

A Forrester Total Economic Impact™  
Study Commissioned By LiveRamp  
November 2018

# The Total Economic Impact™ Of LiveRamp IdentityLink

Cost Savings And Business Benefits  
Enabled By IdentityLink

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## ABOUT FORRESTER CONSULTING

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# Executive Summary

## Benefits And Costs



Increased marketing budget efficiency:

**\$3,036,342**



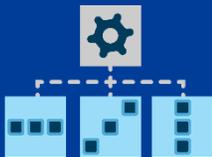
Incremental profit from LiveRamp enabled targeting:

**\$2,511,548**



Increase in co-op advertising allowances:

**\$954,052**



Onboarding and legacy systems savings:

**\$432,635**

B2C marketing professionals within large organizations have massive amounts of first-party data at their disposal sourced from their CRM, loyalty programs, and point-of-sale systems. In order to incorporate offline data in an omnichannel marketing strategy — segmentation, planning, and targeting — the organizations must resolve and activate this data through identity resolution and onboarding to media buying and measurement technologies.

LiveRamp provides a data onboarding and deterministic identity resolution solution that enables organizations to identify, segment, and target customers with personalized digital marketing campaigns and then measure the impact. LiveRamp™ commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying IdentityLink™. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of IdentityLink on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using IdentityLink.

Prior to using IdentityLink, the organizations were unable to match their customer records across channels and devices. Customer data resided in disparate silos across the organizations. IdentityLink provided a way of resolving and activating that previously disparate data. These new capabilities enabled the organizations to transform their marketing strategies to person-based campaigns — optimizing digital marketing budgets and driving in-store actions with digital targeting. Organizations were also able to bring measurement efforts in-house, develop proprietary attribution models, and industrialize first-party data to capture a larger share of wholesale advertising dollars from vendors.

## Key Findings

**Quantified benefits.** The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **Increased marketing budget efficiency by 5%.** With LiveRamp, organizations enacted closed-loop measurement of their audiences, connecting the dots between customers, digital devices, and data. With this information, organizations optimized their marketing budget, shifting spend to channels that better reached their target demographics and facilitated better conversion rates. The organizations also avoided unnecessary spend through ad suppression.
- › **Improved incremental profit of \$2.5M from targeted advertising efforts enabled by identity resolution.** Organizations used LiveRamp to activate offline customer information, creating a database of unique customer profiles which enabled their targeted digital advertising campaigns.



**ROI**  
**240%**



**Benefits PV**  
**\$6.93 million**



**NPV**  
**\$4.89 million**



**Payback**  
**< 3 months**

- › **Increase in co-op advertising allowances.** The IdentityLink platform allows organizations to create second-party data and facilitate access to their vendors in a permission-based and secure environment. Second-party data access leads to strengthened vendor relations and an improvement in co-op allowances of over \$954,000.
- › **Savings of over \$432K from streamlined onboarding and decommissioned systems.** Organizations saved time and money using LiveRamp to centralize and automate frequent onboarding and analytics tasks. Furthermore, organizations reduced use and spending of legacy solutions.

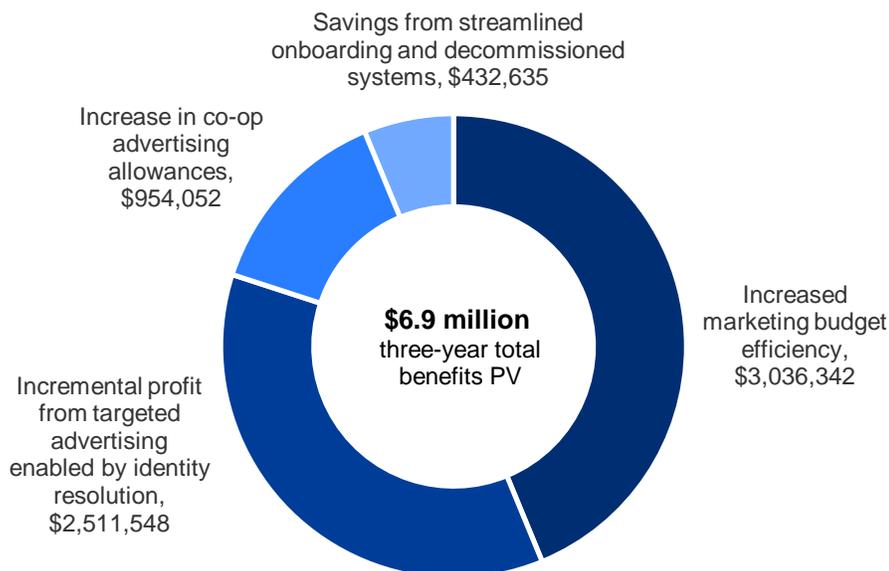
**Unquantified benefits.** The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › **Maintain customer privacy across channels.** Organizations were able to maintain high levels of privacy by using LiveRamp to onboard their data instead of having it spread across multiple platforms. Through LiveRamp, interviewed organizations were able increase the number of channels to which they onboarded their anonymized data.
- › **Greater control over marketing stack.** Organizations were afforded greater control over how they captured and distributed data across marketing platforms.

**Costs.** The interviewed organizations experienced the following risk-adjusted PV costs:

- › **Subscription fees of \$1.59 million.** These are the annual subscription fees paid to LiveRamp.
- › **Internal costs to implement and run LiveRamp of \$447K.** This is the organizational salary burden incurred to manage implementation and operation of LiveRamp IdentityLink.

Forrester's interviews with five existing customers and subsequent financial analysis found that a composite organization would experience benefits of \$6,934,577 over three years versus costs of \$2,039,283, adding up to a net present value (NPV) of \$4,895,294 and an ROI of 240%.



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

## TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing LiveRamp IdentityLink.

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 LiveRamp IdentityLink can have on an organization:



### **DUE DILIGENCE**

Interviewed LiveRamp stakeholders and Forrester analysts to gather data relative to IdentityLink.



### **CUSTOMER INTERVIEWS**

Interviewed five organizations using IdentityLink 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 LiveRamp IdentityLink's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide 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 LiveRamp 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 report to determine the appropriateness of an investment in LiveRamp IdentityLink.

LiveRamp 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.

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

# The IdentityLink Customer Journey

## BEFORE AND AFTER THE IDENTITYLINK INVESTMENT

### Interviewed Organizations

For this study, Forrester conducted five interviews with LiveRamp IdentityLink customers. Interviewed customers include the following:

INDUSTRY	REGION	ANNUAL REVENUE	CUSTOMER RECORDS
Grocery	Western Europe	\$90 billion	14 million
Retail	United States	\$15 billion	150 million
Consumer Electronics	Asia (Global Operations)	\$225 billion	120 million
Retail	United States	\$5 to \$10 billion	60 million
Retail	United States	\$4 billion	45 million

### Key Challenges

Prior to implementing LiveRamp IdentityLink, interviewees shared a number of challenges and pain points with their digital advertising efforts. These issues hampered their ability to drive in-store actions with online targeting, measure the effectiveness of campaigns, and optimize their digital marketing budgets.

- › **Inability to use offline data in targeted digital advertising efforts.** Interviewed organizations stressed the difficulty of using offline data in digital campaigns without a dedicated onboarding platform. Prior to implementing LiveRamp, the organizations had no established match rates, making it impossible to target specific customers and devices in campaigns. Interacting with customers across multiple channels created duplicate records and identifiers across their data ecosystem.
- › **Lack of insight into, and measurement of, digital advertising effectiveness.** Without LiveRamp, organizations were not able to build out a closed-loop measurement system or multitouch attribution models. Interviewed organizations were not able to measure the effectiveness of their marketing campaigns or understand which touchpoints were contributing the most to the success of their campaigns.
- › **Poor integration with marketing platforms and inefficient reporting systems.** Organizations dealt with numerous advertising platforms and lacked a streamlined system for managing these relationships. Furthermore, organizations required marketing analysts to manually generate reports.

### Solution Requirements

The interviewed organizations searched for a solution that could:

- › Unify customer data to seamlessly connect channels on the buyer journey.
- › Optimize digital marketing budgets.

“We wanted to make sure that everything that we are doing is based off of actual consumer intent and targeted at the right people.”

*Head of data and marketing,  
consumer electronics*



“For me, using LiveRamp is table stakes just to gain entry into digital marketing. This is a fundamental component. If you don't use it, you're just not on par with the industry.”

*Senior director of strategic  
analytics, retail*



- › Gain efficiencies of scale in marketing operations.
- › Provide security and protection for sensitive customer information.
- › Streamline data management across marketing platforms.
- › Automate administrative marketing tasks.

## Key Results

The interviews revealed that key results from the IdentityLink investment include:

- › **People-based marketing that led to a marketing transformation.** LiveRamp enabled the interviewed organizations to identify their customers across channels and measure the impact of their marketing campaign. These two capabilities had far-reaching implications for how they thought about their marketing campaigns, the head of data and marketing technology of a consumer electronics company explained, “because we’re talking about people and not cookies or mobile IDs, IdentityLink changed the way we plan our social media campaigns and our budgeting.”
- › **Improved revenue from targeted advertising efforts.** With deterministic matching, organizations were able to refine data from disparate systems into a single customer view. With these profiles on hand, organizations were enabled to perform people-based targeting, measurement, and personalization — resulting in incremental in-store sales. The marketing technology data analyst for a North American retailer explained, “With LiveRamp, we can pass segments, build lookalike audiences, and fine-tune the messaging for different segments in a way that we couldn’t have before.”
- › **Optimized marketing budget efficiency.** Organizations were able to create multi-touch attribution models as well as test and measure the effectiveness of different offers and channels — informing future advertising spend and ensuring their marketing budget was spent as efficiently as possible.
- › **Increased capture of vendor co-op advertising budgets.** The IdentityLink platform was an integral tool in the sharing of second-party data between organizations and their vendor partners. Organizations used IdentityLink to demonstrate to vendors the value of targeting customers in their stores.
- › **Reduced legacy system usage and spend.** Organizations used IdentityLink to streamline data provisioning, reducing their reliance and spending on superfluous legacy systems.

“Because we’re talking about people and not cookies or mobile IDs, IdentityLink changed the way we plan our social media campaigns and our budgeting.”

*Head of data and marketing,  
consumer electronics*



“With LiveRamp, we can pass segments, build lookalike audiences, and fine-tune the messaging for different segments in a way that we couldn’t have before.”

*Marketing technology data  
analyst, retail*



## Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated 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 that Forrester synthesized from the customer interviews has the following characteristics:

**Description of composite.** The composite organization is a global B2C retailer, headquartered and primarily operating in the United States. The organization maintains a large brick-and-mortar retail footprint, while also selling goods through its eCommerce channel. The organization's annual revenue is \$2.5 billion, growing at a rate of 5% year-over-year.

The organization advertises through numerous digital channels: desktop, mobile display, mobile video, social, email, search, and addressable TV. The organization has an annual marketing budget of \$250 million, of which it spends \$103 million on digital advertising efforts. In addition to its own marketing budget, the organization receives additional vendor allowances equal to 10% of their annual marketing budget.

The organization has a database of 80 million customer records sourced from their loyalty rewards program, in-store email sign-ups, and eCommerce transactions.

**Deployment characteristics.** The composite organization uses IdentityLink to onboard and activate their first offline data, for use in targeted digital media campaigns. Using IdentityLink, the organization builds an omnichannel view of their customers by linking the offline data with cookies, device IDs, and other online data to create unique customer profiles. This identity resolution plays a key factor in the organization's strategy to both target and suppress ads across channels. The organization also creates customized offers based on the personalized view of the customer, and measures the impact of marketing campaigns to inform subsequent efforts.



### Key assumptions:

- › \$2.5 billion in annual revenue
- › 80 million customer records
- › \$103 million annual digital advertising spend

# Analysis Of Benefits

## QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits						
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Increased marketing budget efficiency	\$1,165,500	\$1,223,775	\$1,284,964	\$3,674,239	\$3,036,342
Btr	Incremental revenue from targeted advertising enabled by identity resolution	\$972,000	\$1,012,500	\$1,053,000	\$3,037,500	\$2,511,548
Ctr	Increase in co-op advertising allowances	\$0	\$590,625	\$620,156	\$1,210,781	\$954,052
Dtr	Savings from streamlined onboarding and decommissioned systems	\$173,969	\$173,969	\$173,969	\$521,906	\$432,635
Total benefits (risk-adjusted)		\$2,311,469	\$3,000,869	\$3,132,089	\$8,444,426	\$6,934,577

### Incremental Marketing Budget Efficiency

The interviewed organizations revealed that a key goal in implementing IdentityLink was to optimize their marketing budgets. “A big key goal that we needed IdentityLink for was to do measurement in-house and to be able to develop our own attribution model,” explained the marketing technology data scientist for a North American retailer. These insights enabled interviewees: 1) to make better-informed decisions on which channels to distribute content to and 2) how best to allocate their marketing budget across various channels — reducing their spend on channels they learned to be less effective and reinvesting that spend on higher performing channels. Furthermore, organizations instituted audience suppression measures, ensuring that media dollars were not spent on bothering existing customers or deflecting prospects with irrelevant ads. A marketing technology data scientist noted, “LiveRamp allows us to reach the people we’re trying to reach, where we’re trying to reach them.”

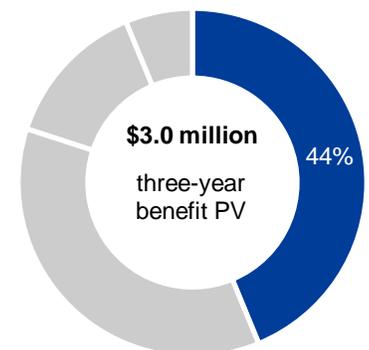
By using IdentityLink, the composite organization ensures that their digital advertising budget is spent targeting the correct customers and prospects across the optimal digital channels. Furthermore, the organization has eliminated spend on legacy broad-based advertising campaigns.

A retail data analyst said, “Across the board, we suppress employees from all of our advertising efforts. We don’t feel that spending money on ads for our own employees is a good use of funds, so there are media cost savings there as well.”

In modeling the impact of IdentityLink in optimizing marketing budget efficiency, Forrester made the following assumptions:

- › Annual marketing budget equal to 10% of annual revenue, growing organically at a rate of 5% year-over-year.
- › Digital marketing budget equal to 37% of total marketing budget.<sup>1</sup>

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$6.9 million.



Increased marketing budget efficiency: **44%** of total benefits

- › Onboarding informs marketing activities representing 28% of total digital advertising budget.<sup>2</sup>

Forrester realizes that marketing budget optimization will vary across organizations. Specific risk considerations include:

- › Availability of in-store capabilities to capture customer transaction data and close purchase loop — loyalty programs, store credit cards, email sign-ups — and the customers’ willingness to participate in programs.
- › Organizational readiness.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$3,036,342.

### Increased Marketing Budget Efficiency: Calculation Table

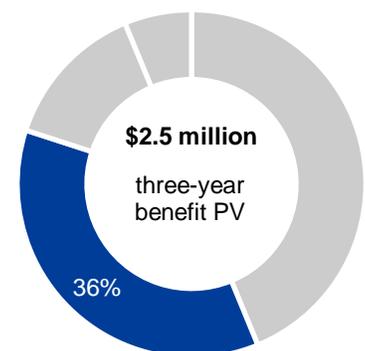
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Annual marketing budget	10% of annual revenue	\$250,000,000	\$262,500,000	\$275,625,000
A2	Percentage of marketing budget dedicated to digital advertising	37% of marketing budget Source: "Forrester Data: Search Marketing Forecast, 2017 To 2022 (Global)"	\$92,500,000	\$97,125,000	\$101,981,250
A3	Percentage of digital advertising budget affected by onboarding	Source: Forrester Analytics Global Business Technographics Marketing Survey, 2017	28%	28%	28%
A4	Efficiency gain due to IdentityLink		5%	5%	5%
At	Increased marketing budget efficiency	A2*A3*A4	\$1,295,000	\$1,359,750	\$1,427,738
	Risk adjustment	↓10%			
Atr	Increased marketing budget efficiency (risk-adjusted)		\$1,165,500	\$1,223,775	\$1,284,964

## Incremental Profit From Targeted Advertising Enabled By Identity Resolution

Prior to using IdentityLink, interviewed organizations were unable to match customer records to corresponding digital channel and device usage. This led to: 1) numerous databases with duplicate and or partially completed records and 2) an inability to target desired customers or prospects with appropriate advertising.

The composite organization used IdentityLink to deterministically match customer records sourced from their loyalty rewards program and promotional email sign-ups with third-party device and cookie data. With these unique customer profiles, the composite organization can create customer segmentation groups, enable targeted ad campaigns, create customized offerings for existing customers and prospects, and conduct omnichannel measurement. The composite organization also utilizes IdentityLink to keep its customer profiles up-to-date, reflecting their current preferences in channels and product offerings.

The insights and analytics manager of data for a North American retailer explained, "We didn't have a way to find a specific person in digital before IdentityLink. We just had to do a broad demographic reach." The



**Incremental profit from targeted advertising: 36% of total benefits**

marketing development director of the same retail company explained, “LiveRamp creates a pathway for us to personalize our marketing in a channel that traditionally we would have had to go after with a broader approach.”

For the composite organization, Forrester assumes that:

- › The organization has 80,000,000 internally sourced user records.
- › The deterministic match rate improves over time with maturity of usage and improvements in data-capture strategies.
- › Personalized targeted advertising has a 3% conversion rate.
- › The organization has an average basket size of \$50, with an average operating margin of 5%.

The improvement in profit from targeted advertising will vary with:

- › Vertical industry and standard benchmarks for conversions, average transaction size, and margins.
- › The ability of agencies to create new, personalized content that resonates with their customer base.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$2,511,548.

**Incremental Profit From Targeted Advertising Enabled by Identity Resolution: Calculation Table**

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Unique user records		80,000,000	80,000,000	80,000,000
B2	Deterministic match rate established with LiveRamp		60.0%	62.5%	65.0%
B3	Unique profiles established for targeted advertising efforts	B1*B2	48,000,000	50,000,000	52,000,000
B4	Targeted advertising conversion rate		3.0%	3.0%	3.0%
B5	Average basket size		\$50	\$50	\$50
B6	Average operating margin		5%	5%	5%
B7	Percent of improvement directly attributed to IdentityLink		30%	30%	30%
Bt	Incremental profit from targeted advertising enabled by identity resolution	B3*B4*B5*B6*B7	\$1,080,000	\$1,125,000	\$1,170,000
	Risk adjustment	↓10%			
Btr	Incremental profit from targeted advertising enabled by identity resolution (risk-adjusted)		\$972,000	\$1,012,500	\$1,053,000

## Increase In Co-Op Advertising Allowances

With IdentityLink’s second-party data platform, organizations can allow access to first-party data by select partners to measure customer overlap, facilitate in-store targeting, and capture additional co-op advertising allowances. LiveRamp ensures that this access is in a permission-based, safe and secure environment which protects customer privacy. Interviewed organizations highlighted the second-party data platform as a key tool in strengthening vendor partnerships,

providing incremental revenue to both partners, and capturing a larger percentage of their vendors' co-op allowances.

The composite organization allowed access to their in-store transaction data and CRM records with large vendor partners to measure the overlaps in customer audiences. By exhibiting the availability of desirable customer segments in-store, the organization accrued a larger portion of their vendor partners' co-op marketing budgets.

A director of strategic analytics said, "We're in the process of establishing more of a business model around protecting and expanding the capture of brand marketing dollars — conglomerate brands that spend north of a billion dollars in marketing. With LiveRamp, we interact with those entities in a very safe platform where we can leverage information they have on shoppers and buyers of their products as well as our customer data. That's the potential upside opportunity that we have in establishing a business model to create 10% to 20% more marketing dollars for our organization."

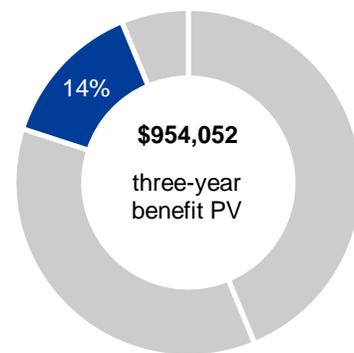
In modeling the increase in co-op advertising allowances Forrester assumes:

- › Annual vendor co-op allowances are equal to 10% of annual marketing budget.
- › The benefit does not begin until Year 2, with maturity of use.

The increase in co-op advertising allowances will vary based on:

- › Existing relationships with vendor partners.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$954,052.



**Increase in co-op advertising: 14% of total benefits**

### Increase In Co-op Advertising Allowances: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Annual vendor allowance prior to LiveRamp	10% of annual marketing budget (A1*.1)	\$25,000,000	\$26,250,000	\$27,562,500
C2	Improvement in annual allowances		N/A	10%	10%
C3	Percentage directly attributed to LiveRamp enabled measurement and co-op platform	ASM	N/A	25%	25%
Ct	Increase in co-op advertising allowances	C1*C2*C3	\$0	\$656,250	\$689,063
	Risk adjustment	↓10%			
Ctr	Increase in co-op advertising allowances (risk-adjusted)		\$0	\$590,625	\$620,156

## Savings From Streamlined Onboarding And Decommissioned Systems

Interviewed organizations centralized onboarding, measurement, and analysis operations, using IdentityLink's available toolset. Moreover, respondents highlighted the ability to discontinue the use of, and subscriptions for, legacy systems with redundant functionalities. The paring down of systems also saved time for junior-level analysts, who could perform measurement and analysis in a centralized hub.

The composite organization reduced the usage of legacy software by 10% annually, performing measurement and reporting with IdentityLink. This allowed the organization to reduce their spend on legacy systems by 10% annually. Furthermore, the organization saved 100 hours per year of FTE time in cleaning, onboarding, dissemination, and measurement operations.

A director of strategic analytics said: “We’ve moved audience operations and some of those legacy system capabilities over to LiveRamp, and on the measurement side we’ve saved about over a hundred person-hours in a three-month period from the different teams that normally had to go into the various systems and run reports. But obviously, as we look to automate more and more, that number, I believe, will grow.”

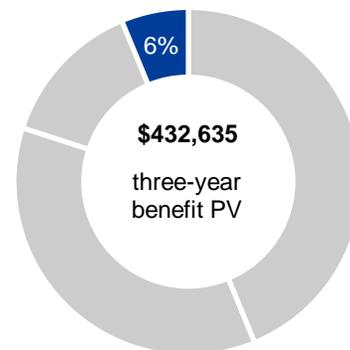
In modeling the savings of decommissioned systems and streamlined operations, Forrester assumes:

- › Annual legacy software spend of \$1,800,000.
- › Average annual fully burdened salary of \$65,000 for marketing analysts.

The savings of decommissioned systems and streamlined operations will vary by organization due to:

- › Size and scope of operations.
- › Marketing environment and system usage.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$432,635.



**Savings from streamlined onboarding: 6% of total benefits**

#### Savings From Streamlined Onboarding And Decommissioned Systems: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Reduced legacy software usage and costs		10%	10%	10%
D2	Annual legacy software spend		\$1,800,000	\$1,800,000	\$1,800,000
D3	Legacy software savings	D1*D2	\$180,000	\$180,000	\$180,000
D4	Hours saved in cleaning, onboarding, and disseminating data to advertising partners		100	100	100
D5	Average fully burdened marketing analyst comp		\$65,000	\$65,000	\$65,000
D6	Marketing FTE savings	(D5/2,080)*D4	\$3,125	\$3,125	\$3,125
Dt	Savings from streamlined onboarding and decommissioned systems	D3+D6	\$183,125	\$183,125	\$183,125
	Risk adjustment	↓5%			
Dtr	Savings from streamlined onboarding and decommissioned systems (risk-adjusted)		\$173,969	\$173,969	\$173,969

### Unquantified Benefits

The interviewed organizations experienced a variety of additional benefits that could not be financially quantified in this study. The unquantified benefit for the LiveRamp IdentityLink solution, evaluated by Forrester, include:

- › **Customer privacy.** Interviewed customers noted that keeping their customer’s data private was a key concern. Using IdentityLink enabled them to reduce the number of platforms to one. The senior director of strategic analytics of a North American retailer explained: “We benefit from using one intermediary versus building point-to-point integrations of our PII data to many different channels. So, it constrains the amount of information that we have to send outbound. It protects us and it protects our customer data from those channels.” IdentityLink provided customers a way of transforming their marketing operations while maintaining their privacy standards, as noted by the marketing technology data analyst of a North American retailer: “We have a very strict privacy policy that we want to adhere to and using IdentityLink has allowed us to do more in a privacy-based and secure manner. So, that’s been another key goal.”
- › **Greater freedom to choose what tools and strategies are used.** LiveRamp allows marketers freedom in choosing how to collect and analyze first-party data. For example, the senior director of strategic analytics said: “Previously, I would have had to have a vendor insert a pixel into our website. Now, I can choose to go through LiveRamp.”

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

## Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement IdentityLink and later realize additional uses and business opportunities, including:

- › Ability to innovate and experiment with new channels and marketing strategies.
- › Improved customer experience and customer loyalty.
- › Differentiation from competitors that do not offer personalized omnichannel experiences.
- › Ability to construct data lakes and advanced attribution models.
- › Attractive marketing environment to recruit top talent.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

# Analysis Of Costs

## QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs							
REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Internal implementation costs	\$5,688	\$0	\$0	\$0	\$5,688	\$5,688
Ftr	LiveRamp subscription fees	\$0	\$640,000	\$640,000	\$640,000	\$1,920,000	\$1,591,585
Gtr	Internal costs to run LiveRamp	\$0	\$136,500	\$136,500	\$273,000	\$546,000	\$442,010
	Total costs (risk-adjusted)	\$5,688	\$776,500	\$776,500	\$913,000	\$2,471,688	\$2,039,283

## Internal Implementation Costs

This category represents the internal costs incurred by the composite organization during the implementation and deployment of LiveRamp IdentityLink. The organization required one marketing manager dedicating 50% of their time to implementation and planning of the LiveRamp IdentityLink deployment, as well as ancillary file optimization.

- › The composite organization required one month to fully roll out its LiveRamp IdentityLink deployment.

Some organizations may face varying costs based on scope of operations and usage.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$5,688.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than \$2.0 million.



**Total implementation and deployment time: one month**

Internal Implementation Costs: Calculation Table						
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Time required to implement LiveRamp (months)		1			
E2	FTE marketing manager dedicated to managing LiveRamp implementation and file optimization		1			
E3	Average fully burdened compensation		\$130,000			
E4	Percentage of time dedicated to implementation		50%			
Et	Internal implementation costs	$E1 * E2 * (E3/12) * E4$	\$5,416.67	\$0	\$0	\$0
	Risk adjustment	↑5%				
Etr	Internal implementation costs (risk-adjusted)		\$5,688	\$0	\$0	\$0

## LiveRamp Subscription Fees

This category represents the ongoing subscription and usage costs the composite organization pays LiveRamp to use IdentityLink.

- › The composite organization pays \$640,000 annually for the use of IdentityLink.

The total PV for the LiveRamp subscription fees is \$1,591,585.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

### LiveRamp Subscription Fees: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	IdentityLink subscription fees			\$640,000	\$640,000	\$640,000
Ft	IdentityLink subscription fees	F1	\$0	\$640,000	\$640,000	\$640,000
	Risk adjustment	0%				
Ftr	IdentityLink subscription fees (risk-adjusted)		\$0	\$640,000	\$640,000	\$640,000

## Internal Costs To Run IdentityLink

This category represents the internal costs incurred by an organization with the management and usage of IdentityLink.

- › The composite organization employs a marketing manager who oversees the usage of IdentityLink within the marketing department and manages relationships with adjacent teams whose decisions are informed by IdentityLink.
- › In Year 3, the organization hires an additional marketing manager as their IdentityLink deployment matures and increases in strategic importance.



**Two FTEs**  
spend 100% of their time  
on ongoing management  
of IdentityLink.

Organizations will face varying internal costs based on the size and scope of operations and prevailing labor markets.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$442,010.

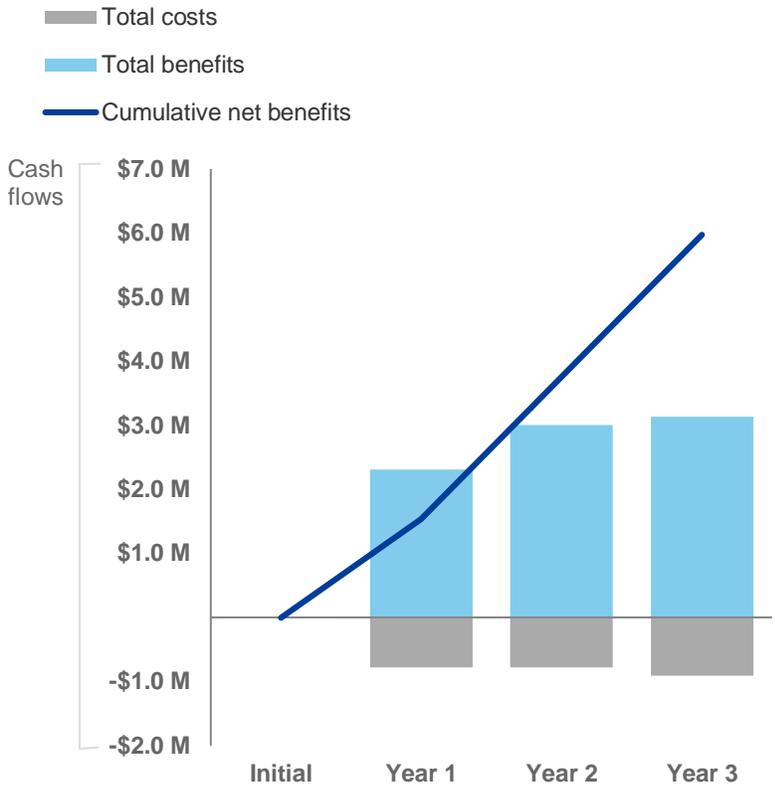
### Internal Costs To Run IdentityLink: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	FTE marketing manager dedicated to managing IdentityLink			1	1	2
G2	Average fully burdened compensation			\$130,000	\$130,000	\$130,000
Gt	Internal costs to run IdentityLink	G1*G2		\$130,000	\$130,000	\$260,000
	Risk adjustment	↑5%				
Gtr	Internal costs to run IdentityLink (risk-adjusted)		\$0	\$136,500	\$136,500	\$273,000

# 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 Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$5,688)	(\$776,500)	(\$776,500)	(\$913,000)	(\$2,471,688)	(\$2,039,283)
Total benefits	\$0	\$2,311,469	\$3,000,869	\$3,132,089	\$8,444,426	\$6,934,577
Net benefits	(\$5,688)	\$1,534,969	\$2,224,369	\$2,219,089	\$5,972,739	\$4,895,294
ROI						240%
Payback period						<3 months

# LiveRamp IdentityLink: Overview

The following information is provided by LiveRamp. Forrester has not validated any claims and does not endorse LiveRamp or its offerings.

LiveRamp IdentityLink helps brands deliver better customer experiences. With IdentityLink, marketers can gain an omnichannel understanding of the consumer, then activate that insight across marketing channels in a privacy-conscious way.

## Unify your understanding of customers

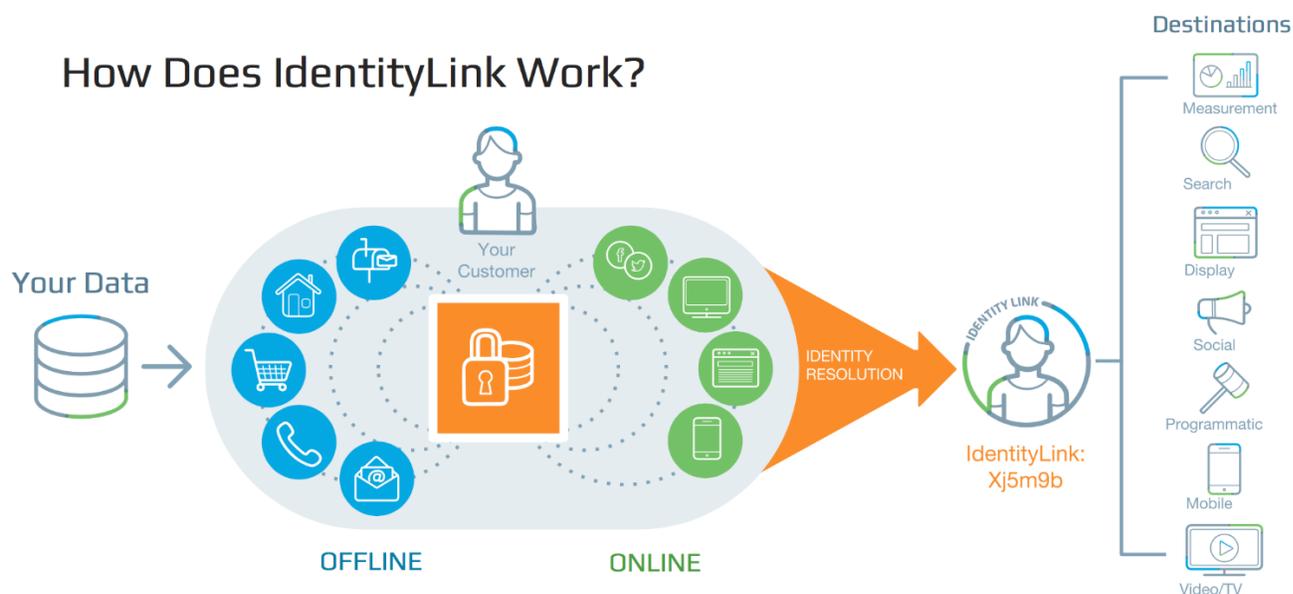
Build an omnichannel view of the consumer journey across channels, platforms, and devices by connecting data across LiveRamp's 500+ media and technology partners.

## Engage more effectively

Use first-, second-, and third-party data to deliver the most relevant marketing messages at every customer touchpoint.

## Understand the omnichannel impact

Measure the impact of every marketing touchpoint to increase ROI and optimize marketing and advertising strategies.



# Appendix A: Total Economic Impact

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

## Total Economic Impact Approach



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



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



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



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

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



### Present value (PV)

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



### Net present value (NPV)

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



### Return on investment (ROI)

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



### Discount rate

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



### Payback period

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

## Appendix B: Endnotes

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<sup>1</sup> Source: “Forrester Data: Search Marketing Forecast, 2017 To 2022 (Global),” Forrester Research, Inc., March 2, 2018.

<sup>2</sup> Source: Forrester Analytics Global Business Technographics Marketing Survey, 2017.