The Total Economic Impact™ Of Dovetail

Cost Savings And Business Benefits Enabled By Dovetail

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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.

Executive Summary

Beyond the realm of research, departments like design, customer experience, and product development actively gather customer insights to inform their decisions. A powerful customer intelligence platform equips organizations with the tools to efficiently collect valuable qualitative data. Enterprises leverage Dovetail to boost efficiency, gain better visibility into all projects, and ultimately, achieve improved outcomes with a positive impact on profit.

Dovetail is a customer intelligence platform that empowers organizations to centralize data storage, boost collaboration, analyze qualitative data, and share insights across teams. Initially designed to help organizations centralize customer insights for better business decisions, Dovetail has become a tool for designers and product managers across various departments. It transforms how teams work together, driving innovation and efficiency throughout the organization.

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

Return on investment (ROI)
236%

Net present value (NPV)
$1.59M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Dovetail. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is an IT services organization with 10,000 employees and revenue of $1 billion per year.

Interviewees reported that prior to implementing Dovetail, their organizations lacked a centralized system for collecting and sharing customer research projects and insights, limiting the impact of those projects to specific departments. They relied on general storage solutions not designed for research purposes, making it difficult to store and retrieve documents efficiently. Additionally, there was no tool available to assist the primary users doing research

projects, like researchers, designers and product managers in analyzing videos, transcripts, surveys, or other formats of raw research data. Primary users were burdened with administrative tasks, such as transcript checking, which reduced their productivity and affected the quality of output. Internal stakeholders also had limited access to project results.

Following the investment in Dovetail, interviewees noted that their stakeholders gained a powerful tool for analyzing and storing research files. This allowed more broader users like product leaders, designers and customer experience leaders to easily access research products. Dovetail was seamlessly integrated into their organizations, fostering an innovative environment.

KEY FINDINGS

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

- **Time reduction on research project processes saves over $1.05 million in three years.** Primary users utilize Dovetail to streamline research project analysis, significantly reducing time spent on transcription checks, insights tagging, video clipping, cross-video analysis, and presentation creation. Over three years, the composite organization saves 36,000 hours on project processes**.**

- **Cost savings from fewer duplicated projects amount to $292,000 in three years.** Dovetail provides a centralized location for storing projects and sharing insights. This allows the composite organization to easily track past projects and search for existing insights, leading to fewer duplicated projects. The organization experiences a 1% to 2% reduction in total projects due to deduplication, depending on the deployment phase.

- **Cost savings from retiring legacy solutions and services total $416,000 in three years.** With the deployment of Dovetail, the composite organization can retire legacy research solutions, including data repositories and tools, as well as transcription services related to research videos.

- **Increased primary user capacity generates an additional $507,000 in profit for the composite organization.** By using Dovetail, researchers in the composite organization experience a 30% increase in capacity. This enables them to undertake more product iteration projects, leading to additional profit for the organization.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Increased efficiency in reporting.** Dovetail simplifies the process of gathering necessary customer data and tracking project progress, making it easy to share updates with leadership. Primary users can save time and effort in preparing status reports.

- **Enhanced data compliance through built-in policies.** Organizations can customize data policies within Dovetail to ensure that sensitive research data remains within the system for a specified period, thereby ensuring data compliance.

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

- **Dovetail licensing cost.** The cost of Dovetail licensing is based on the number of seats in the composite organization. With 100 primary users and viewer seats, the total licensing cost totals $426,000 over three years.

- **Implementation and training.** Implementing Dovetail takes two weeks, involving both the IT and research leads. All primary users participate in a 2-hour training session. The total cost for implementation and training is $21,000 for the composite organization.

- **Ongoing management.** The composite organization designates one research lead as Dovetail's system owner. On average, managing the solution requires 50% of their effort. Over three years, the ongoing management costs the composite organization $228,000.

The representative interviews and financial analysis found that a composite organization experiences benefits of $2.27 million over three years versus costs of $675,000, adding up to a net present value (NPV) of $1.59 million and an ROI of 236%.

> "It's always been at the core of our product development philosophy to include the customer and user perspective. Dovetail has allowed that perspective to be richer, which means that the products themselves can be better targeted so jobs can be done or user end goals [be achieved] more effectively."
>
> **DESIGN RESEARCH LEAD, IT SERVICES**

Return on investment
(ROI)

236%

Benefits PV

$2.27M

Net present value
(NPV)

$1.59M

Payback

<6 months

Benefits (Three-Year)

Time savings on research process	$1.1M
Cost savings on reduction of duplicated projects	$291.6K
Cost savings on retired solution and services	$415.7K
Additional profit with increased primary user capacity	$506.6K
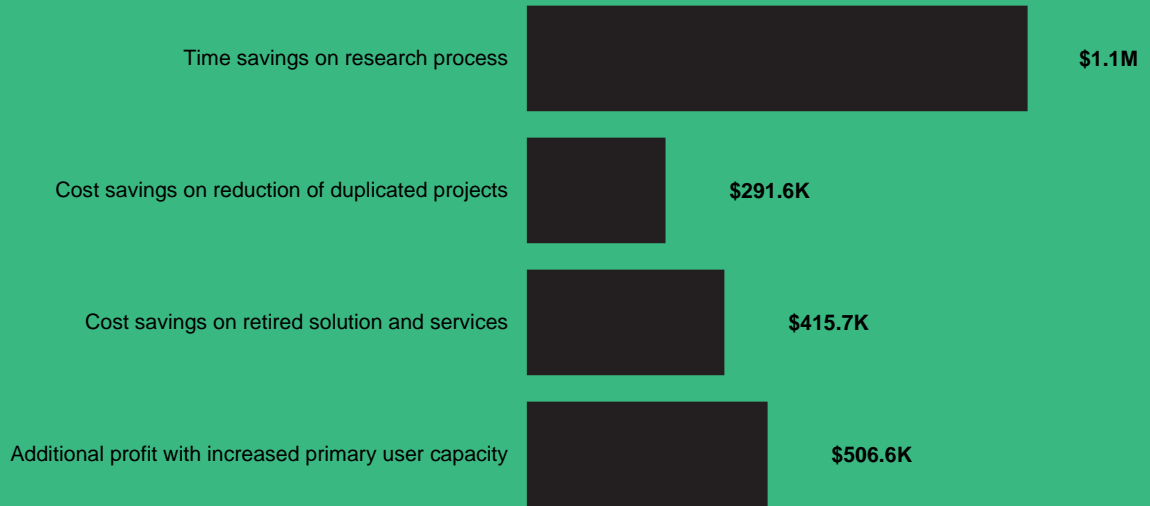
TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Dovetail.

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 Dovetail can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Dovetail 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 Dovetail.

Dovetail 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.

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

Due Diligence
Interviewed Dovetail stakeholders and Forrester analysts to gather data relative to Dovetail.

Interviews
Interviewed four people at organizations using Dovetail to obtain data about 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 interviewees.

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 Dovetail Customer Journey

Drivers leading to the Dovetail investment

Interviews				
Role	**Industry**	**Region**	**Employees**	**Annual Revenue**
Associate director of UX research	Telematics	Headquartered in the US, global operations	3,500	$735.2 million
Head of research and insights	Healthcare	Headquartered in the UK, global operations	80,000	$6.4 billion
Design research lead	IT services	Headquartered in Australia, global operations	4,000	~$1 billion
User research lead	Energy	Headquartered in the UK, global operations	80,000+	~$200 billion

KEY CHALLENGES

Before deploying Dovetail, the interviewees' organizations faced several challenges despite providing some tools for their research departments. These challenges included:

- **Lack of a centralized insight platform.** Interviewees described the lack of a centralized system for storing and sharing customer research insights, which hindered the ability of the entire organization to benefit from them. Interviewees reported that using general storage tools for saving project insights and project files led to disorganization. The associate director of UX research from a telematics company shared: "It was very difficult to create a standardized practice because there were so many different folders and files. At one point, your team is set up a certain way. But later on, teams may shuffle. Six months down the line, a new team member may be onboard and didn't even know what folders to share at that point. A lot of that shift made it very difficult to track where all the work was going and who needed access at what time."

- **Low research efficiency due to lack of tools.** Interview recordings were the primary input for customer research projects, and primary users like researchers, product managers, and design leads spent considerable time checking transcripts, analyzing

content, performing cross-video analysis, and producing research output. There was no tool to help them process videos in batches and boost their efficiency. The user research lead in an energy company said, "The first thing was fixing the transcript to the video, which of course takes a while, and then I go and do the tagging. The only way was manually tagging back in the day, and then you do the affinity mapping with the postings. I have to read the transcripts through the whole thing and tag it, highlight it, and then map it back to the videos. It wasn't that easy."

- **Difficulty in sharing project insights outside the research department.** Without a proper system for saving them, customer research projects insights could not be effectively leveraged by other teams, which limited the impact of projects. The associate director of UX research from the telematics company said: "We didn't have a centralized way, nor did we have a centralized reporting structure that would foster a lot of those collective environments for us to be able to share insights back and forth. Essentially, the learning stayed in the group that was going to be using them most directly, and they didn't impact outwardly past that scope." In other organizations, the storage tools used for project insights were not user-friendly for nonresearchers, adding another barrier to sharing research insights.

SOLUTION REQUIREMENTS

The interviewees' organizations sought a solution that could:

- **Provide a centralized platform.** Interviewees sought a solution that would facilitate the organization of project documentation and storage of project insights, ensuring easy access for both primary users (researchers or product owners) and secondary users (cross-department team members).

- **Enhance efficiency.** The interviewees wanted to improve the efficiency of primary users in administrative or basic research tasks.

- **Adapt to existing workflows.** Any platform needed to be flexible enough to integrate seamlessly with existing workflows and contribute to creating an innovative environment within the organization.

- **Ensure user-friendliness.** A solution that would be user-friendly for both primary and secondary users was key to many interviewees' organizations.

> "Dovetail is more attractive to nonresearchers. Other research repositories are probably more fit for researchers alone. The ultimate consumers are the people who consume the insights, right? So that should be our main target, and I feel like Dovetail provides a better interface to access for nonresearchers to access our insights."
>
> **HEAD OF RESEARCH AND INSIGHTS, HEALTHCARE**

COMPOSITE ORGANIZATION

Based on the interviews, 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 interviewees' organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The US-based IT services company has an annual revenue of $1 billion. It boasts a strong brand, global operations, and a large base of business customer. Internally, the organization has a substantial team dedicated to conducting research projects aimed at supporting product iteration, gaining customer insights, and generating market analysis. The company employs approximately 10,000 people worldwide, with 100 primary users of Dovetail who are actively engaged in research projects.

Deployment characteristics. Prior to deploying Dovetail, the composite organization utilized various tools for the research team, including storage solutions and transcription services. The organization begins using Dovetail in Year 1, initially covering 50% of the projects, and scales to 100% by Year 2.

Key Assumptions

$1 billion revenue
10,000 employees
100 Dovetail primary users

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	Time savings on research process	$259,200	$518,400	$518,400	$1,296,000	$1,053,548
Btr	Cost savings on reduction of duplicated projects	$51,000	$204,000	$102,000	$357,000	$291,593
Ctr	Cost savings on retired solution and services	$144,900	$180,000	$180,000	$504,900	$415,724
Dtr	Additional profit with increased primary user capacity	$124,632	$249,264	$249,264	$623,160	$506,581
	Total benefits (risk-adjusted)	$579,732	$1,151,664	$1,049,664	$2,781,060	$2,267,446

TIME SAVINGS ON RESEARCH PROCESS

Evidence and data. Before implementing Dovetail, project owners spent considerable time on nonessential tasks such as file storage and retrieval, editing research interview recordings, and checking transcripts. These tools were ineffective in enabling primary users like researchers, product managers, and designers to focus on their core research work. With Dovetail, interviewees reported significant time savings on these tasks, allowing them to reallocate time to essential project activities.

- Although saving research project files may seem simple, it was a bottleneck for the interviewees' organizations. Without enhanced policies and designated tools, raw and output files for projects were disorganized. Dovetail streamlined the organization and retrieval of input and output files for both researchers and nonresearchers. The head of research and insights at a healthcare organization shared: "I would say at least 20% of the time would be saved not only because we're saving all the research raw data points into Dovetail but also research reports. That alone saves us time just going through a file system. … Dovetail [also] gives us the storylines or insights [of the projects]."

  The design research lead at an IT services company added: "Dovetail makes it much easier to search everything that's occurring as opposed to things getting siloed or hidden

purely because somebody forgot to share it with everyone. It's less about minutes to find that information and more of a question of whether you find the information at all. The efficiency comes from the fact that you can find the data at all compared to not finding it."

- Dovetail provided seamless integration with other tools commonly used by researchers for recording or analysis, eliminating the need to switch between multiple platforms. The design research lead at the IT services company noted: "We use a few different video call tools depending on our audience and what we're doing. We also used a separate survey tool. With Dovetail, it was quite seamless among those platforms."

- Dovetail can automatically transcribe and summarize video or audio files, saving time by eliminating manual transcription and editing. It also offers cross-video analysis to identify patterns or similarities across videos and projects. The tool could perform advanced analysis by breaking down raw data into single quotes and creating short video or audio clips, making it easier to identify key themes. The associate director of UX research at a telematics company compared the process between their prior solution and Dovetail: "For one customer interview, you had to do at least 2 hours of analysis of reviewing notes and do additional thinking and connecting dots — general high-level analysis. The way we're working on individual analysis now with Dovetail probably cuts that down to an hour per interview. It saves about 50% on the individual analysis stage, and also a smaller fraction of cross-functional teamwork that's being done off the heels of that. It's gotten a different level of insights to us much faster and with more confidence."

- Dovetail can export analysis insights into various presentation formats based on project needs. Teams can collaborate to map out themes and synthesize findings, aiding in the creation of comprehensive project summaries. The head of research and insights at the healthcare company commented: "The production of presentations is really useful; [Dovetail] aids your final presentation. It could be [in] PowerPoint, it could be a Canva kind of presentation board, or it could be a live presentation. It enables us to do that significantly quicker."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- With 100 primary users conducting research projects, the composite conducts 600 projects internally each year. In the first year, half of the projects are fully integrated into

Dovetail, scaling to 100% by the second and third years. On average, each project contains 10 interview videos.

- Primary users save 30 minutes on transcription checks, another 30 minutes on insights tagging, and an additional hour on video clipping. In total, primary users save 2 hours on each video process and analysis.

- Additionally, primary users save 2 hours on cross-video analysis within each project and another 2 hours on project presentation creation with Dovetail. In total, 4 hours can be saved on project analysis.

- The fully burdened hourly rate of primary users is $80, with a productivity recapture rate of 50%.

Risks. The expected financial impact is subject to risks and variations based on several factors that may reduce or slow the recognition of this benefit, including:

- **The adoption rate of Dovetail.** The better the internal adoption rate of Dovetail, the greater the realization of the benefit.

- **The way the company conducts research projects and the input of the research projects.** Dovetail has enhanced capabilities to process video and audio files and is improving its ability to process other types of research input, such as survey data. Depending on the types of research inputs, the impact of Dovetail on project efficiency might vary.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of more than $1.1 million.

> "Now, particularly with the more recent changes to video highlights and summaries, you could go from taking 1 to 2 hours just to get some summary clips back into a short playback to being able to do that in under an hour. For each researcher, we're talking about easily saving between 5 to 7 hours per project. It's pretty substantial."
>
> **DESIGN RESEARCH LEAD, IT SERVICES**

Time Savings On Research Process					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Projects in Dovetail each year	Composite	300	600	600
A2	Videos per project	Composite	10	10	10
A3	Total videos processed in Dovetail each year	A1*A2	3,000	6,000	6,000
A4	Time reduction on transcription check	Interviews	0.5	0.5	0.5
A5	Time reduction on tagging insights	Interviews	0.5	0.5	0.5
A6	Time reduction on highlight video clipping	Interviews	1	1	1
A7	Total video processing time reduction with Dovetail per video	A4+A5+A6	2	2	2
A8	Time reduction on cross-video analysis	Interviews	2	2	2
A9	Time reduction on presentation creation	Interviews	2	2	2
A10	Total time reduction on analysis with Dovetail per project	A8+A9	4	4	4
A11	Total time reduction with Dovetail per year	A7*A3+A10*A1	7,200	14,400	14,400
A12	Fully burdened hourly rate of primary Dovetail users	Composite	$80	$80	$80
A13	Productivity recapture rate	TEI methodology	50%	50%	50%
At	Time savings on research process	A11*A12*A13	$288,000	$576,000	$576,000
	Risk adjustment	↓10%			
Atr	Time savings on research process (risk-adjusted)		$259,200	$518,400	$518,400
	Three-year total: $1,296,000		**Three-year present value: $1,053,548**		

COST SAVINGS ON REDUCTION OF DUPLICATED PROJECTS

Evidence and data. Without a comprehensive view of all ongoing projects, interviewees'
organizations were at risk of duplicating efforts, which was costly both financially and in terms of
human resources. Interviewees highlighted that one of the key reasons for deploying Dovetail
was to prevent the duplication of projects.

- The design research lead at the IT services company shared their organization's
  rationale for migrating projects to Dovetail. They said, "[Our organization had] the desire
  to reuse and recut some of those insights so that we could get an aggregate view of
  what people were learning and reduce repeated research."

- The head of research and insights at the healthcare organization said, "I brought Dovetail into the company as a way for us to consolidate our insights into a manageable repository to ensure we had a centralized way to manage our data but also to govern the insights, whether for quality issues, aggregating historical research, or mitigating unnecessary research." After deploying Dovetail, the healthcare organization experienced a 50% decrease in the risk of project duplication, eliminating at least five redundant projects each year.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization begins leveraging Dovetail for 50% of its annual projects in Year 1, scaling to 100% in Years 2 and 3.

- In Year 1, primary users familiarize themselves with Dovetail, and with the limited number of projects in the system, 1% of total projects as duplicated projects can be avoided.

- In Year 2, with more projects in the system and full adoption by primary users, the percentage of duplicated projects avoided with Dovetail increases to 2%.

- In Year 3, the percentage of duplicated projects avoided with Dovetail is 1% because the reduction in duplicated projects is more due to organizational procedures and practices rather than the tool itself.

- The average internal cost per project is $20,000.

Risks. The expected financial impact is subject to risks and variations based on several factors that may reduce or slow the recognition of this benefit, including:

- The adoption rate of Dovetail.

- The manner in which the organization leverages Dovetail.

- The internal procedures and practices of researchers regarding project initiation.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $292,000.

	Cost Savings On Reduction Of Duplicated Projects				
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Projects per year	A1	300	600	600
B2	Percentage of duplicated projects avoided with Dovetail	Interviews	1.0%	2.0%	1.0%
B3	Total duplicated projects avoided	B1*B2	3	12	6
B4	Average cost per project	Interviews	$20,000	$20,000	$20,000
Bt	Cost savings on reduction of duplicated projects	B3*B4	$60,000	$240,000	$120,000
	Risk adjustment	↓15%			
Btr	Cost savings on reduction of duplicated projects (risk-adjusted)		$51,000	$204,000	$102,000
	Three-year total: $357,000		**Three-year present value: $291,593**		

COST SAVINGS ON RETIRED SOLUTION AND SERVICES

Evidence and data. In the previous environment, the interviewees' organizations used various research tools primarily for project management and insight storage. Most organizations also relied on general storage solutions for project files. By transitioning to Dovetail, these tools can be gradually phased out.

- The head of research and insights at the healthcare organization shared that they previously spent $80,000 on another research repository tool, which has now been replaced by Dovetail.

- In addition to vendor solutions, interviewees' organizations often used transcription services from third-party providers. Over the years, interviewees reported that Dovetail allowed them to replace third-party transcription providers. The design research lead at the IT services company commented, "The quality of the transcription out of Dovetail is better … and we can [directly] create highlights and snippets straightaway from that research with Dovetail."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization retires legacy research tools, which cost $75,000 annually based on size and usage.

- The cost of third-party transcription services for a 1-hour recording is $13, based on industry averages. Projects loaded into Dovetail eliminate the need for transcription services.

Risks. The expected financial impact is subject to risks and variations based on several factors that may reduce or slow the recognition of this benefit, including:

- The adoption rate of Dovetail and the number of videos and projects in the system.

- Whether recordings or projects contain more specialized terminology: A company may still require third-party transcription services or extensive checks on the transcriptions.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $416,000.

Cost Savings On Retired Solution And Services					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Cost of retired data repository and research tools	Interviews	$122,000	$122,000	$122,000
C2	Cost of transcription services per video	Interviews	$13	$13	$13
C3	Total cost on video transcription	C2*A3	$39,000	$78,000	$78,000
Ct	Cost savings on retired solutions and services	C1+C3	$161,000	$200,000	$200,000
	Risk adjustment	↓10%			
Ctr	Cost savings on retired solution and services (risk-adjusted)		$144,900	$180,000	$180,000
	Three-year total: $504,900		**Three-year present value: $415,724**		

ADDITIONAL PROFIT WITH INCREASED PRIMARY USER CAPACITY

Evidence and data. In the previous environment, interviewees often faced a shortage of research resources, preventing certain projects from being carried out due to limited capacity. This had a negative impact on the company's top line, especially for product-related or customer-related projects. With the deployment of Dovetail, primary users gained more capacity due to the efficiency savings provided by the tool, enabling them to undertake more projects and contribute to additional profit.

- Interviewees reported that primary users of Dovetail experienced a 30% increase in capacity. The head of research and insights at the healthcare organization described this as increased speed to market: "Instead of taking days to analyze the results, you get it almost instantly per session. In the past, we had to manually track the results, and it would probably take at least a week, if not more. Now, the production time alone of saving three days or more is significant to speed to market. The sooner you capture value in the market, the sooner you get a return on investment. So that alone I would say speeds [projects] up by at least 30%." The design research lead at an IT services company described it as headcount savings: "Without Dovetail, we would either need more researchers, or we would just have to accept poor quality. We would probably be talking about an additional five to 10 researchers, which is 30% more."

- With increased capacity, primary users were able to carry out more projects, leading to increased profitability for the organization. The design research lead at the IT services company shared: "There are certainly specific projects that I can think of that have dollar signs attributed to them. We definitely had a couple of million-dollar-plus outcomes from projects utilizing Dovetail. On average, the projects lead to profits between $300,000 and $900,000, depending on the size of the project. The work in Dovetail is very early on in the product development lifecycle, so the attribution rate to Dovetail is relatively low."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Ten percent of total research projects are related to product iteration, which has a direct impact on revenue.

- With the deployment of Dovetail, primary users have 30% additional capacity to carry out product iteration projects.

- Due to the nature of the research tool, the impact of Dovetail is more significant at the beginning stage of projects. Forrester attributes 30% of the revenue increase to Dovetail. On average, each project can generate $500,000 in revenue.

- According to New York University Stern School of Business, the average operating margin of IT services companies is 11.54%[2].

Risks. The expected financial impact is subject to risks and variations based on several factors that may reduce or slow the recognition of this benefit, including:

- The number of projects with a direct impact on revenue. The more research projects related to final products or services, the higher the impact on revenue.

- The size of the projects.

- The operating profit margin of the company.

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 $507,000.

	Additional Profit With Increased Primary User Capacity				
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Percentage of projects related to product iteration	Composite	10%	10%	10%
D2	Total product iteration projects before Dovetail	A1*D1	30	60	60
D3	Primary users' capacity increase with Dovetail	Interviews	30%	30%	30%
D4	Additional product iteration projects	D2*D3	9	18	18
D5	Attribution rate to Dovetail	Composite	30%	30%	30%
D6	Average revenue brought by new version of product	Interviews	$500,000	$500,000	$500,000
D7	Operating profit margin	Research data	11.54%	11.54%	11.54%
Dt	Additional profit with increased primary user capacity	D4*D5*D6*D7	$155,790	$311,580	$311,580
	Risk adjustment	↓20%			
Dtr	Additional profit with increased primary user capacity (risk-adjusted)		$124,632	$249,264	$249,264
	Three-year total: $623,160		**Three-year present value: $506,581**		

> "I think where we make the most impact would be within the product updates and innovation. Our team has dedicated innovation days [and] has also done a lot of product discovery work, and the work that we do in those spaces in Dovetail can connect to revenue, future revenue, or cost."
>
> **ASSOCIATE DIRECTOR OF UX RESEARCH, TELEMATICS**

UNQUANTIFIED BENEFITS

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

- **Increased efficiency in reporting.** Interviewees shared that Dovetail significantly improved the efficiency of reporting to leadership. Previously, the project team had provided periodic updates on project progress and ad hoc project status reports to leadership. Without a holistic view of all projects, preparing these reports was time-consuming. With Dovetail, primary users can quickly compile project progress and summaries into their chosen presentation format and share them with leadership. The associate director of UX research at the telematics company stated: "At the project level where I'm sitting now, our management may ask what studies we have on a particular topic, and it's nearly impossible to track all of that manually. We tried creating spreadsheets every year, but it was an incredible waste of time. [Dovetail's] genAI summary has been a game changer in those conversations. I can very quickly tell my senior director we ran this many projects on that topic, with this many hours. The genAI summary also highlights all of those different bullet points and summarizes them, so they no longer have to wait for our team to pull all of that information."

- **Enhanced data compliance through built-in policies.** Dovetail helps organizations maintain compliance with data policies. Research departments often handle sensitive data and information, which brings additional compliance requirements. Dovetail can implement specific policies to help organizations stay compliant. The user research lead in the energy company provided an example: "From an ethical perspective, you have to delete the data. Because you don't want to retain data or things that people have said for longer than what's needed. Dovetail is able to set up and delete the information automatically."

> "Let's say that in the manual process, it would take about a week for our collective team to summarize a year's worth of research. Now, I can get that same question answered to my senior director in 5 minutes. But it all depends on the front-loading and long maintenance of all of that work, and that's harder to communicate and translate into an outcome."
>
> **ASSOCIATE DIRECTOR OF UX RESEARCH, TELEMATICS**

FLEXIBILITY

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

- **Improving cross-department collaboration to enhance customer experience.** Customer interviews are a common method used in research projects to gather feedback. With Dovetail, project owners can create a repository for customer success team members to collect and address this feedback. The associate director of UX research at the telematics company shared: "We're now creating a pipeline of issue escalation with our support teams to hand over. They log in to Dovetail and take it from there, leading to potential new revenue with sales and marketing, as well as cost savings with support."

- **Promoting a customer-centric environment internally.** Interviewees' organizations believe in the power of research. Dovetail magnifies the impact of research projects from the research department to the whole organization by providing a user-friendly tool for nonresearchers or project owners to consume insights — and even to conduct research projects. The design research lead at the IT services company shared: "Dovetail acts as an amplifier for research here. We have far more research needs than the teams in their current size could ever serve. Dovetail helps to ensure that democratized research meets the minimum quality standard for acceptable research. If an engineer wanted to do research, they could. The templates are there. The tool is very easy to understand. It's about the quality of the democratized research, not necessarily the quality of the

research done by specialists." Overall, Dovetail helps organizations create a pro-research atmosphere.

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
Etr	Licensing	$0	$171,360	$171,360	$171,360	$514,080	$426,147
Ftr	Implementation and training	$21,344	$0	$0	$0	$21,344	$21,344
Gtr	Ongoing management	$0	$91,520	$91,520	$91,520	$274,560	$227,597
	Total costs (risk-adjusted)	$21,344	$262,880	$262,880	$262,880	$809,984	$675,088

LICENSING

Evidence and data. Dovetail operates on a subscription model, with pricing based on the number of primary users. Additionally, organizations may add viewer seats to provide access to Dovetail for nonprimary users to consume research outputs. The interviewees' organizations represent a diverse group of Dovetail customers.

Pricing may vary. Contact Dovetail for additional details.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization pays $163,200 annually for all primary user seats and nonprimary user seats to Dovetail.

Risks. The expected financial impact is subject to risks and variation based on several factors that may higher this cost, including:

- The number of primary and nonprimary users of Dovetail.

- The price strategy of Dovetail.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $426,000.

	Licensing					
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Licensing cost	Composite		$163,200	$163,200	$163,200
Et	Licensing	E1		$163,200	$163,200	$163,200
	Risk adjustment	↑5%				
Etr	Licensing (risk-adjusted)		$0	$171,360	$171,360	$171,360
	Three-year total: $514,080			**Three-year present value: $426,147**		

IMPLEMENTATION AND TRAINING

Evidence and data. Implementing Dovetail did not pose a significant challenge for organizations, according to the interviewees.

- Dovetail is easy to deploy from a technological standpoint. However, it requires effort to establish the necessary processes. Interviewees reported extensive communication with Dovetail throughout the implementation journey, with the Dovetail team working collaboratively with customers. The associate director of UX research at the telematics company shared: "Dovetail was really responsive in giving us visibility into the product so that we could plan how we would onboard our teams once we finally got all those security checks and procurement finalized. There was a lot of explaining to make those use cases very clear. We were collaborating with Dovetail, and Dovetail was very responsive."

- Ensuring a smooth transition to Dovetail involves comprehensive training. Designed sessions and training materials are provided to onboard primary users. All interviewees' organizations hosted training sessions during the initial deployment.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The technological implementation phase lasts for 10 days. The composite organization requires one IT team member dedicating 10% of their effort and one research lead dedicating 30% of their effort to implement Dovetail. The average fully burdened hourly rate for these roles is $80.

- All primary users participate in a 2-hour training session.

Risks. The expected financial impact is subject to risks and variations based on several factors that may increase this cost, including:

- The existing technology stack of the composite organization.

- The implementation effort and the number of primary users.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $21,000.

Implementation And Training						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Time to implement (days)	Interviews	10			
F2	Percentage of IT FTE effort	Interviews	10%			
F3	Percentage of research lead effort	Interviews	30%			
F4	Average fully burdened hourly rate of IT team member and research lead	Composite	$80			
F5	**Subtotal: Implementation effort of IT and researcher lead**	**F1*8*(F2+F3)*F4**	**$2,560**			
F6	Hours of training per primary user	Interviews	2			
F7	Primary users	Composite	100			
F8	**Subtotal: Internal cost of training**	**F6*F7*F4**	**$16,000**			
Ft	Implementation and training	F5+F8	$18,560	$0	$0	$0
	Risk adjustment	↑15%				
Ftr	Implementation and training (risk-adjusted)		$21,344	$0	$0	$0
	Three-year total: $21,344			**Three-year present value: $21,344**		

ONGOING MANAGEMENT

Evidence and data. As a repository and research tool, Dovetail requires ongoing management to ensure that all primary users utilize it as intended. Interviewees reported that a product owner is generally needed to oversee the use of Dovetail from the beginning to the end of each project, ensuring that all project files are appropriately stored in the system. Establishing

standard practices across all projects is crucial for the organization to maximize the benefits of Dovetail.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization designates one research lead as the Dovetail owner, dedicating 50% of their effort to the ongoing management of Dovetail.

Risks. The expected financial impact is subject to risks and variations based on several factors that may increase this cost, including:

- The number of primary users within the organization.

- The types of use cases for Dovetail.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $228,000.

Ongoing Management						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
G1	Research leads to maintain the system	Interviews		1	1	1
G2	Percentage of effort required	Interviews		50%	50%	50%
G3	Fully burdened annual compensation for a research lead	Composite		$166,400	$166,400	$166,400
Gt	Ongoing management	G1*G2*G3		$83,200	$83,200	$83,200
	Risk adjustment	↑10%				
Gtr	Ongoing management (risk-adjusted)		$0	$91,520	$91,520	$91,520
	Three-year total: $274,560			**Three-year present value: $227,597**		

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

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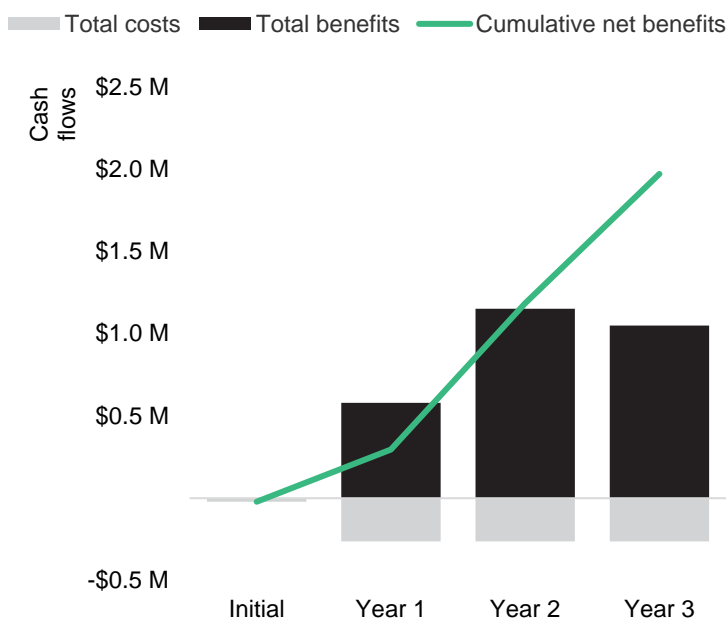
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($21,344)	($262,880)	($262,880)	($262,880)	($809,984)	($675,088)
Total benefits	$0	$579,732	$1,151,664	$1,049,664	$2,781,060	$2,267,446
Net benefits	($21,344)	$316,852	$888,784	$786,784	$1,971,076	$1,592,358
ROI						236%
Payback						<6 months

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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

Total Economic Impact Approach

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and 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. 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."

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.

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.

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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

[2] Source: Margins by Sector, New York University Stern School of Business, January 2024.

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