

A Forrester Total Economic Impact Study
Commissioned By Google
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Google commissioned Forrester Consulting to conduct a Total Economic Impact study, P S D F W C E 7 (, V W X G \ D Q G H [D P L Q H W K H S R W H Q W midmarket organizations may realize by deploying Google Workspace.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Google Workspace on their organizations.

Google Workspace offers a set of work applications to enhance the way employees interact with each other and the broader business ecosystem. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four midmarket customers with experience using Google Workspace.

Midmarket organizations face a different set of challenges than larger enterprises or smaller businesses. Midmarket organizations, which are often too large for niche solutions but too small to justify enterprise-scale tools, find themselves forced into using tools and services that are not specifically designed or tailored to their needs. Some common differences for midmarket organizations include:

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- ¿ 0 R U H F R H Q W L W L Y H
- ¿ / H V V R S K L V W I H F F X W I R R O V

Additionally, some midmarket organizations do not intend to stay stuck using cumbersome or unwieldy tools for long, looking instead to boast their extremely high year-over-year (YoY) growth in both revenue and number of employees. High growth rates can compound the challenges highlighted above by adding the requirement to efficiently onboard new workers and scale up bandwidth to accommodate not only the new users but also the new data, applications, and tools that accompany organizational growth and acquisitions.

Prior to using Google Workspace, the interviewed organizations used a mix of on-premises and cloud collaboration tools. Organizations used cloud tools for specific point solutions like chat, data storage, and video conferencing, while hosting core applications like email on-premises.

Forrester developed a composite organization based on data gathered from the customer interviews to reflect the total economic impact that Google Workspace could have on an organization. The composite organization is representative of the organizations that Forrester interviewed and is used to present the aggregate financial analysis in this study. The composite organization in this study is:

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TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total (FRQRPLF ,PSDFWÆ 7(, IUDPHZRUN IRU WKPF considering implementing Google Workspace.

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 Google Workspace can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of technology initiatives to both senior management and other key business stakeholders.



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DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Google and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Google Workspace.

Google reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study DQG LWV ILQGLQJV DQG G 89RGxð@A' y\$; DQG G 89RGxð@C 8@p`LRð

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BEFORE AND AFTER THE GOOGLE WORKSPACE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with midmarket Google Workspace customers. Interviewed customers include the following:

Key Challenges Before Google Workspace

Before the investment in Google Workspace, midmarket interviewees described the following challenges with their previous solution:

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Description of composite . The growing midmarket organization based in North America employs 800 people with a 20% YoY revenue growth rate and a 10% YoY employee growth rate. Before its adoption of Google Workspace, the composite organization relied on on-premises storage for email services and subscribed to several cloud software-as-a-service (SaaS) solutions for video conferencing, chat, and data storage. Security systems were outdated, with poor data controls and decentralized platforms. A third-party spam filter was also being used as part of the email service. Onboarding new employees was a largely manual process during this time.

Deployment characteristics . The composite organization pursued an 85% adoption rate of Google Workspace in Year 1, while sunsetting several legacy platforms and cloud-based, SaaS subscriptions. By Year 2, the organization had achieved a 100% adoption rate and continued to sunset redundant software licenses when contracts expire. The firm continues to grow quickly through organic growth and acquisitions and fully integrates newly acquired organizations into its Google Workspace ecosystem.

Key assumptions:

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EHQHILWV DDFUHRD\W OMLKHWI
DV ZHOO DV SUHVHQW YI
GLVFRXQWHG 2YHU WKUI
WKH FRPBBD\WHDWLRQ
ULDGMXVWEISQMRVWOWR
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RU WHFKQRORJ\ QHHGV I
RUJDQLJDWLRQ PBI QKW
LQYHVWPHQWOWLQJ LQ C

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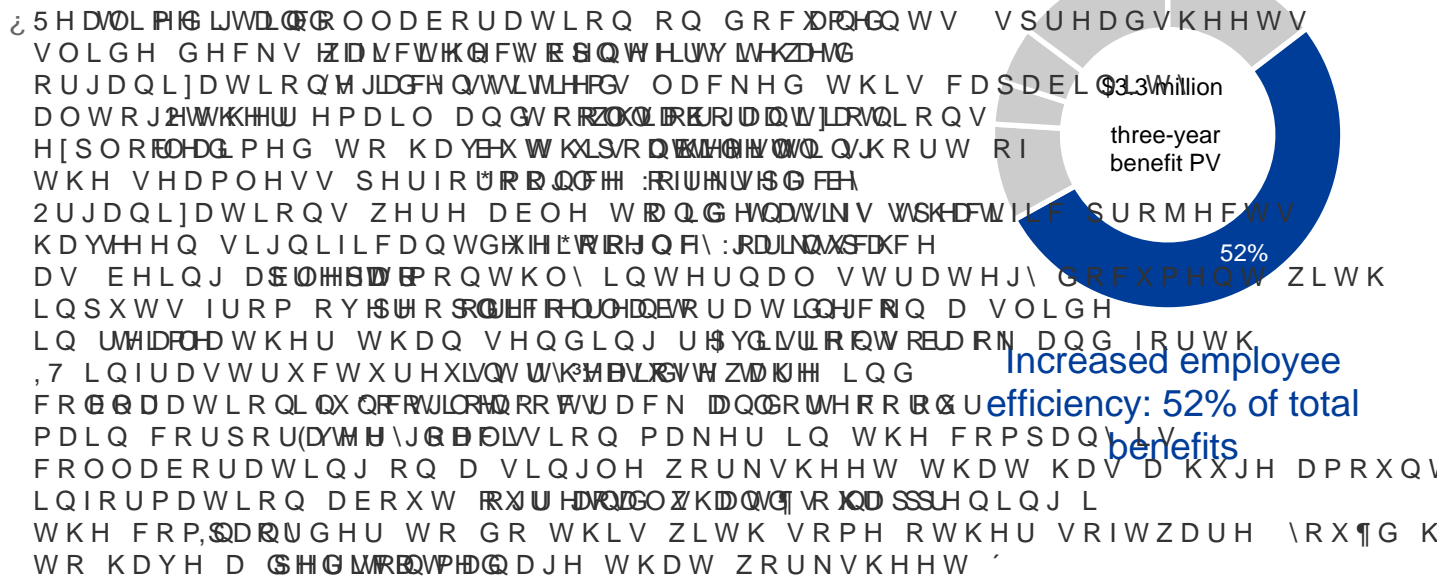
⌘ 3URILW PDUJLQ

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding an annual benefit ranging from \$244,000 to \$518,800, with a three-year, risk-adjusted total PV of \$933,349.

Additional Bottom-Line Profit Driven By Google Workspace: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Annual top-line revenue ² legacy	20% YoY growth	\$120,000,000	\$144,000,000	\$172,800,000
A2	Google Workspace adoption rate	Composite organization	85%	100%	100%
A3	Additional growth in revenue due to Google Workspace	Composite organization	2.0%	2.25%	2.50%
A4	Additional revenue ² Google Workspace	A1*A2*A3	\$2,040,000	\$3,240,000	\$4,320,000
A5	Profit margin	Composite organization	15%	15%	15%
At	Additional bottom-line profit driven by Google Workspace	A4*A5	\$306,000	\$486,000	\$648,000
	Risk adjustment	:			


Increased Employee Efficiency

Interviewed organizations described the following benefits related to employee efficiency:



ε *RRJORUNVSDVFLQWHJUDWHIGSOTHWIRUKPH WLPH DQG
 HIIRUW DVVRFLDWHG ZLW%HLQVIRUQBQR,NDXSDLFMIV
 PRVW LQWHUYLHZHVCURSGUVRIDMQLQXDO DXGLW RQ
 WKUHL7 VVWVFNHYHQ WKDW FDGHQFH ZDQ,7FKDOO QHQJLQJ WR PHHW
 PDQDJHU LQ WKH SURSHUW\ PDQD3HWHKQWKLOGXVWU\HISODLQHG SHRSO
 HFRV\VVRPJOH :RUQZSDFBIQ DFWXDOO\ WULYLDQO\ GR TXDUWHUW WK
 DXGLW VXRHQWLUH\$W7R\WU7NDOH WKHUH DUH YHU\ IHZ
 FRPSDQLHV WKDW , KDYH VHHQDWQDDWDFOR\$QGLW HO PDQDJH
 ELJ UHDVRQ IRU WRKDRRLAEBHVF LQWHHJUDWLRQV JYHUWKLOJLV
 HYHQWKXFRONHG EDIRRLJQWRQH ZD\ RU WKH RWKHU
 ε \$XWRPDWLRQ DOVR SODVHGLDQJHURDHHQF\ JDLQRJOH JLYHV7XV
 WHD2PUJDQLJDWLRQV ZHFDVHESUHRVIRVYXWRDFURVV WKH
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be possible for us to do the
 amount of work that we do,
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 for some of the tools that
 Head of IT and security,
 non-profit



Based on the customer interviews, Forrester estimates for the composite organization:

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ε 7KH ,7 WHDP ZDV DEOH WR UHDOORFDWH DQ DGGLWLRQDO)7(WR IRFV
 KLJKHJOLXHLWLOXVLRVWKH UHGXFHG PDLQWHQDQFH HIIRUW LQ DXGLWLQJ
 JHQHUDVLRQWKURXJK HIILFELHQFSLURVYHGHVWVLE
 VHDFUK IXQFWLRQV

ε 2Q DYHUDJH DUNRQDQHTXLUHG IRU XSGDWH
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 HIIRUWV DVVRFLDWHG ZLWK SHVRRIQHF PDMRL
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Two FTEs are
 reallocated to focus on
 tasks that add value and
 generate revenue for the
 business.

ε)XOO\ EXUGHQHG KRXDGRVLODQWU DWRUV LV

This benefit can vary due to uncertainty related to:

ε 5HTXGUPDLQWHQDQFH HIIRUWV IRU HPDLO DQI

ε 5HTXLUHG HIIRUW IRU LQWHUQDO DXGLWV DQ

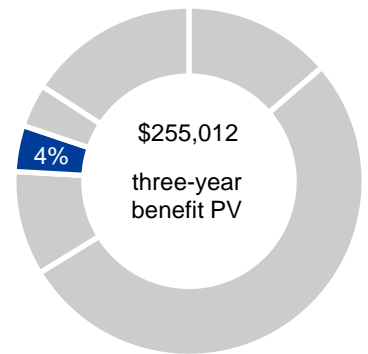
ε 5HTXLUHG HIIRUW IRU XSGDWHV DQG SDWFKL

ε)XOEXUGHQHG VDODU\

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding an annual benefit ranging of \$231,768, with a three-year, risk-adjusted total PV of \$576,373.

IT Security Team Efficiency Gains

Google Workspace provides a host of native security tools and features that are all fully integrated and supported by the platform, eliminating the use of disconnected or bolt-on security solutions. Interviewed organizations noted that with Google Workspace, they were able to reduce the time and effort associated with IT security activities while still improving the overall security posture of their organization. A CIO in the food and beverage industry said: "There is much better visibility with Google Workspace."



IT security team efficiency gains: 4% of total benefits

Reduced Risk Of Data Breach

A key driver for the investment in Google Workspace for interviewed organizations was the security improvements enabled by having a fully integrated security stack for collaboration tools and email at no additional cost. Organizations struggled with the previous security system and tools that were inadequate and not well coordinated, exposing them to unnecessary risk and generating manual, time-consuming labor for the IT security team. A head of IT and security at a non-profit said: "The real selling point for Google, for me, is that it has allowed us to gain better control over our data, which has allowed us to improve our security posture and gain visibility into where our data is going and what the staff are doing online. These were capabilities that we did not have before that are extremely important because we have been targeted by bad actors."

Organizations also noted that they were comforted by the fact that Google now managed all of their IT infrastructure related to email and collaboration tools, so their data was afforded the same protections as the rest of Google's.

Reduced risk of data breach: 5% of total benefits

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 LQFUHDVHDVUDQG DV PRUH OHJDF\ VROXWLRQV DUH VXQVHW

This benefit can vary due to uncertainty related to:

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- ⌘ 5HGXFWRQ LQ FRUSRUDWH WUDYHO
- ⌘ 5HGXFWRQ LQ OHJDF\ VRIWZDUH OLFHQVHV

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding an annual benefit ranging from \$252,480 to \$523,776, with a three-year, risk-adjusted total PV of \$945,957 million.

Capex And Opex Savings: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
F1	Number of servers	Composite organization	53	53	53
F2	Reduction in servers	Composite organization	35%	35%	35%
F3	Amortized annual cost per server	Composite organization	\$2,000	\$2,000	\$2,000
F4	Reduction in corporate travel	Composite organization	\$80,000	\$80,000	\$80,000
F5	Avoided legacy software licenses ² spam filter, storage/archiving, calendar/collaboration, email	Composite organization	\$163,200	\$316,800	\$464,640
Ft	Capex and opex savings	(F1*F2*F3)+F4+F5	\$280,533	\$434,133	\$581,973
	Risk adjustment	:			
Ftr	Capex and opex savings (risk-adjusted)		\$252,480	\$390,720	\$523,776

Unquantified Benefits

While there were strong and quantifiable benefits the interviewed organizations observed by using Google Workspace, there were significant qualitative benefits experienced as well. These could potentially be quantified in a financial analysis if given the appropriate data and metrics.



⌘ \$ XWRPDWLRQ HQRJRUHVSDQB WKH *RRJOH
 HFRV\VWHDPDMRU GULYHU EHKLQG PDQ\ RI
 WKLV VWXG\ \$ KHDFXULWVSDRDLQVWZ
 SULPDU\ VHOOLRJRJSLRQWLRSDFFDZKDW LV
 OHVV\RX GR ZIRWKWKHFKBVW\ DQG WKH IDF\
 DPRXQW RI DXWRPDWLRQ WKDW ZRXOG EH F
 GLIHWVROXWLRQ 7KH DXWRPDWLRQ WKDW
 WKH UHVVRQ WKDW ZH FRXOG KDYL RQO\ W
 HQYLURQPHQW

Google Workspace enables automation throughout the organization.

‡ Organizations described efficiencies related to automating employee onboarding and provisioning tasks. A director of IT infrastructure in the software industry said: ³: H XVH WKH Google Admin tool to develop all kinds of scripts to help us with onboarding J HPSOR\HHV :H↑UH XVLQJ *RRJOH WR DXWRPDWH employee onboarding by assigning them to different groups and mail groups, and getting their account set up. ⁷

\$ Q D O \ V L V 2 I & R V W V

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Gtr	Subscription costs	\$0	\$214,200	\$277,200	\$304,920	\$796,320	\$652,909
Htr	Implementation and ongoing support	\$289,408	\$89,586	\$89,586	\$89,586	\$558,166	\$512,195
	Total costs (risk-adjusted)						

Subscription Costs

Google Workspace for Enterprise includes all of the same applications, security, and management features as Google Workspace for Business, with the following additional products and features:

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- & O R X G 6 H D P D F K W V H D U D F G Z I R W W M R G J H O R I : R U N V S D F H
- , P S U R V H F G U L W G P L Q G F R Q W U R O V

- ‡ Security center for Google Workspace.
- ‡ Data loss prevention (DLP) for Gmail.
- ‡ DLP for Google Drive.
- ‡ Hosted S/MIME for Gmail.
- ‡ Integrate Gmail with compliant third-party archiving tools.
- ‡ Enterprise-grade access control with security key enforcement.
- ‡ Gmail log analysis in BigQuery.

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- & R Q W H [W D Z D U H Q G S R P L Q W D I R H U P H Q W

Based on the customer interviews, Forrester estimates for the composite organization:

- \$ Q D Q Q X D O V X E V F U L S W L R Q R P U R V W O R H I : R U N S M S L D R X W H U H Q W H U S U L V H

This cost can vary due to uncertainty related to subscription costs and negotiated rates.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding an annual cost ranging from \$214,200 to \$277,200, with a three-year, risk-adjusted total PV of \$652,909.



Implementation And Ongoing Support: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
H1	Number of internal FTEs for implementation	Composite organization	1			
H2	Fully burdened IT salary	C5*2,080	\$120,640	\$120,640	\$120,640	\$120,640
H3	Length of implementation (months)	Composite organization	2			
H4	Professional services	Composite organization	\$100,000	\$25,000	\$25,000	\$25,000

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Total Economic Impact is a methodology developed by Fo

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