

A Forrester Total Economic Impact™

Study Commissioned By Oblong Industries

February 2017

The Total Economic Impact™ Of The Immersive Collaboration Solution, Mezzanine

The Impact of Advanced Collaboration with Mezzanine on Business Processes

Table Of Contents

Executive Summary	1
Key Findings	1
TEI Framework And Methodology	3
The Mezzanine Customer Journey	4
Interviewed Organizations	4
Key Challenges	4
Key Results	5
Composite Organization	5
Financial Analysis	6
Improved Internal Workflow And Collaboration	6
Increased Sales Opportunities Won/Closed	7
Reduced Time Spent Advancing Qualified Opportunities	8
Ability To Offer New Services Through Mezzanine	9
Travel Savings	10
Flexibility	11
Mezzanine Costs	12
Financial Summary	13
Mezzanine: Overview	14
Appendix A: Total Economic Impact	15
Total Economic Impact Approach	15

Project Director:
Adrienne Capaldo
February 2017

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

© 2017, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to forrester.com

Executive Summary

Key Benefits



Savings from improved business processes:

\$1.6 million



Sales effectiveness:

15% improvement in rate of closed and won opportunities



“Mezzanine had sizzle and emotion and all that, but it was one of those tools that was intuitive for how it worked and how it would improve not only your presentation but your collaboration.”

Director of strategy, security services, and telecommunications

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

Oblong’s Mezzanine is an immersive collaboration solution that enables an experience known as Infopresence, whereby users are immersed as a group in their vital content and data both in a room as well as across locations. Mezzanine provides a dynamic, multisurface, visual, and spatial environment that integrates live video, presentations, and applications. Teams and users are able to connect to Mezzanine using any device, providing the flexibility to connect from any location.

To better understand the benefits, costs, and risks associated with a Mezzanine implementation, Forrester interviewed and surveyed several customers with experience using Mezzanine.

Prior to using Mezzanine, the interviewees used a variety of disparate collaboration solutions, including nonintegrated phone and video/webconferencing, document and file sharing, and physical face-to-face meetings both internally and with external partners. The interviewees often shuffled between different systems to create an effective meeting experience. Additionally, these interviewees noted limited ability to perform data visualization in real time, increasing meeting time and reducing meeting productivity.

With Mezzanine, the interviewees have an immersive collaboration platform that improves the efficiency of their business processes. Mezzanine provides an integrated visual platform for in-person meetings and also delivers the impact of in-person meetings for distributed teams. Interviewees noted tangible improvements to both external and internal workflows. Externally, organizations noted that using Mezzanine as part of the sales process increases the number of opportunities that are won and closed, provides the opportunity to highlight new products and services, and reduces the time spent advancing qualified opportunities.

Internally, organizations noted savings from reductions in travel for physical, face-to-face meetings as well as improved internal workflows and communication. Said one organization, “Mezzanine had sizzle and emotion and all that, but it was one of those tools that was intuitive for how it worked and how it would improve not only your presentation but your collaboration.”

Key Findings

Quantified benefits. The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed:

- › **Mezzanine improves internal workflow and collaboration.** Internally, organizations noted that the use of Mezzanine across distributed teams and functional responsibilities increases efficiencies of meetings and collaboration through shared workspaces, and heightens visualization of real-time analytics. This resulted in higher productivity within those teams compared with traditional document sharing and phone-based meetings.



ROI
226%



Benefits PV
\$1.7 million



Costs PV
\$522,000



NPV
\$1.2 million

“Our sales cycle is much better as a result [of implementing Mezzanine]. Our storytelling, our business processes, they are all a lot better.”

— Director of strategy, security services, and telecommunications



› **Mezzanine has a positive impact on won/closed sales opportunities.**

Interviewees who used Mezzanine as part of the sales process indicated that they saw a measurable impact on the ability to engage and retain prospects. Part of this was due to the ability of the organization to differentiate itself from its competitors in the use of the new technology. Providing a collaborative, immersive experience to its prospects provided higher levels of engagement and interaction earlier in the sales process. Later in the sales process, the ability to provide real-time analytics in discussions with prospects allowed for more participation and buy-in from different prospect stakeholders, allowing everyone to get to a consensus faster.

› **Mezzanine reduces the time spent advancing qualified opportunities.**

In addition to the direct impact on sales wins, another sales impact noted by the interviewed organizations was around the efficiency of moving opportunities faster through the pipeline. Mezzanine provided the platform to engage with customers in person and across multiple locations, allowing for a wider set of stakeholders to participate in an immersive experience. Getting prospects engaged sooner allowed organizations to reduce the overall cost of moving prospects through the sales process.

› **Mezzanine provides a platform for new services.** Another key benefit cited by the interviewed clients was the ability to use Mezzanine as a platform for new service offerings. Mezzanine provides the power for teams to offer a higher level of service to their clients.

› **Mezzanine reduces travel costs.** Organizations noted that the use and adoption of Mezzanine allowed them to reduce the number of international and domestic trips to bring geographically dispersed teams together.

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

› **Costs for Mezzanine hardware, software, and support.** This is the cost of purchasing the Mezzanine appliance. Interviewed organizations also pay for warranty and support for the Mezzanine platform.

› **Implementation and management costs.** Interviewed organizations spend time upfront preparing their environments for the Mezzanine investment as well as training on the new system. Interviewees all noted minimal training time required for the investment and minimal time spent on ongoing management and scaling of the Mezzanine environment. Many of these costs are optional and will not be incurred by every organization.

Forrester’s interviews and online surveys with four existing customers and subsequent financial analysis found that a composite organization based on these interviewed organizations experienced benefits of \$1.7 million over three years versus costs of \$522,000, adding up to a net present value (NPV) of \$1.2 million and an ROI of 226%.

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 Mezzanine.

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 Mezzanine can have on an organization. Specifically, we:

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



DUE DILIGENCE

Interviewed Oblong stakeholders and Forrester analysts to gather data relative to Mezzanine.



CUSTOMER INTERVIEWS AND SURVEY

Interviewed and surveyed four organizations using Mezzanine to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed and surveyed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews and survey using the TEI methodology, and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Forrester employed four fundamental elements of TEI in modeling Mezzanine'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 Oblong 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 Mezzanine.

Oblong 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.

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

The Mezzanine Customer Journey

BEFORE AND AFTER THE MEZZANINE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Mezzanine customers. Interviewed customers include the following:

INDUSTRY	REGION	EMPLOYEES
Software, video services	Headquartered in the United States	400 employees
Telecommunications	Headquartered in United States	750,000 employees
Retail	Headquartered in the United States	1,400 employees
Visual media organization	Headquartered in Europe	Several thousand employees

Key Challenges

The interviewees had several challenges with their prior environment that led them to look for a solution like Mezzanine, including:

- › **Many interviewees were using traditional collaboration and presentation tools both internally and with clients and prospects.** The uses of these tools were widespread both internally and externally. However, there was a growing consensus that the ability to visually collaborate in real time was limited using the existing tools.
- › **In sales situations, interviewees saw the need to differentiate themselves within the sales process.** Traditional presentation and collaboration tools allowed them to communicate basic information; however, to keep their prospects engaged, many interviewees felt that they needed an immersive, data-rich experience. This was even more of an issue in sales situations where multiple, distributed prospect stakeholders were involved in the sales process. Having an immersive, collaborative sales experience that differentiated their process from their competitors increased prospect engagement and had a direct impact on the sales process.
- › **Internal collaboration was becoming expensive or ineffective.** Several interviewees noted that prior to their investment, they had limited choices within their distributed teams for collaboration. They could invest in travel to bring their distributed teams together on a regular basis or continue to do most of their meeting collaboration over the phone and with traditional webconferencing.

“We wanted a great experience for our workers, but we also wanted a place that would allow us to easily tell our story to our customers, for them to perceive the value that we provide to them in a service, and to show them that we are a forward-thinking kind of organization.”

— Director of strategy, security services, and telecommunications



Key Results

The interviews revealed key results from the Mezzanine investment, including:

- › **Mezzanine improved internal workflow and collaboration.** Several organizations noted the use of Mezzanine for internal collaboration and improved workflow efficiency between distributed teams. This was due to the ability of individuals at different locations to share documents and information easily, allowing for more productive meetings and collaboration. Mezzanine enabled the teams to meet from any location, with full access through any device, whether a laptop, tablet, or mobile phone. In addition, several organizations noted that they were able to reduce the number and duration of disparate employees traveling through the use of the Mezzanine platform.
- › **Interviewees noted the use of Mezzanine to improve sales effectiveness.** Many of the interviewed organizations noted a key use case for Mezzanine was to improve the way they interacted with clients and prospects. More and more, organizations noted that the use of Mezzanine allowed them to be seen as a differentiator in the sales process compared with their competitors. The technology also allowed them to improve the way they immerse their clients and prospects in products and solutions. One interviewed organization noted that the use of Mezzanine allowed it to visually showcase how different products and solutions work together within the data center environment, increasing sales velocity and the overall win rate.
- › **Mezzanine provided a platform to experiment and engage in new ways.** For many organizations, the Mezzanine platform was a new way of collaborating and communicating internally and externally. What drew many of the organizations to the technology was its potential to drive innovation and change the way people communicate and collaborate internally and externally.

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 four 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:** It is a global organization with \$2.5 billion in annual revenue and 1,000 employees. The organization uses Mezzanine in both external sales and internal collaboration workflows. Prior to the investment, the organization used predominately face-to-face meetings and traditional collaboration tools (such as presentations, phone, and web/videoconferencing) as part of internal and external communication.
- › **Deployment characteristics:** The organization deployed a Mezzanine room to be used by both sales and operations personnel. It plans to expand usage in a few years by adding additional rooms.



Key assumptions

1,000 employees

20% sales employees

15 global locations

Software used:

Mezzanine

Financial Analysis

QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

Total Risk-Adjusted Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Improved internal workflow and collaboration	\$155,952	\$194,940	\$194,940	\$545,832	\$449,343
Btr	Increased percentage of sales opportunities won/closed	\$151,875	\$202,500	\$202,500	\$556,875	\$457,565
Ctr	Reduced time spent advancing qualified opportunities	\$207,360	\$311,040	\$311,040	\$829,440	\$679,256
Dtr	Ability to offer new services through Mezzanine	\$18,000	\$18,000	\$18,000	\$54,000	\$44,763
Etr	Savings from reduction in travel	\$28,500	\$28,500	\$28,500	\$85,500	\$70,875
	Total benefits (risk-adjusted)	\$561,687	\$754,980	\$754,980	\$2,071,647	\$1,701,803

Improved Internal Workflow And Collaboration

The key area of benefit for internal uses of Mezzanine was improved workflow efficiency. Several organizations noted that with distributed, cross-functional teams in particular, the use of Mezzanine within meetings allowed teams to share information faster and come to a resolution in less time than without using Mezzanine. An example brought up by one organization was the use of a “war room” to bring different functional teams together for end-of-quarter and end-of-year reporting. Having sales operations, finance, and operations collaborate through the use of Mezzanine allowed data to be shared more efficiently and increased the efficiency of the overall close process.

For the composite organization, Forrester assumes that:

- › Four hundred and fifty employees are using Mezzanine as part of internal workflows.
- › Seventy-five percent of employees are using Mezzanine for general purpose meetings and spend roughly 26 hours annually within these meetings.
- › In addition, roughly 25% of employees using Mezzanine are using it for intense “war room” meetings involving cross-functional teams, spending 150 hours annually in the Mezzanine room.
- › The composite organization estimates a 20% improvement in workflow efficiency due to the immersive experience of the Mezzanine platform.

Workflow efficiency can vary with:

- › Size and function of distributed teams.
- › Workflow complexity.

To account for this, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$449,343.

The table above shows the total of all benefits across the five 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 \$1.7 million.

Improved Internal Workflow And Collaboration — Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Total number of employees using Mezzanine		300	300	300
A2	Percentage of Mezzanine employees using the room for general purpose meetings		75%	75%	75%
A3	Time spent in general purpose collaborative meetings (annually)		26	26	26
A4	Percentage of Mezzanine employees using the room for intense "war room" meetings		25%	25%	25%
A5	Time spent in intense war room meetings		150	150	150
A6	Cost per hour		\$48	\$48	\$48
A7	Estimated workflow improvement		20%	25%	25%
At	Improved internal workflow and collaboration	$(A1 \cdot A2 \cdot A3 \cdot A6 \cdot A7) + (A1 \cdot A4 \cdot A5 \cdot A6 \cdot A7)$	\$164,160	\$205,200	\$205,200
	Risk adjustment	↓5%			
Atr	Improved internal workflow and collaboration (risk-adjusted)		\$155,952	\$194,940	\$194,940

Increased Sales Opportunities Won/Closed

The composite organization began leveraging Mezzanine in targeted sales situations, resulting in more won and closed opportunities. The composite organization uses its Mezzanine room for product and solution introductions, highlighting how the solution can work within the prospects' environment. Prior to the investment in Mezzanine, the first face-to-face meeting with a prospect involved a static presentation of capabilities and how they would be applied to the prospects' environment. The pivot to an immersive sales experience allowed the organization to better showcase and connect with its prospects in real time, reducing the time to reach a sales decision.

For the composite organization, Forrester assumes that:

- › Prior to Mezzanine, the organization estimates that the average close rate across qualified opportunities that can benefit from an immersive experience is an average of 3% or, for every 100 qualified leads, three of them eventually close.
- › The average closed deal generates roughly \$250,000 in incremental sales for the organization. This includes a targeted mix of products and services and does not include any contract extensions.
- › For the organization, the net sales margin on an average opportunity is 15%, taking into account the cost of goods and sales. As a result, the average net profit on a closed opportunity is \$37,500.
- › Impact risk is the risk that the business or technology needs of the organization may not be met by the investment in Mezzanine, resulting in lower overall total benefits. The greater the uncertainty, the wider potential range of outcomes for benefit estimates.



Percentage increase in close rate as a result of Mezzanine: 15% to 20%

- › The organization estimates that the use of the immersive Infopresence experience in the sales process can increase the close rate by 15% in the first year, increasing to 20% in years 2 and 3.

The benefits of Mezzanine can vary with:

- › The size and complexity of the individual sale.
- › Differences in negotiating leverage between individual prospects.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$457,565.

Increased Sales Opportunities Won/Closed — Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of qualified opportunities yearly		1,000	1,000	1,000
B2	Average close rate		3%	3%	3%
B3	Percentage increase in close rate		15%	20%	20%
B4	Average deal size		\$250,000	\$250,000	\$250,000
B5	Sales margin		15%	15%	15%
Bt	Increased percentage of sales opportunities won/closed	$B1*B2*B3*B4*B5$	\$168,750	\$225,000	\$225,000
	Risk adjustment	↓10%			
Btr	Increased percentage of sales opportunities won/closed (risk-adjusted)		\$151,875	\$202,500	\$202,500

Reduced Time Spent Advancing Qualified Opportunities

In addition to Mezzanine increasing won and closed opportunities, another benefit realized within the sales process was the ability of Mezzanine to move opportunities faster through the sales pipeline, resulting in improved sales efficiency. Several of the interviewed organizations noted that the use of Mezzanine early in the sales process increases the attention of the prospect and makes it more likely for key stakeholders to come on board in earlier stages than without the use of Mezzanine. This increased engagement earlier in the process reduces the time and effort to educate distributed teams later in the sales cycle, reducing the sales burden.

For the composite organization, Forrester assumes that:

- › The composite organization has a total of 200 quota-carrying sales employees.
- › Of the total number of opportunities where Mezzanine could be used, roughly 200 early-stage opportunities are potentially affected by the use of the immersive experience.
- › It takes salespeople an average of 2 hours to move a typical sales opportunity from the initial presentation to a more in-depth discussion of capabilities.
- › The organization estimates that Mezzanine can drive time efficiency of 10% in Year 1, increasing to 15% in years 2 and 3.



Percentage improvement in time advancing qualified opportunities: 10% to 15%

Sales efficiencies can vary with:

- › The size of the sales team managing the relationship.
- › The complexity of the sales opportunity.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$679,256.

Reduced Time Spent Advancing Qualified Opportunities – Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of quota-carrying sales staff		200	200	200
C2	Number of early-stage opportunities		200	200	200
C3	Average time spent confirming secondary meeting (hrs.)		2	2	2
C4	Percent improvement in time		10%	15%	15%
C5	Productivity factor		40%	40%	40%
C6	Cost per hour		\$72	\$72	\$72
Ct	Reduced time spent advancing qualified opportunities	$C1 * C2 * C3 * C4 * C5 * C6$	\$230,400	\$345,600	\$345,600
	Risk adjustment	↓10%			
Ctr	Reduced time spent advancing qualified opportunities (risk-adjusted)		\$207,360	\$311,040	\$311,040

Ability To Offer New Services Through Mezzanine

Interviewees found that one of the key benefits of Mezzanine was the ability to not only use it as a sales tool but to leverage it to offer new services to clients. With Mezzanine's integration of immersive Infopresence capabilities and ability to collaboratively share data with users at any location, connecting through any device, the organization can deliver services to its customers in a new way. Clients are able to work with the organization in real time, allowing the organization to provide a higher level of engagement. Forrester assumes that the composite organization:

- › Conservatively sells one service agreement that leverages Mezzanine annually.
- › Applies a 40% service sales margin.

New product introduction can vary with:

- › Market acceptance of new service.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$44,763.



Annual incremental profit from new services: \$18,000

Ability To Offer New Services Through Mezzanine — Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Number of new products introduced annually		1	1	1
D2	Cost of new service		\$50,000	\$50,000	\$50,000
D3	Services cost margin		40%	40%	40%
Dt	Ability to offer new services and products through Mezzanine	$D1 \cdot D2 \cdot D3$	\$20,000	\$20,000	\$20,000
	Risk adjustment	↓10%			
Dtr	Ability to offer new services through Mezzanine (risk-adjusted)		\$18,000	\$18,000	\$18,000

Travel Savings

While the prior benefits focused on the impact of using Mezzanine in external sales situations with clients and prospects, many of the interviewed clients used Mezzanine for internal collaboration and communication as well. These organizations saw benefits in reduced travel costs and improvements to the effectiveness and efficiency of internal workflows. For reduced travel, many of the interviewed organizations noted that the use of Mezzanine allowed distributed teams to meet from their own offices and experience the same benefits of in-person meetings without having to incur travel costs.

For the composite organization, Forrester assumes that:

- › One trip yearly can be eliminated for 10% of internal Mezzanine users. This equates to a total of 30 trips per year.
- › The average cost of a trip is estimated at \$1,000, which includes the cost of travel, hotel, and incidentals.

Travel cost avoidance can vary with:

- › The rate of increase in the number of trips per year.
- › The lack of planned adoption of the Mezzanine platform.
- › The average cost of a trip.

Over three years, the total PV of this benefit is \$70,875.



Overall, Mezzanine reduced a total of 30 trips across the organization.

Savings From Reduction In Travel — Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
E1	Number of trips reduced per year		30	30	30
E2	Cost per trip		\$1,000	\$1,000	\$1,000
Et	Savings from reduction in travel	$E1 \cdot E2$	\$30,000	\$30,000	\$30,000
	Risk adjustment	↓5%			
Etr	Savings from reduction in travel (risk-adjusted)		\$28,500	\$28,500	\$28,500

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 Mezzanine and later realize additional uses and business opportunities, including:

- › The ability to increase usage to other internal workflows and distributed teams.
- › The ability to drive usage externally with partners and suppliers, extending the value of immersive collaboration externally.

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

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 so.

Total Risk-Adjusted Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Ftr	Hardware AV equipment	\$94,500	\$0	\$0	\$0	\$94,500	\$94,500
Gtr	Mezzanine hardware and software	\$144,900	\$0	\$0	\$0	\$144,900	\$144,900
Htr	Product maintenance	\$0	\$28,980	\$28,980	\$28,980	\$86,940	\$72,069
Itr	Professional services	\$61,600	\$42,350	\$42,350	\$42,350	\$188,650	\$166,918
Jtr	Administration	\$0	\$17,820	\$17,820	\$17,820	\$53,460	\$44,316
	Total costs (risk-adjusted)	\$301,000	\$89,150	\$89,150	\$89,150	\$568,450	\$522,703

Mezzanine Costs

The composite organization incurred costs in several cost categories, including:

- › Hardware AV equipment — the hardware cost to retrofit the technology to the Mezzanine rooms. Please note that not all organizations will need to purchase all new AV equipment; many will be able to use existing equipment. Many of these costs are optional costs organizations may incur in creating an advanced overall room experience, above and beyond the cost of the Mezzanine appliance.
- › Mezzanine hardware and software — the cost of the Mezzanine hardware and software components.
- › Product maintenance — annual recurring maintenance (18%) for the Mezzanine hardware and software.
- › Professional services — external services cost to help install the Mezzanine solution. In addition, this includes the ongoing costs of training and external strategy architecture and support around the solution. Note that not all organizations will require professional services.
- › Administration — the cost of internal resources to maintain, support, and administer the Mezzanine system.

Mezzanine costs can vary with:

- › Different licensing agreements or discounts.
- › Locations of the Mezzanine rooms and associated support labor rates.

To account for these risks, Forrester adjusted this cost upward by 5% to 10%, yielding a three-year risk-adjusted total PV of \$522,703.

The table above shows the total of all costs across the five areas listed, 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 \$522,000.

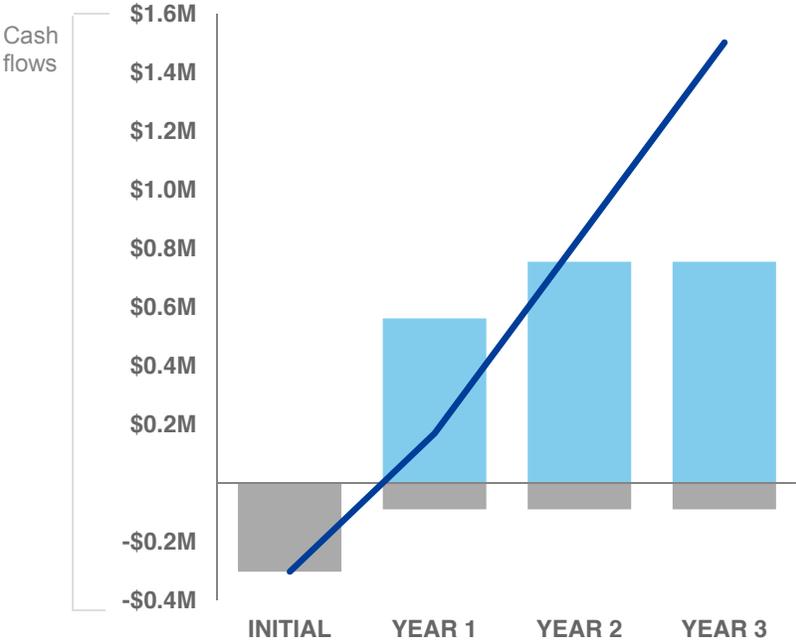
Implementation risk is the risk that a proposed investment in Mezzanine may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of cost estimates.

Financial Summary

CONSOLIDATED THREE-YEAR METRICS

Cash Flow Chart

- Total benefits
- Total costs
- Cumulative total



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period values for the composite organization's investment in Mezzanine. 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

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$301,000)	(\$89,150)	(\$89,150)	(\$89,150)	(\$568,450)	(\$522,703)
Total benefits	\$0	\$561,687	\$754,980	\$754,980	\$2,071,647	\$1,701,803
Net benefits	(\$301,000)	\$472,537	\$665,830	\$665,830	\$1,503,197	\$1,179,100
ROI						226%
Payback period						7.6 months

Mezzanine: Overview

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

According to Oblong Industries, we're in an age of profound change. Companies that fail to transform to a digital way of working will lose. But what does it take to leap ahead of competitors by enabling the agility and employee engagement required for innovation?

Oblong Industries continues to lead the way with foundational technology delivering the future of work today. One customer, Ian Rogers, formerly of Beats Music, explains that part of Oblong's appeal: "When someone comes to your office to learn your vision of the future, it's crucial they feel like they've walked into the future, not the past."

A Mezzanine workspace spans screens, walls, and even locations. With the simultaneous display of data, images, live video streams, and screen sharing from multiple devices, Mezzanine is a flexible and practical solution for the modern enterprise.

A Mezzanine-equipped space drives collaboration by drawing attendees and ideas out of the silos of personal screens into a shared cognitive and physical space.

Presentations become collaborative conversations. As a result, sales teams find Mezzanine shortens the sales cycle and drives better win rates.

The resulting deep engagement of customers, clients, and internal collaborators is a productivity driver that provides a competitive advantage.

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.