

FORRESTER®

The Total Economic Impact™ Of Five9

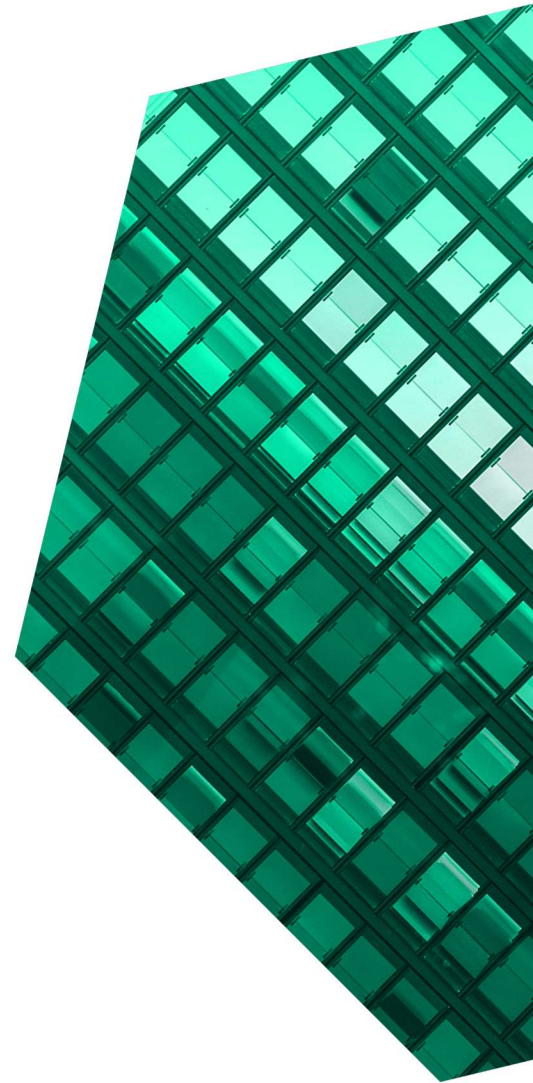
Cost Savings And Business Benefits
Enabled By Five9

JULY 2022

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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

As contact center volumes increase, so does complexity.¹ Add to this the shift to remote working and the challenges with the labor market, and companies need AI-powered solutions, workflow automations, and multichannel interactions (e.g., chat, SMS, email). This supports their teams, allows them to scale, and enhances their customer and employee experience. Without these capabilities, businesses will miss opportunities to drive successful business outcomes.

Today's customers expect easy, effective customer service that builds positive emotional connections.² They also want frictionless self-service experiences; choice of when, where, and how to contact the brands they want to engage with; and a personalized customer experience. To accomplish this, a large percentage of customers need support from contact center agents.³ Businesses today need integrated suites that overlay customer interaction management, support self-service, use embedded AI, connect disparate data sources, and enhance workforce engagement to deliver the seamless service customers expect. In order to achieve this, businesses today are leaving behind their legacy systems to adopt cloud contact center solutions.

Five9 provides an enterprise-ready cloud contact center platform that enables hybrid customer service by bringing together a distributed workforce across voice, digital, and synchronous and asynchronous channels. AI is embedded into Five9's core platform through its intelligent virtual agent (IVA) as well as Agent Assist technology, helping provide a faster, more seamless customer support experience and a more manageable operational footprint. The real-time insights provided through the Five9 platform help companies optimize staffing and handle things like seasonal volume needs without having to pay for unused licenses.

Five9 commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises

KEY STATISTICS



Return on investment (ROI)

213%



Net present value (NPV)

\$18.77M

may realize by deploying Five9.⁴ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Five9 on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Five9. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single **composite organization** that is a healthcare organization servicing 15 million calls annually.



Prior to using Five9, interviewees noted how their organizations' on-premises contact center solutions were unreliable and suffered from numerous outages. IT teams focused on managing issues rather than other value-add tasks; agents sat and waited for the system to reboot; and customers couldn't get the help they needed. These on-premises systems were resource-intensive to manage and harder to integrate

with the customer relationship management (CRM) systems. The lack of AI and automation meant that agents spent time on repetitive, lower-value calls, and lacked easy access to resources to resolve customer issues quickly and effectively. Legacy systems didn't allow flexibility in staffing to support call volume variations as business needs changed.

After the investment in Five9, the interviewees' organizations empowered agents to deliver exceptional service by connecting the touchpoints of a customer journey across time, channels, and data points. The interviewees' organizations used AI to automate repetitive interactions, such as account balance inquiries, and support live agents in handling more complex inquiries, allowing them to reduce overall service costs and improve customer satisfaction. By taking a self-service approach, the interviewees' organizations also scaled more effectively and reimagined their customer experiences, evolved operations, and managed the digital and human workforces more effectively.

KEY FINDINGS

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

- **Cost savings of \$15.8 million from call containment within the IVA, allowing agents to avoid repetitive tasks.** The intelligent virtual agent (IVA) takes care of repetitive tasks, helping the composite organization with high call volumes. This streamlines customer service, and means calls are completed within the IVA without

the need to transfer, providing a more efficient and human experience than a traditional prompt-based system.

- **Cost savings of \$4.5 million from reduced average call handle time, by streamlining access to data and making every customer interaction as efficient as possible.** Intelligent routing and integration with the CRM systems, interactive voice response (IVR), and other features combine to cut the composite organization's average call handle time by 30 seconds.

“The IVA allows us to utilize our people for more complex things that humans need to be involved with.”

*Director of vendor solutions,
healthcare*

- **Avoided costs of downtime of \$3.4 million from greater system reliability.** After the implementation of Five9, contact center downtime becomes a rare and brief occurrence for the composite organization. Agents and customers no longer find themselves at a standstill and IT staff reclaims time that was previously spent troubleshooting outages to focus more on business strategy and innovation.
- **Baseline costs savings of \$3.6 million by retiring the previous on-prem environment.** The composite organization eliminates the ongoing costs of on-premises infrastructure and the IT staff costs of supporting that infrastructure.

Reduction in agent average call handle time:

30 seconds



- **Cost savings of \$242,100 from the acceleration of training for new agents, by helping them ramp faster through Agent Assist.** Like any contact center, the composite organization needs to onboard new agents due to attrition and seasonal demand. Five9 brings efficiencies in onboarding for the composite organization and new hires experience a faster ramp time, which allows them to support the business a day earlier.

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

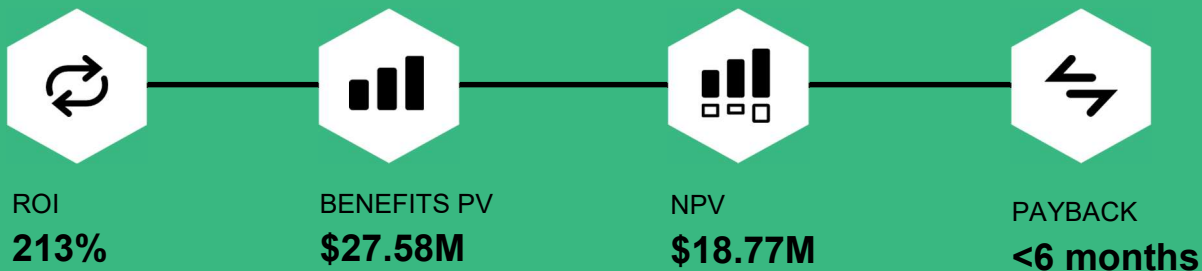
- **Streamlined business operations by consolidating domains and global locations.** Prior to using Five9, the interviewees' organizations had to stand up, support, and maintain multiple domains. By consolidating the domains, operationally it was more efficient to have everything under one umbrella.
- **Improved customer retention by having the ability to use natural language with the IVA.** Through AI and the IVA, customers self-served, while benefiting from an improved customer experience over traditional IVRs. This also led to improved customer retention.
- **Centralized data that provided better visibility and allowed employees to access a single source of truth.** Prior to using Five9, the interviewees said that their supervisors struggled to identify patterns around the customer journey. After using Five9 and connecting it to the internal CRM systems, agents had single access point to data and could see what they needed to do to improve the customer experience.
- **Increased operational flexibility by enabling employees to continue to work remotely during and post the COVID-19 pandemic.** Five9 allowed companies to quickly pivot and enabled agents to work from any location during the COVID-19 pandemic. In addition, this allowed

companies to continue to hire the best talent, wherever those candidates were located.

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

- **Five9 licensing fees totaling \$7.3 million.** This study reflects the cost of the Optimum solution bundle Five9 offers. Annual fees include subscription fees based on the number of concurrent seats and the number of IVA seats. The Optimum solution bundle includes full support across channels, workforce optimization (WFO), and workflow automation. An annual variable usage cost based on call volume is also included in this cost.
- **Five9 implementation costs totaling \$177,000.** These costs include direct costs from Five9 as well as IT and business staff time for the composite organization.
- **Ongoing maintenance and labor costs totaling \$1.3 million.** Ongoing maintenance and administration labor costs include IT and business personnel from the composite organization as well as the cost of a dedicated technical account manager provided by Five9.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$27.58 million over three years versus costs of \$8.81 million, adding up to a net present value (NPV) of \$18.77 million and an ROI of 213%.



Benefits (Three-Year)



“Before Five9, we didn’t have the ability [for customers] to self-service and after Five9, we do. We’re able to handle more calls and more patient interactions.”

— Director of vendor solutions, healthcare

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 Five9.

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 Five9 can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Five9 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 Five9.

Five9 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.

Five9 provided the customer names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed Five9 stakeholders and Forrester analysts to gather data relative to Five9.



INTERVIEWS

Interviewed four representatives at organizations using Five9 to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

The Five9 Customer Journey

■ Drivers leading to the Five9 investment

Interviews			
Role	Industry	Geography	Revenue
Director of vendor solutions	Healthcare	US-based; NA and EMEA	\$231B
Senior director of enterprise demand planning	Medical care	US-based; NA, EMEA, SA, and Australia	\$2B
Director of omnichannel operations	Retail financial services	US-based; global	\$600M
IT manager	Automotive retail	US-based; NA, EMEA, Philippines, SA	\$2.2B

KEY CHALLENGES

Prior to implementing Five9, the interviewees shared that their organizations' previous on-premises contact centers had limited functionalities that required regular updates, workarounds, and constant finesse. Agents could not access the proper information to understand customers' needs and transferring to the appropriate departments was complicated and clunky. Downtime was an ongoing problem and the stability challenges led to frustrated employees and customers.

The interviewees further shared how their organizations struggled with common challenges, including:

- **Legacy on-premises solutions could not readily scale to meet seasonal needs and accommodate organizational growth.** All the interviewees said their organizations faced the challenge of needing to scale their customer service globally and cost-effectively without compromising quality. It became increasingly difficult to manage efficient customer interactions as the software wasn't able to meet the needs to accommodate growth. With previous on-premises solutions, interviewees described that to be prepared for expected peak capacity, infrastructure had to be put in place upfront,

despite remaining unused during most of the year. Moreover, the interviewees described how difficult it was to scale (or "turn up, turn down") their systems to respond to customers' needs as it was too time-consuming and required substantial capital investment.

“[With our previous solution], if we committed to 5,000 seats, we would have to pay for all 5,000, even if we might only need an additional 2,000 seats for a short period of time.”

Director of vendor solutions, healthcare

- **Lack of stability, which led to disruptions in service.** Recurring outages that could be several hours long, both during peak and nonpeak seasons, trimmed agents' availability to field customer calls and concerns, leaving organizations paying agents for unproductive time. When the system was down, it impacted the

IT department, which needed to devote staff time to resolve the issues. A director of omnichannel operations at a retail financial services company illustrated their organization's experience: "We had a few events where the platform would go completely down. Both our agents and our customers were frustrated by this."

- **Lack of unified reporting, which led to an inability to collaborate between the lines of business.** Analytics and reporting capabilities in the legacy systems were disparate and siloed and did not provide enough insights to help leadership make decisions. A director of vendor solutions at a healthcare company explained, "We didn't have any type of unified reporting across the enterprise. All the reporting was individualized by function and was difficult to manage." Because of the data siloes, some of the interviewees discussed how the separate reports kept them from getting a holistic view of the customer needs. An IT manager at an automotive retail company shared, "One of my goals was to remove the technology barriers between our lines of business so that they can help each other out and get a better picture of the customer."
- **Legacy solutions were unable to mimic natural language, leading to poor routing of customer calls.** Nearly every person has had an

experience going through a series of phone menus in hopes of reaching an agent to get assistance. Because the prompts could not answer customers' questions naturally and conversationally, the interviewees noted that their customers grew frustrated with their organizations' inability to correctly route their calls. This increased the average agent call handle time as a result.

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Provide a cloud platform with the infrastructure in place that would allow the organization to scale up and scale down to accommodate seasonality and growth.
- Eliminate redundant IT work and reduce IT staff effort to support it.
- Improve agents' ability to address customer needs quickly and effectively via a single platform with extensive functionality, such as the ability to integrate with the CRM software.
- Minimize downtime and be as stable as possible.
- Provide centralized reporting and access to data.
- Provide call recording capabilities, as well as SMS and web chat.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a global, multibillion-dollar healthcare organization that provides support to its patients at a

“[With the previous solution], our prompts were sad. Press one for this, press two for this. No integration with the backend sales platforms or the backend customer service platforms.”

IT manager, automotive retail

high volume. It employs 1,300 contact center agents to address the 15 million calls it receives annually. These calls are mostly inbound requests for customer service. Most of the agents are located within the United States, but the composite organization does have some international contact center locations as well.

Deployment characteristics. The composite organization purchases Five9's Optimum solution bundle. It purchases 1,000 concurrent licenses to support its 1,300 agents. This bundle includes both web chat and email support. Five9's Agent Assist records all calls and its predictive dialer supports outbound call efforts. Moreover, the composite organization purchases several intelligent virtual agents to help handle high call volumes and remove repetitive tasks for its agents.

Key Assumptions

- **\$1B in revenue**
- **15 million calls annually**
- **1,300 agents**
- **1,000 concurrent licenses**
- **83 IVA licenses in Year 1**

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	Savings from call containment within IVA	\$4,086,375	\$6,436,298	\$9,010,817	\$19,533,490	\$15,804,101
Btr	Cost savings from agent-handled calls reduced average handle time	\$1,838,869	\$1,823,545	\$1,802,091	\$5,464,505	\$4,532,699
Ctr	Avoided costs of system downtime	\$1,379,198	\$1,383,539	\$1,383,539	\$4,146,276	\$3,436,710
Dtr	Legacy environment savings	\$1,367,685	\$1,439,370	\$1,511,055	\$4,318,110	\$3,568,190
Etr	Accelerated agent ramp savings	\$103,842	\$96,919	\$89,996	\$290,758	\$242,116
	Total benefits (risk-adjusted)	\$8,775,968	\$11,179,671	\$13,797,499	\$33,753,139	\$27,583,816

SAVINGS FROM CALL CONTAINMENT WITHIN IVA

Evidence and data. Prior to using Five9, the interviewees commented that their organizations lost customers because they hung up before they reached the end of the phone tree. An intelligent virtual agent leverages AI to deliver intuitive resolution for common questions and advanced use cases. With natural language understanding and sentiment analysis, the interviewees said that the IVAs solved their customers' problems quickly and efficiently. This reduced the cost to serve their customers as the virtual agent could effectively handle routine and repetitive customer service issues, allowing the agents to work on things that needed a human touch.

- The director of vendor solutions at a healthcare organization shared how their organization used the IVA to handle prescription requests during off-hours. The interviewee said: "We're Monday to Friday from 8:00 a.m. to 8:00 p.m., and I'm now seeing successful prescription refills that now go to the IVA where before they would have

had to call back on Monday. We now have an automated service, available 24/7 to help them."

- For a retail financial services organization, it was important to create a way to have Five9's IVA take payments from customers. The director of omnichannel operations from this organization shared: "We implemented a payment solution option as a self-service solution, and it increased the ability for us to take payments over the phone so those calls would not go to an agent. As a result, 20% to 25% fewer calls needed agents."

"We are making our agents more effective by automating the front-end support by bringing in the chat bots and the IVAs."

IT manager, automotive retail

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following for the composite organization:

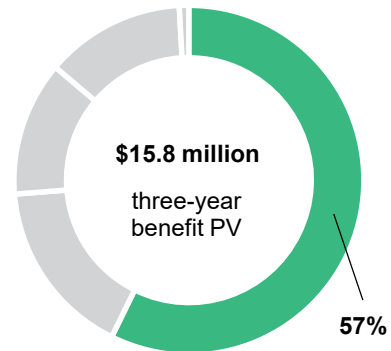
- The number of annual calls is 15,000,000. This increases by 5% each year.
- The percentage of calls contained within the IVA is 10% in Year 1. As the composite organization gets more advanced in using the IVA in a variety of scenarios, this percentage will go up to 15% in Year 2 and 20% in Year 3.
- The average call time before Five9 is 10 minutes.
- The average fully burdened hourly rate for a contact center agent is \$19.23.

Risks. The ability of organizations to increase their savings from call containment within IVA through the deployment of Five9 can vary across organizations due to differences in:

- The number of calls the organization receives annually.
- The nature and complexity of customer support calls.

- The number of automated workflows the organization has created to deploy the IVA.
- The average hourly rate for a contact center agent.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$15.8 million.



Savings From Call Containment Within IVA

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of total calls in legacy environment annually	Composite	15,000,000	15,750,000	16,537,500
A2	Percent of calls contained within IVA	Interviews	10%	15%	20%
A3	Average time per call before Five9 (minutes)	Composite	10	10	10
A4	Average fully burdened hourly rate per agent	TEI standard	\$19.23	\$19.23	\$19.23
At	Savings from call containment within IVA	$(A1 \cdot A2 \cdot A3 \cdot A4) / 60$ minutes	\$4,807,500	\$7,572,115	\$10,600,962
	Risk adjustment	↓15%			
Atr	Savings from call containment within IVA (risk-adjusted)		\$4,086,375	\$6,436,298	\$9,010,817

Three-year total: \$19,533,490	Three-year present value: \$15,804,101
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**COST SAVINGS FROM AGENT-HANDLED CALLS
REDUCED AVERAGE HANDLE TIME**

Evidence and data. By leveraging a combination of Five9’s contact center features, such as IVR and Agent Assist, the interviewees said they made every customer interaction as efficient as possible. Intelligent routing allowed customers to be routed to the right agent based on IVR selections, customer history, and agent availability. Moreover, the screen pops gave agents the information they needed to know who they were talking to so they could greet the caller by name and see their support interactions up to this point.

- Five9 allowed agents to work within companies’ CRM environments, enabling them to see the history of customers’ experiences. An IT manager for an automotive retail company described how connecting Five9 to their organization’s CRM system prepared agents to support the customer more, allowing them to save time on the call. The interviewee stated: “Every single interaction is logged in our CRM now. So, when a customer calls in, you can see that whole history of who they talked to, what they talked about, etc.”
- Not all industries want to hold their agents to a handle time, especially those who serve patients with care concerns. However, Five9 helped a senior director of enterprise demand planning for a medical care company handle more calls with fewer agents. They shared, “Our agents are becoming more efficient thanks to Five9.”
- Because the IVR can capture information from the customer, the interviewees shared that their organizations utilized Five9’s screen pops, which synthesized the customer’s problems for the agents before they picked up the phone. An IT manager for an automotive retail company said: “It’s allowing us to scale better as we can take whatever the customers say upfront and pass that to the agent. [The screen pop] is giving them

a heads up on what the problem is before they pick up the phone.”

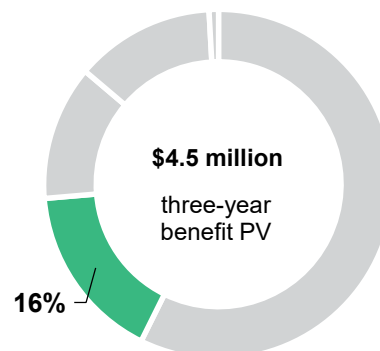
Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following for the composite organization:

- Agents handle 13,500,000 calls in Year 1. This assumes 5% annual organic growth in the number of calls; these are calls that the IVA will not handle. As the IVA takes more calls, the number of calls the agents handle decreases to 13,387,500 in Year 2 and 13,230,000 in Year 3.
- The average agent handle call time before Five9 is ten minutes; after Five9, this decreases by 5%.
- The average fully burdened hourly rate for a contact center agent is \$19.23.

Risks. The ability of organizations to increase their savings by reducing the average agent call handle time can vary across organizations due to:

- The number of calls the organization receives annually.
- The number of calls contained within IVA.
- The magnitude of the decrease in handle time.
- The average hourly rate for a contact center agent.
- The percentage of productivity recapture for agents.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$4.5 million.



Cost Savings From Agent-Handled Calls Reduced Average Handle Time					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of calls handled by an agent	$A1*(1-A2)$	13,500,000	13,387,500	13,230,000
B2	Average handle time before Five9 (minutes)	Composite	10	10	10
B3	Average handle time after Five9 (minutes)	Interviews	9.5	9.5	9.5
B4	Number of hours avoided by agents	$B1*((B2-B3)/60)$	112,500	111,563	110,250
B5	Average fully burdened hourly compensation of agents	TEI standard	\$19.23	\$19.23	\$19.23
Bt	Cost savings from agent-handled calls reduced average handle time	$B4*B5$	\$2,163,375	\$2,145,347	\$2,120,108
	Risk adjustment	↓15%			
Btr	Cost savings from agent-handled calls reduced average handle time (risk-adjusted)		\$1,838,869	\$1,823,545	\$1,802,091
Three-year total: \$5,464,505			Three-year present value: \$4,532,699		

AVOIDED COSTS OF SYSTEM DOWNTIME

Evidence and data. Interviewees shared that their organizations experienced minimal downtime with Five9, and any outages were quickly resolved. Not only were agents able to work without disruption, but Five9 also supported IT teams, who no longer had to spend time troubleshooting and resolving outages regularly.

- A senior director of enterprise demand planning at a medical care company described the instant relief that their team felt having Five9 in place. The interviewee shared that their organization gained stability immediately. They went on to say: “Having the [Five9] platform up, we don’t have to worry about if it’s going to go down. To have that continued stability month after month, quarter after quarter has been a great benefit to our team.”
- Because of the age of many on-premises systems, it was increasingly difficult for the interviewees’ organizations to manage them. They were outdated and updates were more

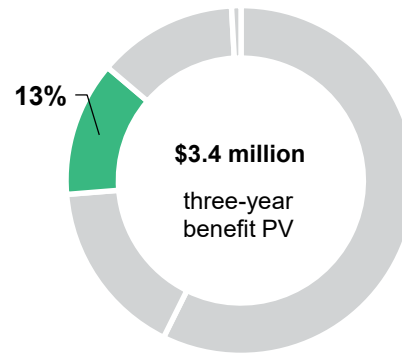
workarounds than actual solutions. With the Five9 cloud solution in place, a director of omnichannel operations at a retail financial services company reduced their organization’s downtime by 10%.

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following for the composite organization:

- There are 75 hours of downtime in the prior environment during both the nonpeak and peak seasons.
- The composite organization hires 250 additional to help the existing 1,000 agents with peak season volumes.
- The average fully burdened hourly rate for a contact center agent is \$19.23.
- The average fully burdened hourly rate for an IT professional is \$65.
- The number of hours an IT professional spends to resolve outages each year is 75 hours.

Risks. The ability of organizations to increase their savings from avoided costs of downtime can vary across organizations due to differences in:

- The number of hours of downtime in the previous environment.
- The number of hours spent by IT to resolve outages.
- The number of agents.
- The average hourly rate for a contact center agent.
- The average hourly rate for an IT professional.



Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$3.4 million.

Avoided Costs Of System Downtime					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Hours of downtime in prior environment during peak season	Composite	19	19	19
C2	Hours of downtime in prior environment during nonpeak season	Composite	56	56	56
C3	Number of additional agents to support peak season volumes	Composite	250	250	250
C4	Number of agents on shift during steady-state	Composite	1,000	1,000	1,000
C5	Average fully burdened hourly compensation of agents	TEI standard	\$19.23	\$19.23	\$19.23
C6	Subtotal: Avoided agent costs due to system downtime	$(C1 * (C3+C4) * C5) + (C2 * C4 * C5)$	\$1,527,583	\$1,532,391	\$1,532,391
C7	Hours spent by IT resources to resolve outages	C1+C2	75	75	75
C8	Average fully burdened hourly compensation of IT professional (rounded)	TEI standard	\$65	\$65	\$65
C9	Subtotal: Avoided IT costs due to system downtime	C7*C8	\$4,875	\$4,875	\$4,875
Ct	Avoided costs of system downtime	C6+C9	\$1,532,442	\$1,537,266	\$1,537,266
	Risk adjustment	↓10%			
Ctr	Avoided costs of system downtime (risk-adjusted)		\$1,379,198	\$1,383,539	\$1,383,539
Three-year total: \$4,146,276			Three-year present value: \$3,436,710		

LEGACY ENVIRONMENT SAVINGS

Evidence and data. By moving to Five9, the interviewees' organizations were able to retire their previous on-premises solutions. Retiring legacy systems realized many benefits. First, it eliminated the ongoing costs of infrastructure (e.g., hardware, software, associated maintenance charges) and the IT staff needed to support the on-premises solutions. Second, because Five9 allows for concurrent licensing, the interviewees' organizations avoided purchasing additional agent seats needed for multiple shifts. Lastly, interviewees shared that they reallocated quality control analysts to other areas and tasks.

A director of omnichannel operations at a retail financial services company said that Five9 helped their organization reallocate 30% of the IT team's time. This meant that they no longer had to focus on maintenance of on-premises solutions, and they could reduce their IT support from four people to one.

“There was so much cost around patching servers, managing bugs, and anything else that came with our previous [on-premises] system. Now, we can execute without the worry.”

*Director of omnichannel operations,
retail financial services*

“We had so many platforms that were so old that outages were a weekly occurrence — almost 10 hours a month. With Five9, we've only been down for 15 minutes this year.”

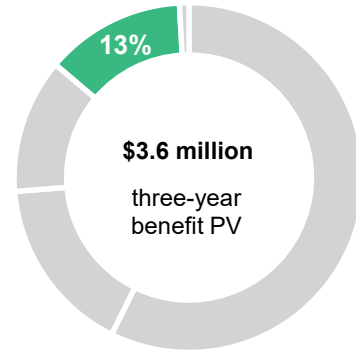
IT manager, automotive retail

Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following for the composite organization:

- The number of licenses avoided through concurrent licensing is 300.
- The cost per license avoided is \$199 per seat per month.
- Five quality control analysts are reallocated. As the composite organization settles into the Five9 Intelligent Cloud Contact Center, they reallocate more quality analysts, increasing to six in Year 2 and seven in Year 3.
- The average fully burdened cost of a quality analyst is \$79,650.
- The composite reallocates three IT professionals due to sunsetting on-prem servers. The average fully burdened cost for an IT professional is \$135,000.

Risks. The legacy environment savings can vary across organizations due to differences in:

- The number of concurrent licenses.
- The cost per license.
- How much infrastructure an organization has and needs for ongoing operations.
- The frequency and extent of upgrades.
- Local compensation rates.



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

Legacy Environment Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of licenses avoided through concurrent licensing	Interviews	300	300	300
D2	Cost per license avoided	\$199 per seat per month	\$2,388	\$2,388	\$2,388
D3	Number of quality analysts reallocated	Composite	5	6	7
D4	Average fully burdened annual compensation of quality analysts	TEI standard	\$79,650	\$79,650	\$79,650
D5	Avoided hardware maintenance costs due to sunsetting on-prem servers	Interviews	\$405,000	\$405,000	\$405,000
Dt	Legacy environment savings	D1*D2+D3*D4+ D5	\$1,519,650	\$1,599,300	\$1,678,950
	Risk adjustment	↓10%			
Dtr	Legacy environment savings (risk-adjusted)		\$1,367,685	\$1,439,370	\$1,511,055
Three-year total: \$4,318,110			Three-year present value: \$3,568,190		

ACCELERATED AGENT RAMP-SAVINGS

Evidence and data. The interviewees' organizations saw a constant influx of new agents not only due to turnover but also because of seasonal call volume variation. Five9's Agent Assist helped the interviewees' organizations record all calls in real time and coach their agents during live customer interactions. This created a call repository and allowed agents to listen to examples of success – and what to avoid in future calls – allowing them to learn more on a faster timeline.

- Prior to Five9, many agents felt their managers were biased against them, and it affected their performance. A senior director of enterprise demand planning at a medical care company described how Five9's AI helped their organization receive feedback in a more positive way. The interviewee stated: "We showed them that the AI doesn't have any bias and will be able to score the calls consistently across. We got feedback from our agents that having a technology-driven quality model eliminated the 'They don't like me' mentality."
- This same interviewee added that the call repository guided their organization's agents and displayed a standard around post-call steps, which improved their agents' performance.
- An IT manager for an automotive retail company said that because of Five9, their organization created a methodical onboarding program, which helped the agents to understand both the business' and the customers' needs.

- A senior director of enterprise demand planning at a medical care company shared that their organization gained 175 hours of production from agents due to the coaching cards and other resources Five9's technology provided.

“One of the things we had to do is ramp up significantly to meet the increased call demand from COVID-19. We were able to train new agents faster thanks to Agent Assist.”

Senior director of enterprise demand planning, medical care

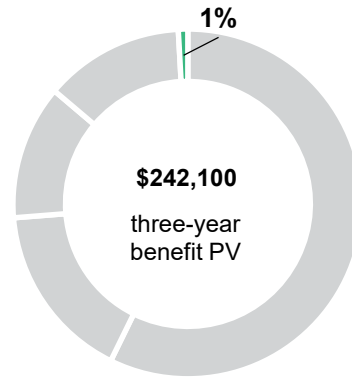
Modeling and assumptions. To calculate the value of this benefit, Forrester assumes the following for the composite organization:

- The composite organization sees a 50% attrition rate in Year 1. However, because Five9 empowers agents and takes away repetitive tasks, they are happier in their jobs and the turnover rate drops. The attrition rate is 45% in Year 2 and 40% in Year 3.
- Eight training hours per agent are avoided.
- The average fully burdened hourly rate for a contact center agent is \$19.23.

Risks. This benefit may vary depending on:

- The new hire’s ability to self-service through the design of the program.
- The attrition rate for new hires.
- The hourly rate for a contact center agent.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$242,100.



Accelerated Agent Ramp Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of new agents added	Composite	750	700	650
E2	Avoided training hours per agent with Five9	Interviews	8	8	8
E3	Average fully burdened hourly compensation of agents	TEI standard	\$19.23	\$19.23	\$19.23
Et	Accelerated agent ramp savings	E1*E2*E3	\$115,380	\$107,688	\$96,996
	Risk adjustment	↓10%			
Etr	Accelerated agent ramp savings (risk-adjusted)		\$103,842	\$96,919	\$89,996
Three-year total: \$290,758			Three-year present value: \$242,116		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Streamlined business operations by consolidating domains and global locations.** Five9 unified communications across the interviewees’ organizations. By consolidating multiple physical contact centers into a single virtual contact center through the cloud, interviewees said that their respective contact centers communicated about customers’ needs more quickly. A director of omnichannel operations shared that from an operational standpoint, the ability to have “a single agent interface is huge.”

An IT manager at an automotive retail company echoed this sentiment further: “Before Five9, our agents from different products weren’t organized whatsoever to work with each other, but now they can. I think that’s where a ton of the value is. I don’t want there to be a technology barrier between this person and this person to serve a customer. And now everybody works in the same tools and the barriers have been eliminated.”

- **Improved customer retention by having the ability to use natural language with the IVA.** Customers want their problems solved as quickly as possible. Through the IVA, customers told the AI what their issues were and, because the AI understood natural language, customers were then routed to the best person to help them. A

director of vendor solutions for a healthcare company shared: “Our sales team loves the AI capabilities. The ability to use AI successfully is a big deal for our customer retention.”

- **Centralized data that provided better visibility and allowed employees to access a single source of truth.** Interviewees shared that because their organizations’ agents operated out of a single platform, they had visibility into operational capacity and needs. The IT manager of an automotive retail company explained: “With Five9, we can see what groups have an increase in call volumes in the spring and which ones have a drop in the summer. We’ve been able to look at the call volume versus staffing and make some operational moves to help take advantage of the headcount.”

The director of vendor solutions in healthcare described how the unified reporting available through Five9 improved their ability to make business decisions: “The ability to view the reporting [is] a big improvement. We [previously] had three different platforms we tried to merge together ... Reports were clunky and we weren’t able to react on them as fast as we wanted to. Now, we have dashboards that we can look at. We can see what’s going on with the contact center.” This improved visibility allowed them to implement new, more flexible staffing models in their contact centers.

- **Increased operational flexibility by enabling employees to continue to work remotely during the COVID-19 pandemic.** Five9 enabled the interviewees’ organizations to have their agents work from any location during the COVID-19 pandemic. Moreover, Five9 allowed companies to route contacts (whether it be voice, chat, SMS, or email) through the cloud directly to the homes of their agents.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Five9 and later realize additional uses and business opportunities, including:

- **The development of outbound sales campaigns.** Some of the interviewees discussed plans to utilize Five9 for outbound call campaigns, leveraging the predictive dialer as well as other features. A director of omnichannel operations described the increase in contact rate their organization experienced: “The system dialing in a predictive mode and the answering machine detection has given us the ability to increase the contact rates. We’ve been working with Five9 to implement local presence. What that means is having the ability to show on our caller ID, phone numbers that we own that are essentially local area codes, or the numbers that we’re trying to dial. That also gives us the ability to increase our contact rate.”
- **The development of desired product features by collaborating with Five9’s customer service team.** Not all technology vendors are open to feedback, which often dampens the customer and product relationship. But, with Five9, the interviewees shared that Five9’s customer service team welcomed feedback on the product design. An IT manager at an automotive retail company said: “We’re probably not Five9’s biggest customer but we’ve been able to get multiple things into their product pipeline, which from a technology manager’s perspective helps me build trust. If Five9 doesn’t do something today, we can work with their product team to develop that solution and get it in place.”

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

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Five9 licensing fees	\$0	\$2,927,400	\$2,948,400	\$2,970,450	\$8,846,250	\$7,329,710
Gtr	Five9 implementation costs	\$177,204	\$0	\$0	\$0	\$177,204	\$177,204
Htr	Ongoing maintenance and administration labor costs	\$0	\$525,307	\$525,307	\$525,307	\$1,575,922	\$1,306,361
	Total costs (risk-adjusted)	\$177,204	\$3,452,707	\$3,473,707	\$3,495,757	\$10,599,375	\$8,813,275

FIVE9 LICENSING FEES

Subscription fees are based on the number of concurrent seats and the solution bundle deployed. Five9 provided pricing for the Optimum solution bundle, which includes the following features:

- The ability to support thousands of concurrent agents located anywhere in the world.
- Blended calling (inbound/outbound) to maximize agent productivity.
- Real-time reporting and administrative tools to identify successful outcomes and areas of improvement.
- The ability to add, switch, and continue the customer engagement with complete context and continuity across channels.
- Supervisor-enabled capabilities to maximize agent performance on digital channels.
- Essentials Quality Management (QM) to evaluate the entire customer experience for better outcomes, trends, and customer insights.
- The ability to improve staffing accuracy with workforce management.

- The ability to maximize agent performance with quality management.
- The ability to proactively reach out to customers to reduce inbound traffic and enhance customer experience through chat and email.

The flexible licensing model allowed the interviewees' organizations to make adjustments to their seasonal hiring needs. A director of vendor solutions for a healthcare company shared: "This savings also was seasonal and I actually forecast on a monthly basis with them. We do an adjustment every month on how many agents we believe that we're going to use. A big plus on this is also that the licenses, it's a concurrent type of situation so I get the advantage of using licenses from east to west."

Pricing may vary. Please contact Five9 for additional details.

Modeling and assumptions. To determine the cost of Five9's annual licensing fees, Forrester assumes the following:

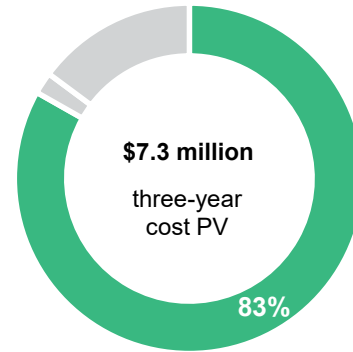
- Because of its size and technology support requirements, the composite organization purchases the Optimum solution bundle, which costs \$199 per seat per month.

- The composite organization purchases IVA seats to offset 10% of calls to support their agents. As the organization adopts the IVA in new workflows, it purchases more IVA seats.
- The cost of an IVA seat for the composite organization is \$4,800 annually.

Risks. The annual licensing fees will vary based on:

- The number of seats.
- The number of IVA seats.
- Call volume.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$7.3 million.



Five9 Licensing Fees

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of concurrent licenses	Composite		1,000	1,000	1,000
F2	Annual cost per license	Vendor		\$2,388	\$2,388	\$2,388
F3	Number of IVA seats	Composite		83	88	92
F4	Annual cost per IVA seat	Vendor		\$4,800	\$4,800	\$4,800
Ft	Five9 licensing fees	$F1 \cdot F2 + F3 \cdot F4$	\$0	\$2,788,000	\$2,808,000	\$2,829,000
	Risk adjustment	↑5%				
Ftr	Five9 licensing fees (risk-adjusted)		\$0	\$2,927,400	\$2,948,400	\$2,970,450
Three-year total: \$8,846,250			Three-year present value: \$7,329,710			

FIVE9 IMPLEMENTATION COSTS

Evidence and data. The interviewees' organizations and Five9 partnered on implementation. Five9 dedicated a team to support the implementation process. Interviewees shared that they needed to dedicate both business and technical resources, including a project manager who oversaw the process. The implementation and deployment took about 45 to 60 days.

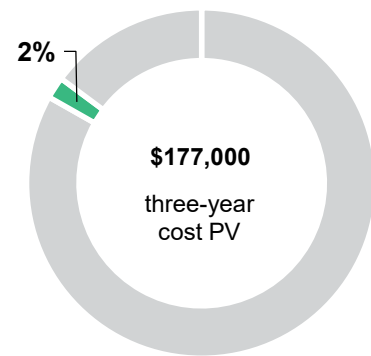
Modeling and assumptions. To determine the labor needed to implement Five9, Forrester assumes the following:

- The implementation fees for Five9 are \$100,000.
- The composite organization dedicates three business and technical resources to implementation.
- The average hourly burdened cost of the business and technical resources is \$72.12.

Risks. This cost will vary among organizations based on:

- The number of hours it takes to implement Five9.
- The number of internal resources needed.
- The annual salaries of business and technical resources.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$177,000.



“We want to make sure we’re keeping our costs as low as possible while still delivering value. What put Five9 over the edge, in my opinion, was just that their overall ability to execute. They brought the best plan forward of how they were going to get us from these legacy platforms to the cloud.”

IT manager, automotive retail

Five9 Implementation Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Five9 implementation fee	Interviews	\$100,000			
G2	Number of hours per resource spent on implementation	Interviews	250			
G3	Number of business and technical resources dedicated to Five9 implementation	Interviews	3.0			
G4	Average hourly burdened cost of business and technical resources	TEI standard	\$72.12			
G5	Percent of time dedicated to implementation	Interviews	100%			
Gt	Five9 implementation costs	$G1+G2*G3*G4*G5$	\$154,090	\$0	\$0	\$0
	Risk adjustment	↑15%				
Gtr	Five9 implementation costs (risk-adjusted)		\$177,204	\$0	\$0	\$0
Three-year total: \$177,204			Three-year present value: \$177,204			

ONGOING MAINTENANCE AND ADMINISTRATION LABOR COSTS

Evidence and data. Interviewees said their organizations needed only minimal ongoing effort from IT and contact center operations to maintain Five9.

- As the interviewees’ organizations became more advanced in using Five9, their organizations sought to optimize additional workflows and create more complex reports. Because of this, some interviewees added a technical account manager (TAM) to support their requests. A senior director of enterprise demand planning for a medical care company explained: “Because the TAM has access to our domain, they are familiar with our setup. They can share a roadmap of what needs to be done and have the experience to tackle complex projects.”
- An IT manager at an automotive retail company told Forrester that their organization used a TAM to handle maintenance ticket requests. They said: “We leverage our technical account

management team to help with our ticket load as we only have two engineers. Our agents are needy and the TAM helps us stay on top of the operational needs of all our agents, especially as they work from home.”

“As you grow as a Five9 customer, your requests become more complex. We meet weekly with our TAM and if our team doesn’t know the answer, we can ask the Five9 expert to get the answers we need right away.”

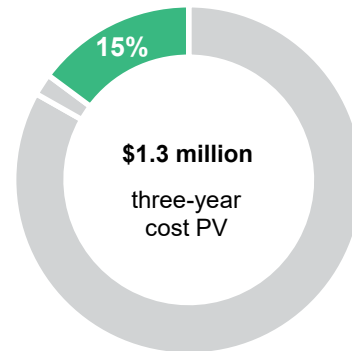
Senior director of enterprise demand planning, medical care

Modeling and assumptions. To determine the maintenance costs needed for Five9, Forrester assumes the following:

- The composite organization needs an IT resource that dedicates 25% of their time to ongoing maintenance and administration.
- The composite organization will need 2 to 3 hours per week from a team of 2 to 3 people to optimize reports.
- The average fully burdened hourly rate for an IT professional is \$65.
- The average fully burdened hourly rate for an analyst is \$48.
- The cost of a technical account manager (TAM) is \$3,500 per month for 10 hours of support.

- The number of hours dedicated to reporting and optimization.
- The number of analysts available to create reports.
- The fully loaded compensation rates for IT professionals and business analysts.
- The amount of TAM support that is required.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$1.3 million.



Risks. This cost will vary among organizations based on:

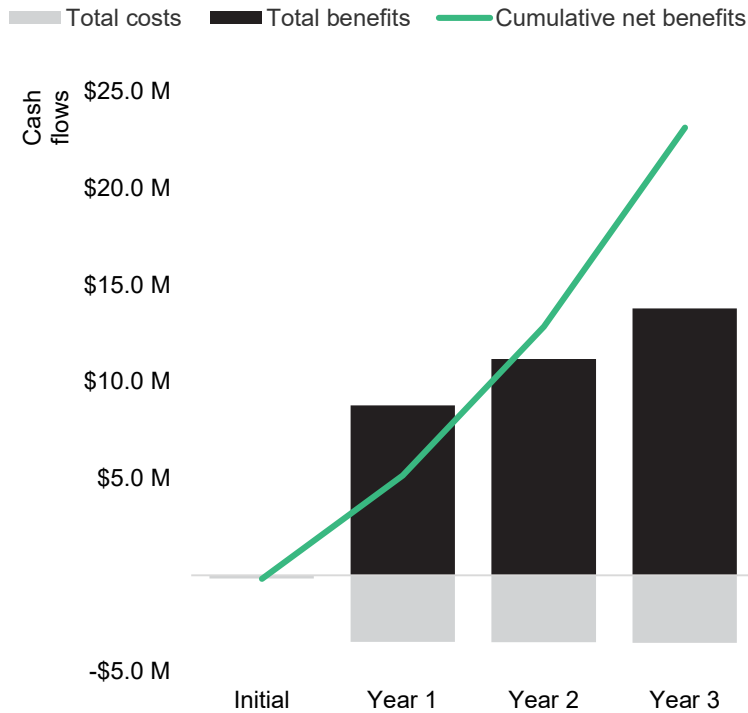
- The number of hours dedicated to ongoing maintenance by IT.

Ongoing Maintenance And Administration Labor Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Number of hours dedicated to ongoing maintenance and administration	Interviews		6,240	6,240	6,240
H2	Number of hours dedicated to reporting and optimization	Interviews		624	624	624
H3	Average fully burdened hourly compensation of IT professional (rounded)	TEI standard		\$65	\$65	\$65
H4	Average fully burdened hourly compensation of analyst resource (rounded)	TEI standard		\$48	\$48	\$48
H5	Cost of TAM to support maintenance	\$3,500/month		\$42,000	\$42,000	\$42,000
Ht	Ongoing maintenance and administration labor costs	$(H1*H3)+(H2*H4)+H5$	\$0	\$477,552	\$477,552	\$477,552
	Risk adjustment	↑10%				
Htr	Ongoing maintenance and administration labor costs (risk-adjusted)		\$0	\$525,307	\$525,307	\$525,307
Three-year total: \$1,575,922			Three-year present value: \$1,306,361			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$177,204)	(\$3,452,707)	(\$3,473,707)	(\$3,495,757)	(\$10,599,375)	(\$8,813,275)
Total benefits	\$0	\$8,775,968	\$11,179,671	\$13,797,499	\$33,753,139	\$27,583,816
Net benefits	(\$177,204)	\$5,323,261	\$7,705,964	\$10,301,742	\$23,153,764	\$18,770,764
ROI						213%
Payback period (months)						<6

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

¹ Source: Christina McAllister, “400 Million Reasons To Pay Attention To Contact Center AI,” Forrester Blogs (<https://www.forrester.com/blogs/400m-reasons-to-pay-attention-to-contact-center-ai/>).

² Source: “Vendors Battle For The Heart Of The Contact Center,” Forrester Research, Inc., February 19, 2021.

³ Source: “Build An Outside-In Contact Center Roadmap,” Forrester Research, Inc., December 31, 2020.

⁴ 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.

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