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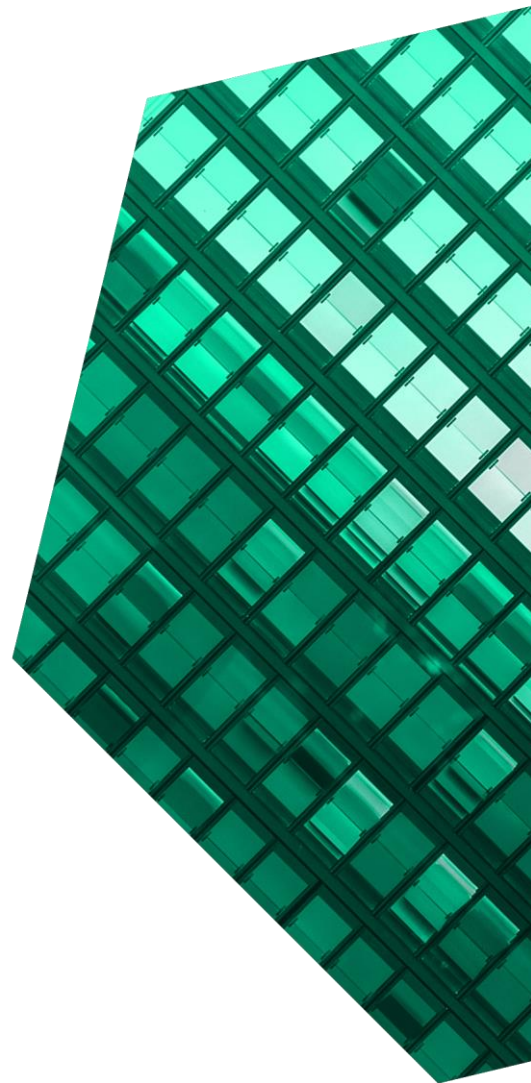
The Total Economic Impact™ Of Thematic

Cost Savings And Business Benefits
Enabled By Thematic

JUNE 2023

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ABOUT FORRESTER CONSULTING

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

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Executive Summary

Strong customer experiences (CX) and timely insights for quick responses to customer feedback are essential to modern product and service management. It is critical to listen to customer feedback, interpret results, and align insights across teams for organizations to improve their CX and meet customer demands. Thematic integrates and analyzes feedback across channels while empowering research and product teams with the data evidence and understanding to drive CX improvements.

Modern companies receive unstructured feedback from customers across many channels. Customer's responses, support chat transcripts, and social media comments are valuable data sources to capture insights into customer and/or employee needs and challenges.

Customer feedback collected at scale is often too complex and onerous to organize for timely and quality insights. Yet, employees and enterprises need timely access to the insights to deliver relevant products and solutions.

Thematic provides a platform to consolidate, analyze, and visualize unstructured feedback. It helps customers improve the quality of insights for decision-makers and allows the enterprise to graphically and rapidly distribute a comprehensive view of customer needs to decision-makers throughout the company, such as product managers or CX leaders. Thematic empowers a data-driven culture shift and enables the use of customer insights companywide: Employees increasingly make both significant strategic choices and detailed operational changes informed by customer needs.

Incremental income from improved CX of

\$1.8 million



KEY STATISTICS



Return on investment (ROI)

543%



Net present value (NPV)

\$2.4M

In 2023, Thematic commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) some organizations may realize by deploying Thematic.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Thematic platform on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed senior representatives from two organizations who oversee the use of Thematic. Forrester interviewed the research director of an e-commerce F&B organization and used their experiences alongside Forrester's expertise to project a three-year financial analysis. That makes the research director the primary interviewee for this study's purposes. The second interviewee, a market research program manager from an information technology (IT) and

services organization, provided deeper qualitative insights used to supplement the case study.

Prior to using Thematic, the customers struggled to put timely and meaningful insights into the hands of decision-makers to enable strategic decision-making. It took too long for managers to sort out salient customer needs from all the feedback. Alternative solutions failed to efficiently provide quality insights and did not address the organization's needs for trust and flexibility. The research director of the F&B e-commerce organization said: "The time savings Thematic provides is essentially infinity. We just wouldn't do the analysis without the tool."

After deploying Thematic, customers reported an accelerated ability to put the right customer insights in the right hands, at the right time. This enabled teams to quickly prioritize actions to improve customer experiences and retention.

KEY FINDINGS

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

- **Incremental income of \$1.8 million from improved CX with timely and quality insights.** The implementation of Thematic unlocks quality customer insights to proactively address CX-related issues and formulate strategies. Improvements in CX (e.g., product, app, or service improvements) due to Thematic's insights results in a 2% reduction in cart abandonment in Year 1. Thematic's impact increases by 30% year over year (YOY) as the organization becomes better at using the tool. Thematic becomes an integral part of the data-driven organization culture, and more CX strategies are formulated based on the insights generated.
- **Avoided headcount of two full-time employees (FTEs) for manual data and management, saving \$652,000.** Thematic replaces the need to manually consolidate and categorize data from different sources.

"We have a research team that has some internal theming tools it built, but it also wants something that's a bit more sophisticated and still very agile."

*Market research program manager,
IT and services industry*

Automated insight generation from the Thematic platform saves 4,250 hours of manual data preparation, reading, and tagging that would have been required to provide the organization with qualitative insights from open-ended customer feedback.

- **Time savings of 2,000 hours for managers to obtain insights, totaling \$361,700.** Managers now leverage quarterly NPS reports by using customer analytics provided by Thematic through self-service access to the platform.² They utilize this information to make strategic decisions. The platform accelerates speed to insights for data-driven decisions. It eliminates the time typically taken to make multiple qualitative data requests to the research team and the need for additional internal strategy days to align information with customer insights.

Increased operational efficiency saves a total of

\$1.01 million

- **Recaptured 320 research team hours from a decrease in fulfilling ad-hoc requests from other teams.** Thematic offers professional services that support ad-hoc data requests. This helps the research team save 80% of time otherwise spent on handling ad-hoc requests raised from other team members.

Unquantified benefits. The interviewees' organizations experienced additional qualitative benefits. These are not quantified in the financial analysis, but were mentioned as significant benefits by both interviewees:

- **Make data-driven decisions and promote internal customer-obsessed cultures.** Thematic's ease of use democratizes customer insights and empowers employees across the company to understand customer needs.
- **Real-time monitoring and understanding of problems.** Thematic uncovers problems the teams are unaware of and alerts them of urgent issues. The company also uses Thematic to uncover the reasons for the issue and ideas on how to solve it.
- **Access to responsive and knowledgeable customer success and support.** The Thematic customer success team not only makes it easier for customers to become proficient in Thematic, but also improves their end-to-end customer feedback process.
- **Increased trust in data and enhanced stakeholder influence.** The market research program manager said, "The transparency of the technology goes a long way in building trust with internal stakeholders." Thematic has a "Theme Editor" tool where users can see the intermediate outputs of AI and why feedback was analyzed a certain way. This transparent approach to the AI model helps users provide guidance to the AI and builds a trusting relationship with stakeholders as

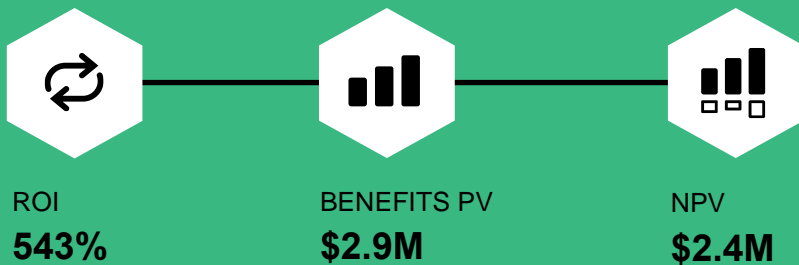
they can understand where insights are derived from.

- **Ability to dig into the insights.** Thematic enables decision-makers to better understand and resolve their customers' pain points. The research director said: "As a natural language processing (NLP) tool, it's probably one of the best available. It gives us the ability to level up or drill down as deep as we'd like to without too much manipulation."
- **Influential and easily consumable customer insights.** Thematic can quantify the insights on qualitative customer data received. The market research program manager of the IT and services organization shared: "When we think about Thematic, we think about having a comprehensive understanding."
- **Real-time insights help companies close the customer feedback loop.** Receiving automated and real-time customer insights allow teams to respond to customer feedback that is targeted to their needs.

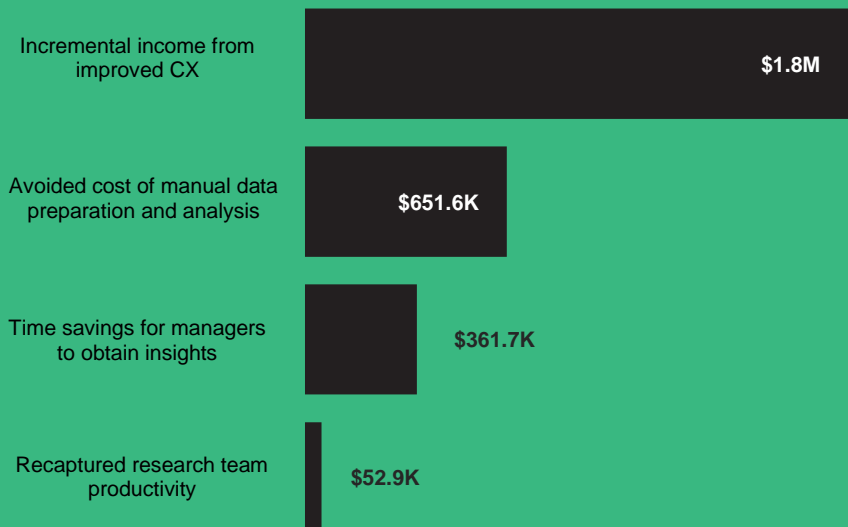
Costs. Three-year, risk-adjusted PV costs include:

- **Software and professional services costs totaling \$369,000.** The primary interviewee's organization pays \$107,250 for software and professional services in Year 1. That increases to \$141,735 in Year 2 and 3.
- **Ongoing internal costs of \$74,000.** This cost includes one research team member dedicating 8% of their time to analyzing Thematic insights and 50 active Thematic users who spend an average of 4 hours consuming and leveraging Thematic insights to implement strategies.

The interview and financial analysis found that the representative's organization experiences benefits of \$2.9 million over three years versus costs of \$444,000, adding up to a net present value (NPV) of \$2.4 million and an ROI of 543%.



Benefits (Three-Year)



“The transparency of the technology goes a long way in building trust with internal stakeholders who may not know how to use Thematic. The team is willing to walk us through how things are scored and what percentages mean, such as: ‘Where did it come from?’ and ‘How did we get this score?’. I think we’ve used or trialed other tools where you can’t really get those answers.”

— Market research program manager, IT and services industry

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 Thematic.

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 Thematic can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Thematic 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 Thematic.

Thematic 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.

Thematic provided the customer's name for the interview but did not participate in the interview.



DUE DILIGENCE

Interviewed Thematic stakeholders and Forrester analysts to gather data relative to Thematic.



INTERVIEW

Interviewed two representatives of organizations using Thematic to obtain data with respect to costs, benefits, and risks.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of one of the interviewees' organizations using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewee.



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 Thematic Customer Journey

■ Drivers leading to the Thematic investment

INTERVIEWEES' ORGANIZATION

Forrester interviewed the research director of an organization who has experience using Thematic. Their organization has the following characteristics and is the primary organization used to inform the quantitative benefits and costs of the financial model:

- In the e-commerce industry focusing on food and beverage (F&B)
- Based in the United States (US)
- An annual revenue of \$6 billion USD
- A high-growth organization with 1.5 billion total customer orders received in Year 1
- A net revenue margin of 12%
- Receives a total of 150,000 open-ended survey responses per quarter

Forrester also interviewed an additional Thematic customer about their organization to supplement the research. It has the following characteristics:

- In the IT and services industry
- Based in the US
- An annual revenue of \$13 billion USD
- Uses Thematic for three main use cases: voice-of-the-customer program, internal theming, and ad-hoc surveys

KEY CHALLENGES

Prior to using Thematic, both organizations did not have an alternative solution in place to capture qualitative customer insights. Manual approaches were taken to identify qualitative insights. However, the process was inefficient and yielded minimal outcomes.

When navigating the need for quality customer insights, the interviewees noted how their

organizations struggled with common challenges, including:

- **Being overwhelmed by the volume and complexity of qualitative customer feedback.** It was not feasible for organizations to access the insights they knew were hidden in the data. Manual data analysis was time-consuming and resource-intensive, often proving infeasible to analyze meaningful sample sizes and prepare significant conclusions. Manual solutions lacked credibility due to a lack of consistency, incomplete analysis, and human error.

“We wouldn’t be able to come up with the [key] themes without Thematic because I simply wouldn’t have the time to sit there and read 20,000 open-ended responses to derive insights. Even if you hired a third-party agency, they wouldn’t be able to pull it off in time, they would make mistakes, and it would just be of poor quality.”

Research director, e-commerce F&B

- **Siloed insights led to fragmented understanding of customer and market needs.** The research director’s e-commerce F&B organization lacked a NPS analysis tool that was centralized and had distributed access to enable self-service data analysis and insights. As a result, the organization analyzed feedback from

channels in isolation, which led to a disparate view of the customer and a lack of alignment on customer needs and business priorities across functions.

- **Limited access to quality insights from alternative tools.** Alternative customer feedback analysis solutions failed to adequately support business decisions. The tools were not able to offer adequate transparency to data analysis and did not offer sufficient details required for meaningful actions to be taken by the organizations.
- **Lack of evidence-based decision-making, leading to misdirected resources.** Customer insights were often outdated before decision-makers could respond to customer pain points with CX initiatives or interventions for better customer outcomes. Business decisions were delayed or informed by incomplete data, therefore reducing or misdirecting resources to respond to a limited and potentially biased understanding of customer sentiment.

USE CASE DESCRIPTION

The interviewee at the e-commerce F&B organization reported two main use cases of Thematic within their organization:

- **Customer insights reports are shared across the organization on a regular basis.** These reports provide insights into major changes in customer sentiment across three user groups. These reports are used to have cross-functional team meetings and to inform customer decisions in a collaborative and data-led manner. Themes are generated by capturing semantics from customer feedback and aim to showcase commonality. The report insights are generated from open-ended survey questions sent to the user groups via an application and email.

- **Deep dive analysis for ad-hoc and specific insight requests raised by other functions.** Primary users of customer feedback insights include the product management and design teams. Once a team submits an inquiry, the organization's research team either gathers the requested insights from the Thematic platform or reassigns the request to Thematic's customer success team for support.

For the above use cases, Forrester has modeled benefits and costs over three years with Year 1 representing FY 2022.

Key Assumptions

- **1.5 billion customer orders placed annually and a 20% YOY growth rate**
- **Cart abandonment rate of 15% due to CX issues prior to Thematic**
- **Manager time savings of 100% on data requests through self-service access to Thematic**
- **Research team time savings of 80% through passing off ad-hoc requests to Thematic professional services**

Analysis Of Benefits

■ Quantified benefit data

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Incremental income from improved CX	\$376,650	\$699,840	\$1,154,736	\$2,231,226	\$1,788,360
Btr	Avoided costs of manual data preparation and analysis	\$252,450	\$262,548	\$273,051	\$788,049	\$651,629
Ctr	Time savings for managers to obtain insights	\$140,400	\$145,800	\$151,200	\$437,400	\$361,731
Dtr	Recaptured research team productivity	\$20,448	\$21,312	\$22,176	\$63,936	\$52,863
	Total benefits (risk-adjusted)	\$789,948	\$1,129,500	\$1,601,163	\$3,520,611	\$2,854,583

INCREMENTAL INCOME FROM IMPROVED CX

Evidence and data. Understanding and acting on customer insights enable customer intimacy and growth. Qualitative customer insights provided additional perspectives on specific problems that customers of the e-commerce F&B organization seek to solve. The Thematic platform enabled that organization to make timely data-driven decisions by identifying emerging and existing customer issues and reasons for changes in customer sentiment. The platform enabled the organization to capture the previously unknown by identifying themes that may have been overlooked on their own.

Moreover, Thematic’s insights were used by the e-commerce F&B organization to proactively provide feedback to other teams when initiatives are launched so the teams can understand the impact of their initiatives and respond accordingly. For example, the organization’s product team made changes to a user portal based on the previous quarter’s customer feedback. In the next quarter, the research team discovered through Thematic insights that negative customer feedback significantly increased regarding the user portal. They immediately alerted the product team to reverse the

changes, which improved their NPS score in the following quarter.

Hence, the capabilities to proactively identify problems, measure initiative impact, and find solutions in customer feedback helped the e-commerce F&B organization formulate informed strategies that drove improved CX. This led to a reduced cart abandonment rate that is a significant

“We made the strategic decision to partner with a third-party application to improve our users’ need for gas price information. This insight came from Thematic, and we would have otherwise not known what drove a decreased NPS score and what problem our users were experiencing.”

Research director, e-commerce F&B

CX metric for the organization. The following data from the organization's annual report was used for the financial model:

- The organization had an average cart size of \$31 in Year 1 that grows at a 4% YOY inflation rate.
- The revenue margin on orders is 12%.

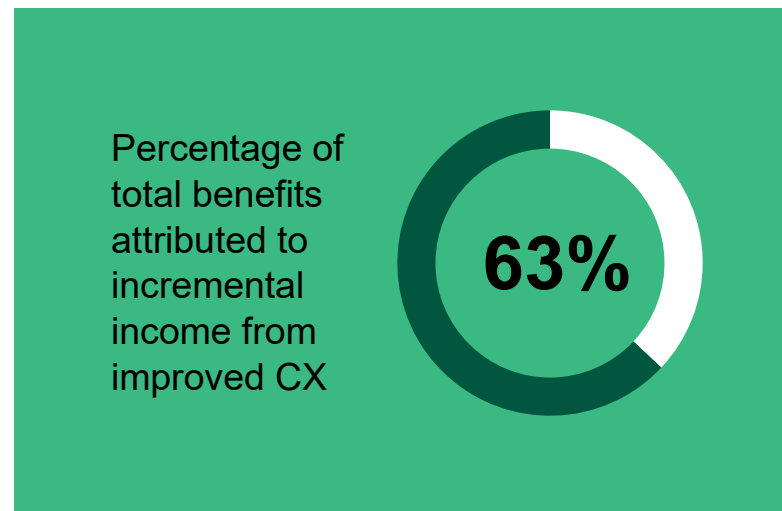
Modeling and assumptions. Based on the interview with the research director of an e-commerce F&B organization, Forrester made the following calculations and assumptions:

- There is a total of 1.5 billion customer orders placed in Year 1 according to the organization's annual report.
- The projected YOY annual order number growth is 20% based on projections of the organization's revenue growth. The e-commerce F&B organization is a high-growth enterprise that leverages Thematic insights to address customer issues and maintain customer loyalty.
- The 15% cart abandonment rate due to poor CX is supported by internal Forrester analyst research and secondary sources. Examples of poor CX in the e-commerce industry and related to the interviewee's organization include delayed customer support, complicated refund policies, and slow, unintuitive website and app design.³
- The organization sees a 2% reduction in cart abandonment due to CX improvements identified through Thematic in Year 1. Leadership attributes this reduction to the amount of CX improvements informed by Thematic. As users become more familiar with the Thematic tool and accustomed to leveraging insights as a basis for their decision-making, Thematic's impact increases by 30% YOY.
- The operating margin is 3%, which is based on the online retail industry average.⁴

Risks. Incremental income from improved CX may vary with the:

- Total number of customer orders received annually.
- Cart abandonment rate due to poor CX prior to implementing Thematic.
- Percentage reduction in cart abandonment due to CX improvements identified through Thematic.
- Average cart size.
- Organization's net revenue and operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.8 million.



Incremental Income From Improved CX					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of orders placed annually	Interview	1,500,000,000	1,800,000,000	2,160,000,000
A2	Carts abandoned due to poor CX prior to Thematic	Assumption	15%	15%	15%
A3	Subtotal: Number of carts abandoned due to poor CX	A1*A2	225,000,000	270,000,000	324,000,000
A4	Reduction in cart abandonment due to CX improvements identified through Thematic	Assumption	2%	3%	4%
A5	Subtotal: Number of carts retained due to Thematic insights	A3*A4	4,500,000	8,100,000	12,960,000
A6	Average cart size	Interview	\$31	\$32	\$33
A7	Net revenue margin	Interview	12%	12%	12%
A8	Subtotal: Total incremental revenue of carts retained	A5*A6	\$16,740,000	\$31,104,000	\$51,321,600
A9	Average operating margin (online retail industry)	Interview	3%	3%	3%
At	Incremental income from improved CX	A8*A9	\$502,200	\$933,120	\$1,539,648
	Risk adjustment	↓25%			
Atr	Incremental income from improved CX (risk-adjusted)		\$376,650	\$699,840	\$1,154,736
Three-year total: \$2,231,226			Three-year present value: \$1,788,360		

SPEED TO INSIGHTS THROUGH OPERATIONAL EFFICIENCY: AVOIDED COST OF MANUAL DATA PREPARATION AND ANALYSIS

Evidence and data. The research director’s e-commerce F&B organization obtained 150,000 open-ended survey responses per quarter from in-app and email channels targeted towards three different user groups. Thematic effectively unified the different sources of data received and automatically extracted themes from the customer feedback through the platform’s natural language processing (NLP) capabilities. This helped the organization avoid data preparation costs by eliminating the need for employees to tag raw data manually, consolidate data, and exercise quality control efforts.

Modeling and assumptions. Based on the interview with the research director of an e-commerce F&B

organization, Forrester made the following calculations and assumptions:

- Prior to Thematic, reading and categorizing one response requires 2 minutes.
- Prior to Thematic, only 20% of the data is manually read and categorized. Thematic is capable of analyzing all data received, which improves the quality and accuracy of insights.
- The organization requires 250 hours to manually consolidate data from different sources. This also captures efforts to ensure that the extracted data format is suitable for manual analysis and data-cleaning preparations.
- Based on the total manual hours required to prepare qualitative data for analysis, the

interviewee’s organization avoids the cost of two FTEs with Thematic. Forrester’s TEI standard assumes 2080 total working hours per year.

- The average fully burdened annual salary of a researcher is \$148,500.
- An average salary growth of 4% YOY.

Risks. Avoided costs of manual data preparation and analysis may vary with:

- The number of open-ended responses received by the organization.
- The percentage of responses read and categorized manually.
- The average fully burdened annual salary of the FTEs required for the manual data preparation and management.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$652,000.

“Looking at the insights in a manual manner, it’s so time intensive that I think the data would just go on unevaluated because we just don’t have the bandwidth. If we didn’t have a tool to do it, it just wouldn’t be done.”

Market research program manager, IT and services industry

Avoided Costs Of Manual Data Preparation And Analysis					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total open-ended survey responses received per quarter	Interview	150,000	150,000	150,000
B2	Total open-ended survey responses received per year	B1*4	600,000	600,000	600,000
B3	Minutes required to read and categorize one response prior to Thematic	Assumption	2	2	2
B4	Percentage of responses read and categorized	Assumption	20%	20%	20%
B5	Subtotal: Hours required to manually read and categorize data prior to Thematic	B2*B3*B4/60	4,000	4,000	4,000
B6	Hours required to manually consolidate data from different sources prior to Thematic	Assumption	250	250	250
B7	FTEs required for manual data preparation and analysis (rounded)	(B5+B6)/2080	2	2	2
B8	Average researcher fully burdened annual salary	TEI standard	\$148,500	\$154,440	\$160,618
Bt	Avoided cost of manual data preparation and analysis	B7*B8	\$297,000	\$308,880	\$321,236
	Risk adjustment	↓15%			
Btr	Avoided cost of manual data preparation and analysis (risk-adjusted)		\$252,450	\$262,548	\$273,051
Three-year total: \$788,049			Three-year present value: \$651,629		

SPEED TO INSIGHTS THROUGH OPERATIONAL EFFICIENCY: TIME SAVINGS FOR MANAGERS TO OBTAIN INSIGHTS

Evidence and data. The research director’s e-commerce F&B organization had around 50 active Thematic users who were generally decision-makers or team managers. These managers regularly made product- and customer improvement-related decisions, and required feedback to make informed changes. With Thematic, managers drew necessary customer insights through self-service. The research director called out the greater democratization of data within their e-commerce F&B organization due to Thematic. Moreover, quarterly NPS reports were sent companywide, so managers had timely insights readily available and no longer needed to cross-check with other teams for alignment. These time savings allowed managers to focus on higher-value strategic tasks, which yielded a productivity improvement.

Modeling and assumptions. Based on the interview with the research director of an e-commerce F&B organization, Forrester made the following calculations and assumptions:

- Prior to Thematic, managers spend 80 hours requesting data analysis and aligning on strategic insights. This includes time spent reviewing received data analysis and clarifying requests for more information. Given the absence of any centralized reporting, managers also spend additional hours holding strategy-alignment days and ad-hoc hours to communicate and ensure consistency in insights.
- Time savings of 100% with Thematic as managers receive quarterly reports with customer feedback insights broken down into themes to inform their decision-making. Many managers will also log into the Thematic platform to consume consolidated insights or have their one-off question answered by Thematic.

“Various internal teams, whether that’s product teams, or product marketing teams, look at the quantitative data and use verbatims to layer on qualitative insights. If the quantitative data isn’t moving in a statistically significant way, then they will look at these verbatims to find out what people are saying and any emerging themes where things are trending.”

Market research program manager, IT and services

- The average fully burdened hourly rate of a manager is \$78.
- A productivity capture rate of 50%.
- An average salary growth of 4% YOY.

Risks. Time savings for managers to obtain insights may vary with:

- The number of active users (i.e., managers) involved.
- The time spent to request data analysis and align on insights prior to Thematic.
- The percentage of time saved through self-service and reporting insights from Thematic.
- The fully burdened hourly rate of a manager.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$362,000.

Time Savings For Managers To Obtain Insights					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of managers actively involved in strategic decision-making prior to Thematic	Interview	50	50	50
C2	Hours spent per manager to request data analysis and align on insights prior to Thematic	Assumption	80	80	80
C3	Percentage of time saved through self-service using Thematic and receiving quarterly reports	Assumption	100%	100%	100%
C4	Productivity capture	TEI standard	50%	50%	50%
C5	Subtotal: Recaptured hours to request data analysis and align on insights	$C1 * C2 * C3 * C4$	2000	2000	2000
C6	Average fully burdened hourly salary (manager)	TEI standard	\$78	\$81	\$84
Ct	Time savings for managers to obtain insights	$C5 * C6$	\$156,000	\$162,000	\$168,000
	Risk adjustment	↓10%			
Ctr	Time savings for managers to obtain insights (risk-adjusted)		\$140,400	\$145,800	\$151,200
Three-year total: \$437,400			Three-year present value: \$361,731		

RECAPTURED RESEARCH TEAM PRODUCTIVITY ON RESPONDING TO AD-HOC DATA REQUESTS

Evidence and data. The research team at the research director's e-commerce F&B organization was responsible for conducting customer research and providing strategic support. Prior to Thematic, other internal teams such as the product design team, would reach out to the research team for customer feedback and improvement suggestions. After implementing Thematic, broader access to Thematic professional services meant the research team saved a large amount of time by off-loading ad-hoc internal requests to Thematic.

Modeling and assumptions. Based on the interview with the research director of an e-commerce F&B organization, Forrester made the following calculations and assumptions:

- The research team requires a total of 800 hours to fulfill ad-hoc requests from other teams prior to

“The time savings Thematic provides is essentially infinity, and we just wouldn’t do the analysis without the tool.”

Research director, e-commerce F&B

Thematic. Without Thematic, the team needed to either manually consume customer feedback or code their own themes to derive insights.

- The average fully burdened hourly salary of a researcher is \$71.
- A productivity capture rate of 50%.
- An average salary growth of 4% YOY.

Risks. Research team time savings on responding to ad-hoc data requests may vary with:

- The time spent to fulfill ad-hoc requests prior to Thematic.
- The percentage of time saved by passing off ad-hoc requests to the Thematic professional service team.

- The average fully burdened salary of a dedicated Thematic user (i.e., researcher).

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$53,000.

Research Team Time Savings On Responding To Ad-Hoc Data Requests					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Hours required for research team to fulfill ad-hoc requests from other teams prior to Thematic	Assumption	800	800	800
D2	Percentage of time saved through passing off ad-hoc requests to Thematic professional services	Assumption	80%	80%	80%
D3	Productivity capture	TEI standard	50%	50%	50%
D4	Subtotal: Recaptured hours to fulfill ad-hoc requests	D1*D2*D3	320	320	320
D5	Average fully burdened hourly salary (researcher)	TEI Standard	\$71	\$74	\$77
Dt	Research team time savings on responding to ad-hoc data requests	D4*D5	\$22,720	\$23,680	\$24,640
	Risk adjustment	↓10%			
Dtr	Research team time savings on responding to ad-hoc data requests (risk-adjusted)		\$20,448	\$21,312	\$22,176
Three-year total: \$63,936			Three-year present value: \$52,863		

UNQUANTIFIED BENEFITS

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

- **Make data-driven decisions and promote internal customer-obsessed cultures.**
Thematic is widely easy used across the company, helping to democratize customer insights and empower people across the company to make evidence-based decisions. The research director of the e-commerce F&B organization said: “We will continue to use Thematic for the ongoing future. It’s too ingrained

in the culture here and everyone uses it, understands it, and it’s a driver of time savings and insights. That is pretty much invaluable at this point.” Thematic also helped organizations overcome challenges with sharing insights across teams as users enjoy unlimited self-service access to the platform.

“When we think about Thematic, we think about having a comprehensive understanding.”

Market research program manager, IT and services

- **Real-time monitoring and understanding of problems.** Thematic is used to uncover problems the teams are unaware of and to alert them of urgent issues. The company also relies on Thematic to uncover the reasons for the issue and ideas on how to solve it.
- **Access to responsive and knowledgeable customer success and support.** Thematic’s customer success team not only makes it easier to become proficient in Thematic but also helps customers close their end-to-end customer feedback process. The market research program manager said, “They’re not only knowledgeable about Thematic, but around survey setup, how we can look at the data and what’s reasonable to deduce.” This support maximized the potential of the platform within their organization and thus, achieved better business outcomes.
- **Increased trust in data and enhanced stakeholder influence.** The market research program manager said, “The transparency of the technology goes a long way in building trust with internal stakeholders.” Thematic has a Theme Editor tool where users can see the intermediate outputs of AI and why feedback was analyzed a certain way. This transparent approach to the AI model helps users provide input and builds a trusting relationship with stakeholders as they can understand where insights are derived from. Moreover, it allows primary users to easily share with stakeholders the insights from the platform

and explain the significance given the traceability of the results.

- **Ability to dig into and understand the insights.** Thematic helps decision-makers better understand and resolve their customers’ pain points. The research director of the e-commerce F&B organization said: “As an NLP tool, it’s probably one of the best available. It gives us the ability to level up or drill down as deep as we’d like to without too much manipulation.”

“Our customer success contact does an amazing job at pointing things out that we might not catch or help us use new platform features or even old features in ways that we might not have understood. They make themselves readily available to teach us things like how to look for certain insights and how to look for them in future campaigns.”

Market research program manager, IT and services

- **Influential and easily consumable customer insights.** Both interviewees appreciated Thematic’s capability to quantify the insights on qualitative customer data received. The market research program manager of the IT and services organization noted: “When we think about Thematic, we think about having a comprehensive understanding. Various internal teams, whether that’s the product team or product marketing teams, will look at the quantitative data [in Thematic] and then use

some verbatims to layer on some qualitative [understanding].” As a result, the depth of insight offered by Thematic allows for impactful insights to be shared with key stakeholders and drive change within the organization.

- **Real-time insights help companies close the customer feedback loop.** Receiving automated and real-time customer insights allow teams to respond to customer feedback that is targeted to their needs. Closing the loop improves the quality of an organization’s relationship with its customers, leading to higher retention.⁵

FLEXIBILITY

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

- **Refined themes overtime that can be customized to fit organizational needs.** As new feedback datasets are added to Thematic, the themes may evolve. Employees can keep themes consistent, reorganize themes or customize them to fit internal terminologies and use cases. Thematic helps companies uncover new issues when the AI identifies new themes.
- **Understand customer journeys.** Thematic’s insights capture and allow decision-makers to resolve customer-level data across channels and touchpoints. This helps organizations build customer journeys that are informed by first-hand data and accurately represent customer emotions.
- **Improved employee experience (EX).** Thematic can be applied to internal employee surveys to understand qualitative feedback and inform EX strategies.

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

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Software and services costs	\$0	\$123,338	\$162,995	\$162,995	\$449,328	\$369,293
Ftr	Ongoing internal costs	\$0	\$28,854	\$29,983	\$31,131	\$89,968	\$74,400
	Total costs (risk-adjusted)	\$0	\$152,192	\$192,978	\$194,127	\$539,296	\$443,693

SOFTWARE AND SERVICES COSTS

Evidence and data. The research director from the e-commerce F&B organization said they invested in both software and professional services costs. The software cost involved the volume of feedback and data sets, the number of users with logins, and their platform feature access. The professional services cost involved ongoing customer success team support, answering ad-hoc requests, and training sessions. Implementation costs were omitted from this model due to the minimal involvement required from the interviewee's organization. Thematic was described as fast to set up and the customer was only involved during the customization of themes when required.

Modeling and assumptions. Software and services costs for the research director's e-commerce F&B organization was provided by Thematic:

- Software costs are \$102,000 in Year 1, and decreases to \$95,510 in Years 2 and 3.
- Professional services costs are \$5,250 in Year 1, and increases to \$46,225 in Years 2 and 3.

Risks. The cost of software and services may vary with:

- The volume of feedback and datasets the organization has.

- The number of user licenses required.
- The level of professional services required.
- The discount received.

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 \$369,000.

Software And Services Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Thematic software costs	Thematic	\$0	\$102,000	\$95,510	\$95,510
E2	Professional services costs	Thematic	\$0	\$5,250	\$46,225	\$46,225
Et	Software and services costs	E1+E2	\$0	\$107,250	\$141,735	\$141,735
	Risk adjustment	↑15%				
Etr	Software and services costs (risk-adjusted)		\$0	\$123,338	\$162,995	\$162,995
Three-year total: \$449,328			Three-year present value: \$369,293			

ONGOING INTERNAL COSTS

Evidence and data. The research director from the e-commerce F&B organization said their organization had one research team member dedicated to analyzing Thematic insights, which took up approximately 8% of their time. The research team member was an experienced data analytics and user experience practitioner, hence limited training was required for them to effectively utilize the platform. The active Thematic users who are generally managers or decision-makers spent 4 hours consuming Thematic insights, including reading quarterly reports and self-service access, to implement strategies.

Modeling and assumptions. Based on the interview with the research director of an e-commerce F&B organization, Forrester made the following calculations and assumptions:

- The average fully burdened annual salary of a researcher is \$148,500.
- The average fully burdened hourly salary of a manager is \$78.
- An average salary growth of 4% YOY.

Risks. Ongoing internal costs may vary with:

- The number of FTEs dedicated to analyzing Thematic post-implementation.
- The number of active Thematic users.
- The percentage of time dedicated to analyzing or consuming Thematic insights.
- The fully burdened annual salary or hourly rate.

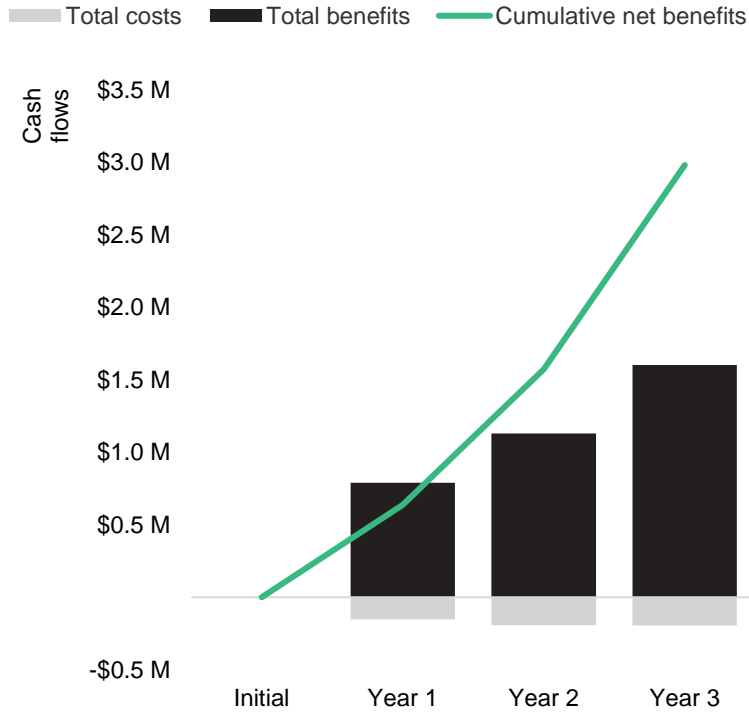
Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$74,000.

Ongoing Internal Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Research team FTEs dedicated to data analysis	Interview	0	1	1	1
F2	Average fully burdened annual salary (researcher)	B8	\$0	\$148,500	\$154,440	\$160,618
F3	Percentage of time dedicated to analyzing Thematic insights	Interview	0%	8%	8%	8%
F4	Subtotal: Cost of dedicated FTEs analyzing Thematic insights	$F1 * F2 * F3$	\$0	\$11,880	\$12,355	\$12,849
F5	Active Thematic users	Interview	0	50	50	50
F6	Hours spent consuming and leveraging Thematic insights to implement strategies	Interview	0	4	4	4
F7	Average fully burdened hourly salary (manager)	C6	\$0	\$78	\$81	\$84
F8	Subtotal: Cost of other active users consuming Thematic insights	$F5 * F6 * F7$	\$0	\$15,600	\$16,200	\$16,800
Ft	Ongoing internal costs	$F4 + F8$	\$0	\$27,480	\$28,555	\$29,649
	Risk adjustment	↑5%				
Ftr	Ongoing internal costs (risk-adjusted)		\$0	\$28,854	\$29,983	\$31,131
Three-year total: \$89,968			Three-year present value: \$74,400			

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 and NPV for the organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	\$0	(\$152,192)	(\$192,978)	(\$194,127)	(\$539,296)	(\$443,693)
Total benefits	\$0	\$789,948	\$1,129,500	\$1,601,163	\$3,520,611	\$2,854,583
Net benefits	\$0	\$637,757	\$936,522	\$1,407,036	\$2,981,314	\$2,410,890
ROI						543%

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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

Appendix B: Endnotes

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

² Source: "Forrester Report Title," Forrester Research, Inc., Publication Date; Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

³ Source: "[How Customer Experience Drives Business Growth, 2022](#)," Forrester Research Inc., June 6, 2022.

⁴ Source: Aswath Damodaran, "[Margins by Sector \(US\)](#)," NYU Stern School Of Business, January 2023.

⁵ Source: "[The Case For Closing The Customer Feedback Loop](#)," Forrester Research Inc., April 11, 2022.

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