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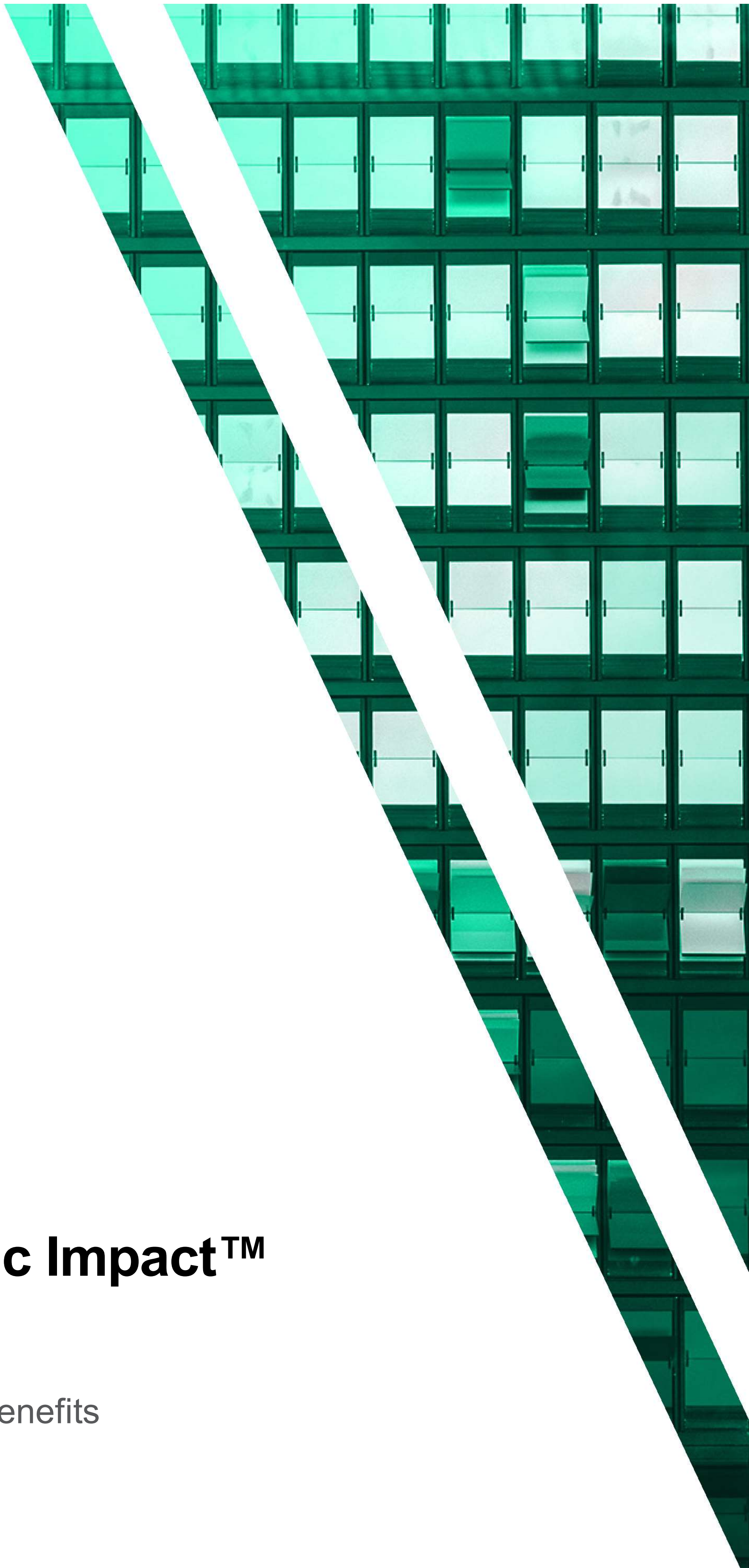

The Total Economic Impact™ Of Verint

Cost Savings And Business Benefits Enabled By Verint

JUNE 2021

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY VERINT

Table Of Contents

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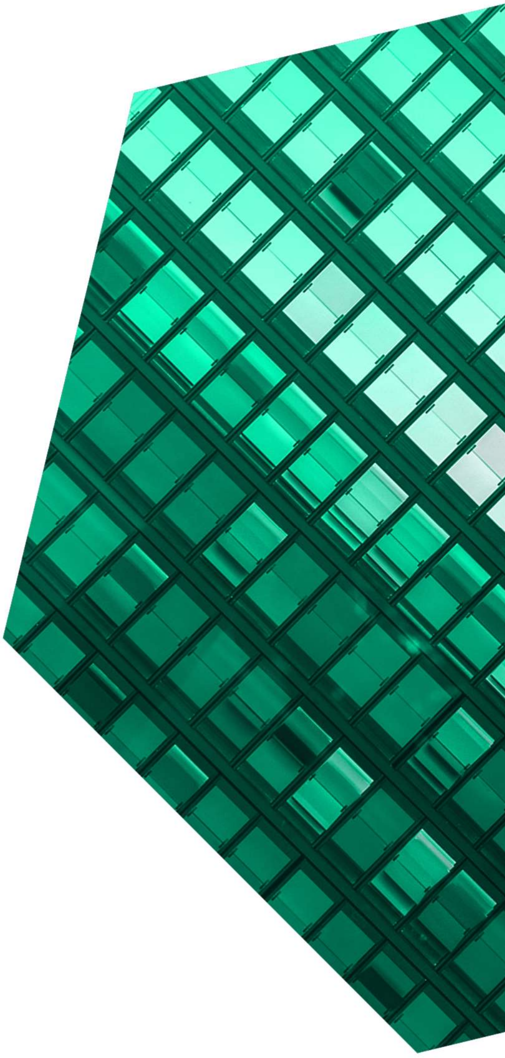

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Executive Summary

Verint provides workforce and customer experience management solutions. With Verint, organizations improve their customer experience and customer satisfaction (CSAT), while boosting the efficiency of their customer engagement operations by 44%, improving employee productivity by 20%, deflecting 45% of calls to other channels, reducing average handle times by 43%, reducing employee turnover by 23%, increasing QA evaluations by 240%, and improving revenue from cross-selling by 50%.

Verint offers AI-powered solutions that help organizations improve their customer relationships by connecting work, data, and experiences across the enterprise.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers with experience using Verint. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organization.

Prior to using Verint, the interviewed organizations were using inefficient, manual processes to manage their customer engagement operations and to capture and understand the voice of their customers in contact centers, physical locations, and digital properties. These processes introduced large time costs to manage customer engagement teams, while limiting organizations' abilities to understand and respond to the changing needs of their customers.

After the investment in Verint, the organizations improved the efficiency of their customer engagement operations while also quantifying the performance of their customer support channels and the impact these improvements had on customer experience (CX). This enabled the organizations to implement better customer engagement strategies that not only benefitted customers, but that also improved the productivity and ongoing costs of their customer engagement operations.

KEY STATISTICS

Return on investment (ROI)
391%

Net present value (NPV)
$41.72M

Increase in CSAT

>20 points

KEY FINDINGS

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

- **Reduced customer engagement operating costs by 44%.** Verint reduced the amount of time workforce planners spent scheduling contact center agents by introducing scheduling automation. It improved contact center agent productivity by up to 40% by quantifying and disseminating agent performance data and reducing productivity lost to shrinkage. For the composite organization, this increase in productivity allows for the reallocation of 4% of agents by Year 3.
- **Reduced costs by deflecting 45% of calls.** By analyzing call and conversational intent and utilizing this data to inform call-deflection strategies, Verint customers were able to decrease the number of relatively expensive phone calls coming into their contact centers and increase their use of alternative channels, such as self-service or agent chat. Organizations were also able to automate deflection through the use of intelligent virtual assistants (IVAs) or chat bots and interactive voice response (IVR).

> **"Verint has enabled us to be flexible in our customer support operations. It gets customers the help they need without trapping them in one channel."**
>
> *Director of digital engagement, professional services*

- **Improved revenue from cross-selling by 50%.** Using speech analysis to better understand cross-selling strategies and providing agents with customer information in real time allowed organizations using Verint to improve cross-selling in their customer engagement centers.
- **Saved costs by reducing the average handle time of calls by 43%.** Verint enabled the interviewed organizations to improve their analysis of customer contacts with speech and text analysis, uncovering the reasons why certain calls lasted longer than others. This informed the organizations' training and knowledge resources that help agents address customer concerns sooner and bring down the average handle time of calls.
- **Improved employee turnover rates from 35% to 27% annually.** Verint impacted the organizations' training operations and customer care employee satisfaction. Knowing the top reasons behind calls enabled the organizations to train support agents on fewer topics, which reduced training time. Supporting agents through performance quantification and improved training on fewer topics gave agents the desire and confidence to do their work, which improved agent turnover. Lastly, speech analytics enabled QA specialists to provide more than twice the number of evaluations than they could before.

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

- **Improved CSAT scores.** Interviewees said that Verint contributed to the improved of their CSAT scores by between two and three points annually. Some customers saw CSAT gains of more than 20 points.
- **Decommissioning of legacy technologies and reduction of third-party vendors.** The organizations were able to save on costs by decommissioning legacy technologies and reducing the number of business process outsourcing (BPO) vendors they regularly utilized.

- **Added business value.** The organizations also used Verint to share the voice of the customer with product teams. This improved product development and also provided better customer service that contributed to increased memberships and related revenues.
- **Improved compliance.** Interviewees said Verint was able to meet and exceed their organizations'' compliance needs. This eased their compliance-related work around private customer data.
- **Verint support.** Interviewees reported positive interactions with Verint support during implementation. This eased their burden to deploy Verint and facilitated their goals for the investment.

Costs. Risk-adjusted PV costs include:

- **Total cost of Verint solutions.** Verint offers on-premises and software-as-a-service (SaaS) deployments of its solutions, with most customers pursuing a hybrid model as they transition from on-premises solutions to SaaS. Based on the solution and deployment, the price may be determined by the total number of licensed users, interactions, or languages analyzed.
- **Cost of training.** Verint provides paid training for solution administrators and subject matter experts (SMEs). The training takes approximately five days, and the average class size is 12.
- **Costs of ongoing management.** The composite organization needs two FTEs to spend 50% of their time supporting Verint users and Verint releases.

The customer interviews and financial analysis found that a composite organization experiences benefits of $52.40 million over three years versus costs of $10.68 million, adding up to a net present value (NPV) of $41.72 million and an ROI of 391%.

Reduction in employee turnover rate

23%

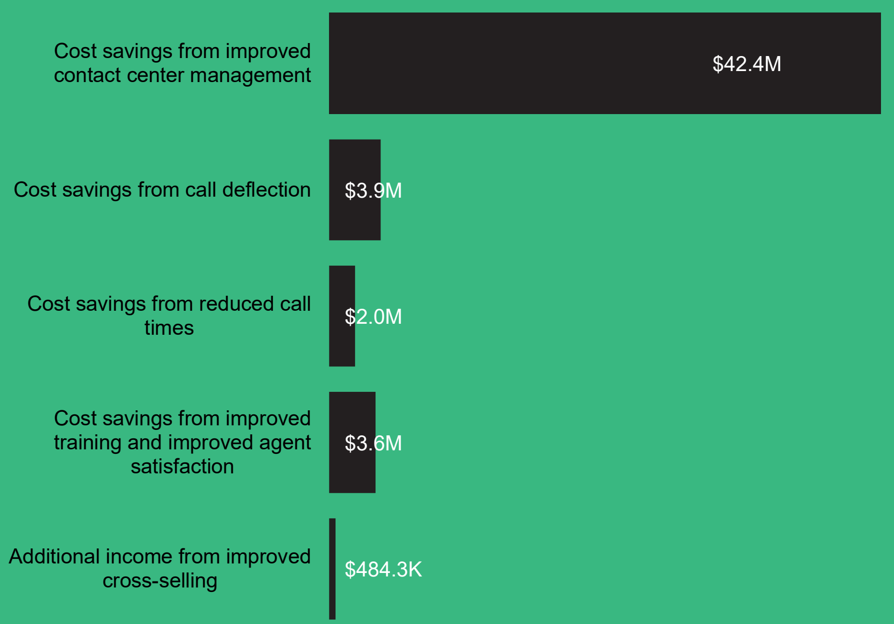
ROI
391%

BENEFITS PV
$52.40M

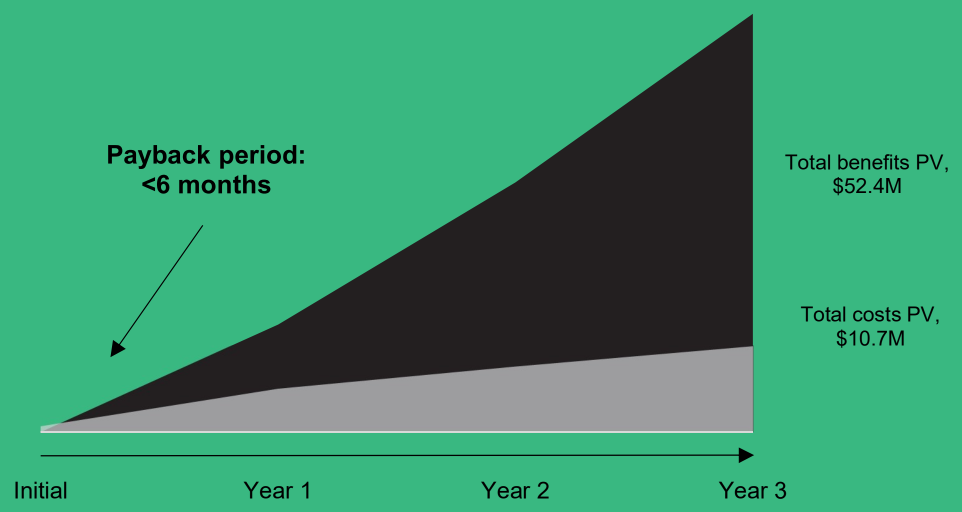
NPV
$41.72M

PAYBACK
<6 months

Benefits (Three-Year)



Financial Summary



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 Verint.

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 Verint can have on an organization.

DUE DILIGENCE
Interviewed Verint stakeholders and Forrester analysts to gather data relative to Verint.

CUSTOMER INTERVIEWS
Interviewed five decision-makers at organizations using Verint to obtain data with respect to costs, benefits, and risks.

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

CASE STUDY
Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Verint 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 Verint.

Verint 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.

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

The Verint Customer Journey

Drivers leading to the Verint investment

Interviewed Organizations

Industry	Region	Interviewee	Call center agents and annual interactions
Healthcare	Global	Workforce manager	500 call center agents and 1.2 million interactions
Professional services	Global	Director of digital engagement	1,000 call center agents and 6 million interactions
Financial services	Global	VP of customer service and support	2,000 call center agents and 15 million interactions
Financial services	US	Assistant workforce manager	3,500 call center agents and 24 million interactions
Retail	Global	Director of staff development	4,500 call center agents and 2.5 million interactions

KEY CHALLENGES

Interviewees said that before deploying Verint, their organizations used antiquated paper-based or spreadsheet-based practices to manage their call center workforces and to capture the voice of the customer via feedback. They were using outdated telephony systems for customer interactions, and they had limited strategies for providing self-service and non-telephony channels for serving customers. None of the organizations had yet made use of AI for analyzing customer interactions, improving agent performance, or serving customers.

The interviewed organizations struggled with common challenges, including:

- **No single view of the customer.** Interviewees described having always captured the voice of their customers in some way, whether using paper-based feedback forms at branch locations or via live phone calls in their customer service centers. One interviewee even said their organization invested in hundreds of disparate call centers — one for each of its product groups. However, because of the distributed nature of data collection through analog channels, the organizations faced challenges in gathering captured data in a single location, analyzing it, and developing actionable insights to better understand their customers and improve their experiences.

- **Missing service goals.** Interviewees said their organizations consistently did not achieve the service goals they set for themselves. One interviewee described sometimes having customer call wait times between 1 and 2 hours as a result of not having a clear strategy to provide customers with alternative outreach channels. Not only did these practices negatively impact customer experience, but these organizations were missing opportunities to learn more about their customers and to develop more complete CX strategies.

> **"We were only capturing customer feedback using forms at our locations or digitally on our website. We wanted to close that gap and get a 360-degree view of our customers."**
>
> *Director of staff development, retail*

- **Inefficiencies from poor technology adoption.** The interviewees said that lagging technology adoption meant that customer experience practices were inefficient. The organizations used spreadsheets to manually manage call-center employee schedules. This required a large amount of administrative time costs, and it frequently caused confusion when schedules changed and caused agents to miss shifts. Employee productivity was also hindered because processes lacked uniformity across locations, and employees were not supported by technologies that could provide them insights into how to better use their time while also better serving customers.

> **"We wanted to make more use of automation, natural language processing, and advanced technologies to replace low-value work. We needed a solution that could do this while covering as many clients as possible."**
>
> *Director of digital engagement, professional services*

INVESTMENT OBJECTIVES

The interviewed organizations searched for a solution that could:

- Provide a single source of truth regarding their customers.
- Reduce costs through automation and alternative customer service channels.
- Improve customer experience with strategies backed by data and insights.

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 five companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a global company in the technology-enabled services industry with 21,000 employees worldwide, of which 2,300 are customer care agents. These agents work in four contact centers worldwide and speak more than 69 languages to serve customers. The organization only analyzes interactions in three languages.

Deployment characteristics. Agents field 10,000,000 interactions annually, growing at a rate of 10% per year. The organization deploys Verint to improve its overall customer experience. It deploys Verint Workforce Optimization on-premises, while deploying the following as SaaS: Verint Compliance Triggers, Verint Application Visualizer, Verint Speech Analytics, Verint Experience Cloud, Verint Intelligent Virtual Assistant (IVA), and Verint Unified Digital Channels.

Key assumptions

- **2,300 call center agents**
- **10 million interactions in Year 1**
- **10% interaction growth annually**
- **80% of interactions are phone-based**

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	Cost savings from improved contact center management	$12,412,800	$17,490,528	$22,181,184	$52,084,512	$42,404,397
Btr	Cost savings from call deflection	$785,160	$1,582,416	$2,563,514	$4,931,090	$3,947,570
Ctr	Cost savings from reduced call times	$396,288	$802,483	$1,300,023	$2,498,794	$2,000,198
Dtr	Cost savings from improved training and improved agent satisfaction	$1,214,685	$1,459,831	$1,674,103	$4,348,619	$3,568,509
Etr	Additional income from improved cross-selling	$0	$202,500	$421,875	$624,375	$484,316
	Total benefits (risk-adjusted)	$14,808,933	$21,537,758	$28,140,699	$64,487,390	$52,404,990

COST SAVINGS FROM IMPROVED CUSTOMER ENGAGEMENT OPERATIONS MANAGEMENT

Evidence and data. Interviewees said that investing in Verint led to reduced costs managing their organizations' customer engagement centers. These efficiency improvements stemmed from three main areas:

- The automation of customer engagement operations scheduling.
- The increased productivity of customer service agents.
- The ability to reallocate some agents to back-office work.

Before investing in Verint, the interviewees' organizations were using inefficient, manual methods such as spreadsheets or software requiring direct time entry for managing employee scheduling. With these processes, it would take between 2 and 3 minutes to schedule each employee for the month. On top of that, managers were tasked with manually updating schedules when time-off requests were approved as well as managing shift swaps when employees agreed to exchange scheduled work shifts among themselves. With Verint, schedule management (including time-off and shift swaps) were largely automated and decreased the time needed for processes from minutes to seconds.

> **"We're saving a couple thousand hours of work each month just on manual data entry for scheduling."**
>
> *Assistant workforce manager, financial services*

Interviewees also said that Verint positively impacted the productivity of customer engagement employees. Because scheduling (including overtime and shift swaps) was automated, employees were informed about their monthly schedules and any updates earlier and more often. This reduced shrinkage (i.e., the percent of scheduled time not worked by scheduled employees). Verint also led to the automation of scorecards and call-center reporting, which led to the broader adoption and dissemination of key performance indicators (KPIs) across customer engagement operations. By quantifying their own performance across various factors, employees were more able to address their shortcoming and improve their work. One interviewee said that productive time among their organization's customer engagement employees moved from an average of 60% to 90% after investing in Verint.

> **"We've been able to do a much better job of forecasting and have moved adherence to schedules from 60% to 70% up to 93%."**
>
> *Assistant workforce manager, financial services*

The realized improvements to customer engagement operations efficiency meant that the organizations could achieve the same or better levels of customer service with fewer employees. Interviewees said they strategically reallocated a percentage of their customer engagement employees to support important back-office operations. One interviewee said their organization was able to reallocate approximately 1.4% of its contact center staff to back-office roles each year. This added up to approximately 40 FTEs over the course of the organization's Verint use.

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

- The total number of contact center agents in Year 1 is 2,300. This number decreases annually as agents are reallocated to the back office.
- Three minutes are required of a workforce planner to schedule each employee each month.
- The fully burdened hourly rate for a workforce planner is $40.
- After implementing Verint, daily agent productivity improves from 10% in Year 1 to 15% in Year 2 and 20% in Year 3.
- The fully burdened hourly rate for a customer care agent is $20.
- 1.4% of customer care agents are reallocated to back-office roles annually.

Improvement to daily agent productivity

20%

Risks. The cost savings from improved customer engagement operations management will vary with:

- The number of employees.
- The current time required of workforce planners to schedule each employee.
- The fully burdened hourly rate of workforce planners.
- The impact to daily agent productivity of measuring their performance.
- The fully burdened hourly rate of customer care agents.
- The percentage of customer care agents able to be reallocated annually.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over $42 million.

Cost Savings From Improved Customer Engagement Operations Management					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Total call center agents	Interviews	2,300	2,268	2,204
A2	Monthly minutes required to schedule an agent	Interviews	3.0	3.0	3.0
A3	Annual hours spent scheduling	A1*A2*12	82,800	81,648	79,344
A4	Fully burdened hourly rate of call center workforce planner	Interviews	$40	$40	$40
A5	Cost savings from call center management automation	A3*A4	$3,312,000	$3,265,920	$3,173,760
A6	Percent increase in daily agent productivity	Interviews	10%	15%	20%
A7	Added daily productivity hours per agent from Verint	A6*8 hours	0.8	1.2	1.6
A8	Fully burdened hourly rate of agent	Composite	$20	$20	$20
A9	Improved productivity of agents	A1*A7*A8*250	$9,200,000	$13,608,000	$17,632,000
A10	Agents reallocated (cumulative)	Interviews	32	64	96
A11	Fully burdened annual rate of agent	A8*2,000	$40,000	$40,000	$40,000
A12	Improved productivity of reallocated agents	A10*A11	$1,280,000	$2,560,000	$3,840,000
At	Cost savings from improved customer engagement operations management	A5+A9+A12	$13,792,000	$19,433,920	$24,645,760
	Risk adjustment	↓10%			
Atr	Cost savings from improved customer engagement operations management (risk-adjusted)		$12,412,800	$17,490,528	$22,181,184
	Three-year total: $52,084,512			**Three-year present value: $42,404,397**	

COST SAVINGS FROM CALL DEFLECTION

Evidence and data. Interviewees said that investing in Verint helped them to better understand their customers' needs via speech and text analytics. They stated that Verint helped them gather and analyze contact data, which generated insights regarding the top reasons that customers reached out to their organizations. Verint enabled these organizations to develop data-backed and actionable strategies to provide faster and better customer support via support channels other than telephony. While improving customer satisfaction, this also benefited the business by diverting calls to less expensive channels.

For instance, organizations were able to analyze the top reasons behind customer contacts and to provide improved self-service solutions (e.g., updating digital property FAQs) to meet those needs. Verint also enabled the organizations to implement chat functionality on their digital properties that were served by automated chat bots. Lastly, the organizations were able to use Verint to implement IVR to automatically analyze customer needs and triage calls to either automated responses or to customer engagement agents for only those calls that truly required agent support.

"With Verint in place, we deflect about 72% of our calls right now through IVR and other automation that are happening today. It's a great benefit for us."

VP of customer service and support, financial services

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

- The total number of annual customer service interactions are 10,000,000 in Year 1, and that number grows by 10% annually.
- Without Verint, phone interactions represent 80% of all interactions.
- The current cost per call is $8.
- Calls are deflected to self-service and chat bots at an average cost of $0.70 per interaction and at a rate of 11% in Year 1, 20% in Year 2, and 30% in Year 3.
- Calls are deflected to agent chats with a cost of $2.25 per interaction and at a rate of 5% in Year 1, 10% in Year 2, and 15% in Year 3.

Risks. The cost savings from call deflection will vary with:

- The number of annual interactions.
- The number of phone calls as a percent of total interactions.
- The current cost per call.
- The cost of and percentage deflection to alternative customer service channels.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $3.9 million.

Calls deflected

45%

Cost Savings From Call Deflection					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Total annual interactions	Composite	10,000,000	10,800,000	11,664,000
B2	Total calls without Verint	Interviews	800,000	864,000	933,120
B3	Percentage of calls deflected to self-service and IVA by Verint	Interviews	11%	20%	30%
B4	Call savings per call deflected to self-service	Interviews	$7.30	$7.30	$7.30
B5	Percentage of calls deflected to agent chat by Verint	Interviews	5%	10%	15%
B6	Call savings per call deflected to agent chat	Interviews	$5.75	$5.75	$5.75
Bt	Cost savings from call deflection	(B2*B3*B4)+(B2*B5*B6)	$872,400	$1,758,240	$2,848,349
	Risk adjustment	↓10%			
Btr	Cost savings from call deflection (risk-adjusted)		$785,160	$1,582,416	$2,563,514
	Three-year total: $4,931,090		**Three-year present value: $3,947,570**		

COST SAVINGS FROM REDUCED CALL TIMES

Evidence and data. Interviewees said Verint enabled their organizations to improve customer satisfaction by reducing the average time for those interactions where telephony was still the optimal support channel. With Verint, the organizations were able to measure the lengths of the calls that their customer engagement agents were fielding and analyze the intent behind calls that ran longer than the average.

> **"I cut 66% out of our average call handle time by adding Verint, defining processes, and reducing the number of obstacles agents faced before."**
>
> *VP of customer service and support, financial services*

With this understanding in hand, the organizations were able to provide better knowledge resources, define processes, and establish best practices around resolving longer-than-average calls. This drove time efficiencies. Additionally, some of the organizations were able to establish better deflection strategies for long calls, further driving down the average time of calls that were not deflected. By implementing these strategies enabled by Verint, one organization was able to reduce its average handle time by 66% — from 1,200 seconds to 400 seconds.

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

- Phone calls still represent 80% of total interactions.
- The deflection rate is 16% in Year 1, 30% in Year 2, and 45% in Year 3.

- The cost per call is $8.
- The organization reduces its average handle time by 43%.

Risks. The cost savings from reduced call times will vary with:

- The number of calls after deflection with Verint.
- The cost per call.
- The reduction in average handle time.

Reduction in average handle time

43%

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $2 million.

Cost Savings From Reduced Call Times

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total calls without Verint	B2	800,000	864,000	933,120
C2	Total percentage of call deflected by Verint	B3+B5	16%	30%	45%
C3	Total calls with Verint	C1*C2	128,000	259,200	419,904
C4	Cost per call before Verint	Composite	$8.00	$8.00	$8.00
C5	Percentage average handle time reduction with Verint	Interviews	43%	43%	43%
Ct	Cost savings from reduced call times	C3*C4*C5	$440,320	$891,648	$1,444,470
	Risk adjustment	↓10%			
Ctr	Cost savings from reduced call times (risk-adjusted)		$396,288	$802,483	$1,300,023
	Three-year total: $2,498,794			**Three-year present value: $2,000,197**	

COST SAVINGS FROM IMPROVED TRAINING AND IMPROVED AGENT SATISFACTION

Evidence and data. The interviewees said their organizations were able to utilize their better understanding of customers to make improvements to contact center agent training and retention. For example, the organizations shortened their training programs for contact center agents after analyzing the intent behind calls with the largest volume. Before using Verint, the organizations took between six and seven weeks to train call center agents and teach them how to handle hundreds of call types. After analysis with Verint, the organizations were able to reduce training to as little as one to four weeks, and agents only learned about the top call types they would be likely to receive instead of being trained for all possibilities.

"Now, we may spend four weeks training versus six or seven weeks in the past, but our speed to competency is so much quicker. Within about two weeks, our new hires are handling at the same speed as our seasoned agents."

VP of customer service and support, financial services

Additionally, interviewees said Verint enabled their organizations to improve contact center agent satisfaction, which reduced turnover and associated training costs. Optimizing customer engagement operations allowed for smoother and more consistent scheduling, shift swaps, and overtime. This improved agents' work-life balance. And reducing training topics and quantification of performance gave them added confidence to serve customers, further improving satisfaction.

"The confidence level that our agents have has improved because they know [they're only going to handle] one of these five types of calls. It's not going to be one of the 300 that we trained them on previously."

VP of customer service and support, financial services

Lastly, interviewees reported magnifying the impact of their QA specialists after investing in Verint. These organizations ran QA based on live phone calls before investing in Verint, which required QA specialists to listen to customer calls in real time to provide feedback to agents based on their performance. After investing in Verint, the organizations ran QA processes that leveraged speech analytics of calls. Interviewees said their organizations were able to accomplish 12 evaluations daily with speech analytics compared to only five evaluations daily with live listening.

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

- The prior agent turnover rate was 35%.
- With Verint, the agent turnover rate is 31% in Year 2 and 27% in Year 3.
- Agents spent six weeks in training before Verint.
- Four weeks spent training new agents after Verint.
- A fully burdened hourly rate of $20 per agent.
- A fully burdened hourly rate of $60 per trainer.
- A fully burdened annual rate of $60,000 for QA specialists.
- Five QA evaluations done daily before Verint.
- Twelve QA evaluations done daily after Verint.

Reduction in employee turnover

23%

Risks. The cost savings from improved training and agent satisfaction will vary with:

- The number of call center employees.
- The rate of agent attrition.
- The reduction in time cost to train agents.
- The fully burdened annual rate of agents.

- The fully burdened annual rate of trainers.
- The fully burdened rate of QA specialists.
- The number of QA evaluations able to be completed before and after speech analytics.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $3.6 million.

Cost Savings From Improved Training And Improved Agent Satisfaction

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Total call center agents	A1	2,300	2,268	2,204
D2	Agent turnover rate before Verint	Interviews	35%	35%	35%
D3	Agent turnover rate with Verint	Interviews	35%	31%	27%
D4	Hours to train an agent before Verint	Interviews	240	240	240
D5	Fully burdened hourly rate of agent	A8	$20	$20	$20
D6	Avoided cost of training retained agents	D1*(D2-D3)*D4*D5	$0	$435,456	$846,336
D7	Hours to train an agent with Verint	Interviews	160	160	160
D8	Reduced cost to train new agents	D1*D3*(D4-D7)*D5	$1,288,000	$1,124,928	$952,128
D9	Hourly cost of internal trainers	Composite	$60	$60	$60
D10	Reduced cost of trainers	D4*D9	$14,400	$14,400	$14,400
D11	Daily cost of QA specialist	Assumption	$324.00	$324.00	$324.00
D12	Cost per QA evaluation before Verint	D11/5 daily evaluations	$64.80	$64.80	$64.80
D13	Cost per QA evaluation with Verint	D11/12 daily evaluations	$27.00	$27.00	$27.00
D14	Number of QA evaluations annually	Assumption	1,250	1,250	1,250
D15	Cost savings to QA from speech analytics	(D12-D13)*D14	$47,250	$47,250	$47,250
Dt	Cost savings from improved training and improved agent satisfaction	D6+D8+D10+D15	$1,349,650	$1,622,034	$1,860,114
	Risk adjustment	↓10%			
Dtr	Cost savings from improved training and improved agent satisfaction (risk-adjusted)		$1,214,685	$1,459,831	$1,674,103
	Three-year total: $4,348,619		**Three-year present value: $3,568,509**		

ADDITIONAL INCOME FROM IMPROVED CROSS-SELLING

Evidence and data. Interviewees described leveraging Verint to improve cross-selling within their customer engagement operations. For example, organizations used Verint to analyze call content and gather more and better data to develop insights regarding successful and failing methods of cross-selling. Additionally, Verint enabled customer engagement operations to equip agents with better data about customers in real time, further bolstering their efforts to cross-sell. One interviewee said their organization improved cross-selling by 50% after investing in Verint.

> **"We used Verint to understand what folks are talking about during successful cross-selling calls and we increased our cross-selling from $800,000 to $1.2 million."**
>
> *Workforce manager, healthcare*

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

- The revenue from cross-selling before Verint was $1.5 million annually.
- Verint provides a 50% improvement to this revenue in Year 2, and another 25% improvement in Year 3.
- There is a 10% profit margin.

Improvement to cross-selling revenue

50%

Risks. The additional income from improved cross-selling will vary with:

- Revenue from cross-selling.
- Profit margin.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $484,316.

Additional Income From Improved Cross-Selling

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Revenue from cross-selling before speech analytics	Composite	$1,500,000	$1,500,000	$3,750,000
E2	Improvement to cross-selling from speech analytics	Interviews	0%	50%	25%
E3	Profit margin	Composite	0%	10%	10%
Et	Additional income from improved cross-selling	E1*(1+E2)*E3	$0	$225,000	$468,750
	Risk adjustment	↓10%			
Etr	Additional income from improved cross-selling (risk-adjusted)		$0	$202,500	$421,875
	Three-year total: $624,375			**Three-year present value: $484,316**	

UNQUANTIFIED BENEFITS

Additional benefits that interviewees said their organizations experienced but were not able to quantify include:

- **Improved CSAT scores.** Interviewees reported improving their CSAT scores after investing in Verint. For example, one organization is experiencing 3-to-4-point annual growth in its CSAT scores since investing in Verint, moving from the low 70s to a CSAT score of 93 over a period of six years. Another interviewee said their organization improved at a rate of 4 to 5 points annually, from the mid-50s to the upper 70s over approximately four years.
- **Decommissioned technologies and reduction of third-party vendors.** Interviewees said their organizations were able to decommission legacy technologies that Verint replaced and that they also saved on third-party vendor costs, but they were not able to quantify these savings. For example, those organizations that were using legacy software for workforce management were able to completely decommission this software after investing in Verint Workforce Management. Additionally, organizations were able to insource customer engagement operations from BPO firms, reducing vendors from 90 to 15.
- **Improved business value.** Interviewees described a handful of ways their organizations were able to improve top-line business value with Verint instead of only reducing costs. One organization provided Verint's voice-of-the-customer data to product teams so that they could better understand customer experience utilizing products. Another interviewee noted that improved customer service in the contact center contributed to an unquantified increase in memberships and associated revenues.

"Speech and text analytics has been awesome for giving feedback to our product teams. Our customers are calling or writing about the product, and our teams can now address their comments."

VP of customer support and service, financial services

- **Improved compliance.** Interviewees said their organizations improved their compliance environments after investing in Verint. The interviewee from the professional services industry stated: "We have a very complex compliance model, but we knew that Verint has the ability to handle this complexity. Security and privacy were other spaces where they were involved, and we needed a partner that understood liability around security and privacy."
- **Verint support.** Regarding their interactions with Verint, one interviewee said: "[Verint] has a great presales team. We had an awesome presales engineer who really understood what we wanted and really made it what we had in our dreams. It wasn't vaporware. It wasn't smoke and mirrors. We were able to do it last year, even with COVID-19."

FLEXIBILITY

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

- **Integrations.** Interviewees made note of the flexibility that Verint's integrations provide their businesses. One interviewee said: "I'm integrating with 50 to 70 different systems. I'm integrating with different financial institutions around the world. I'm integrated with a translation service that translates any non-English communications to English and back for our agents."

- **Innovation.** Verint enabled organizations to pursue customer service innovations they would not otherwise have been able to pursue. One interviewee said: "Verint has also been a great innovation partner for us. Its platform is very flexible [and has] multiple-channel access. For example, we are looking to provide customer service through smart speakers. We are also currently working on extending our chatbot into employee chat environments."

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
Ftr	Total Verint costs	$677,115	$5,005,891	$3,212,399	$3,235,272	$12,130,677	$10,313,508
Gtr	Total cost of training	$13,200	$11,000	$11,000	$11,000	$46,200	$40,555
Htr	Cost of ongoing management	$0	$132,000	$132,000	$132,000	$396,000	$328,264
	Total costs (risk-adjusted)	$690,315	$5,148,891	$3,355,399	$3,378,272	$12,572,877	$10,682,327

TOTAL VERINT COSTS

Evidence and data. Interviewed customers had a variety of Verint solutions deployed in mostly hybrid environments: some Verint solutions like Workforce Optimization were deployed on premises, while others like Speech Analytics and Experience Cloud were deployed as SaaS. Depending on the solution, Verint prices are based on the number of employees, the number of annual interactions, or the number of languages analyzed.

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

- The implementation services fee is $615,559.
- The organization pays a one-time licensing fee of $1.6 million for Workforce Optimization, with annual maintenance fees of $396,060 in Year 1, $415,863 in Year 2, and $436,656 in Year 3.
- The annual licensing fees for the SaaS solutions are $2,504,500.

Risks. The total costs from Verint solutions will vary with:

- The number of solutions purchased.
- The deployment model for these solutions.
- The number of employees.
- The number of annual customer service interactions.
- The number of languages needing to be analyzed.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $10.3 million.

Total Verint Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Cost of Verint implementation and training	Composite	$615,559	$0	$0	$0
F2	Cost of Workforce Optimization (on-premises)	Composite	$0	$2,046,310	$415,863	$436,656
F3	Cost of Compliance Triggers, Application Visualizer, Speech Analytics, Experience Cloud, IVA, and Unified Digital Channels (SaaS)	Composite	$0	$2,504,500	$2,504,500	$2,504,500
Ft	Total Verint costs	F1+F2+F3	$615,559	$4,550,810	$2,920,363	$2,941,156
	Risk adjustment	↑10%	□			
Ftr	Total Verint costs (risk-adjusted)		$677,115	$5,005,891	$3,212,399	$3,235,272
	Three-year total: $12,130,677			**Three-year present value: $10,313,508**		

TOTAL COST OF TRAINING

Evidence and data. The composite organization chose to purchase Verint training. The average class size of Verint training courses is twelve students and courses take approximately 5 days.

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

- The total number of solution administrators and SMEs trained initially is 12.
- Two additional administrators are trained in the following years due to turnover.
- The average course length is five days.
- The fully burdened hourly rate for these employees is $40.

Risks. The costs of training will vary with:

- The number of administrators needing to be trained at any given time.
- The number of administrators per course.
- The length of courses.
- The rate of pay of trainees.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $40,550.

Total Cost Of Training

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Cost of training	Composite	$12,000	$10,000	$10,000	$10,000
Gt	Total cost of training	G1	$12,000	$10,000	$10,000	$10,000
	Risk adjustment	↑10%	□			
Gtr	Total cost of training (risk-adjusted)		$13,200	$11,000	$11,000	$11,000
	Three-year total: $46,200			**Three-year present value: $40,555**		

COST OF ONGOING MANAGEMENT

Evidence and data. Organizations incurred ongoing management costs associated with providing user support for Verint and managing Verint updates throughout the year. Additionally, organizations invested in machine learning talent to bolster the effectiveness of their speech analytics.

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

- Two FTEs spend 50% of their time on Verint support and releases.
- The fully burdened annual rate of an FTE is $120,000.

Risks. The cost of ongoing management will vary with:

- Deployment type (e.g., on-premises vs. SaaS).
- The number of FTEs and the time cost to support and manage Verint releases.
- The number of data scientists and the time cost to train machine learning algorithms.
- The number of project managers and the time cost to manage machine learning projects.

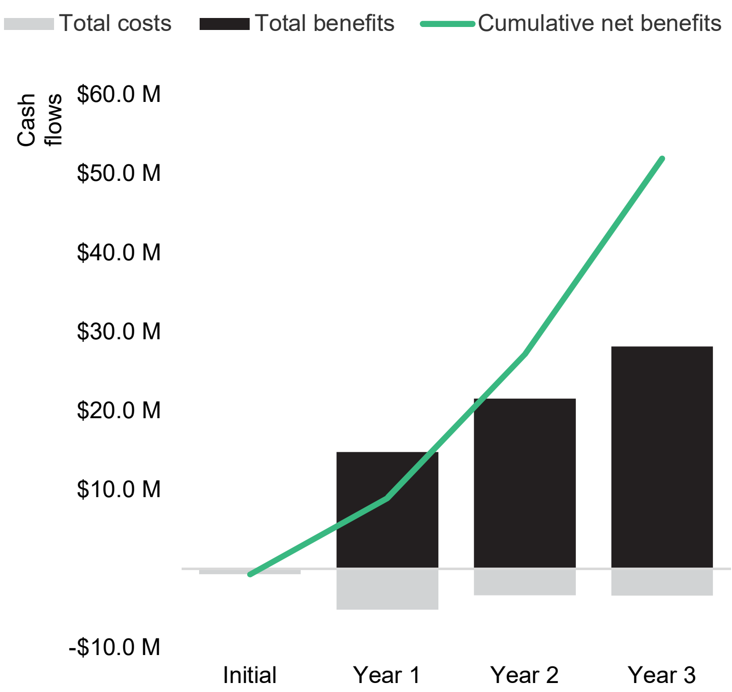
To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $328,264.

Cost Of Ongoing Management						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
H1	FTEs required to support Verint and manage Verint releases	Composite	0	2	2	2
H2	Percentage of time spent on Verint	Composite	0%	50%	50%	50%
H3	Fully burdened annual rate for IT employee	Composite	$0	$120,000	$120,000	$120,000
Ht	Cost of ongoing management	H1*H2*H3	$0	$120,000	$120,000	$120,000
	Risk adjustment	↑10%				
Htr	Cost of ongoing management (risk-adjusted)		$0	$132,000	$132,000	$132,000
	Three-year total: $396,000			**Three-year present value: $328,264**		

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	($690,315)	($5,148,891)	($3,355,399)	($3,378,272)	($12,572,877)	($10,682,327)
Total benefits	$0	$14,808,933	$21,537,758	$28,140,699	$63,328,190	$52,404,990
Net benefits	($690,315)	$9,660,042	$18,182,359	$24,762,427	$50,755,313	$41,722,663
ROI						391%
Payback period (months)						<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 vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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