The Total Economic Impact™ Of Slack For Sales Teams

Cost Savings And Business Benefits Enabled By Slack

APRIL 2021
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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 on 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 realize by deploying Slack for sales team users. 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 organizations.

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 organization.

Prior to using Slack, sales teams utilized 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 organizations 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 integration other applications, and were not suited to serve as a repository of knowledge and information for the organization.

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 organizations, users can swiftly find vital information and context for prospective deals and avoid 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 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 organizational 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 $2,551,285 to the composite organization.

- **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 $951,089.

- **Increase in existing customer deals by over $3,000**. 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 $3,161 larger as a result of Slack and the impact it has on the sales team. Over three years, this benefit is worth $248,395 to the composite organization.

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 onboarding process**. Survey respondents indicated Slack reduces the time to onboard 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 organizations 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.
EXECUTIVE SUMMARY

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

- **Slack license costs.** Slack licenses cost $150 per user per year. For the composite organization, the cost of Slack licenses total $171,818 over three years.

  Slack license costs

  $171,818

- **Internal labor for implementation and maintenance.** Internal staff effort in the implementation of Slack is minimal. Subsequent to the initial implementation, organizations conduct ongoing internal efforts to build, support, and maintain Slack integrations and channels. Over three years, these efforts cost $774,422 for the composite organization.

The financial analysis based on the customer interviews and survey found that a composite organization experiences benefits of $3,750,769 over three years versus costs of $946,240 adding up to a net present value (NPV) of $2,804,529 and an ROI of 296%.

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

— Global vice president, technology industry
EXECUTIVE SUMMARY

ROI: 296%

Benefits (Three-Year)

- Increased revenue due to improved sales velocity: $2.6M
- Improved productivity of sales team: $951.1K
- Increased revenue due to larger deal size: $248.4K

Financial Summary

Payback period: <6 months

Total benefits PV, $3.75M
NPV: $2.80M
Total costs PV, $946K

ROI: 296%

Payback period: <6 months
EXECUTIVE SUMMARY

TEI FRAMEWORK AND METHODOLOGY
From the information provided in the interviews and survey, Forrester constructed a Total Economic Impact™ framework for those organizations 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 multistep approach to evaluate the impact that Slack can have for an organization’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 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 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 organizations using Slack for their sales teams to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed and surveyed organizations.

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 organizations.

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.
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, organizations 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 organizations 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 organization 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.”
COMPOSITE ORGANIZATION

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 organization is representative of the four Slack users whom Forrester interviewed and the 550 users whom Forrester surveyed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The midsize global technology organization employs 2,000 people, 400 of whom are on the sales team. The sales team closes 50 deals per month with average revenues of $150,000 per deal. The organization’s 10% annual growth rate is reflected in the number of deals per year and employee count.

Deployment characteristics. The organization deploys Slack to 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

- Midsize technology company growing 10% annually
- 2,000 total employees with 400 technical sales representatives
- 50 deals closed per month
- $150,000 average deal size
Analysis Of Benefits

Quantified benefit data as applied to the composite

### Total Benefits

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Benefit</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atr</td>
<td>Increased revenue due to improved sales velocity</td>
<td>$936,000</td>
<td>$1,032,000</td>
<td>$1,128,000</td>
<td>$3,096,000</td>
<td>$2,551,285</td>
</tr>
<tr>
<td>Btr</td>
<td>Improved productivity of sales team</td>
<td>$331,679</td>
<td>$383,240</td>
<td>$443,004</td>
<td>$1,157,922</td>
<td>$951,089</td>
</tr>
<tr>
<td>Ctr</td>
<td>Increased revenue due to larger deal size</td>
<td>$91,084</td>
<td>$100,220</td>
<td>$110,161</td>
<td>$301,465</td>
<td>$248,395</td>
</tr>
<tr>
<td></td>
<td>Total benefits (risk-adjusted)</td>
<td>$1,358,763</td>
<td>$1,515,459</td>
<td>$1,681,165</td>
<td>$4,555,387</td>
<td>$3,750,769</td>
</tr>
</tbody>
</table>

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

**Evidence and data.** Interviewees and survey respondents reported improvements to several factors that impact sales velocity. Slack enhances their ability to leverage the knowledge of sales personnel and cross-functional teams; sales can now swarm on deals much more effectively, ensuring the organization 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 organize 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 they connect you to the people that can answer your question or can 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 it’s a live person who monitors the channel and helps out. That type of support helps you to 100% close deals you wouldn’t close otherwise because the right person may not have been surfaced at all in this situation where you don’t have that type of channel.”

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

> “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 calendaring 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*
ANALYSIS OF BENEFITS

- Six hundred deals were closed in the year prior to Slack being deployed.
- Improved sales velocity results in 13% more deals getting done.
- The organization 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.
- Average deal revenue is $150,000 and profit margin is 10%.

**Risks.** The ability of organizations to increase sales velocity through the deployment of Slack can vary across organizations due to differences in:
- Sales cycle duration and win rate.
- The prevalence of existing customer renewals.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2.6 million.

### Benefit 1: Increased Revenue Due To Improved Sales Velocity

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Source</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Number of deals closed without Slack</td>
<td>Survey</td>
<td>600</td>
<td>660</td>
<td>726</td>
</tr>
<tr>
<td>A2</td>
<td>Increase in deals closed with Slack</td>
<td>Survey</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>A3</td>
<td>Incremental deals closed due to improved sales velocity (rounded)</td>
<td>A1*A2</td>
<td>78</td>
<td>86</td>
<td>94</td>
</tr>
<tr>
<td>A4</td>
<td>Average deal revenue</td>
<td>Composite</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>A5</td>
<td>Profit margin</td>
<td>Composite</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>At</td>
<td>Increased revenue due to improved sales velocity</td>
<td>A3<em>A4</em>A5</td>
<td>$1,170,000</td>
<td>$1,290,000</td>
<td>$1,410,000</td>
</tr>
<tr>
<td>Atr</td>
<td>Increased revenue due to improved sales velocity (risk-adjusted)</td>
<td>↓20%</td>
<td>$936,000</td>
<td>$1,032,000</td>
<td>$1,128,000</td>
</tr>
</tbody>
</table>

**Three-year total: $3,096,000**

**Three-year present value: $2,551,285**

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

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 would have been a calendared 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 like an hour looking for partners or reaching out to ... channel account managers that work with our partners to ask for a specific partner, and it could be anywhere from like a 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.”

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

- There are 400 sales employees in Year 1, growing 10% per year as the organization 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 organization 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 organizations to realize productivity gains through the deployment of Slack can vary across organizations and industries due to differences in the adoption and usage of Slack by sales teams.

To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $951,089.
BENEFIT 3: INCREASED REVENUE DUE TO LARGER DEAL SIZE

Evidence and data. The organizational 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 $3,161 on average.

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

- Half of the deals closed with Slack are for existing customers.
- Slack is responsible for $3,161 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 organization 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 downward by 15%, yielding a three-year, risk-adjusted total PV of $248,395.
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 onboarding process.** Survey respondents indicated that Slack facilitates improvements in the onboarding process of new hires. On average, they reported a 13% reduction in the time to onboard and train new employees and a 39% reduction in the cost. The interviewees explained that their organizations set up new hires on a curated list of Slack channels. Dedicated new hire and cohort channels, as well as regional and other subteam 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 a lot of times, new hires feel uncomfortable asking more senior folks.”

- **Improved coaching and mentoring interactions.** The vice president uses Slack to augment her coaching and mentoring interactions. She said: “It enables me to reemphasize those things that we want embedded 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.”

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**Benefit 3: Increased Revenue Due To Larger Deal Size**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Source</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Number of deals closed</td>
<td>Survey</td>
<td>678</td>
<td>746</td>
<td>820</td>
</tr>
<tr>
<td>C2</td>
<td>Portion of deals closed for existing customers</td>
<td>Composite</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>C3</td>
<td>Number of existing customer deals</td>
<td>C1*C2</td>
<td>339</td>
<td>373</td>
<td>410</td>
</tr>
<tr>
<td>C4</td>
<td>Increase in existing customer deal amount attributed to Slack</td>
<td>Survey</td>
<td>$3,161</td>
<td>$3,161</td>
<td>$3,161</td>
</tr>
<tr>
<td>C5</td>
<td>Profit margin</td>
<td>Composite</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Ct</td>
<td>Increased revenue due to larger deal size</td>
<td>C1<em>C2</em>C4*C5</td>
<td>$107,158</td>
<td>$117,905</td>
<td>$129,601</td>
</tr>
<tr>
<td>Ctr</td>
<td>Increased revenue due to larger deal size (risk-adjusted)</td>
<td>↓15%</td>
<td>$91,084</td>
<td>$100,220</td>
<td>$110,161</td>
</tr>
</tbody>
</table>

Three-year total: $301,465  
Three-year present value: $248,395
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 it’s 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.

- **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

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

Vice president, technology industry

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that it’s got the usability and communication style that 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 organizational productivity.** By deploying Slack across the organization, 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 realize additional uses and business opportunities, including:

- **Optimization of licensing spend on other applications.** Survey respondents reported that they spent $1,798 on legacy solutions prior to Slack. While interviewees said that their organizations 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 $1,000 a year license, so I think there is room there.”

- **Customization 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 customization organizations can make in Slack provides flexibility to suit organizations’ specific use cases, including team contests, hobby, and other nonwork channels for employees to socialize 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

<table>
<thead>
<tr>
<th>Cost</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slack license costs</td>
<td>$0</td>
<td>$63,000</td>
<td>$69,300</td>
<td>$76,230</td>
<td>$208,530</td>
<td>$171,818</td>
</tr>
<tr>
<td>Internal labor for implementation and maintenance</td>
<td>$60,596</td>
<td>$287,040</td>
<td>$287,040</td>
<td>$921,716</td>
<td>$774,422</td>
<td></td>
</tr>
<tr>
<td>Total costs (risk-adjusted)</td>
<td>$60,596</td>
<td>$350,040</td>
<td>$356,340</td>
<td>$363,270</td>
<td>$1,130,246</td>
<td>$946,240</td>
</tr>
</tbody>
</table>

#### COST 1: SLACK LICENSE COSTS

**Evidence and data.** Organizations deploying Slack pay a subscription fee of $150 per user per year.

**Modeling and assumptions.** To determine the cost of Slack licenses, Forrester assumes the composite deploys Slack to the sales team, and the number of Slack users grows 10% per year as the organization grows.

**Risks.** To account for the possibility of changes to Slack’s subscription model, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $171,818.

#### Cost 1: Slack License Costs

<table>
<thead>
<tr>
<th>Metric</th>
<th>Source</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees using Slack</td>
<td>Composite</td>
<td>$0</td>
<td>400</td>
<td>440</td>
<td>484</td>
</tr>
<tr>
<td>Slack license costs per user per year</td>
<td>Composite</td>
<td>$0</td>
<td>$150</td>
<td>$150</td>
<td>$150</td>
</tr>
<tr>
<td>Slack license costs</td>
<td>D1*D2</td>
<td>$0</td>
<td>$60,000</td>
<td>$66,000</td>
<td>$72,600</td>
</tr>
<tr>
<td>Risk adjustment</td>
<td>↑5%</td>
<td>$0</td>
<td>$63,000</td>
<td>$69,300</td>
<td>$76,230</td>
</tr>
</tbody>
</table>

**Three-year total:** $208,530 **Three-year present value:** $171,818

#### COST 2: INTERNAL LABOR 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.

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

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

**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 upward by 15%, yielding a three-year, risk-adjusted total PV of $774,422.

![Three-year cost PV](image)
### Cost 2: Internal Labor For Implementation And Maintenance

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Metric</th>
<th>Source</th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Months for implementation</td>
<td>Composite</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E2</td>
<td>Internal IT FTEs</td>
<td>Composite</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E3</td>
<td>Internal staff for planning</td>
<td>Composite</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E4</td>
<td>Internal staff time allocation for planning</td>
<td>Composite</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E5</td>
<td>Number of employees using Slack</td>
<td>Composite</td>
<td>400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E6</td>
<td>Fully burdened mid-career technical sales representative hourly salary</td>
<td>Assumption</td>
<td>$27.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E7</td>
<td>Number of training hours per employee to use Slack</td>
<td>Composite</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E8</td>
<td>Internal FTEs building and supporting Slack integrations</td>
<td>Composite</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>E9</td>
<td>Internal FTEs maintaining and supporting channels</td>
<td>Composite</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>E10</td>
<td>Fully burdened annual salary (developer and engineer)</td>
<td>Assumption</td>
<td>$124,800</td>
<td>$124,800</td>
<td>$124,800</td>
<td>$124,800</td>
</tr>
<tr>
<td>E1</td>
<td>Internal labor for implementation and maintenance</td>
<td>E1/12*(E2+E3<em>E4)<em>E10+E5</em>E6</em>E7+(E8+E9)*E10</td>
<td>$52,692</td>
<td>$249,600</td>
<td>$249,600</td>
<td>$249,600</td>
</tr>
<tr>
<td></td>
<td>Risk adjustment</td>
<td>↑15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etr</td>
<td>Internal labor for implementation and maintenance (risk-adjusted)</td>
<td></td>
<td>$60,596</td>
<td>$287,040</td>
<td>$287,040</td>
<td>$287,040</td>
</tr>
</tbody>
</table>

**Three-year total:** $921,716  
**Three-year present value:** $774,422
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)

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs</td>
<td>($60,596)</td>
<td>($350,040)</td>
<td>($356,340)</td>
<td>($363,270)</td>
<td>($1,130,246)</td>
<td>($946,240)</td>
</tr>
<tr>
<td>Total benefits</td>
<td>$0</td>
<td>$1,358,763</td>
<td>$1,515,459</td>
<td>$1,681,165</td>
<td>$4,555,387</td>
<td>$3,750,769</td>
</tr>
<tr>
<td>Net benefits</td>
<td>($60,596)</td>
<td>$1,008,723</td>
<td>$1,159,119</td>
<td>$1,317,895</td>
<td>$3,425,141</td>
<td>$2,804,529</td>
</tr>
<tr>
<td>ROI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>296%</td>
</tr>
<tr>
<td>Payback period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&lt; 6 months</td>
</tr>
</tbody>
</table>
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: Interview And Survey Demographics

## Interviewed Organizations

<table>
<thead>
<tr>
<th>Industry</th>
<th>Region</th>
<th>Interviewee</th>
<th>Annual Revenue</th>
<th>Total Employees</th>
<th>Sales Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Global, HQ in North America</td>
<td>Chief revenue officer</td>
<td>$914M</td>
<td>2,500</td>
<td>500</td>
</tr>
<tr>
<td>Technology</td>
<td>Global, HQ in North America</td>
<td>Director of sales</td>
<td>$2,362M</td>
<td>3,400</td>
<td>80</td>
</tr>
<tr>
<td>Technology</td>
<td>Global, HQ in North America</td>
<td>Global vice president</td>
<td>$8,500M</td>
<td>6,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Technology</td>
<td>Global, HQ in North America</td>
<td>Vice president</td>
<td>$77M</td>
<td>600</td>
<td>600</td>
</tr>
</tbody>
</table>

---

## Survey Demographics

**In which country are you located?**

- United States: 36%
- United Kingdom: 14%
- Japan: 14%
- Germany: 9%
- France: 9%
- Canada: 9%
- Australia: 9%

**Using your best estimate, how many employees work for your firm/organization worldwide?**

- 20,000 or more employees: 20%
- 5,000 to 19,999 employees: 20%
- 1,000 to 4,999 employees: 21%
- 500 to 999 employees: 15%
- 100 to 499 employees: 10%
- 2 to 99 employees: 13%

**Which of the following best describes the industry to which your company belongs?**

- Technology and/or technology services: 7%
- Manufacturing and materials: 7%
- Financial services and/or insurance: 6%
- Retail: 6%
- Business or professional services: 5%
- Transportation and logistics: 5%
- Telecommunications services: 5%
- Government: 5%
- Energy, utilities, and/or waste management: 5%
- Electronics: 5%
- Education and/or nonprofits: 5%
- Chemicals and/or metals: 5%
- Advertising and/or marketing: 5%
- Travel and hospitality: 4%
- Media and/or leisure: 4%
- Legal services: 4%
- Healthcare: 4%
- Consumer product goods and/or manufacturing: 4%
- Construction: 4%
- Agriculture, food, and/or beverage: 4%
- Consumer services: 1%

**Using your best estimate, what is your organization’s annual revenue (USD)?**

- >$5B: 25%
- $1B to $5B: 20%
- $500M to $1B: 9%
- $400M to $499M: 3%
- $300M to $399M: 4%
- $200M to $299M: 6%
- $100M to $199M: 8%
- $1M to $99M: 25%
- <$1M: 1%

---

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

*Note: Percentages do not total 100 because of rounding.*
“Using your best estimate, how many employees work for your sales organization worldwide?”

- 5,000 or more: 3%
- 1,000 to 4,999: 4%
- 500 to 999: 12%
- 300 to 499: 17%
- 250 to 299: 17%
- 200 to 249: 12%
- 150 to 199: 7%
- 100 to 149: 5%
- 50 to 99: 8%
- 20 to 49: 7%
- 10 to 19: 6%
- 1 to 9: 2%

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

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

- Sales collaboration and cross-functional work to win business: 83%
- Communicating about service interruptions/outages: 66%
- Mentoring and coaching: 57%
- Internal help and support (e.g., product or technical experts, deal support): 57%
- Sales enablement: 44%
- Communicating product updates across the organization: 35%
- Improved processes/optimized workflow: 33%
- Collaboration with partners, wholesalers or customers to increase engagement: 33%
- Employee onboarding: 33%
- Sharing competitive intelligence: 32%
- Creating community (e.g., sharing sales wins): 31%
- Intranet/companywide communication portal: 31%
- Employee training (e.g., around a training course): 31%
- Acct mgmt collaboration around prospects and/or existing customer accounts: 28%
- Knowledge sharing, crowdsourced answers, locating experts: 27%

Base: 550 global Slack 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 organization, how much do you agree or disagree with the following statements?"

- Improve our employee experience and productivity in sales: 92%
- Increase our organization’s ability to react quickly to changing business needs: 72%
- Improve our employee experience and productivity in general: 72%
- Work from home effectively: 71%
- Increase revenue: 68%
- Improve integration with existing sales tools: 68%
- Onboard new employees more efficiently: 67%

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 organization, how much do you agree or disagree with the following statements?"

- Improved our information-sharing companywide: 77%
- Improved our information-sharing with customers: 76%
- Increased our ability to rapidly respond and adapt to prospective deals: 71%
- Improved our information-sharing within the sales team: 69%
- Improved our ability to quickly make decisions: 69%

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 organization, how much do you agree or disagree with the following statements?"

- Improved effectiveness of our sales team/closed more deals: 76%
- Improved customer retention: 66%
- Expedited our time to close deals: 66%
- Improved customer lifetime value (LTV): 66%
- Reduced time spent on administrative work: 66%
- Increased time spent with customers: 64%
- Improved our win rate: 62%

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 organization’s employee experience and productivity in general, how much do you agree or disagree with the following statements?”

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree and Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved employee creativity/ability to create and build better products</td>
<td>79%</td>
</tr>
<tr>
<td>Improved our employee experience</td>
<td>78%</td>
</tr>
<tr>
<td>Improved our employee retention rates</td>
<td>73%</td>
</tr>
<tr>
<td>Reduced the amount of time spent performing routine tasks (e.g., granting permission to co-workers)</td>
<td>71%</td>
</tr>
<tr>
<td>Improved employee productivity</td>
<td>71%</td>
</tr>
<tr>
<td>Improved our ability to find relevant information or connect with key people</td>
<td>70%</td>
</tr>
<tr>
<td>Reduced time for management approvals (e.g., time sheets, PTO, expenses, etc)</td>
<td>69%</td>
</tr>
<tr>
<td>Reduced the amount of time spent in meetings</td>
<td>69%</td>
</tr>
<tr>
<td>Reduced the amount of email usage/number of email attachments</td>
<td>68%</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree and Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved our sales employee experience</td>
<td>70%</td>
</tr>
<tr>
<td>Improved sales employee productivity</td>
<td>67%</td>
</tr>
<tr>
<td>Improved our sales employee retention rates</td>
<td>66%</td>
</tr>
<tr>
<td>Improved integration within existing systems</td>
<td>65%</td>
</tr>
<tr>
<td>Reduced time to close new business</td>
<td>61%</td>
</tr>
<tr>
<td>Improved efficiency and collaboration managing accounts</td>
<td>60%</td>
</tr>
<tr>
<td>Reduction in legacy collaboration systems</td>
<td>56%</td>
</tr>
<tr>
<td>Increased customer engagement</td>
<td>40%</td>
</tr>
</tbody>
</table>

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