costs (risk-adjusted)		\$74,400	\$103,320	\$114,264	
Three-year total: \$291,984			Three-year present value: \$262,760			

USER TRAINING COSTS

Evidence and data. The interviewees stated that the solution did not have a steep learning curve, necessitating little training. They got people up to speed within a week. A CFO at an insurance company said: “It’s super intuitive. I showed them how to do it, and they were off to the races.”

Modeling and assumptions. The composite organization assumes that each employee with user access will be up and running with 1 hour of training.

Risks. The training costs will vary depending on:

- The employees’ familiarity with finance and accounting systems.
- The hourly rate based on skills and geography.

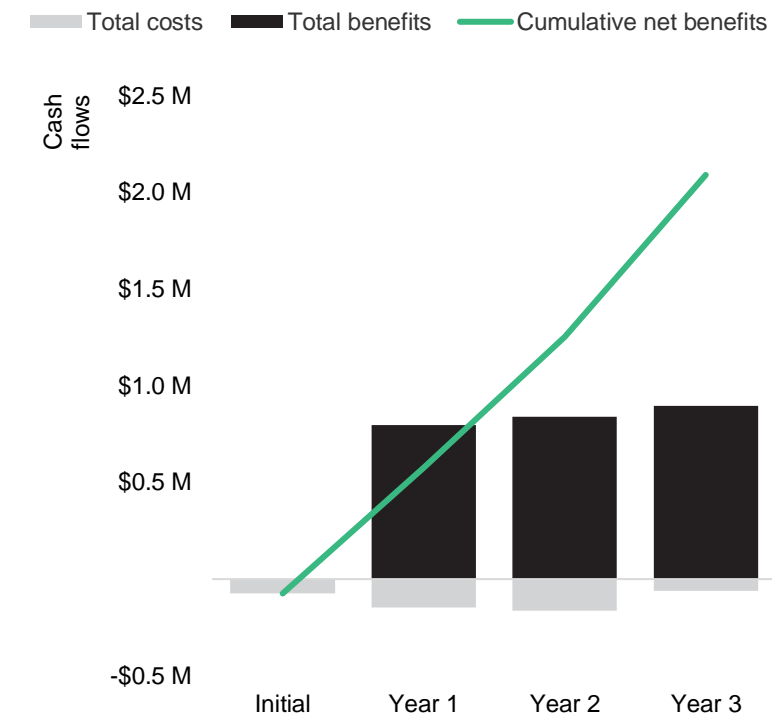
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$5,000.

User Training Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Number of Sage Intacct users	Composite	0	30	30	30
H2	Average hourly fully burdened employee salary	TEI standard	\$0	\$60	\$60	\$60
H3	Number of training hours per user	Composite	0	1	1	1
Ht	User training costs	$H1 \times H2 \times H3$	\$0	\$1,800	\$1,800	\$1,800
	Risk adjustment	↑10%				
Htr	User training costs (risk-adjusted)		\$0	\$1,980	\$1,980	\$1,980
Three-year total: \$5,940			Three-year present value: \$4,924			

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 and NPV for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI and NPV 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	(\$74,400)	(\$145,200)	(\$164,124)	(\$59,436)	(\$443,160)	(\$386,695)
Total benefits	\$0	\$795,728	\$840,548	\$897,788	\$2,534,064	\$2,092,579
Net benefits	(\$74,400)	\$650,528	\$676,424	\$838,352	\$2,090,904	\$1,705,884
ROI						441%

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.

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