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The Total Economic Impact™ Of Affinity On-Site Managed Services By Electrosonic

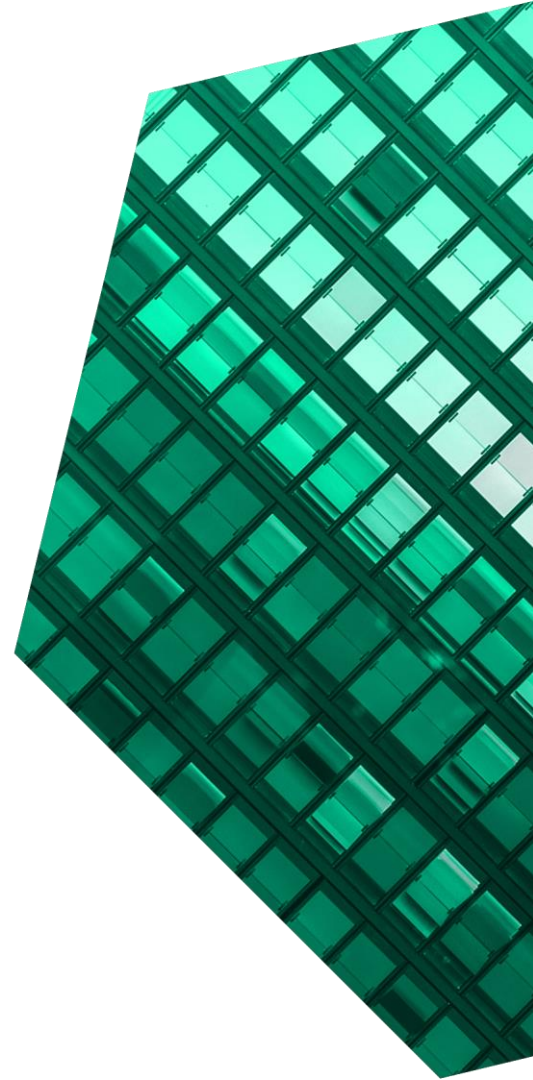
Cost Savings And Business Benefits
Enabled By Affinity

APRIL 2022

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Executive Summary

Audiovisual technologies enable interactive and collaborative experiences across organizations. Increasing organizational dependence on these systems highlights the importance of reducing system downtime and ensuring that relevant technologies better enable an organization's day-to-day operations and not be a source of friction. On-site audiovisual managed services provide opportunities for growth-oriented organizations to focus on operations rather than non-core activities.

Electrosonic is an international audiovisual (AV) and technology services company that designs, builds, and supports innovative technology solutions ranging from information and communications technology (ICT) and network infrastructure to security surveillance. Affinity by Electrosonic is an on-site AV support service that improves organizations' AV system availability. By shifting the burden of support, Affinity reduces organizations' time spent on supporting and maintaining their AV systems.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Affinity. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

Prior to using Affinity, interviewees noted that their organizations were using outdated technologies and leveraging inefficient system management while staff were being overloaded with time-consuming manual tasks associated with system maintenance. They also lacked an AV solution that readily enabled data visualization and provided reliability. After the

KEY STATISTICS



Return on investment (ROI)
139%



Net present value (NPV)
\$399K

investment in Affinity, the interviewees experienced newfound system flexibility, an improved ability to collaborate, and reduced system downtime.

KEY FINDINGS

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

- **Avoided cost of dedicated in-house AV FTE personnel, worth \$591,000 over three years.** Affinity's capabilities allowed interviewees' organizations to avoid the need for two AV FTEs who would be required to fulfill the technical duties in a business with the characteristics of the composite organization.
- **Increased productivity as result of reduction in management meeting hours, worth \$60,000 over three years.** Respondents touted that their organizations were able to significantly reduce the amount of time devoted to monthly meetings because of Affinity's ability to allow meeting attendees, including but not limited to senior

managers and line employees, to collaborate more effectively with both in-person and remote participants.

- **Increased productivity as a result of gained efficiencies in meeting preparation, worth \$35,000 over three years.** The deployment of Affinity allowed respondents to benefit from productivity gains and time savings by being able to plan for and setup AV solutions more efficiently for management meetings.

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

- **Ability to focus on core operations.** Affinity provided all interviewed participants with the critical ability to focus on their core operational goals and daily activities. From smaller organizations, which are constrained due to their finite capital resources, to larger corporations that have to manage shareholders' requirements, Affinity provided interviewees with an ability to concentrate on business priorities.

critical, timesaving decisions with their colleagues.

- **Decreased employee fatigue from significant travel avoidance.** Forrester learned from interviews that, prior to the adoption of Affinity, users were traveling extensively to participate in monthly meetings. Associated benefits have been modeled quantitatively in the study. However, the fatigue associated, while not measured, was expressed by participants as significant, including likely avoidance or reduction of employee churn.
- **Optimized brand image.** Interviewed participants resoundingly stated that Affinity provides their organizations with high brand value. Even in the electric and gas utilities industry, which tends to be slower to adopt and value innovative technologies, one interviewee expressed the significance of Affinity in enhancing their organization's ability to keep up with and even surpass its peer group's image of technological innovation. All other interviewees validated the important requirement of a solution that supported, and even promoted their brand image, in markets that are very conscious of innovation.

Costs. Risk-adjusted PV costs include:

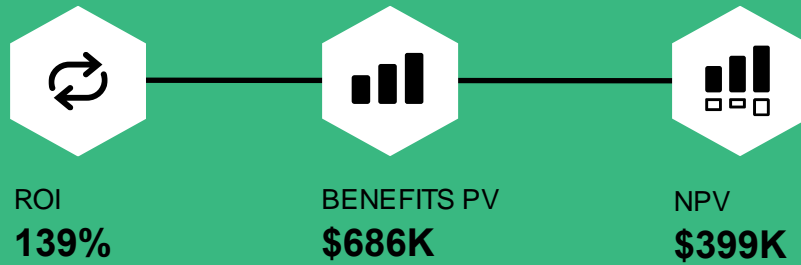
- **Managed service fee.** Annual managed service costs for the three-year model totaled \$116,000. Interviewees spoke of high deployment speeds with no upfront labor costs or required professional services.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$686,000 over three years versus costs of \$287,000, adding up to a net present value (NPV) of \$399,000 and an ROI of 139%.

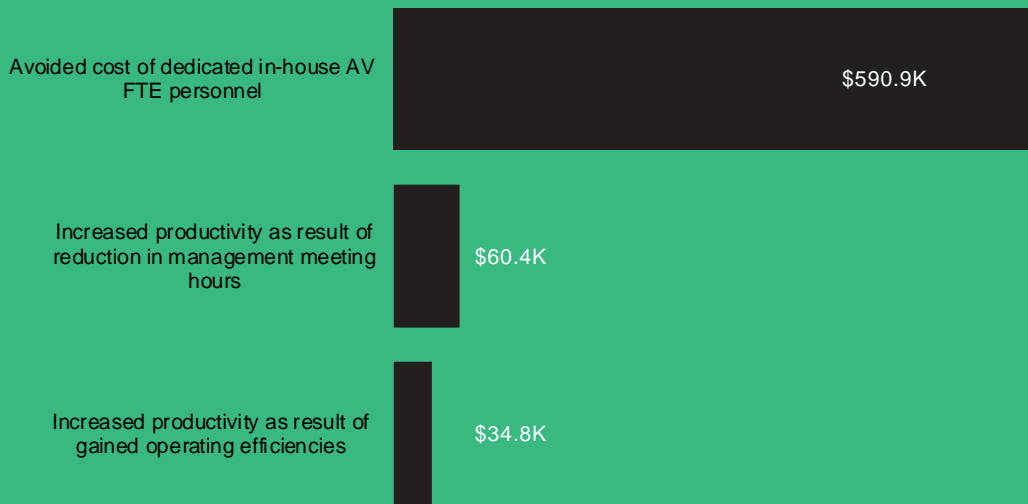
“We’re finding that having this kind of flexibility gives us so many options for using content in ways that we didn’t anticipate before.”

Associate engineer

- **Leveraging data for decision-making.** Interviewees told Forrester that Affinity and its managed services staff enabled them to deploy high-value solutions with their AV technologies, which allowed employees to more effectively consume data and to collaboratively make



Benefits (Three-Year)



“We’re able to use all sorts of different data that we didn’t use before, and now we have the ability to put it on the wall however we see fit.”

— Associate engineer, electric utility

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 Affinity.

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 Affinity can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Electrosonic 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 the Affinity.

Electrosonic 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.

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



DUE DILIGENCE

Interviewed Electrosonic stakeholders and Forrester analysts to gather data relative to Affinity.



DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Affinity 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 decision-makers.



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 Affinity by Electrosonic Customer Journey

■ Drivers leading to the Affinity investment

Interviewed Decision-Makers

Interviewee	Industry	Headquarters	Employees
Associate engineer	Electric utility	United States	5,000
IT director	Arts, entertainment	United States	330
VP of technology and content	Entertainment	United States	20
VP of player personnel	Professional sports	United States	720

KEY CHALLENGES

The interviewees noted how their organizations possessed limited technological capabilities that directly and indirectly slowed down daily operations. They wrestled with two common challenges that contributed to their inability to efficiently operate and utilize their AV systems:

- **Limited AV system capabilities.** The consensus among interviewees was that their previous AV systems were outdated and limited their ability to visualize, manipulate, and fully utilize available data. Further, in multiple instances, interviewees were using physical data-tracking mechanisms that needed to be updated manually each day.
- **AV system maintenance and specialist scheduling.** Interviewed customers noted that AV system downtime regularly hindered daily operations. They noted that their systems were complex and not seamlessly integrated, contributing to system downtime. In addition, scheduling for in-house AV system specialists was an issue for some organizations as system maintenance could only be done when a specialist was in the office.

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Efficiently display relevant data sources and make them readily available for manipulation.
- Minimize system maintenance and downtime.
- Improve the ability of FTEs to focus on core responsibilities.
- Increase operational efficiency by streamlining and automating AV system processes.
- Provide cost savings.
- Fill existing knowledge gaps.
- Promote a forward-thinking organizational culture that embraces new technologies.

COMPOSITE ORGANIZATION

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

Description of composite. The composite organization is a US- or UK-headquartered business in the larger company/enterprise segment. These companies have revenues of as much as \$6 billion, 5,000 and greater employees, and as many as 2,000 B2B customers and tens of thousands of B2C customers. The organization could be in industry and sports & entertainment sectors that utilize a command-and-control room to monitor an organization's operations in real time and hold management meetings for strategic and operational decision-making. The composite organization uses AV systems as a supporting, but not core, component of its service offerings to consumers.

Deployment characteristics. The composite organization has implemented various tools and in some cases has had to develop manual solutions to address AV system gaps. The organization typically provides a service and uses data to drive decision-making.

Key assumptions

- \$6B revenue
- 5,000+ employees
- Data-visualization-driven decision-making
- Collaborative environments
- Requirement to focus on operations

“New data is becoming available in this industry each year, and now [with Affinity] it’s so much easier to transmit that to everybody and capitalize on it.”

— VP of player personnel, professional sports

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	Avoided cost of dedicated in-house AV FTE personnel	\$237,600	\$237,600	\$237,600	\$712,800	\$590,876
Btr	Increased productivity as a result of reduction in management meeting hours	\$24,300	\$24,300	\$24,300	\$72,900	\$60,431
Ctr	Increased productivity as a result of gained operating efficiencies	\$13,997	\$13,997	\$13,997	\$41,990	\$34,808
Total benefits (risk-adjusted)		\$275,897	\$275,897	\$275,897	\$827,690	\$686,115

AVOIDED COST OF DEDICATED IN-HOUSE AV FTE PERSONNEL

Evidence and data. Forrester discovered through customer interviews that Affinity's capabilities allowed the composite organization to avoid the need for two AV FTEs.

Modeling and assumptions. To value this benefit, Forrester included in its model the fully loaded salary of two on-site AV professionals, using TEI standard methodology, who would be required to fulfill the technical duties in a business with the characteristics of the composite organization. The average fully

burdened annual salary of an in-house AV FTE is \$132,000.

Risks. The value of this benefit can vary across organizations due to differences in:

- The number of avoided FTEs.
- The availability of trained local AV talent.
- The demand for value-added in-house AV services.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$591,000.

Avoided Cost Of Dedicated In-House AV FTE Personnel					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Average number of avoided dedicated in-house AV FTEs	Interviews	2	2	2
A2	Fully burdened annual salary of in-house AV FTE	TEI standard	\$132,000	\$132,000	\$132,000
At	Avoided cost of dedicated in-house AV FTE personnel	A1*A2	\$264,000	\$264,000	\$264,000
	Risk adjustment	↓10%			
Atr	Avoided cost of dedicated in-house AV FTE personnel (risk-adjusted)		\$237,600	\$237,600	\$237,600
Three-year total: \$712,800			Three-year present value: \$590,876		

INCREASED PRODUCTIVITY AS A RESULT OF REDUCTION IN MANAGEMENT MEETING HOURS

Evidence and data. The deployment of Affinity allowed the composite organization to significantly reduce management meetings hours because of the solution’s ability to allow managers to collaborate more effectively with in-person and remote participants.

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following:

- Twelve annual meetings or one meeting each month prior to deploying Affinity.
- Twelve hours per meeting prior to Affinity deployment.
- Reduction of meetings from once per month to once every other month or six total meetings per year.
- Reduction of hours per meeting to 9 hours.
- A productivity recapture of 50%, which assumes 30 minutes out of every hour saved is spent on direct job duties.
- The average fully burdened hourly salary of a manager is \$75.
- An attribution percentage of 75%, which assumes that Affinity is attributed for three-quarters of the total reduction in management meeting hours.

Risks. The value of this benefit can vary across organizations due to differences in:

- The relatively high number of variables in the calculation of this benefit.
- The potential differences in numbers of meetings for those meetings per year and their length per day.
- The varying types and levels of roles affected in different companies, which may include a broader set of employees and not just decision-makers, thereby requiring a lower average salary amount.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$60,000.

“We wanted something that was simple enough that an admin or entry-level employee could run a meeting.”
VP of player personnel

“I didn’t hire a person or two people — I hired an organization.”
Director of information technology

Increased Productivity As A Result Of Reduction In Management Meeting Hours

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of meeting days before Affinity deployment	Interviews	12	12	12
B2	Number of meeting hours/day before Affinity deployment	Interviews	12	12	12
B3	Number of annual meeting hours before Affinity	B1*B2	144	144	144
B4	Number of meeting days after Affinity deployment	Interviews	6	6	6
B5	Number of meeting hours/day after Affinity deployment	Interviews	9	9	9
B6	Number of annual meeting hours after Affinity	B4*B5	54	54	54
B7	Reduced annual meeting hours because of Affinity implementation	B3-B6	90	90	90
B8	Productivity recapture	TEI standard	50%	50%	50%
B9	Number of managers attending meetings	Interviews	12	12	12
B10	Total management meeting hours after Affinity and productivity recapture	B7*B8*B9	540	540	540
B11	Fully burdened hourly salary of a manager	TEI standard	\$75	\$75	\$75
B12	Attribution percentage	TEI standard	75%	75%	75%
Bt	Increased productivity as a result of reduction in management meeting hours	B10*B11*B12	\$30,375	\$30,375	\$30,375
	Risk adjustment	↓20%			
Btr	Increased productivity as a result of reduction in management meeting hours (risk-adjusted)		\$24,300	\$24,300	\$24,300
Three-year total: \$72,900			Three-year present value: \$60,431		

INCREASED PRODUCTIVITY AS A RESULT OF GAINED OPERATING EFFICIENCIES

Evidence and data. Interviewees told Forrester that Affinity allowed them the ability to gain productivity from the time they previously spent preparing for regular management meetings because of the solution’s ability to allow staff to efficiently plan for and setup AV technologies and services.

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following:

- Three 8-hour days or 24 hours to prepare for each of 12 monthly meetings.

- One manager-level and two entry-level staff members are involved in meeting preparation.
- The average fully burdened hourly salary of a manager-level FTE involved in meeting preparation is \$75.
- The average fully burdened hourly salary of an entry-level FTE involved in meeting preparation is \$30.
- A productivity recapture of 50%, which assumes 30 minutes out of every hour saved is spent on direct job duties.

- An attribution percentage of 90%, which assumes that Affinity is attributed for 90% of the total reduction in management meeting prep.

Risks. The value of this benefit can vary across organizations due to differences in:

- The relatively high number of variables in the calculation of this benefit.
- The potential differences in numbers of events for those per year.
- The varying types and levels of roles affected.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$35,000.

“Affinity goes along with what we want this organization to be, forward-thinking, to be ahead of everyone else.”
VP of player personnel

Increased Productivity As A Result Of Gained Operating Efficiencies

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Annual days to prepare per meetings	Interviews	3	3	3
C2	Hours per day on meeting preparation	Interviews	8	8	8
C3	Total hours to prepare for each meeting done by each FTE	C1*C2	24	24	24
C4	Number of manager-level FTEs involved in meeting preparation	Interviews	1	1	1
C5	Number of entry-level FTEs involved in meeting preparation	Interviews	2	2	2
C6	Fully burdened hourly rate of manager-level FTE involved in preparation	TEI standard	\$75	\$75	\$75
C7	Fully burdened hourly rate of entry-level FTE involved in preparation	TEI standard	\$30	\$30	\$30
C8	Average number of meetings per year	Interviews	12	12	12
C9	Productivity recapture	TEI standard	50%	50%	50%
C10	Attribution percentage	TEI standard	90%	90%	90%
Ct	Increased productivity as a result of gained efficiencies in meeting preparation	$(C3*C4*C6*C8)+(C3*C5*C7*C8)*C9*C10$	\$17,496	\$17,496	\$17,496
	Risk adjustment	↓20%			
Ctr	Increased productivity as a result of gained efficiencies in meeting preparation (risk-adjusted)		\$13,997	\$13,997	\$13,997
Three-year total: \$41,990			Three-year present value: \$34,808		

UNQUANTIFIED BENEFITS

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

- **Ability to focus on core operations.** Interviewees resoundingly told Forrester that Affinity offered them the ability to stay laser-focused on their core operational responsibilities and goals, which allowed them to drive value for both their day-to-day responsibilities and larger strategic initiatives.

“The amount of flexibility it gives us to manipulate the wall has helped us develop new and creative ideas.”

Associate engineer

- **Leveraging data for decision-making.** The associate engineer of a major US-based electric and gas utility company told Forrester that it was lagging in its ability to process and consume voluminous amounts of critical operational data, until implementing Affinity. The VP of player personnel for a professional sports organization in the US explained to Forrester that Affinity has allowed them to leverage information much more strategically, given the solution’s capability of presenting extensive data on screen, both in-person as well as remotely.
- **Decreased employee fatigue from significant travel avoidance.** Interviewees from two organizations told Forrester that the Affinity On-Site Managed Services solution provided by Electrosonic helped them reduce significant fatigue that their managers and other staff experienced from traveling to meetings as a

result of their optimized ability to deploy more virtual meetings.

- **Optimized brand image.** All the participants Forrester interviewed touted that Affinity had a positive effect on branding, image, and innovative reputation by incorporating state-of-the-art equipment and displays that support existing brand positioning as well as their ability to project a technologically innovative image relative to their others in their peer groups.

FLEXIBILITY

The composite organization experienced increased agility due to Affinity’s built-in flexibility.

- **Doing more with less.** Interviewees discussed Affinity’s capability to do much more with fewer personnel. Several of them said they would need two to four more FTEs to do the job they are currently doing with only one or two individuals using Affinity’s solution.
- **Being strategic.** Forrester also learned from Affinity customers that they appreciated being able to focus more on strategic work or other tasks, as opposed to handling time-consuming day-to-day, and often technical AV tasks.

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
Dtr	Annual managed service fee	\$0	\$115,500	\$115,500	\$115,500	\$346,500	\$287,231
	Total costs (risk-adjusted)	\$0	\$115,500	\$115,500	\$115,500	\$346,500	\$287,231

ANNUAL MANAGED SERVICE FEE

Evidence and data. Electrosonic charged interviewees' organizations an annual managed service fee of \$115,000 for Years 1 through 3.

Modeling and assumptions. This cost was valued using data provided by interviewees and Electrosonic.

Risks. The value of this cost can vary across organizations due to the availability of local talent and

geographic differences, which may impact labor costs.

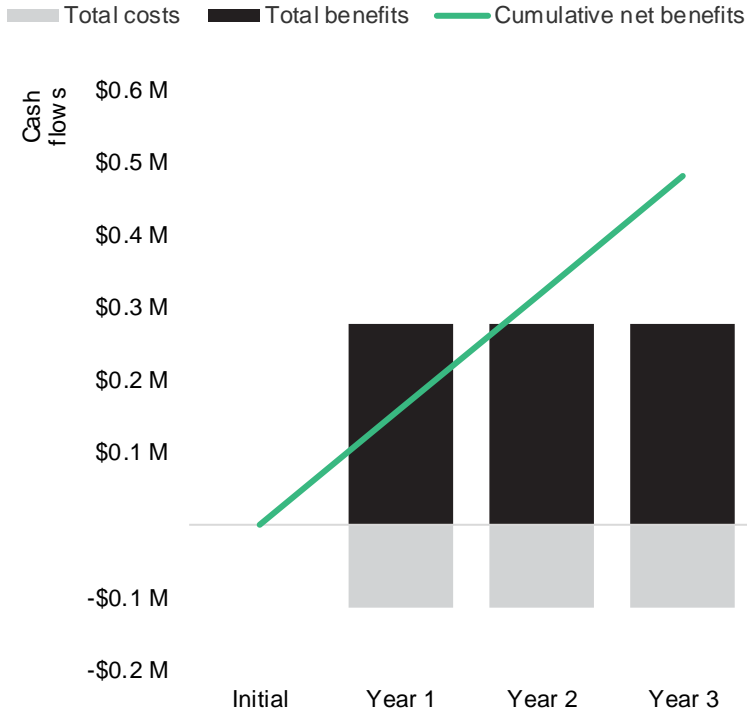
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$287,000.

Annual Managed Service Fee							
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3	
D1	Annual managed service fee	Interviews	\$0	\$105,000	\$105,000	\$105,000	
Dt	Annual managed service fee	D1	\$0	\$105,000	\$105,000	\$105,000	
	Risk adjustment	↑10%					
Dtr	Annual managed service fee (risk-adjusted)		\$0	\$115,500	\$115,500	\$115,500	
Three-year total: \$346,500				Three-year present value: \$287,231			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	\$0	(\$115,500)	(\$115,500)	(\$115,500)	(\$346,500)	(\$287,231)
Total benefits	\$0	\$275,897	\$275,897	\$275,897	\$827,690	\$686,115
Net benefits	\$0	\$160,397	\$160,397	\$160,397	\$481,190	\$398,884
ROI						139%

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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