



FORRESTER®

The Total Economic Impact™ Of Slack For Sales Teams

Cost Savings And Business Benefits
Enabled By Slack For Sales Teams

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

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Executive Summary

Sales teams demand seamless, real-time collaboration to react swiftly to market changes and customer needs. In an era of dispersed workforces and the need for integrated tools, embracing productivity and collaboration platforms enables organizations to streamline processes and curb email clutter and superfluous meetings. These enhancements cultivate agile, interconnected sales teams that are primed for optimized productivity and revenue generation.

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](#).¹ 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 five sales team leaders and surveyed 256 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 integrate with other applications, and

KEY STATISTICS



Return on investment (ROI)
354%



Net present value (NPV)
\$2.65M

were not suited to serve as a repository of knowledge and information for the organization.

After the investment in Slack, users leveraged the extensible 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 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 colleagues for the same information; searching through disparate, legacy sales tools; reading and replying to emails or other documentation; and attending meetings. The productivity improvements enabled by Slack reduced the time sales team users spent on administrative tasks and permitted them to spend more time closing deals and strengthening existing relationships.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increase in closed deals of 9%.** 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, increased win rates, and reduced duration of the sales cycle. Over three years, the improved sales velocity is worth \$1.3 million to the composite organization.
- **Sales team time savings of more than 28 minutes per user on daily tasks.** Key integrations such as Salesforce Sales Cloud, along with a significant reduction of email and meetings, reduce or eliminate administrative tasks and other less-productive efforts for sales teams. Over three years, this benefit is worth \$1.9 million.
- **Expand existing customer relationships.** 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 deals are incrementally larger with Slack, with an average increase of \$2,360. Over three years, this benefit is worth \$161,000 to the composite organization.

Unquantified benefits. Benefits that provide value for the composite organization but 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 two weeks.

KPI Improvements

- 16% reduction in sales cycle
- 14% increase in win rate
- 13% increase in renewal rate
- 9% increase in deals closed
- 12% increase in customer spend
- 16% increase in customer retention



- **Improved onboarding process.** Survey respondents indicated Slack reduces the time to onboard and train new hires by 16% and reduces the associated cost by 21%.
- **Improved coaching and mentoring interactions.** An interviewee said the ease with which one can access data and information about sales deals in Slack helps her provide real-time feedback to the sales team, augmenting her coaching and mentoring interactions.
- **Improved employee morale.** The ability to connect with colleagues for work and community-building activities alike fosters a positive work environment. More than 65% of survey respondents agreed or strongly agreed that Slack improved employee experience and reported an average increase in employee retention of 10 percentage points.

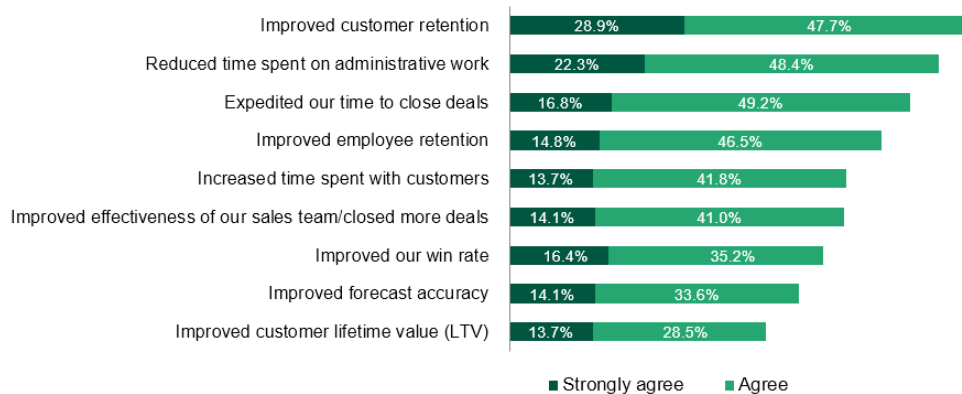
Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Slack subscription costs.** Slack subscriptions cost \$150 per user per year. For the composite organization, this cost totals \$157,000 over three years.
- **Internal labor for implementation and maintenance.** Implementing Slack requires

minimal internal staff effort. 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 the composite organization \$590,000.

The financial analysis, which is based on the interviews and survey, found that a composite organization experiences benefits of \$3.4 million over three years versus costs of \$746,000, adding up to a net present value (NPV) of \$2.6 million and an ROI of 354%.

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



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023



ROI
354%



BENEFITS PV
\$3.39M



NPV
\$2.65M

Benefits (Three-Year)

Increased revenue due to improved sales velocity

\$1.3M

Improved productivity of sales team

\$1.9M

Increased revenue due to larger deal size

\$160.8K

We were just positively overwhelmed with how easy it was to adopt Slack. I can't imagine working without it.

— Regional director of sales, construction

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 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 for sales teams can have on an organization.

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 for sales teams.

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.



INTERVIEWS AND SURVEY

Interviewed five representatives and surveyed 256 respondents at organizations using Slack for sales teams to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees and survey respondents.



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 interviewees and survey respondents.



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 Slack Customer Journey For Sales Teams

■ Drivers leading to the Slack investment for sales teams

KEY CHALLENGES

Forrester interviewed five Slack users and surveyed an additional 256 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 their need to better connect sales teams to one another and the rest of the organization as well as other applications and systems. Legacy sales tools, email, and traditional meetings, whether virtual or

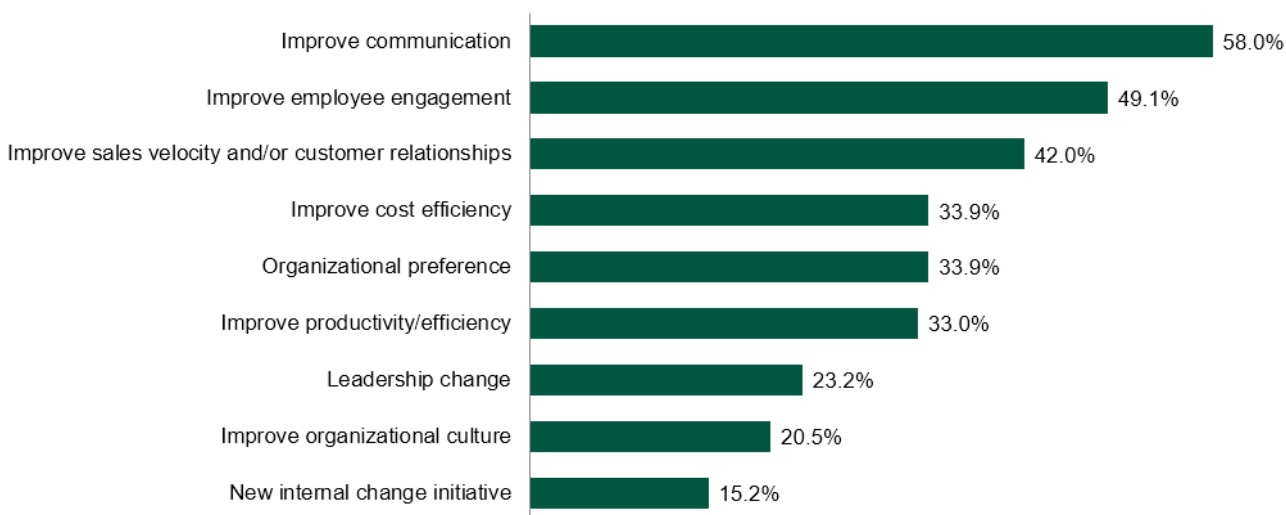
in person, were generally regarded as a drain on productivity.

The head of transformation said the organization sought solutions that could “improve the collaboration and workflows between systems and put the insights where users are to try and minimize some of the toggling that users need to do [and] improve some of the natural collaboration and momentum they have ... within strategic platforms.”

The chief revenue officer 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 regional director of sales explained: “[Our organization needed to] bring more of the business into a more cohesive, easier-to-use

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



Base: 112 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

environment that enabled faster conversation and quicker collaboration in a more open platform ... especially as the company was scaling. [We] really just [needed] to provide more openness and less friction in how we communicate across functional teams.”

functional teams, such as marketing, finance, research and development, customer service, and legal. The implementation and rollout process takes approximately six months before teams across the organization approach full adoption of Slack and key integrations are completed.

COMPOSITE ORGANIZATION

Based on the interviews and survey, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five Slack users whom Forrester interviewed and the 256 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.

Deployment characteristics. The organization deploys Slack to the sales team and nonsales employees who represent key personnel on cross-

Key Assumptions

- **Global organization**
- **\$500 million annual revenue**
- **2,000 employees**
- **400 sales users of Slack**

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



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increased revenue due to improved sales velocity	\$324,000	\$648,000	\$648,000	\$1,620,000	\$1,316,935
Btr	Improved productivity of sales team	\$740,250	\$771,750	\$803,250	\$2,315,250	\$1,914,258
Ctr	Increased revenue due to larger deal size	\$62,988	\$65,596	\$65,596	\$194,181	\$160,757
	Total benefits (risk-adjusted)	\$1,127,238	\$1,485,346	\$1,516,846	\$4,129,431	\$3,391,950

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 that the organization delivers what customers want and need.

- On average, survey respondents:
 - Decreased the duration of the sales cycle by 16%.
 - Increased the win rate of new customers by 14%.
 - Increased renewal rate of existing customers by 13%.
 - Increased the number of deals closed by 9%.
- The head of transformation said: “You can have some amazing Slack conversations where you get exactly what you need right when you need it to close that deal.”

“I’ve seen a very strong correlation between how active communications are in Slack regarding opportunities and customers [and] how many people participate in the effective sales outcome — a happy customer [with a] closed deal.”

Director of partnerships, technology

- The regional director of sales said: “[We are] not only retaining 100% of our existing revenue but [also] growing it by 25% every year. That would probably be a lot lower without Slack. ... It has a big impact on our net expansion.”
- The director of partnerships said: “My pitch on why teams have to use Slack is the speed that you communicate is the speed that you can execute. ... [Slack] is a massive accelerator.”

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

- Six hundred deals are closed in the year prior to Slack being deployed.
- Improved sales velocity results in 9% more deals getting done annually once Slack has been fully deployed and adopted.
- Average deal revenue is \$150,000, and gross 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.
- The prevalence of new customers in the market.

“I could not live without Slack Connect. Being able to create a Slack channel with [our] customers, vendors, and partners — that’s the one you’d have to pry out of my hands at this point.”

Director of partnerships, technology

- The impact of cross-functional deal support on prospective deals.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.3 million.

Increased Revenue Due To Improved Sales Velocity

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Deals closed without Slack	Survey	600	600	600
A2	Increase in deals closed with Slack	Survey	4.5%	9%	9%
A3	Subtotal: Incremental deals closed due to improved sales velocity (rounded)	A1*A2	27	54	54
A4	Average deal revenue	Composite	\$150,000	\$150,000	\$150,000
A5	Subtotal: Incremental revenue	A3*A4	\$4,050,000	\$8,100,000	\$8,100,000
A6	Gross margin	Composite	10%	10%	10%
At	Increased revenue due to improved sales velocity	A5*A6	\$405,000	\$810,000	\$810,000
	Risk adjustment	↓20%			
Atr	Increased revenue due to improved sales velocity (risk-adjusted)		\$324,000	\$648,000	\$648,000
Three-year total: \$1,620,000			Three-year present value: \$1,316,935		

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. For many, Slack has reduced the need to switch between applications as well as the volume of both daily emails and meetings — all a drag on productivity. The increased visibility and transferability of work in the team also contributed to this benefit.

- On average, survey respondents reported saving a total of 28 minutes per user per day. Notably, for organizations that have adopted Salesforce Sales Cloud for Slack, this integration alone accounts for 23 minutes saved per user daily.
- The director of partnerships said: “We have quite a lot of workflows and automation. ... We also have a lot of integrations that connect into Slack from our other sales tools and systems, so things like account mapping [and] we have Salesforce connected for leads, lead scoring, support tickets, and support cases. [We are] using Slack as an interface into other enterprise apps that are all now consolidated in Slack.”
- When asked how much time is saved using Slack, the chief revenue officer said: “One to 3 hours a week that we are accomplishing tasks in

“If it weren’t for Slack, they would probably have to hire another one of me. Slack helps you really extend yourself. ... You’re probably reducing your internal meeting time by at least 50% to 60%. ... The only time I see internal emails nowadays is when it’s corporate communications or people that are new to the business that just haven’t adopted Slack yet. You’re talking an 80%, 90% reduction in internal emails.”

Regional director of sales, construction

“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?”



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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 regional director of sales said: “Salesforce opportunities and the accounts are tied into [Slack] channels and the teams are able to update status or notes or information within the CRM record directly from the Slack conversations. Updates on progress on certain opportunities, if it’s reaching towards negotiation stage or out for signature — those automations are also in Slack, which eliminates the need for a lot of formal writing and updating people on how deals are progressing or changing. That just alleviates a lot of administrative work on our account executives.”

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 28 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.
- Half of the time saved is used for other productive, value-added activities.

Risks. This benefit may vary across organizations due to differences in:

- Slack adoption across sales teams and other personas.
- The ability to integrate key business applications.

Results. To account for this risk, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1.9 million.

Improved Productivity Of Sales Team					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Sales team employees	Composite	400	400	400
B2	Hours saved per day with Slack	Survey	0.47	0.49	0.51
B3	Subtotal: Hours saved per year	B2*250	117.5	122.5	127.5
B4	Productivity recapture	Composite	50%	50%	50%
B5	Fully burdened hourly salary for a midcareer technical sales representative	TEI standard	\$35.00	\$35.00	\$35.00
Bt	Improved productivity of sales team	B1*B3*B4*B5	\$822,500	\$857,500	\$892,500
	Risk adjustment	↓10%			
Btr	Improved productivity of sales team (risk-adjusted)		\$740,250	\$771,750	\$803,250
Three-year total: \$2,315,250			Three-year present value: \$1,914,258		

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 of and responsive to the needs of customers, leading to larger deals. Survey respondents reported that the spend per existing customer increased \$2,360 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.
- For each existing customer deal, \$2,360 of incremental revenue is attributable to Slack.

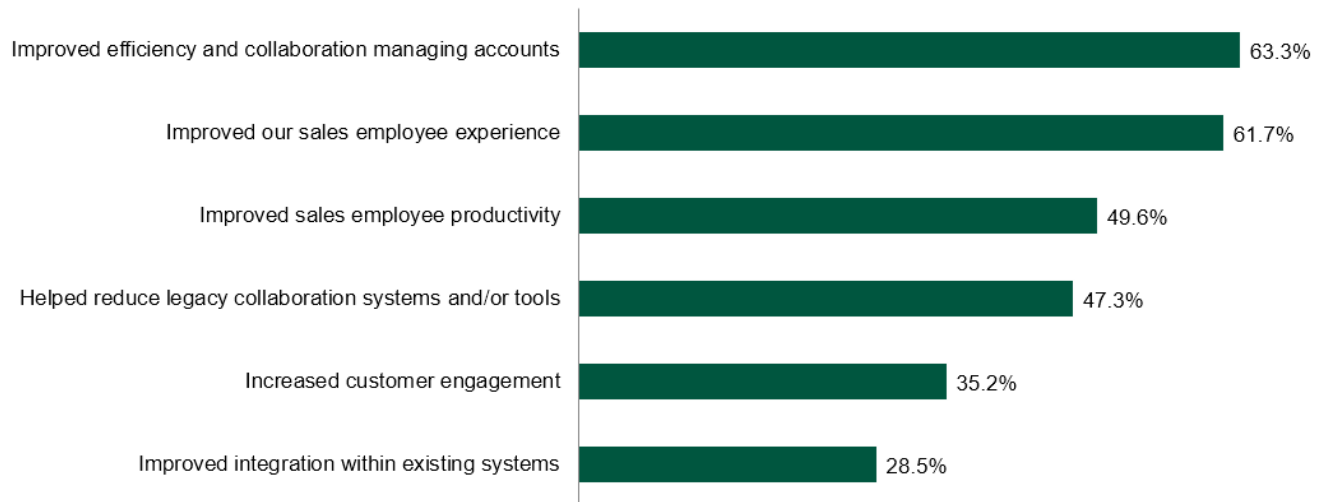
Risks. This benefit may vary across organizations due to differences in:

- The prevalence of existing customer renewals.
- The ability of an organization to add features or increase pricing on existing customer deals.
- The impact of cross-functional deal support on prospective deals.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$161,000.

Increased Revenue Due To Larger Deal Size					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Deals closed	Survey	627	654	654
C2	Portion of deals closed for existing customers	Composite	50%	50%	50%
C3	Subtotal: Number of existing customer deals (rounded)	C1*C2	314	327	327
C4	Increase in existing customer deal amount attributed to Slack	Survey	\$2,360	\$2,360	\$2,360
C5	Subtotal: Incremental revenue	C3*C4	\$741,040	\$771,720	\$771,720
C6	Gross margin	Composite	10%	10%	10%
Ct	Increased revenue due to larger deal size	C5*C6	\$74,104	\$77,172	\$77,172
	Risk adjustment	↓15%			
Ctr	Increased revenue due to larger deal size (risk-adjusted)		\$62,988	\$65,596	\$65,596
Three-year total: \$194,181			Three-year present value: \$160,757		

“Thinking about the impact of Slack on your organization's employee experience and productivity in sales, which of the following outcomes have your organization experienced?”



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

UNQUANTIFIED BENEFITS

Interviewees and survey respondents mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved recruiting process.** Survey respondents reported that prior to Slack, it took 7.2 weeks on average to hire qualified sales employees. With Slack, it fell to 5.4, for an improvement of 1.8 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 chief revenue officer said, “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 16% reduction in the time to onboard and train new employees and a 21% 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 partnerships said: “The expectation is you’re fully ramped [by six months], but the closer we have that to 90 days, the better. That way they’re not just up and running but adding value and really making the stuff happen — that number has been nudging closer and closer [to 90 days] as we get better at a hybrid digital onboarding experience [with Slack].”

- **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.”

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.”

- **Employee morale.** The interviewees and survey respondents praised the impact of Slack on employee morale. The chief revenue officer 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.”

More than 60% of the survey respondents reported an improved employee experience and retention.

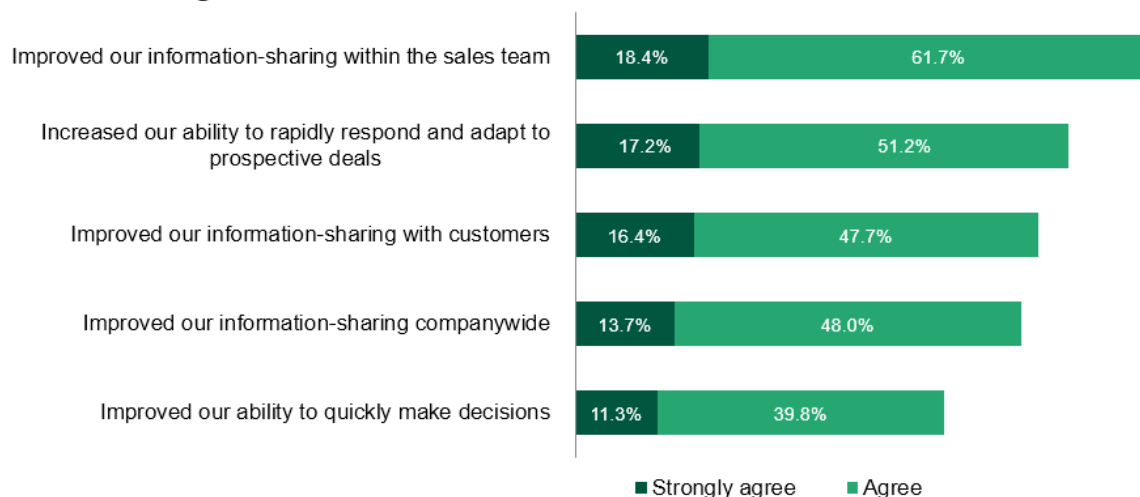
FLEXIBILITY

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

- **Optimization of licensing spend on other applications.** Survey respondents reported that they reduced the number of legacy solutions used by sales teams. Estimates for the cost of the discontinued systems averaged \$204,000, with a median of \$87,000.
- **Customization of Slack channels and application integrations to suit the 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, hobbies, 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](#)).

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



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Slack subscription costs	\$0	\$63,000	\$63,000	\$63,000	\$189,000	\$156,672
Etr	Internal costs for implementation and maintenance	\$31,104	\$224,640	\$224,640	\$224,640	\$705,024	\$589,750
	Total costs (risk-adjusted)	\$31,104	\$287,640	\$287,640	\$287,640	\$894,024	\$746,422

SLACK SUBSCRIPTION 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 following about the composite organization:

- Slack is deployed to 400 sales users.
- Subscriptions costs are \$150 per user per year.

Risks. Annual fees to Slack will vary based on the number of users and the type of plan selected.

Results. To account for risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$157,000.

Slack Subscription Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Sales users	Composite	\$0	400	400	400
D2	Subscription cost per user	Composite	\$0	\$150	\$150	\$150
Dt	Slack subscription costs	D1*D2	\$0	\$60,000	\$60,000	\$60,000
	Risk adjustment	↑5%				
Dtr	Slack subscription costs (risk-adjusted)		\$0	\$63,000	\$63,000	\$63,000
Three-year total: \$189,000			Three-year present value: \$156,672			

“I can’t imagine we would have undertaken a globalization strategy like we had if not for a tool like Slack.”

— Director of partnerships, technology

INTERNAL COSTS FOR IMPLEMENTATION AND MAINTENANCE

Evidence and data. Interviewees and survey respondents indicated that there were internal efforts around planning, implementation, and ongoing maintenance. These efforts included the development of best practices such as the number of channels and naming conventions, access rights, data migration, and change management, as well as periodic maintenance and support of channels, and building and supporting new integrations into Slack.

Modeling and assumptions. Forrester assumes the following for the composite organization:

- The planning phase takes two months and includes three IT staff spending 20% of their time on planning.
- Implementation takes two months and includes one IT staff member spending 75% of their time on implementation.

- The fully burdened monthly cost for each IT staff member is \$9,600.
- Multiple people are involved in building and maintaining integrations and Slack channels, totaling 1.5 FTEs.
- The fully burdened annual cost for an IT FTE is \$124,800.

Risks. This cost can vary across organizations due to differences in:

- The size and structure of sales teams.
- The number of integrated applications.

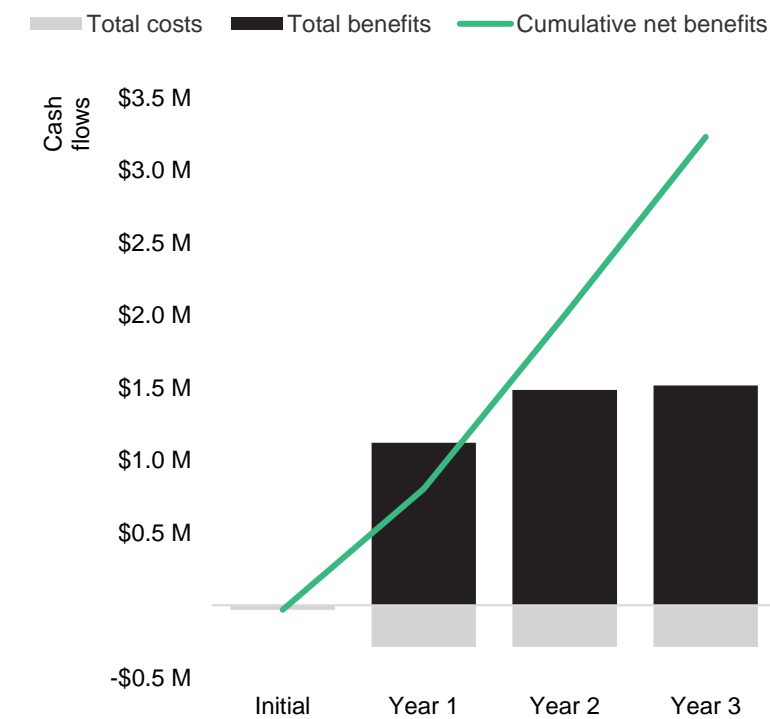
Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of \$590,000.

Internal Costs For Implementation And Maintenance						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Time required for planning implementation (months)	Interview	2			
E2	IT staff involved in planning implementation	Interview	3			
E3	Percentage of IT staff time allocated to planning implementation	Interview	20%			
E4	Fully burdened monthly cost of an IT FTE	TEI standard	\$9,600			
E5	Subtotal: Costs for planning implementation	$E1 \times E2 \times E3 \times E4$	\$11,520			
E6	Time required for conducting implementation (months)	Interview	2			
E7	IT FTEs conducting implementation	Interview	1			
E8	Percentage of IT FTE's time allocated to conducting implementation	Interview	75%			
E9	Fully burdened monthly cost of an IT FTE	TEI standard	\$9,600			
E10	Subtotal: Costs for conducting implementation	$E6 \times E7 \times E8 \times E9$	\$14,400			
E11	IT FTEs building and maintaining integrations and maintaining Slack channels	Survey		1.5	1.5	1.5
E12	Fully burdened annual salary for developer and engineer	TEI standard		\$124,800	\$124,800	\$124,800
E13	Subtotal: Maintenance costs	$E11 \times E12$		\$187,200	\$187,200	\$187,200
Et	Internal costs for implementation and maintenance	$E5 + E10 + E13$	\$25,920	\$187,200	\$187,200	\$187,200
	Risk adjustment	↑20%				
Etr	Internal costs for implementation and maintenance (risk-adjusted)		\$31,104	\$224,640	\$224,640	\$224,640
Three-year total: \$705,024			Three-year present value: \$589,750			

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	(\$31,104)	(\$287,640)	(\$287,640)	(\$287,640)	(\$894,024)	(\$746,422)
Total benefits	\$0	\$1,127,238	\$1,485,346	\$1,516,846	\$4,129,431	\$3,391,950
Net benefits	(\$31,104)	\$839,598	\$1,197,706	\$1,229,206	\$3,235,407	\$2,645,528
ROI						354%

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



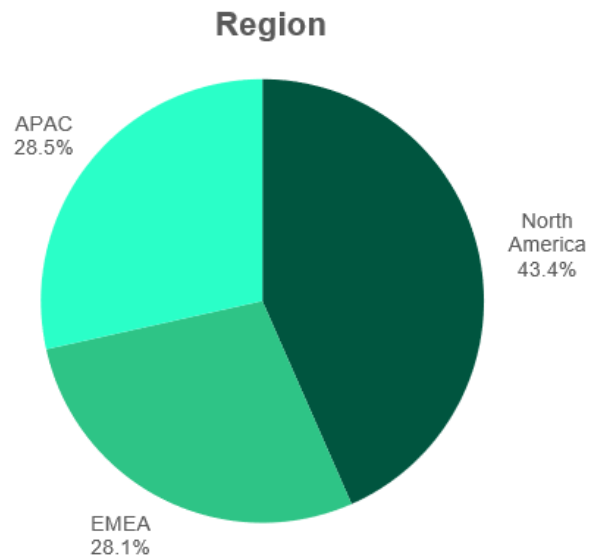
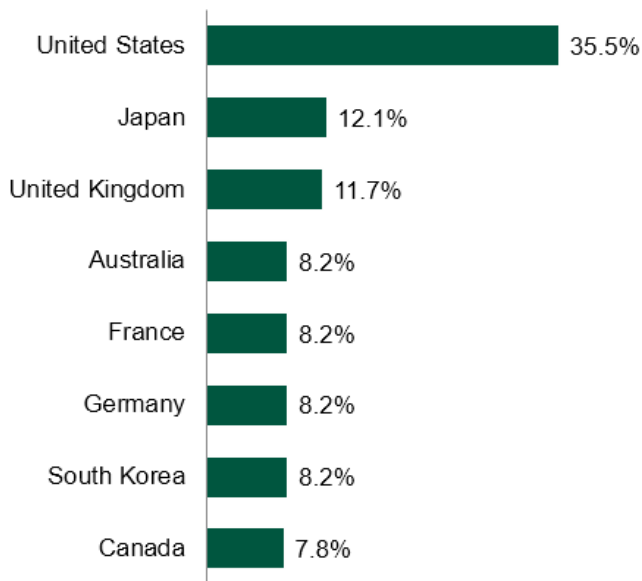
The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Appendix B: Interview And Survey Demographics

Interviews					
Role	Industry	Region	Annual Revenue	Total Employees	Sales Team
Head of transformation	Technology	Global; headquartered in North America	\$60 billion	200,000+	25,000+
Director of partnerships Chief revenue officer	Technology	Global; headquartered in North America	\$1 billion	3,000	300
Regional director of sales	Construction	North America	\$515 million	4,000	650
Vice president	Technology	Global; headquartered in North America	\$144 million	600	230

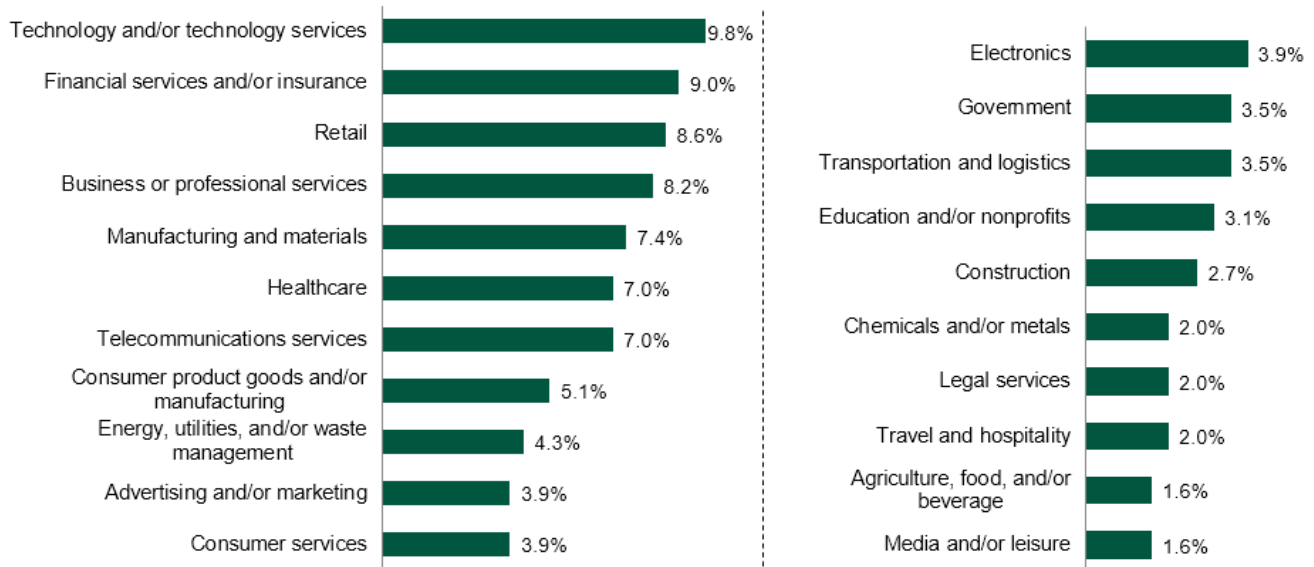
Survey Demographics

“In which country are you located?”



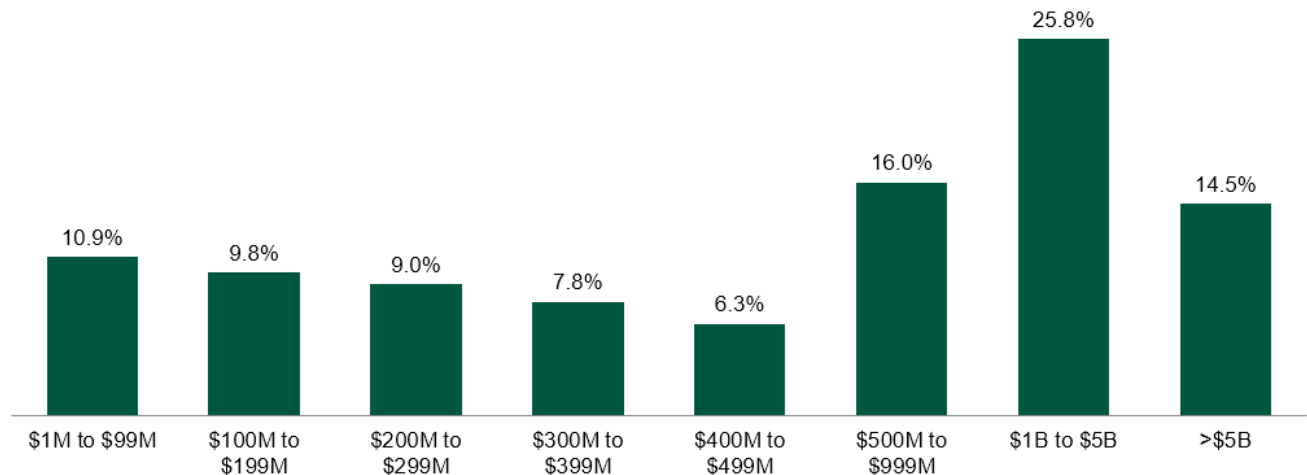
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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



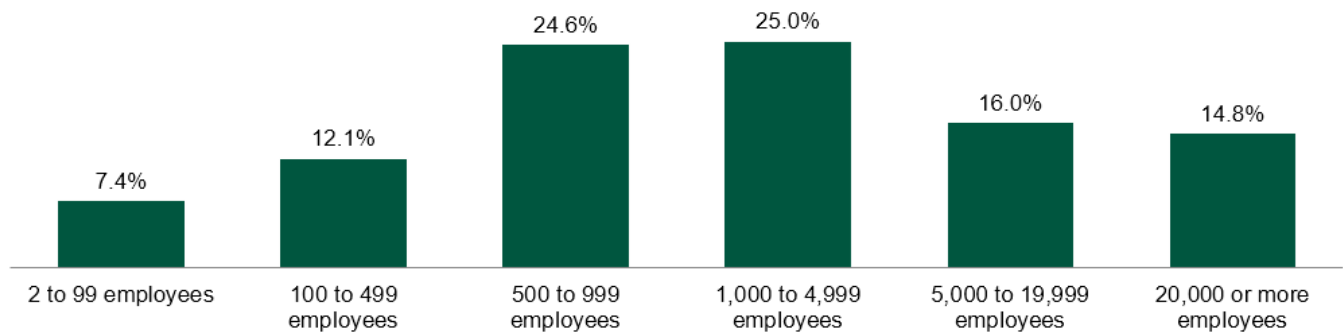
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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



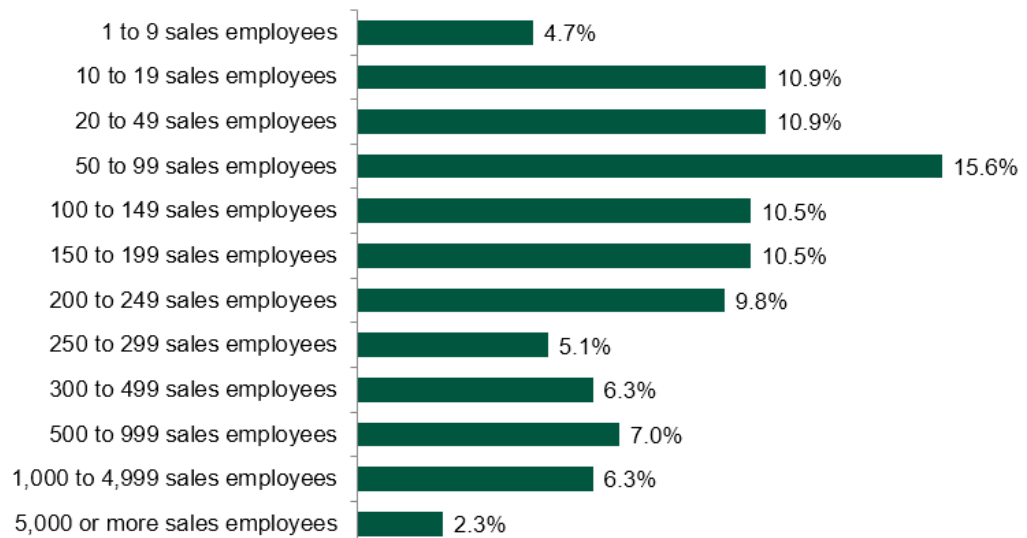
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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



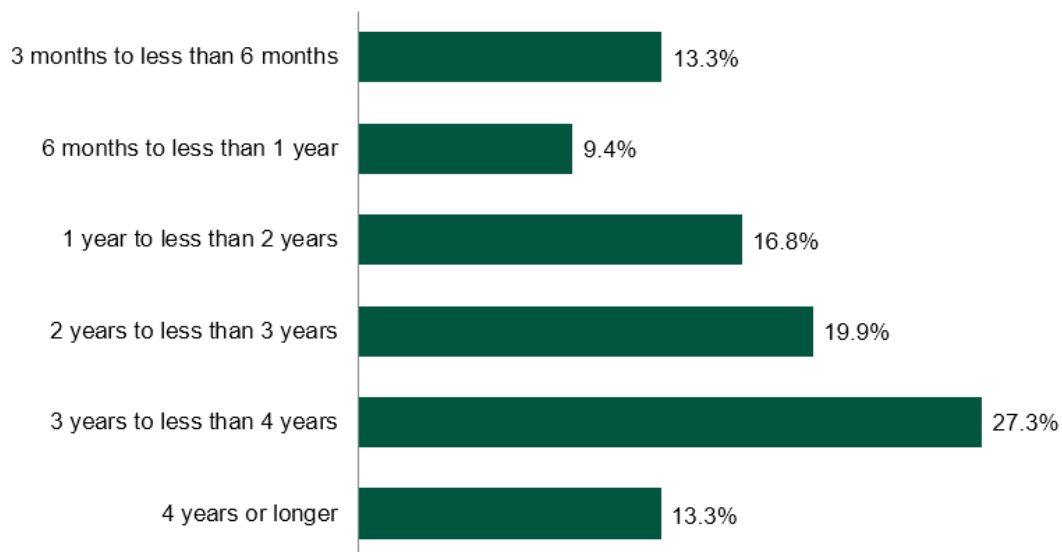
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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



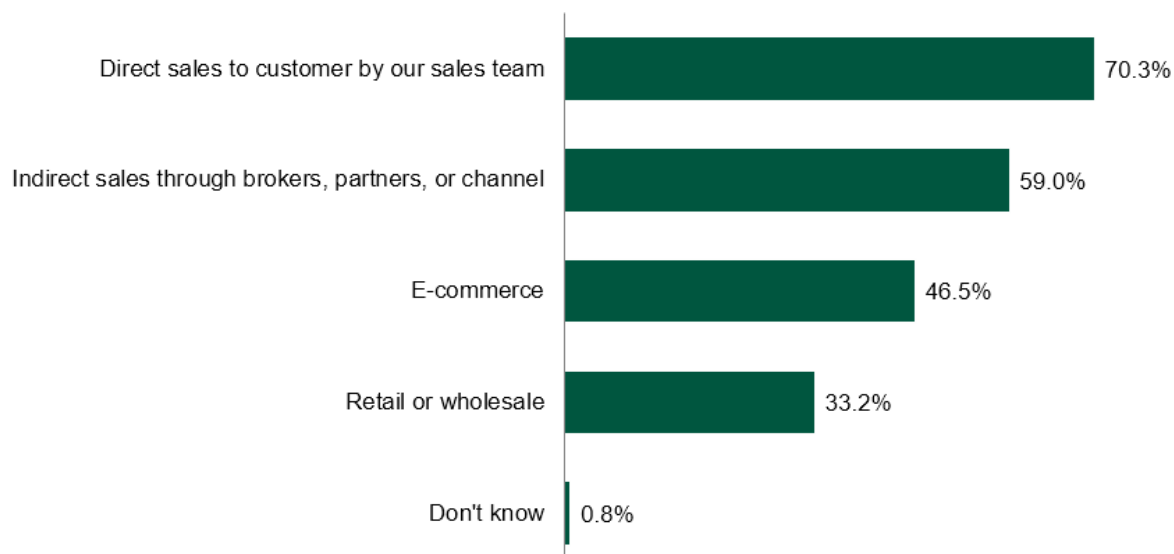
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
 Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

“How long has your organization been using Slack for sales-related activities?”



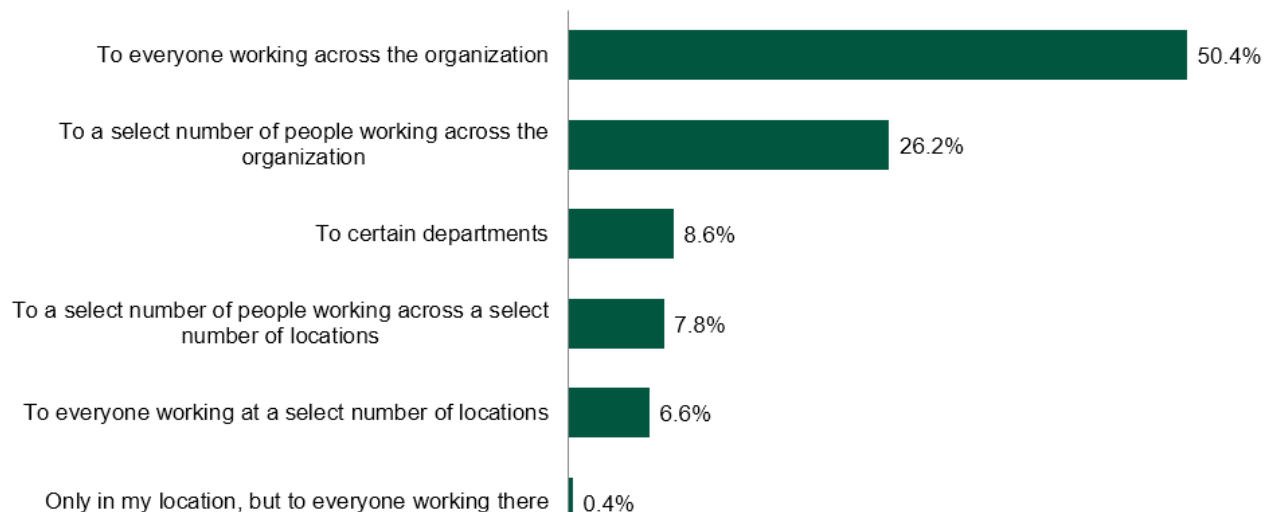
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

“What does your sales organization look like today?”



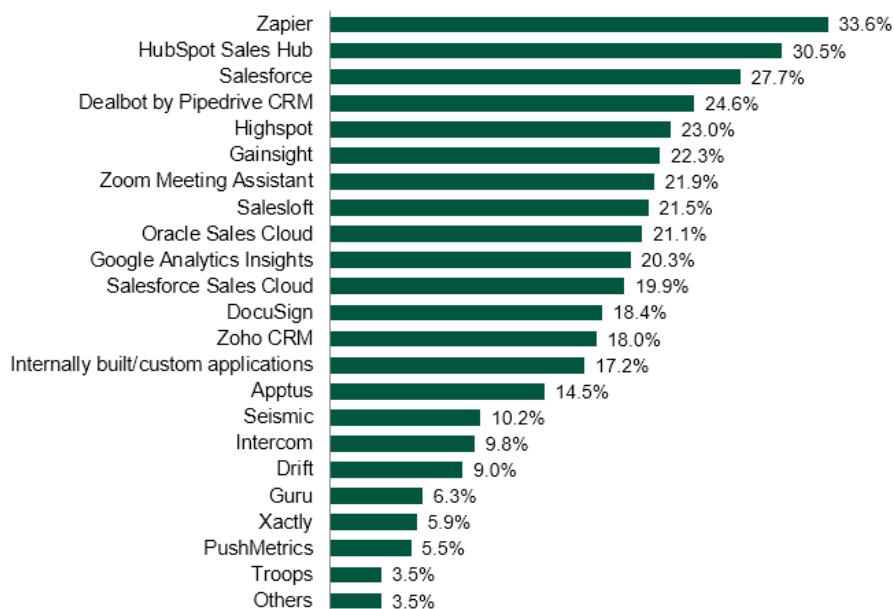
Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

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



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

“What sales tools or systems have you integrated into Slack?”



Base: 256 worldwide decision-making technology or business stakeholders involved in implementing Slack at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Slack, July 2023

Appendix C: 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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