



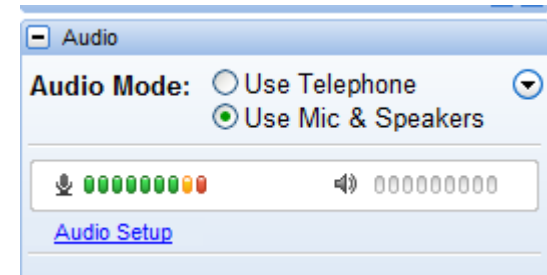
Total Economic Impact Of Listrak Email Marketing Solutions

As studied by: Forrester Consulting

Before we get started

Audio

- Select “Use Mic & Speakers” for VOIP or
- “Use Telephone” to get the dial in number and access code



Questions

- Use the Question and Answer panel on the right

Additional Info

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About Listrak

700 customers & thousands of users worldwide



Leader in interactive marketing organizations



Technology partnerships



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Forrester Consulting Study

- Commissioned study to identify ROI of eCommerce solutions
- Sadaf Roshan Bellord, Senior Consultant for Forrester Consulting



The logo features the word "FORRESTER" in a white, serif, all-caps font, centered within a dark green, horizontally-oriented oval. The background of the entire image consists of several overlapping, curved, light gray bands that create a sense of motion and depth against a white background.

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Total Economic Impact Of Listrak's Email Marketing Solution

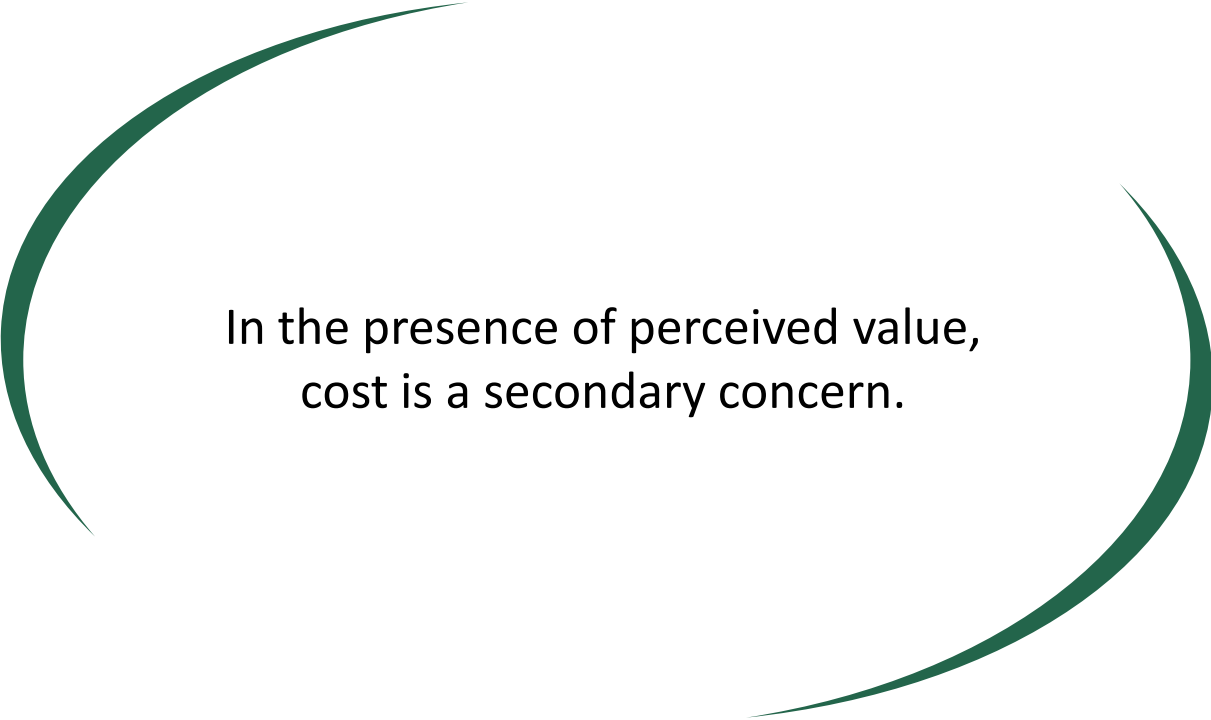
Sadaf Roshan Bellord

Senior Consultant

Forrester Consulting

July 27, 2010

Theme



In the presence of perceived value,
cost is a secondary concern.

Agenda

- Executive summary
- Background / rationale for the case study
- Study overview – What is TEI?
- Difference between TEI and TCO
- Summary findings
- Questions and answers

Executive Summary

Listrak commissioned Forrester Consulting to examine the potential return on investment of its Email Marketing Solutions.

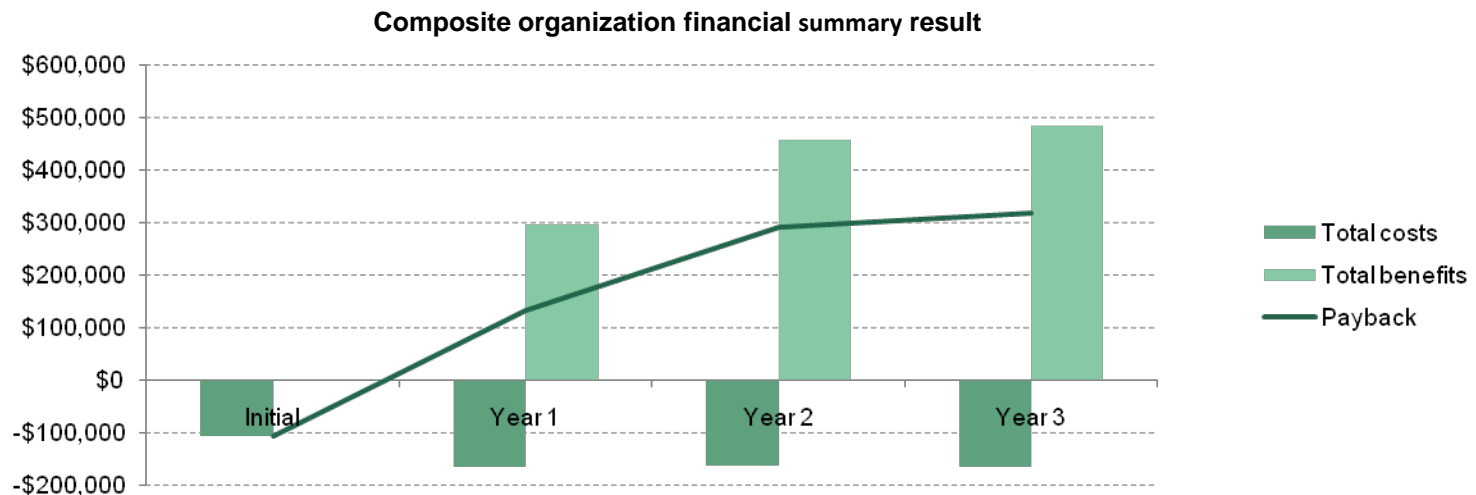
Financial metrics summary:

- Achieved risk-adjusted three year ROI of 95%
- Reached break-even on the investment in 10 months
- Realized total (risk-adjusted) Net Present Value of \$493,029
- Used a triangular distribution low, medium, and high to risk-adjust costs and benefit estimates.

Study Findings

The study found that by spending \$517,016 over three years the organization realized risk-adjusted benefits of \$1,010,045 resulting from:

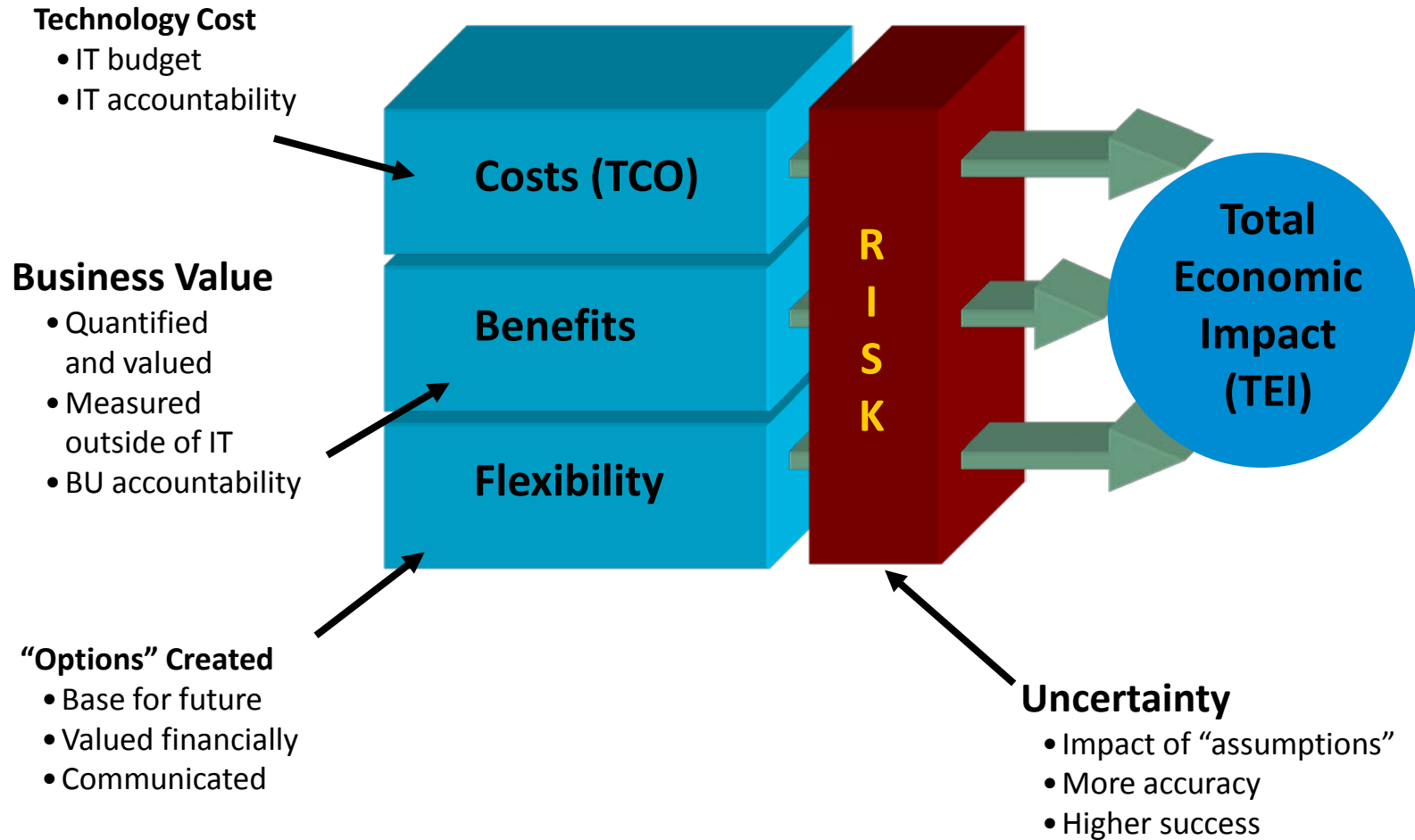
- Incremental gross revenue from email marketing
- Shopping cart abandonment revenue recovery
- Incremental sales leading from order confirmations
- Incremental revenue from Purchase Cadence Optimization
- Elimination of unnecessary resources



Study Overview / Forrester Approach

- The study was commissioned by Listrak and delivered by the Forrester Consulting group.
- Leveraged data from existing Forrester research.
- Leveraged data from secondary research.
- Interviewed Listrak marketing, sales management, and consulting personnel.
- Conducted a series of in-depth, phone-based interviews with an existing Listrak customers to understand the financial impact of investing in Listrak's Email Marketing Solutions.
- Constructed a financial model that is pre-populated with default values and research values gathered from the customer interviews.

Total Economic Impact (TEI)



TEI extends the concepts of ROI and TCO

	ROI = N/A	ROI = 109%	ROI = 95%
	Traditional TCO*	ROI (costs/benefits)	TEI
IT impact			
IT costs	✓	✓	✓
IT cost savings	✓	✓	✓
Business impact			
User efficiency		✓	✓
Business effectiveness		✓	✓
Risk/uncertainty			
Risk mitigation			
Risk versus reward			✓
Strategic impact			
Scalability			✓
Flexibility			

*ROI = (Gain from investment – cost of investment)/(cost of investment)

Overview of cost categories

Vendor costs:

- Software License Cost And Usage Fees
 - ✓ Monthly license fees
 - ✓ Cart abandonment email program start-up fees
 - ✓ Email confirmation program start-up fees
 - ✓ Product replenishment email reminder program
- Annual professional services costs

Internal costs:

- Planning, training, and ongoing management fees

Total Cost Breakdown

ROI = 109%
Payback = 8 months

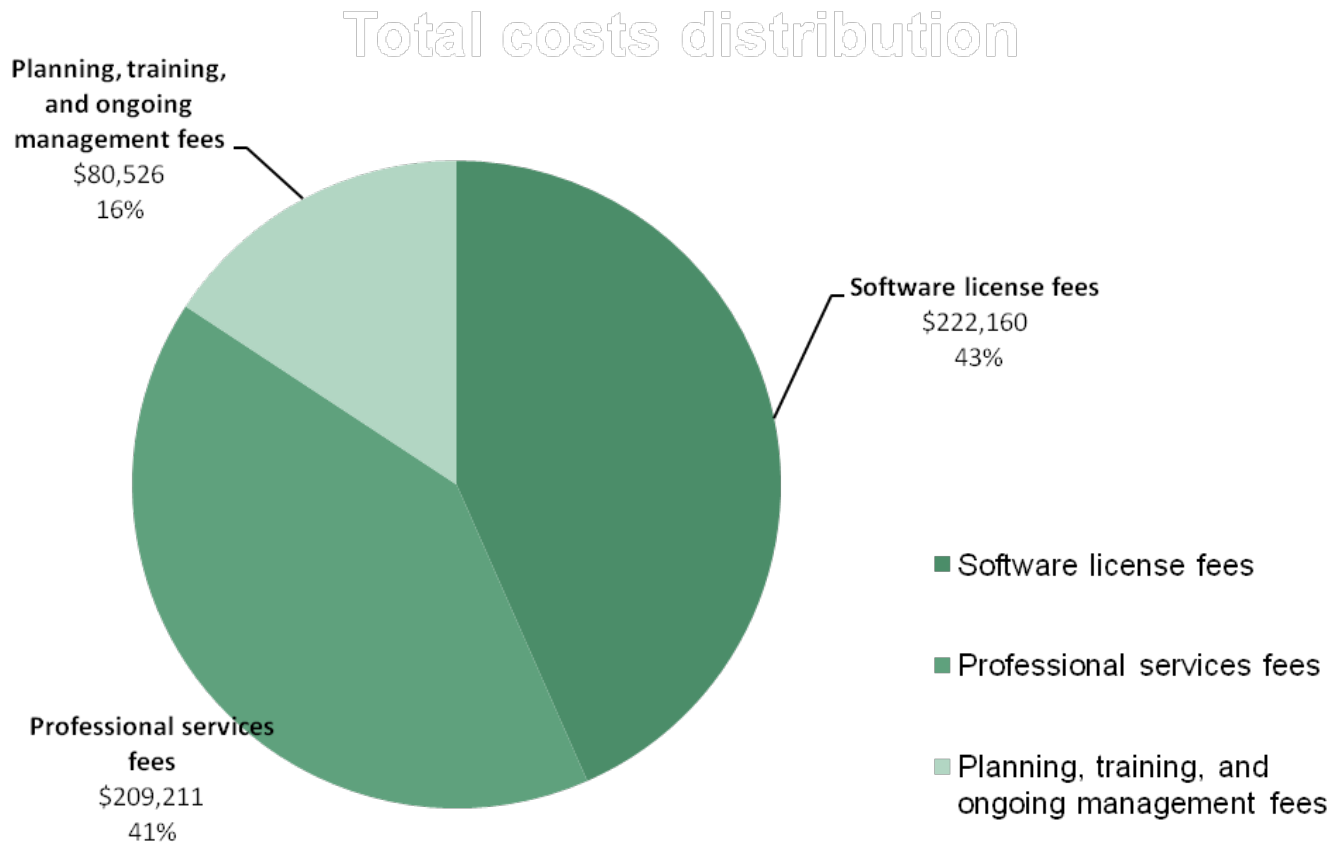
Total costs – non-risk-adjusted

<i>Categories</i>	<i>Initial cost</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Total</i>	<i>Present value</i>
Software license fees	(\$15,000)	(\$78,408)	(\$82,908)	(\$89,658)	(\$265,974)	(\$222,160)
Professional fees	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$240,000)	(\$209,211)
Planning, training, and ongoing management fees	(\$30,000)	(\$25,000)	(\$20,000)	(\$15,000)	(\$90,000)	(\$80,526)
Total costs	(\$105,000)	(\$163,408)	(\$162,908)	(\$164,658)	(\$595,974)	(\$511,897)

Source: Forrester Research, Inc.

Three Year – Total costs – Non-Risk-Adjusted

“Three-Year present value of the total costs is \$511,897”



Source: Forrester Research, Inc.

Overview of benefit categories

Business benefit:

➤ Incremental gross revenue

Category	Year 1	Year 2	Year 3
Percent of benefit captured	60%	100%	100%

Total Benefit Breakdown

ROI = 109%
Payback = 8 months

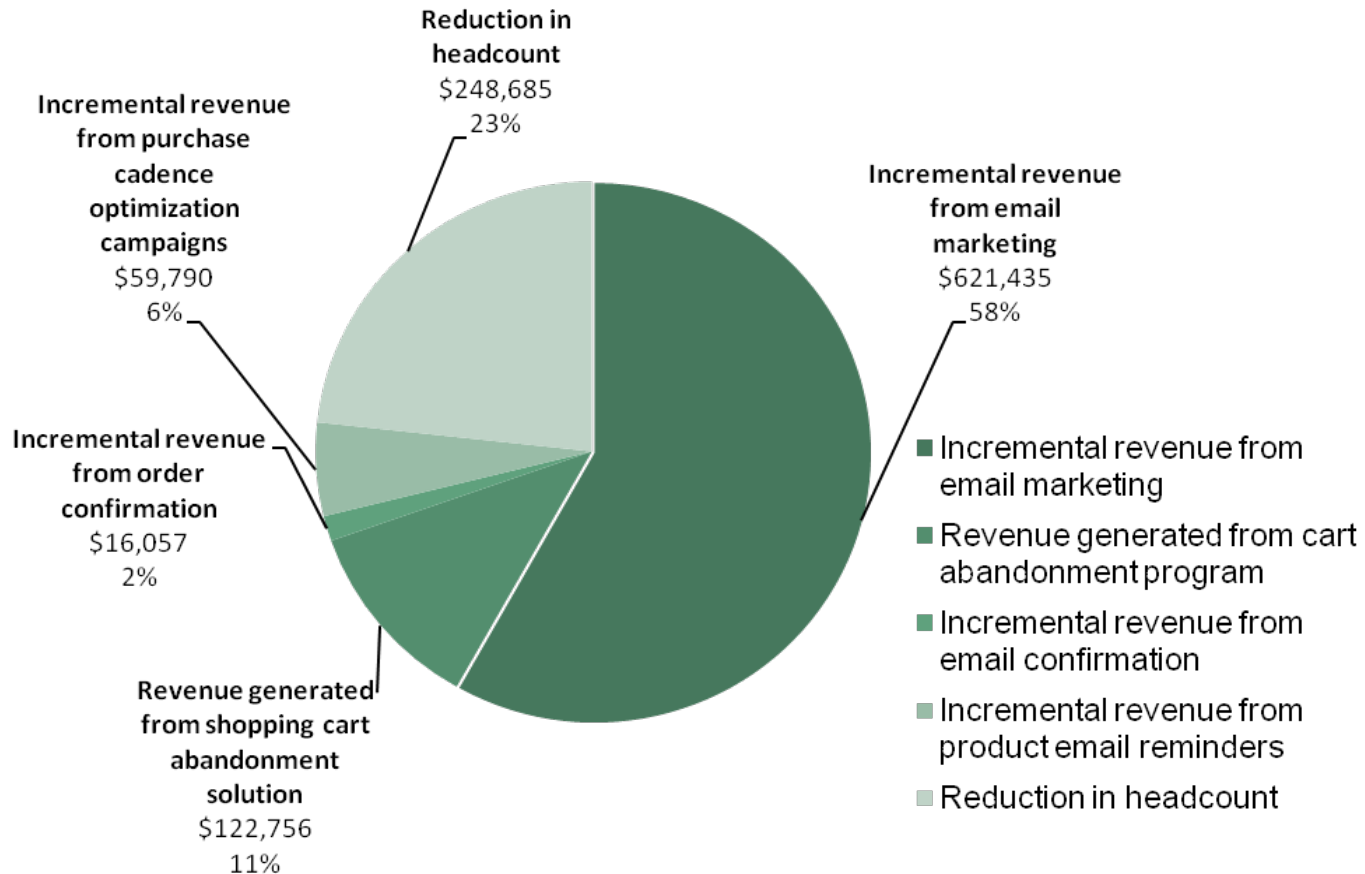
Total benefits – non-risk-adjusted

<i>Categories</i>	<i>Initial cost</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Total</i>	<i>Present value</i>
Incremental revenue from email marketing	-	\$161,865	\$287,760	\$314,738	\$764,363	\$621,435
Revenue generated from shopping cart abandonment solution	-	\$34,690	\$57,816	\$57,816	\$150,322	\$122,756
Incremental revenue from email confirmation	-	\$4,537	\$7,562	\$7,562	\$19,662	\$16,056
Incremental revenue from Purchase Cadence Optimization	-	\$16,896	\$28,160	\$28,160	\$73,216	\$59,790
Reduction in headcount	-	\$100,000	\$100,000	\$100,000	\$300,000	\$248,685
Total benefits	-	\$317,988	\$481,298	\$508,276	\$1,307,563	\$1,068,722

Source: Forrester Research, Inc.

Three Year – Total benefits – Non-Risk-Adjusted

“Three-Year present value of the total benefits is \$1,068,722”



Source: Forrester Research, Inc.

Key Metrics

Benefit 1: Incremental gross revenue from full-service email marketing

- Total number of emails sent annually
- Average email click-through rate
- Average conversion rate
- Average website order value
- Gross margin
- Percent of benefit realized

Benefit 2: Revenue generated from shopping cart abandonment solution

- Average annual number of shopping carts abandoned
- Average click-through rate
- Average conversion rate
- Average order value
- Average gross margin
- Percent of benefit realized

Key Metrics

Benefit 3: Incremental revenue from email confirmation

- Average number of email confirmations sent
- Average click-through rate
- Conversion rate for email confirmations
- Average website order value
- Gross margin
- Percent of benefit captured

Benefit 4: Incremental revenue from Purchase Cadence Optimization

- Number of emails sent annually
- Average click-through rate
- Average conversion rate for purchase cadence optimization emails
- Average website order value
- Gross margin
- Percent of benefit realized

Benefit 5: Reduction in headcount

- Number of workers saved
- Annual fully loaded salary

Components of IT Investment Risk

Adjust original cost/benefit estimates:

- Implementation risk – Risk to cost estimates
- Impact risk – Risk to benefit estimates

All IT projects are impacted by some risk:

- Project size and scope
- Technology risk
- Vendor risk
- Education risk
- Cultural/behavioral risk
- Training risk
- Organizational risk
- External or environmental risk

Benefit risk estimates	High	Low
High	100%	50%
Medium	103%	80%
Low	105%	90%
None	100%	100%

Cost risk estimates	High	Low
High	125%	100%
Medium	115%	100%
Low	105%	98%
None	100%	100%

Risk-adjusted models

ROI = 109%
Payback = 8 months

UNADJUSTED FOR RISK

<i>Cash Flow</i>	<i>Initial cost</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Total</i>	<i>Present value</i>
Total Costs	(\$105,000)	(\$163,408)	(\$162,908)	(\$164,658)	(\$595,974)	(\$511,897)
Total Benefits		\$317,667	\$481,298	\$508,276	\$1,307,563	\$1,068,722
Total	(\$105,000)	\$154,580	\$318,390	\$343,618	\$711,588	\$556,825

ROI = 95%
Payback = 10 months

ADJUSTED FOR RISK

<i>Cash Flow</i>	<i>Initial cost</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Total</i>	<i>Present value</i>
Total Costs	(\$106,050)	(\$165,042)	(\$164,537)	(\$166,305)	(\$601,934)	(\$517,016)
Total Benefits		\$296,628	\$456,672	\$483,110	\$1,236,411	\$1,010,045
Total	(\$106,050)	\$131,586	\$292,135	\$316,806	\$634,477	\$493,029

Components of Flexibility

- Represents an investment in additional capability today that could be turned into future Business benefits with some future incremental cost.

Metrics	Calculation
Asset value (benefit)	IT or business costs avoided, revenue generated, capital saved, productivity gained
Cost to acquire option	Planning and discovery, subscription, annual maintenance are example of costs to consider
Expiration	Time to expire, in years
Flexibility	Black-Scholes option pricing model

Summary result

- The study found that by spending \$517,016 over three years the organization realized risk-adjusted benefits of \$1,010,045 resulting from:
 - Incremental revenue from email marketing
 - Revenue generated from cart abandonment program
 - Incremental revenue from email confirmation
 - Incremental revenue from product email reminders
 - Reduction in headcount
- Achieved risk-adjusted three year ROI of 95%
- Reached break-even on the investment in 10 months
- Realized total (risk-adjusted) Net Present Value of \$493,029

Thank you

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