

FORRESTER®

# The Total Economic Impact™ Of Slack For Sales Teams

Cost Savings And Business Benefits  
Enabled By Slack

APRIL 2021

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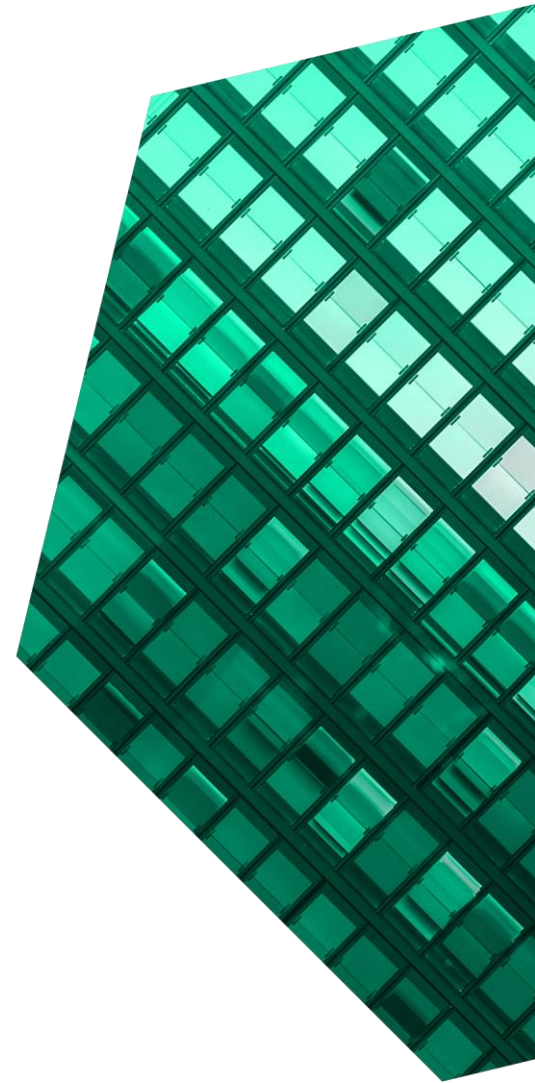
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The analysis was originally developed in US dollars and converted to GBP at a rate of 0.73251 GBP per 1 US dollar

### ABOUT FORRESTER CONSULTING

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## Executive Summary

“[The sales team is] able to collaborate with their colleagues across the company in different departments in a really fast and fluid way to get help with the accounts. We need marketing and sales and support and everyone working on these customer relationships together, but not everyone can be in every meeting.”

*Chief revenue officer, technology industry*

Slack commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realise by deploying [Slack](#) for sales team users.<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Slack for sales teams on their organisations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four sales team leaders and surveyed 550 sales team professionals with experience using Slack with sales teams. For the purposes of this study, Forrester aggregated the experiences of the interviewed and surveyed users and combined the results into a single [composite organisation](#).

Prior to using Slack, sales teams utilised a wide variety of disconnected sales tools, email, and other communication tools. The interviewees relied on in-person meetings for cross-functional work and isolated groups within organisations would install unsanctioned applications, compromising enterprise security.

The surveyed users sought a solution that would improve communication, employee engagement, productivity, cost efficiency, and culture. However, the legacy tools did not provide a universal, asynchronous platform that could connect sales teams to cross-functional teams or customers, did not adequately integrate other applications, and were not

### KEY STATISTICS



Return on investment (ROI)

**296%**



Net present value (NPV)

**£2.05M**

suited to serve as a repository of knowledge and information for the organisation.

After the investment in Slack, users leveraged the comprehensive platform to integrate other applications, establish automated functions, and reduce the time spent on daily tasks. As a result, sales velocity increased as users closed more deals and larger deals.

Because Slack serves as a single source of truth for organisations, users can swiftly find vital information and context for prospective deals and avoid spending unnecessary time asking for the same information around the office; searching through disparate, legacy sales tools; reading and replying to emails or other documentation; and attending meetings. The productivity improvements enabled by Slack reduced the time sales team users spent on administrative tasks and permitted them to spend more time closing deals and expanding existing relationships.


**KEY FINDINGS**

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

- **Increase in closed deals of 13%.** Slack enables sales teams to readily find relationship history and other relevant information and resources needed for prospective customers. This increases organisational responsiveness and the ability to swarm prospective deals in real time, leading to an increase in the number of opportunities, win rates, and reduced duration of the sales cycle. Over three years, the improved sales velocity is worth £1,868,842 to the composite organisation.

Increased revenue due to improved sales velocity

**£1,868,842**



- **Sales team time savings of over 31 minutes per user on daily tasks.** Reducing the volume of email, meetings, and time spent switching between applications or tracking down information leads to improved productivity of sales teams. Over three years, this benefit is worth £696,682.
- **Increase in existing customer deals by over £2198.** The features and capabilities of Slack that improve sales velocity and an increase in the number of deals closed also increase the size of deals with existing customers. Survey respondents reported that, on average, deals are £2,315 larger as a result of Slack and the impact it has on the sales team. Over three years, this benefit is worth £181,952 to the composite organisation.

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

- **Improved recruiting process.** Survey respondents reported that Slack reduces the average number of weeks it takes to hire qualified sales employees by 5.9 weeks.
- **Improved induction process.** Survey respondents indicated Slack reduces the time to induct and train new hires by 13% and reduces the associated cost by 39%.
- **Improved coaching and mentoring interactions.** More than half (57%) of the survey respondents use Slack for mentoring and coaching activities. An interviewee said the ease with which one can access data and information about sales deals in Slack augments her coaching and mentoring interactions and helps provide real-time feedback to the sales team.
- **Improved employee morale.** The ability to connect with colleagues for work and community-building activities alike fosters a positive work environment. This proved to be critical to organisations during the COVID-19 pandemic as many people were forced to work remotely.
- **Improved security.** Deploying a sanctioned collaboration tool such as Slack reduces the instances of unsanctioned applications being used by employee teams, reducing shadow IT activity, potential security threats, and data exfiltration.
- **Improved productivity of non-sales employees.** Survey respondents reported saving 26.8 minutes per user per day for non-sales employees included in the Slack deployment due to the reduction of email, meetings, and time spent switching between applications or searching for information.

**Costs.** Risk-adjusted PV costs include:

- **Slack license costs.** Slack licences cost £110 per user per year. For the composite

organisation, the cost of Slack licenses total £125,858 over three years.



Slack licence costs

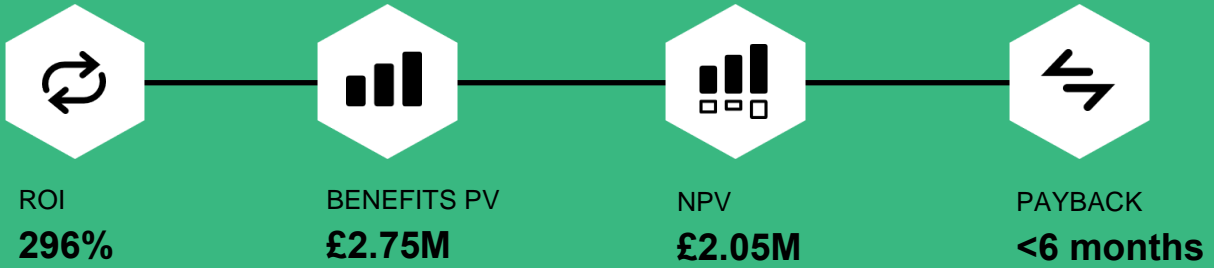
£125,858

The financial analysis based on the customer interviews and survey found that a composite organisation experiences benefits of £2,747,476 over three years versus costs of £693,130, adding up to a net present value (NPV) of £2,054,346 and an ROI of 296%.

- **Internal labour for implementation and maintenance.** Internal staff effort in the implementation of Slack is minimal. Subsequent to the initial implementation, organisations conduct ongoing internal efforts to build, support, and maintain Slack integrations and channels. Over three years, these efforts cost £567,272 for the composite organisation.

“[Slack] is a great way to...connect the dots between people, questions, problems, and answers...It’s very easy to fit into the way we work. ...It just inherently helps you with what you want to do..”

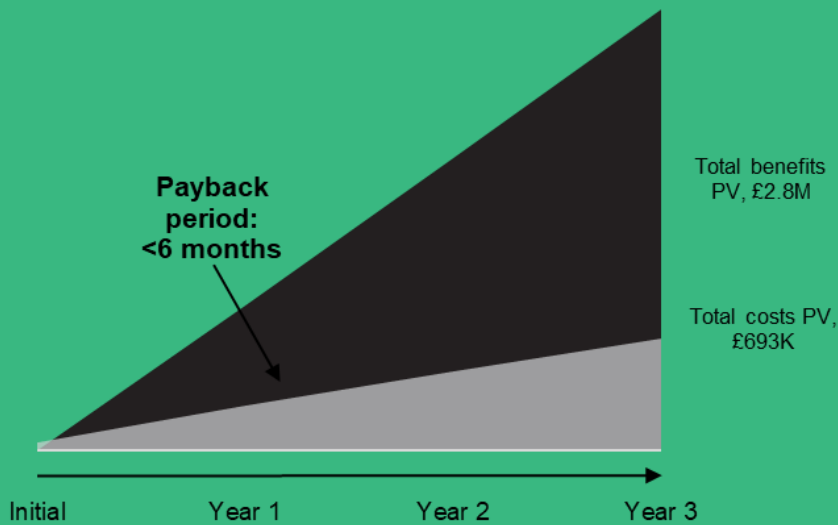
— Global vice president, technology industry



### Benefits (Three-Year)



### Financial summary





## TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews and survey, Forrester constructed a Total Economic Impact™ framework for those organisations considering an investment in Slack for their sales teams.

The objective of the framework is to identify the cost, benefit, flexibility and risk factors that affect the investment decision. Forrester took a multi-step approach to evaluate the impact that Slack can have for an organisation's sales teams.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Slack 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 organisations 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 Slack.

Slack 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.

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

Forrester fielded the double-blind survey using a third-party survey partner.



### DUE DILIGENCE

Interviewed Slack stakeholders and Forrester analysts to gather data relative to Slack for sales teams.



### CUSTOMER INTERVIEWS AND SURVEY

Surveyed 550 and interviewed four decision-makers at organisations using Slack for their sales teams to obtain data with respect to costs, benefits, and risks.



### COMPOSITE ORGANISATION

Designed a composite organisation based on characteristics of the interviewed and surveyed organisations.



### FINANCIAL MODEL FRAMEWORK

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



### CASE STUDY

Employed four fundamental elements of TEI in modelling 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 Slack Customer Journey For Sales Teams

## ■ Drivers leading to the Slack investment for sales teams

### KEY CHALLENGES

Forrester interviewed four Slack users and surveyed an additional 550 users with experience using Slack with their sales teams. These Slack users included respondents from North America, Europe, Asia, and Australia. For more details on the business professionals who participated in this study, see [Appendix B](#).

Prior to deploying Slack, organisations relied on email and a wide variety of messaging and communications tools to connect employees and static information repositories to serve as knowledge centers. The organisations struggled with common challenges:

- **Email, meetings, and other methods of communicating were a huge productivity drain.** The interviewees discussed a need to better connect sales teams to each other and the rest of the organisation as they found legacy sales tools, email, and traditional meetings, whether virtual or in-person, generally unproductive.

A global vice president said: “I just think email is an archaic way to try to communicate, share ideas, get a point of view across. It wasn’t designed for that, and it ultimately turns into the wrong platform where a lot of bad things happen.” She added: “We’ve got to figure out how to reduce that meeting piece ... so they can actually do the job that they’re doing.”

A CRO added: “The world that we’re all living in now ... [where] everyone assumes that blank space on the calendar is free ... the calendar has just been crushed ... you can’t have work slow down because of your calendar. The work has to proceed.”

- **Messaging and other related applications did not provide a pervasive, empowering solution that connected people to information.** The global vice president said: “We have sales deals where we weren’t able to get enough insight and work on enough things of substance with a customer.”

A director of sales continued: “I don’t find the majority of meeting tools to be that intuitive. If it’s six or eight clicks and you have to go through a bunch of different UIs, it’s painful.”

“Was there a specific catalyst that drove the adoption of Slack within your group?”



Base: 146 global Slack implementors  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021



## COMPOSITE ORGANISATION

Based on the interviews and survey, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organisation is representative of the four Slack users that Forrester interviewed and the 550 users that Forrester surveyed and is used to present the aggregate financial analysis in the next section. The composite organisation has the following characteristics:

**Description of composite.** The midsize global technology organisation employs 2,000 people, 400 of whom are on the sales team. The sales team closes 50 deals per month with average revenues of £109,877 per deal. The organisation's 10% annual growth rate is reflected in the number of deals per year and employee count.

**Deployment characteristics.** The organisation deploys Slack among the sales team and non-sales employees who represent key personnel on cross-functional teams, such as marketing, finance, research and development, customer service, and legal.

### Key assumptions

- **Midsized technology company growing 10% annually**
- **2,000 total employees with 400 technical sales representatives**
- **50 deals closed per month**
- **£109,877 average deal size**

# 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	Increased revenue due to improved sales velocity	£685,629	£755,950	£826,271	£2,267,851	£1,868,842
Btr	Improved productivity of sales team	£242,958	£280,727	£324,505	£848,189	£696,682
Ctr	Increased revenue due to larger deal size	£66,720	£73,412	£80,694	£220,826	£181,952
	Total benefits (risk-adjusted)	£995,307	£1,110,089	£1,231,470	£3,336,867	£2,747,476

## BENEFIT 1: INCREASED REVENUE DUE TO IMPROVED SALES VELOCITY

**Evidence and data.** Interviewees and survey respondents reported improvements to several factors that have an impact on sales velocity. Slack enhances their ability to leverage the knowledge of sales personnel and cross-functional teams; sales staff can now swarm on deals much more effectively, ensuring the organisation delivers what customers want and need.

- On average, survey respondents:
  - Decreased the duration of the sales cycle by 14.6%.
  - Increased the win rate of new customers by 7.5%.
  - Increased renewal rate of existing customers by 2.1%.
  - Increased the number of deals closed by 13%.
- The director of sales said, “I think Slack helps us to get more deals done.” He added, “What [Slack] does give you is the ability to organise and provide those cross-functional resources with an SLA [service-level agreement] with the response

time to your sales team so that your sales team can be way more effective.”

- The director of sales also said: “What Slack [channels] do is connect you to the people that can answer your question and let you start to create these topical areas where people can go for help, whether that’s a bot or a live person who monitors the channel and helps out. That type of support helps you to fully close deals you wouldn’t close otherwise because the right person may not have surfaced at all in this situation where you don’t have that type of channel.”

**Modelling and assumptions.** To calculate the value of this benefit, Forrester assumes the following for the composite organisation:

- Six hundred deals were closed in the year prior to Slack being deployed.
- Improved sales velocity results in 13% more deals getting done.
- The organisation grows at a rate of 10% per year. This is reflected in an increase in the number of deals closed without Slack in Year 2 and 3.

**“Even meeting [for this interview], I [could] actually participate in a Slack channel about a deal at the very same time, which allows us to not slow down deal progress for scheduling purposes. We are able to keep things moving, so it definitely helps us accelerate or not decelerate sales processes because we’re collaborating together in real time.”**

*CRO, technology industry*

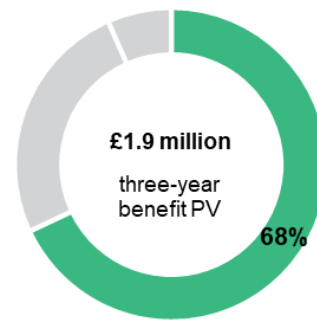
- Average deal revenue is £109,877 and profit margin is 10%.

**Risks.** The ability of organisations to increase sales velocity through the deployment of Slack can vary across organisations due to differences in:

- Sales cycle duration and win rate.
- The prevalence of existing customer renewals.

- The prevalence of new customers in the market.
- The impact of cross-functional deal support on prospective deals.

To account for these risks, Forrester adjusted this benefit downwards by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of £1.9 million.

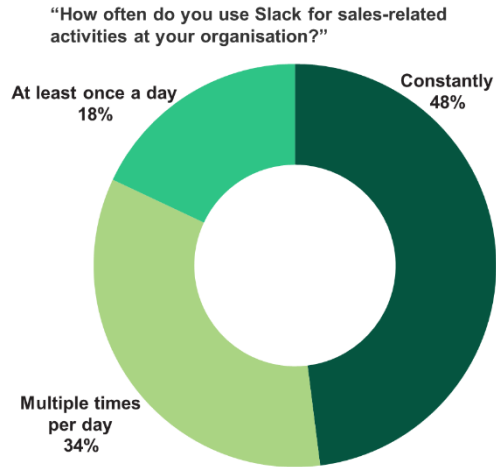


<b>Benefit 1: Increased Revenue Due To Improved Sales Velocity</b>					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of deals closed without Slack	Survey	600	660	726
A2	Increase in deals closed with Slack	Survey	13%	13%	13%
A3	Incremental deals closed due to improved sales velocity (rounded)	A1*A2	78	86	94
A4	Average deal revenue	Composite	£109,877	£109,877	£109,877
A5	Profit margin	Composite	10%	10%	10%
At	Increased revenue due to improved sales velocity	A3*A4*A5	£857,037	£944,938	£1,032,839
	Risk adjustment	↓20%			
Atr	Increased revenue due to improved sales velocity (risk-adjusted)		£685,629	£755,950	£826,271
<b>Three-year total: £2,267,851</b>			<b>Three-year present value: £1,868,842</b>		

**BENEFIT 2: IMPROVED PRODUCTIVITY OF SALES TEAM**

**Evidence and data.** Interviewees and survey respondents offered a variety of use cases in which Slack can boost productivity of the sales team.

- On average, survey respondents reported saving 31.9 minutes per user per day.
- When asked how much time is saved using Slack, the CRO said: “One to 3 hours a week that we are accomplishing tasks in Slack that maybe



Base: 550 global Slack sales users  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

would have been a scheduled meeting without it. ... Every person on the team, no matter where they are [in the] hierarchy ... there is a good amount of meeting avoidance because of the fidelity and communications.”

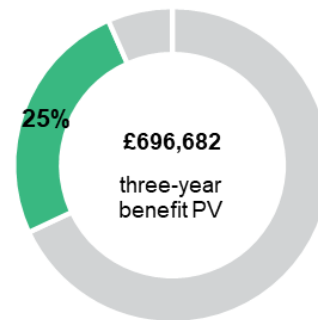
- The director of sales said: “I love the [virtual meeting app] integration and being able to [use a shortcut] and just pop up a [meeting]. During COVID especially ... there would be cases where I would need to catch up with a manager on something sensitive quickly, some sort of problem that comes up that needs fast reaction. ... [The video meeting] invite process is actually kind of painful. ... It’s like a 15-step process. [The virtual meeting shortcut in Slack] just pops it into Slack. ... We’re on a screen share in less than 5 seconds. That’s actually really powerful.”
- The director of sales explained how Slack bots save time for sales team members: “Typically, they might spend about an hour looking for partners or contacting ... channel account managers that work with our partners to ask for a specific partner, and it could take anything from about half an hour to an hour to ask around. ... Find-a-partner bot is immediate. It load balances, and it gives you a partner who can do what you’re looking for, so I think that value is huge.”

**Modelling and assumptions.** To calculate the value of this benefit, Forrester assumes the following for the composite organisation:

- There are 400 sales employees in Year 1, increasing 10% per year as the organisation grows.
- Sales team users save 31.9 minutes per day in Year 1. Daily time saved grows 5% per year as users become more familiar with the features of Slack and the composite organisation continues to integrate more applications into Slack.
- A quarter of the time saved is used for other productive, value-added activities.

**Risks.** The ability of organisations to realise productivity gains through the deployment of Slack can vary across organisations and industries due to differences in the adoption and usage of Slack by sales teams.

To account for this risk, Forrester adjusted this benefit downwards by 10%, yielding a three-year, risk-adjusted total PV of £696,682.



### Benefit 2: Improved Productivity Of Sales Team

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Sales team employees	Composite	400	440	484
B2	Average minutes saved per day due to Slack (increasing 5% per year)	Survey	31.9	33.5	35.2
B3	Hours saved per year due to Slack (rounded)	B2*250/60	132.9	139.6	146.7
B4	Productivity recapture	Composite	25%	25%	25%
B5	Total hourly salary cost of mid-career technical sales representative	Assumption	£20.31	£20.31	£20.31
Bt	Improved productivity of sales team	B1*B3*B4*B5	£269,953	£311,919	£360,561
	Risk adjustment	↓10%			
Btr	Improved productivity of sales team (risk-adjusted)		£242,958	£280,727	£324,505
<b>Three-year total: £848,189</b>			<b>Three-year present value: £696,682</b>		

### BENEFIT 3: INCREASED REVENUE DUE TO LARGER DEAL SIZE

**Evidence and data.** The organisational enhancements enabled by Slack that increase the number of deals a sales team closes also have an impact on the size of the deals. Slack helps sales and cross-functional teams be more aware and responsive to the needs of customers, leading to larger deals. Survey respondents reported that the spend per existing customer increased £2,315 on average.

**Modelling and assumptions.** To calculate the value of this benefit, Forrester assumes the following for the composite organisation:

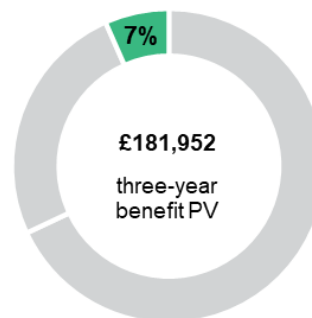
- Half of the deals closed with Slack are for existing customers.
- Slack is responsible for £2,315 of incremental revenue per existing customer deal.

**Risks.** This benefit may vary for sales teams depending on:

- The prevalence of existing customer renewals.

- The ability of an organisation to add additional features and/or aspects to existing customer deals.
- The impact of cross-functional deal support on prospective deals.

To account for these risks, Forrester adjusted this benefit downwards by 15%, yielding a three-year, risk-adjusted total PV of £181,952.



Benefit 3: Increased Revenue Due To Larger Deal Size					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of deals closed	Survey	678	746	820
C2	Portion of deals closed for existing customers	Composite	50%	50%	50%
C3	Number of existing customer deals	C1*C2	339	373	410
C4	Increase in existing customer deal amount attributed to Slack	Survey	£2,315	£2,315	£2,315
C5	Profit margin	Composite	10%	10%	10%
Ct	Increased revenue due to larger deal size	C1*C2*C4*C5	£78,494	£86,367	£94,934
	Risk adjustment	↓15%			
Ctr	Increased revenue due to larger deal size (risk-adjusted)		£66,720	£73,412	£80,694
Three-year total: £220,826			Three-year present value: £181,952		

### UNQUANTIFIED BENEFITS

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

- Improved recruiting process.** Survey respondents reported that prior to Slack, on average, it took 13.1 weeks to hire qualified sales employees. With Slack, it has fallen to 7.2, for an improvement of 5.9 weeks. Slack can speed up the advancement of a candidate through the recruiting and hiring process through the same asynchronous advantages contributing to the productivity gains previously described. The CRO added, “We’re getting to this stage now where, if you went to a software company and they didn’t have Slack, it’d be kind of weird.”
- Improved induction process.** Survey respondents indicated that Slack facilitates improvements in the induction process for new hires. On average, they reported a 13% reduction in the time to induct and train new employees and a 39% reduction in the cost.

The interviewees explained that their organisations set up new hires on a curated list of Slack channels. Dedicated new hire and cohort channels, as well as regional and other sub-team channels, help smooth the transition of new employees into their new teams. The director of sales said: “We’ll give a new hire a curated list [and tell them], ‘Here are the 15 Slack channels you should probably get into in order to get up to speed.’ ... Putting them into a newbie Slack [channel], where they can ask each other questions, is really useful since new hires often feel uncomfortable asking more senior staff.”

- Improved coaching and mentoring interactions.** The vice president uses Slack to augment her coaching and mentoring interactions. She said: “It enables me to re-emphasise those things that we want to embed into the way we operate because I can do them as they happen versus doing them as a lagging indicator. It’s a real-time indicator that I can take action on.”



She added: “We capture all of the information about the win [in Slack]. It actually has been a great tool for me going back after the end of the quarter for recognition because all of the information is there.”

**“[Slack] is a virtual way of standing in the hallway or turning your chair around and asking a question.”**

*Vice president, technology industry*

- **Employee morale.** The interviewees and survey respondents praised the impact of Slack on employee morale. The CRO said: “There’s a lot about the design of Slack that is very consumer oriented and kind of fun. ... It’s a big part of the culture. There is a lot of celebrating each other’s success and people giving each other a pat on the back. [With] COVID, with everyone being at home and not being in our offices together, tools like Slack really help people with some of that very human and fun communication, and it is used heavily.”

Nearly all (92%) of the survey respondents reported an increase in employee satisfaction (average 5.5% increase). Of the remaining

respondents, 2% did not observe a change and 6% did not measure employee satisfaction.

“How has employee satisfaction changed since deploying Slack?”



Base: 336 global Slack sales users involved in implementation and administration  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

- **Improved security.** The chief revenue officer identified unsanctioned messaging applications as a security concern that Slack helps mitigate. He explained: “People want to have these human connections, and they want to have these communication channels, so if you don’t have something like Slack, then people will start using [unsanctioned apps]. I’ve seen this before — teams will go find a place where they can communicate. And in these times they generally won’t do that in email, so you won’t see a bunch of these email chains going on especially with our younger workforce. ... The beauty of Slack is that it’s got the usability and communication style that

“How has Slack improved your organisation’s ability to work from home and conduct business as usual?”



Base: 550 global Slack sales users  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

people want, but we can have some governance on it and use it for business purposes...and it keeps people out of all those other environments.”

- **Improved organisational productivity.** By deploying Slack across the organisation, employees across the company can see improved productivity as a result of the improved communication and collaboration enabled by Slack (e.g. reduced emails and status meetings, access to SMEs, and leveraging formal and informal networks at the company).

### FLEXIBILITY

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

- **Optimisation of licensing spend on other applications.** Survey respondents reported that they spent £1,317 on legacy solutions prior to Slack. While interviewees said that their organisations had not yet retired legacy solutions,

Slack provides the flexibility to do so. The CRO stated: “It’s just not necessary for these people that are dipping into [other solutions] once or twice a month. You don’t need a £733 a year license, so I think there is room there.”

- **Customisation of Slack channels and application integrations to suit workforce.** Interviewees talked about the numerous integrations, channels, and other features they use in Slack. The extensive customisation organisations can make in Slack provides flexibility to suit organisations’ specific use cases, including team contests, hobby, and other non-work channels for employees to socialise and build morale.

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

**“I can find information and data easily. ... What’s hard is [finding] the right resource to answer specific... questions about content or to bring a point of view and experiences...to life. ... That’s hard, [and] Slack does that.”**

— Global vice president, technology industry

# 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
Dtr	Slack licence costs	£0	£46,148	£50,763	£55,839	£152,750	£125,858
Etr	Internal labour for implementation and maintenance	£44,387	£210,260	£210,260	£210,260	£675,166	£567,272
	Total costs (risk-adjusted)	£44,387	£256,408	£261,023	£266,099	£827,916	£693,130

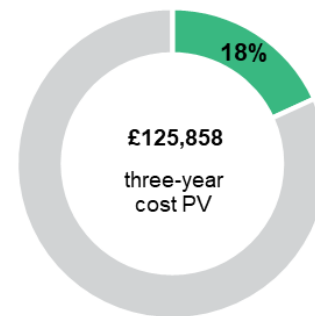
## COST 1: SLACK LICENCE COSTS

**Evidence and data.** Organisations deploying Slack pay a subscription fee of £110 per user per year.

**Modelling and assumptions.** To determine the cost of Slack licences, Forrester assumes the composite deploys Slack in the sales team, and the number of Slack users grows 10% per year as the organisation grows.

**Risks.** To account for the possibility of changes to Slack's subscription model, Forrester adjusted this

cost upwards by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of £125,858.



Cost 1: Slack Licence Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Number of employees using Slack	Composite	£0	400	440	484
D2	Slack licence costs per user per year	Composite	£0	£110	£110	£110
Dt	Slack licence costs	D1*D2	£0	£43,951	£48,346	£53,180
	Risk adjustment	↑5%	.			
Dtr	Slack licence costs (risk-adjusted)		£0	£46,148	£50,763	£55,839
<b>Three-year total: £152,750</b>			<b>Three-year present value: £125,858</b>			

## COST 2: INTERNAL LABOUR FOR IMPLEMENTATION AND MAINTENANCE

**Evidence and data.** Interviewees and survey respondents discussed implementation efforts involving planning for best practices such as the number of channels, naming conventions, archival process, access rights to users, and data migration, along with change management and messaging associated with transitioning to Slack.

Ongoing maintenance associated with Slack is minimal and limited to periodic maintenance and support of channels, along with building and supporting new integrations into Slack.

**Modelling and assumptions.** To determine the cost of implementation and maintenance, Forrester assumes the following for the composite organisation:

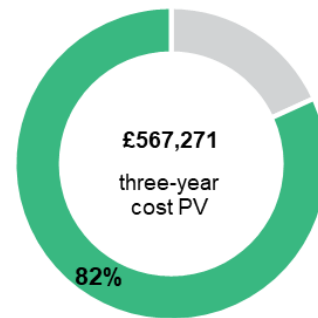
- One IT FTE works on implementation for two months.
- Five staff spend 20% of their time on planning for two months.
- Each Slack user receives 1 hour of introductory training to learn about the features and best practices being promoted by the organisation.

- One FTE effort across the organisation is spent on building and supporting integrations.
- One FTE effort across the organisation is spent on maintaining and supporting channels.

**Risks.** This cost can vary due to uncertainty related to:

- Length and effort required for implementation.
- Ongoing maintenance effort.

To account for these risks, Forrester adjusted this cost upwards by 15%, yielding a three-year, risk-adjusted total PV of £567,272.

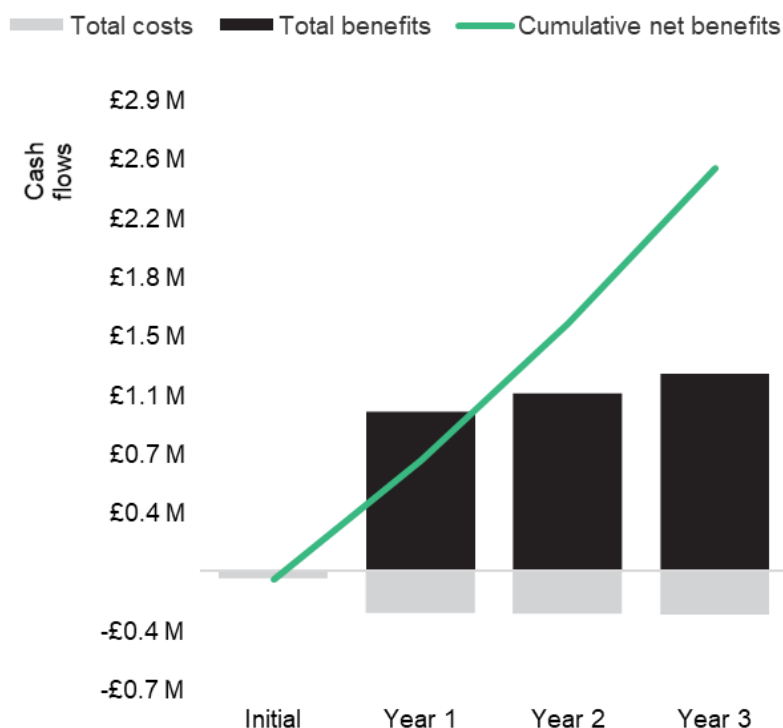


<b>Cost 2: Internal Labour For Implementation And Maintenance</b>						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Months for implementation	Composite	2			
E2	Internal IT FTEs	Composite	1			
E3	Internal staff for planning	Composite	5			
E4	Internal staff time allocation for planning	Composite	20%			
E5	Number of employees using Slack	Composite	400			
E6	Total hourly salary cost of mid-career technical sales representative	Assumption	£20.31			
E7	Number of training hours per employee to use Slack	Composite	1			
E8	Internal FTEs building and supporting Slack integrations	Composite		1	1	1
E9	Internal FTEs maintaining and supporting channels	Composite		1	1	1
E10	Total annual salary cost (developer and engineer)	Assumption	£91,417	£91,417	£91,417	£91,417
Et	Internal labour for implementation and maintenance	$E1/12*(E2+E3+E4)*E10+E5*E6*E7+(E8+E9)*E10$	£38,597	£182,834	£182,834	£182,834
	Risk adjustment	↑15%	.			
Etr	Internal labour for implementation and maintenance (risk-adjusted)		£44,387	£210,260	£210,260	£210,260
<b>Three-year total: £675,166</b>			<b>Three-year present value: £567,272</b>			

# 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 organisation'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	(£44,387)	(£256,408)	(£261,023)	(£266,099)	(£827,916)	(£693,130)
Total benefits	£0	£995,307	£1,110,089	£1,231,470	£4,555,387	£3,336,867
Net benefits	(£44,387)	£738,900	£849,066	£965,371	£2,508,950	£2,054,346
ROI						296%
Payback period						< 6 months



# Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify and realise 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 organisation.

**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. Organisations typically use discount rates between 8% and 16%.



## PAYBACK PERIOD

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

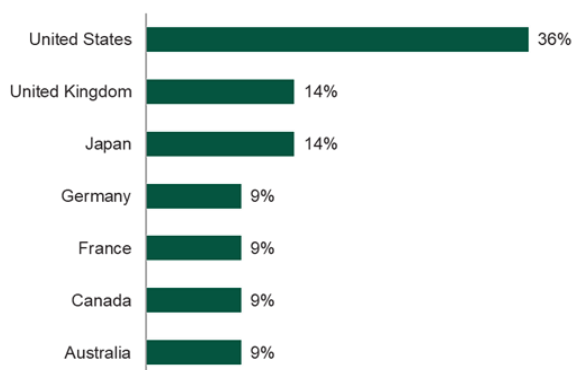
## Appendix B: Interview And Survey Demographics

### Interviewed Organisations

Industry	Region	Interviewee	Annual Revenue	Total Employees	Sales Team
Technology	Global, HQ in North America	Chief revenue officer	£670M	2,500	500
Technology	Global, HQ in North America	Director of sales	£1,730M	3,400	80
Technology	Global, HQ in North America	Global vice president	£6,226M	6,000	1,000
Technology	Global, HQ in North America	Vice president	£56M	600	600

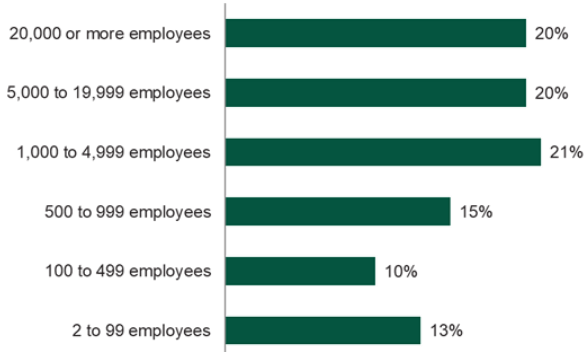
### Survey Demographics

#### “In which country are you located?”



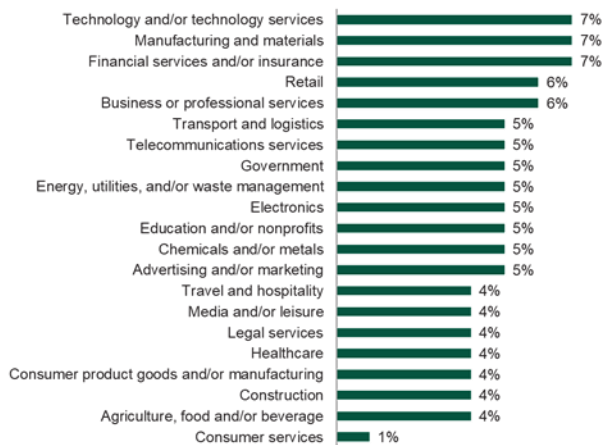
Base: 550 global Slack sales users  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

#### “Using your best estimate, how many employees work for your firm/organisation worldwide?”



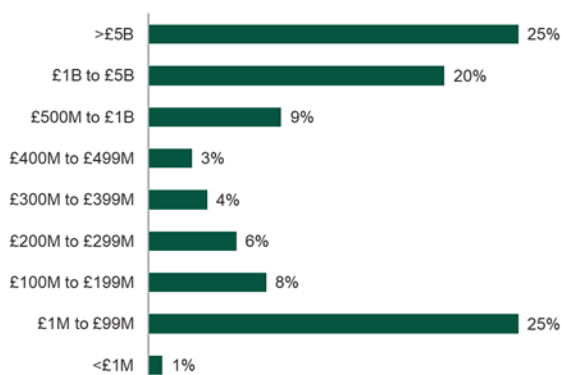
Base: 550 global Slack sales users  
Note: Percentages do not total 100 because of rounding.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

#### “Which of the following best describes the industry to which your company belongs?”



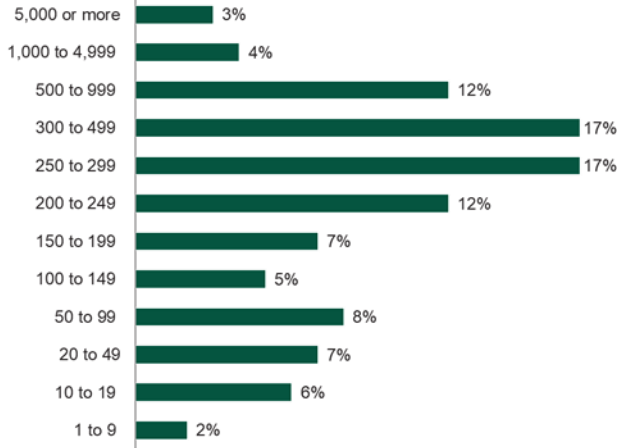
Base: 550 global Slack sales users  
Note: Percentages do not total 100 because of rounding.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

#### “Using your best estimate, what is your organisation's annual revenue (GBP)?”



Base: 550 global Slack sales users  
Note: Percentages do not total 100 because of rounding.  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

**“Using your best estimate, how many employees work for your sales organisation worldwide?”**



Base: 550 global Slack sales users  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

**“What is the availability of Slack across members of your organisation?”**



Base: 550 global Slack sales users  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

**“Which of the following use cases is your organisation using Slack for?”**



Base: 550 global Slack sales users  
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

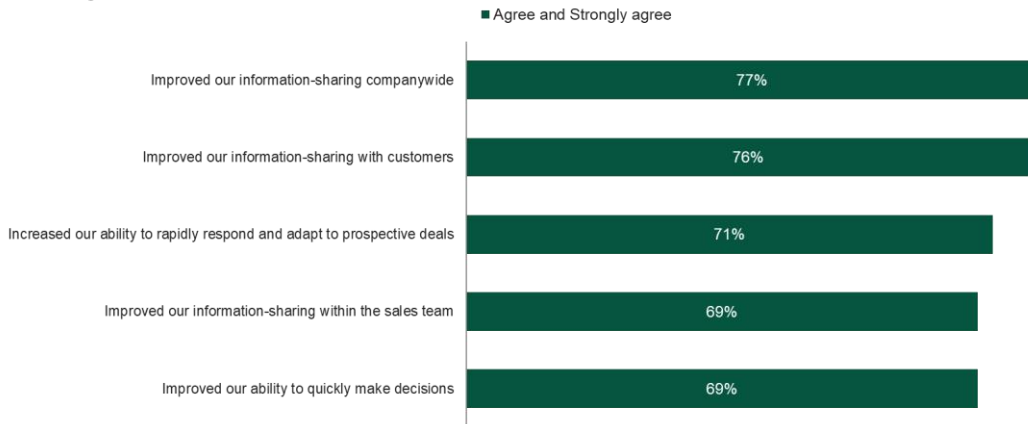
# Appendix C: Survey Results

“Thinking about the impact of Slack on your organisation, how much do you agree or disagree with the following statements?”



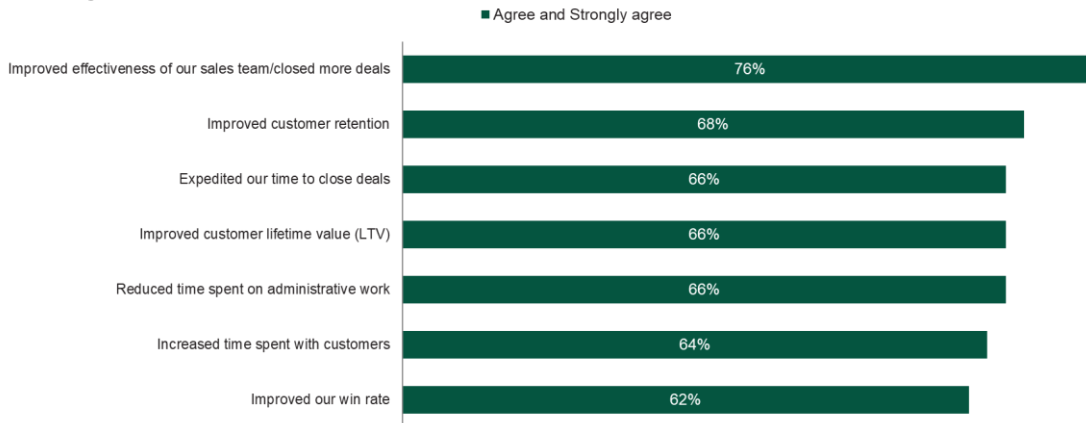
Base: 550 global Slack sales users  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

“Thinking about the impact of Slack on your sales organisation, how much do you agree or disagree with the following statements?”



Base: 550 global Slack sales users  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

“Thinking about the impact of Slack on your sales organisation, how much do you agree or disagree with the following statements?”



Base: 550 global Slack sales users  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

**“Thinking about the impact of Slack on your organisation’s employee experience and productivity in general, how much do you agree or disagree with the following statements?”**

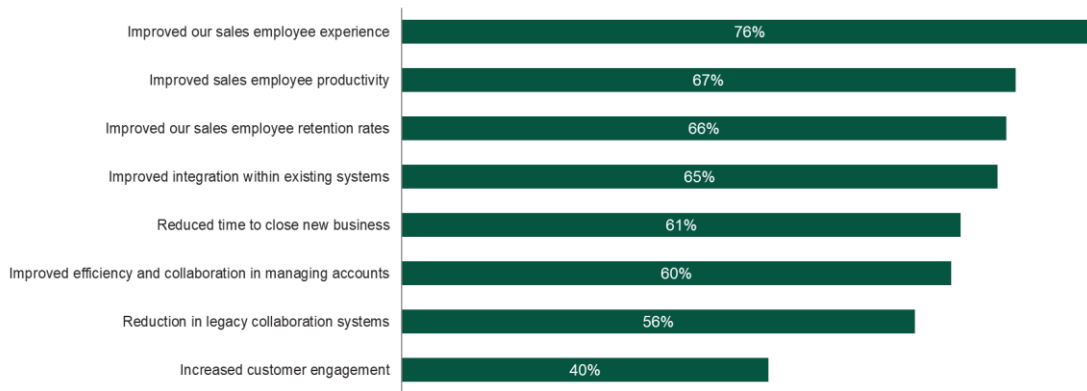
■ Agree and Strongly agree



Base: 550 global Slack sales users  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

**“Thinking about the impact of Slack on your organisation’s employee experience and productivity in sales, how much do you agree or disagree with the following statements?”**

■ Agree and Strongly agree



Base: 550 global Slack sales users  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, February 2021

## Appendix D: Endnotes

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<sup>1</sup> 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 realise the tangible value of IT initiatives to both senior management and other key business stakeholders.



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