

FORRESTER®

The Total Economic Impact™ Of The Egnyte Platform

Cost Savings And Business Benefits
Enabled By The Egnyte Platform

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Executive Summary

“The first thing that drove us to Egnyte was its ability to connect across organizations securely. We now have a method to share from one firm to another or from one office to another in a pretty simple fashion. In our prior environment, when there was a need to collaborate with outside teams and parties, it became a larger exercise. With Egnyte, it is a seamless experience.”

– Director of IT, architecture firm

Egnyte provides file management and protection services that allow customers to easily share, collaborate, and edit documents efficiently and securely both in the cloud and on-premises. This is delivered via a unified cloud platform used to govern, manage, and gain insight into business content anywhere, on any device, while maintaining visibility and control across sources.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Egnyte. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single [composite organization](#).

Prior to using Egnyte, customers relied on traditional on-premises file storage systems and ad hoc file management solutions. Often these systems proved to be difficult to manage, created problems with document version control, required significant manual labor to onboard new users, and left organizations

KEY STATISTICS



Return on investment (ROI)

390%



Net present value (NPV)

\$3.1M

sharing information in insecure and risky ways. This led customers to investigate a more modern approach to their file management solutions.

After investing in Egnyte, customers vastly improved many of the manual workflows they had become accustomed to in their legacy environments. Employees no longer shared files in unsecured ways, and data administrators could shift focus from manual file management practices to identifying potential exposures and increasing their understanding of their data environments, ultimately reducing risk and enabling compliance.

KEY FINDINGS

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

- **Reduced probability of a breach by 50%.** Interviewed decision makers reported that the increased visibility provided by Egnyte played a pivotal role in securing their file environments.

“Egnyte is vastly more capable of finding things, identifying things, or working out changes to permissions and file versioning than our legacy system. These workflows are infinitely superior to a standard file server.”

— CTO, financial services

Organizations can see which users have accessed files, which files they have accessed, and how often they have accessed them. Additionally, Egnyte offers increased ability to identify potential attacks from external sources such as ransomware and potential malicious insiders. Avoiding these costly breaches allows customers to avoid the cost of employee downtime associated with these incidents. These insights provide customers with increased overall system security and drive cost savings for the organization. This increase in system security allows the composite organization in our financial analysis to save \$262K over three years.

- **Increased efficiency of onboarding internal and external users by 25%.** Customers frequently work on projects with collaborators internal and external to the organization. With legacy file management systems, setting up new users required laborious manual work. The easy onboarding workflows provided by Egnyte allow employees to quickly provision access to users while ensuring their access is restricted to the

proper files. These efficiencies save the composite organization \$193K over the analyzed period.

- **Reduced cost to maintain on-premises data infrastructure by \$1.3M.** Investing in Egnyte’s cloud-based file management solution allows organizations to retire legacy infrastructure required to support legacy file management environments. Phasing out these traditional on-premises servers saves the composite organization \$1.3M over three years.
- **Increased efficiency of projects leading to \$847K in additional profit.** Customers described project workflows that were often slowed due to the limited collaboration abilities before Egnyte. Employees waited for updated versions of documents or sorted through multiple versions, wasting time and increasing rework. This extended deadlines and project timelines and introduced additional errors. Egnyte provides customers with a platform to easily collaborate on documents in real time. The reduced timeline for

these projects brings an additional \$847K in profit to the composite over three years.

- **Improved efficiency of internal audits by 80%.** Many of the interviewed organizations operate in highly regulated industries, such as financial services, and must maintain and prove compliance with their respective regulating bodies frequently. The increased visibility and user monitoring functionalities provided by Egnyte allow customers to quickly perform audits of their file environments. Firms that use these capabilities significantly reduce the time they spend performing audits. The organization in the composite analysis saves \$200K over three years.
- **Productivity gains for all Egnyte users.** Egnyte enables organizations to collaborate on documents quickly and easily with secure file and folder access, sharing, and management. This reduces version control issues. All users who regularly interact with Egnyte can complete tasks more efficiently; this saves the composite \$1.2M over a three-year period.

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

- **Remote access to files.** Users can access their files from anywhere via the remote capabilities provided by Egnyte. This enables increased flexibility for employees, which has proven to be invaluable to organizations as they enable an increasing number of remote employees to work efficiently from anywhere.
- **Seamless integration into established workflows.** Many organizations have integrated with their established business applications to further enhance the productivity gains that Egnyte can provide to users. This includes sharing documents seamlessly, linking the solution with enterprise collaboration tools, and

integrating Egnyte with additional document management solutions.

- **Enhanced workflows via use of local caching capabilities.** Users stated that using the local caching capabilities provided by Egnyte can make their workflows more efficient. Storing large files on centralized or distributed local caches allows employees to quickly access and work on important files seamlessly.

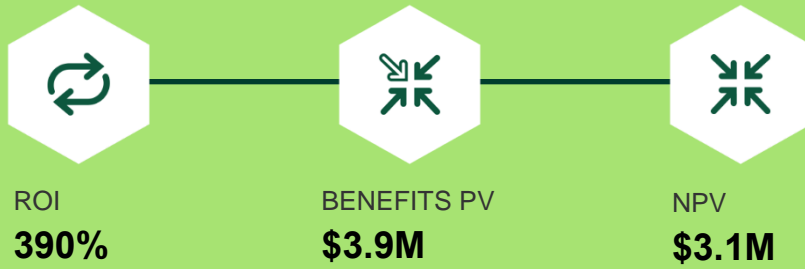
Costs. Risk-adjusted PV costs include:

- **Egnyte usage costs of \$438K.** Customers pay Egnyte an annual fee for continuing use of Egnyte as well as use of its local synchronization tools.
- **Management and training costs of \$366K.** Organizations typically have users attend annual trainings to refresh their skills with Egnyte and inform them of new Egnyte capabilities. Additionally, organizations typically dedicate a portion of an employee's time to serve as the product owner for Egnyte. This employee is responsible for the day-to-day management of the solution.

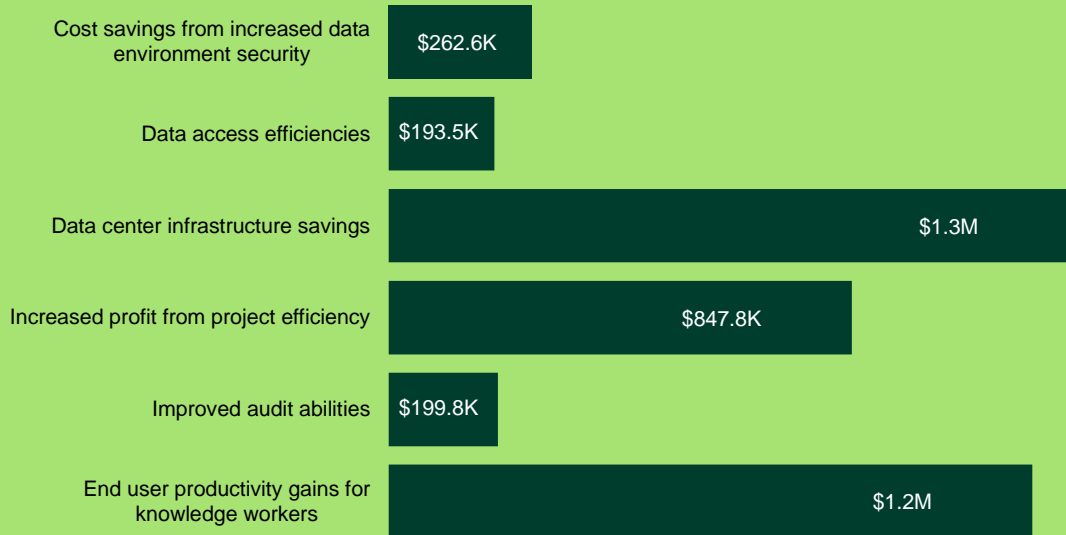
The customer interviews and financial analysis found that the composite organization experiences benefits of \$3.9M over three years versus costs of \$805K, adding up to a net present value (NPV) of \$3.1M and an ROI of 390%.

“A major benefit of using Egnyte is it is a web-based file server available at any location securely. So, it’s behind the same two-factor authentication that we have, and our legacy stack is seamlessly integrated into the desktop environment.”

CTO, financial services



Benefits (Three-Year)



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 the Egnyte platform.

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 Egnyte can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Egnyte 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 the Egnyte platform.

Egnyte 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.

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



DUE DILIGENCE

Interviewed Egnyte stakeholders and Forrester analysts to gather data relative to the Egnyte platform.



CUSTOMER INTERVIEWS

Interviewed four decision makers at organizations using the Egnyte platform to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

The Egnyte Platform Customer Journey

Drivers leading to the Egnyte platform investment

Interviewed Organizations			
Industry	Region	Annual Revenue	Number Of Egnyte Users
Financial services	Headquartered in the US	\$250M	800
Architecture	Headquartered in the US	\$150M	300
Financial services	Headquartered in EMEA	\$70M	620
Financial services	Headquartered in EMEA	\$670M	400

KEY CHALLENGES

Prior to investing in Egnyte, the interviewed decision makers' organizations typically relied on outdated document or file management tools or on-premises infrastructure to serve as the host for their file environments. Departments managed their own file systems and content, and access to other teams' content was often restricted to a very selective group of users. IT organizations had limited insight into what was being stored in these folders as searching throughout the file environment to gain visibility into the data stored across folders proved difficult.

This led to several common challenges, including:

- **Limited visibility into data.** IT administrators had very limited visibility into their file environments, which restricted their ability to protect it. Employees would often put sensitive information into folders where it did not belong, and organizations had no way of knowing where this information was. This restricted their ability to protect this information and made their overall data environments susceptible to threats.
- **Desire to increase the security of their file environments.** All interviewees stated that a driving factor that led them to invest in Egnyte was an organizational goal to increase the security of their file management systems.

"Security has always been a long-term goal for our organization. We needed to ensure that we could handle this across our environment instead of on a server-by-server basis," said the product owner for enterprise content at a financial services organization.

Before Egnyte, many employees shared files and folders via emails, and the enterprise content leaders struggled to limit access to folders and rid the environment of the large amount of data they no longer needed. These factors and others left them vulnerable to potential file breaches.

- **Data protection requirements.** Established and emerging regulations on data privacy created many issues within legacy file management systems. Per privacy regulations, an individual could request that his or her profile and personal information be deleted from all files, records, and content within the organization. To do so, organizations needed a way to quickly identify and delete data from their environments. With traditional on-premises file management systems, this was a laborious manual task that could be borderline impossible. Employees had to sort through a mountain of information or risked incurring fines for their organizations from various regulatory bodies.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a 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 has the following characteristics:

Description of composite. The composite is a US-based financial services organization with approximately \$300M in annual revenue. The organization has 500 employees and customers. These employees access and manage files that include sensitive data such as social security numbers, credit card information, addresses, and GDPR- and CCPA-related information.¹ The composite stores 25 TB data on 12 on-premises servers.

Deployment characteristics. The composite organization experienced the same business challenges as the interviewed organizations. While migrating files to Egnyte, the organization identifies a significant amount of sensitive and stale data that had been stored in the organization's data environment. After implementation, all employees are set up as Egnyte users. The organization dedicates a portion of one FTE's time to handle the day-to-day management of the platform. Employees use Egnyte to collaborate on and share documents with both internal and external users and as a vital component in many revenue-generating workflows such as issuing loans to new customers.

Key assumptions

- **\$300M annual revenue**
- **25 TB of data**
- **500 employees**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Cost savings from increased data environment security	\$105,593	\$105,593	\$105,593	\$316,778	\$262,593
Btr	Data access efficiencies	\$77,805	\$77,805	\$77,805	\$233,415	\$193,490
Ctr	Data center infrastructure savings	\$450,775	\$540,930	\$540,930	\$1,532,635	\$1,263,254
Dtr	Increased profit from project efficiency	\$331,500	\$341,445	\$351,688	\$1,024,633	\$847,778
Etr	Improved audit abilities	\$80,352	\$80,352	\$80,352	\$241,056	\$199,824
Ftr	End user productivity gains for knowledge workers	\$473,850	\$473,850	\$473,850	\$1,421,550	\$1,178,395
	Total benefits (risk-adjusted)	\$1,519,875	\$1,619,975	\$1,630,218	\$4,770,067	\$3,945,334

COST SAVINGS FROM INCREASED DATA ENVIRONMENT SECURITY

Deploying Egnyte allows organizations to gain a better understanding of the type of data they have collected over the years. Egnyte rapidly identifies files that contain sensitive information and allows users to quickly restrict access to vulnerable files. Using Egnyte, customers can create policies to automatically restrict access to or delete data as it is stored within the Egnyte ecosystem.

One interview stated: “The fact that we’re able to centralize some of this data and control it has improved our security posture, especially when it comes to data management and collaboration. It gives us better control over what content can be shared, who has visibility to it, and what can and cannot be edited. This removes lot of risk for us.”

In addition to data classification capabilities, Egnyte provides customers with a more complete view of how data is being accessed within their organizations. Egnyte offers protection from malicious outsiders and potential breaches that start internally. Egnyte builds an expected set of behaviors

for its users and can quickly act when alerted to any suspicious activity.

One interviewee highlighted the role these capabilities play: “With Egnyte, we see can unusual activity internally or externally, whether it’s an external link being accessed from a country that’s on the risk list or whether it’s internally somebody’s just deleted a large number of files. We can quickly look at that and respond accordingly.”

Users of Egnyte can also identify portions of their data environments that have not been accessed by users in many years. Companies can archive or delete this data, further reducing their data surface area and protecting their environments.

All these functionalities factor into Egnyte’s ability to improve the security of a customer’s data environment. One interviewee summarized this: “The Egnyte platform has dramatically increased the baseline of our file server security. It prevents inappropriate access and give us visibility into who has access to what parts of our environment. For example, if you need to investigate why a piece of

data was available where it shouldn't have been, you can also find out who looked at it, and you can probably figure out how it got moved there in the first place. So, it gives us a lot more accountability and a lot more ability to address the root cause of why something might have occurred and to prevent further errors in the future.”

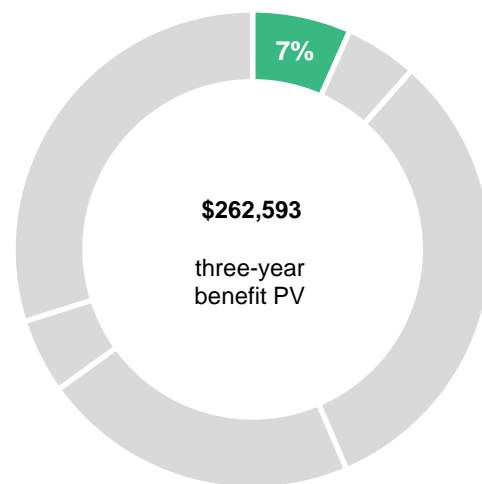
Forrester modeled the composite analysis by considering the following:

- Forrester’s 2020 survey of 300 security professionals found that financial services and insurance organizations can anticipate five potential breaches in an average year with an average cost of \$2.1 M to remediate. The average cost of a breach per employee was found to be \$543.²
- Data breaches can stem from many different aspects of an organization’s operations, including employee error, network vulnerabilities, and infrastructure failures to name a few. All these weak points can lead to malicious individuals gaining access to an organization’s sensitive information. The probability that an organization experiences a data breach because of a vulnerability from file sharing is 20%.
- Egnyte’s ability to help customers identify sensitive information, remove stale data, and protect against internal and external threats reduces the probability that an organization experiences a data breach by 50%.
- In addition to the cost, organizations face significant downtime with each potential breach. Forrester’s 2020 security survey finding shows that approximately 20% of employees are affected by each breach.³
- Employees experience an average of 4 hours of downtime during each breach, and the hourly fully burdened salary of an affected employee is \$42.

The following risks may affect this benefit category:

- The cost of a security breach per employee will vary by industry and geography.
- The impact that Egnyte has on security threat detection and response will vary based on the sophistication of existing security solutions other than Egnyte.
- The amount of downtime experienced by employees will vary based on the existing security solutions customers have in their environments.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$262,593.



“With Egnyte, we see can unusual activity internally or externally, whether it’s an external link being accessed from a country that’s on the risk list or whether it’s internally somebody’s just deleted a large number of files. We can quickly look at that and respond accordingly.”

Director of IT, financial services

Cost Savings From Increased Data Environment Security					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Average number of breaches anticipated annually for vertical		5	5	5
A2	Average cost of a breach based on company size in FSI vertical		\$2,191,066	\$2,191,066	\$2,191,066
A3	FTE count of organization		500	500	500
A4	Average cost of a breach scaled to organization size (at \$543/FTE for FSI)	$543 * A3$	\$271,500	\$271,500	\$271,500
A5	Percentage of breaches that might arise from file sharing		20%	20%	20%
A6	Reduced probability of a breach by implementing Egnyte		50%	50%	50%
A7	Reduced cost of breaches by implementing Egnyte	$A4 * A5 * A6$	\$27,150	\$27,150	\$27,150
A8	Percentage of employees affected by a breach	$A3 * 20\%$	100	100	100
A9	Average amount of downtime per employee (hours)		4.0	4.0	4.0
A10	Average cost of downtime per employee		\$42	\$42	\$42
A11	Cost of employee downtime caused by breaches	$A1 * A8 * A9 * A10$	\$84,000	\$84,000	\$84,000
At	Cost savings from increased data environment security	$A7 + A11$	\$111,150	\$111,150	\$111,150
	Risk adjustment	↓5%			
Atr	Cost savings from increased data environment security (risk-adjusted)		\$105,593	\$105,593	\$105,593
Three-year total: \$316,778			Three-year present value: \$262,593		

DATA ACCESS EFFICIENCIES

All interviewees highlighted how many of the projects and initiatives within their organizations require users to collaborate on the same document. Often these collaborators come from outside of their organizations. In legacy systems, granting new users access to information was an arduous process that required administrators to build new profiles for users on a separate file-sharing location, obtain and transfer the files needed for the individual or project, and continuously update these files as the project progressed. Additionally, organizations had no easy way to remove access to files when it was no longer required.

The CTO of an interviewed financial services organization said: “Traditionally, a request for access would come to IT, and they would have to follow a process that wasn’t very well designed. Users would either get a one-off authorization to give one-time access to a file share or full access to these files. There wasn’t really a corresponding process that cleaned up that file share later when that access was no longer required.”

Egnyte allows customers to introduce new collaborators quickly and securely for a specified amount of time. IT administrators no longer need to go through the manual processes required to

onboard an external collaborator, and these users can have their access to files for a specified time.

One interviewee highlighted these efficiencies: “With Egnyte, granting access is very easy. It’s a much simpler, much clearer process, and you’re not even sharing a whole folder — just an individual file for a specific amount of time.”

For the composite organization, Forrester assumes:

- The composite organization receives 50 requests to grant access to external collaborators each week. In the legacy state, the composite spent approximately 45 minutes setting up external parties with access to the files they requested.
- Additionally, the composite organization processes 60 internal requests for access to various folders and files each week. Internal requests take the composite organization 15 minutes to complete.
- The improvements made to these workflows by Egnyte reduces the effort required to complete these requests by 50%.
- The fully burdened hourly salary for an IT administrator is \$60.

The following risks may affect this benefit category:

- The number of provisioning requests an organization fields each year.
- The amount of automation organizations have in their data access provisioning workflows prior to investing in Egnyte.
- The fully loaded compensation for employees processing these requests

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$193,490.

“Sharing links outside of the organization to contractors and vendors is pretty easy for folks to manage and do. Egnyte gives us an easy way to take some of the management piece off the back end for us.”

Director of IT, financial services



Improved access provisioning workflows by:

50%

Data Access Efficiencies					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Weekly requests for file access from external collaborators		50	50	50
B2	Time spent onboarding external collaborators prior to investing in Egnyte (hours)		0.75	0.75	0.75
B3	Hourly compensation of employees responsible for access provisioning		\$60	\$60	\$60
B4	Annual cost to provision access to external collaborators prior to investing in the Egnyte platform	$52*B1*B2*B3$	\$117,000	\$117,000	\$117,000
B5	Weekly requests for file access from internal collaborators		60	60	60
B6	Time spent onboarding internal collaborators prior to investing in Egnyte (hours)		0.25	0.25	0.25
B7	Cost to provision access to internal collaborators prior to investing in the Egnyte platform	$52*B5*B6*B3$	\$46,800	\$46,800	\$46,800
B8	Reduction in effort to provision data by using Egnyte		50%	50%	50%
Bt	Data access efficiencies	$B8*(B4+B7)$	\$81,900	\$81,900	\$81,900
	Risk adjustment	↓5%			
Btr	Data access efficiencies (risk-adjusted)		\$77,805	\$77,805	\$77,805
Three-year total: \$233,415			Three-year present value: \$193,490		

DATA CENTER INFRASTRUCTURE SAVINGS

Interviewees noted that a significant benefit of using Egnyte was their ability to decommission on-premises hardware. This allowed them to avoid the costs associated with storing, maintaining, and staffing on-premises servers. Companies also avoided the cost to refresh aging or end-of-life systems.

The product owner for a financial services company noted: “For on-premises hardware, you need a physical server room, power, security, and cooling. You need to buy the physical hardware and maintain it, spare parts, staff to maintain it, keep it online, uninterruptible power supply, robust internet connectivity. The costs add up quickly, and as much as I am a fan of servers in racks, the cloud is a better

experience, and you just pay a flat cost to somebody who takes care of all that.”

For the composite organization, Forrester assumes:

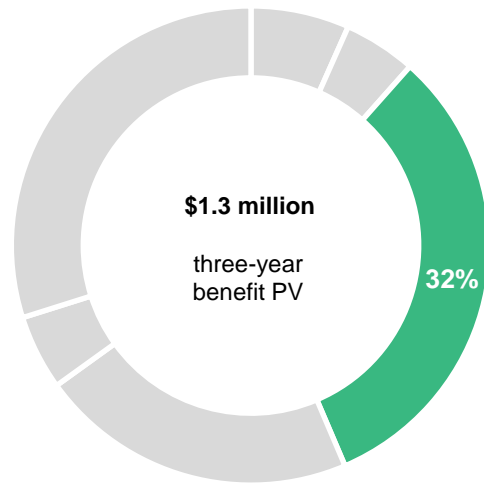
- The composite organization retires 10 servers in Year 1 and scales retirement to 12 by Year 2.
- Annual server values of \$15,000 with a lifespan of three years.
- Networking equipment valued at 20% capital value of server hardware with a four-year replacement rate.
- Forty percent uplift to account for power, cooling, and facilities.

- Twenty-five percent uplift for annual maintenance costs.
- Hardware support staff with a ratio of 4-to-1, with annual salaries of \$120,000.

The following risks may affect this benefit category:

- Size and scope of servers dedicated to data environment.
- Internal policies regarding hardware life and replacement.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$1,263,254.



Data Center Infrastructure Savings					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Servers retired		10	12	12
C2	Annual replacement savings	$C1/3 * \$15K$	\$50,000	\$60,000	\$60,000
C3	Network equipment savings	$C1 * \$15K * 20\% / 4$	\$7,500	\$9,000	\$9,000
C4	Power, cooling, and facilities savings	$((C1 * \$15K) + (C1 * \$15K * 20\%)) * 40\%$	\$72,000	\$86,400	\$86,400
C5	Annual maintenance savings	$((C1 * \$15K) + (C1 * \$15K * 20\%)) * 25\%$	\$45,000	\$54,000	\$54,000
C6	Support savings (FTE)	$C1/4 * \$120K$	\$300,000	\$360,000	\$360,000
Ct	Data center infrastructure savings	$C2 + C3 + C4 + C5 + C6$	\$474,500	\$569,400	\$569,400
	Risk adjustment	↓5%			
Ctr	Data center infrastructure savings (risk-adjusted)		\$450,775	\$540,930	\$540,930
Three-year total: \$1,532,635			Three-year present value: \$1,263,254		

INCREASED PROFIT FROM PROJECT EFFICIENCY

Egnyte provides users with the ability to make changes on documents in real time without worrying about downloading outdated files, waiting for documents to be sent to the correct user, or duplicating efforts. This allows users to produce

higher-quality work and complete projects more efficiently.

One customer stated: “Users are definitely able to work faster. They know they are working on the latest version of their projects and can check which changes have happened daily. They can see the

changes happen immediately, which has proven to be invaluable.”

These efficiencies have a trickle-down effect on the timeline of these projects and can help customers complete more engagements than they could in their legacy state.

The leader of enterprise support for one interviewed organization said: “Egnyte allows a user to access a document no matter where they are. They do not need to rely on email to move their projects forward. The most recent version of the document is just sitting there in Egnyte. It has given our users increased flexibility across the organization and allows us to complete projects more efficiently.”

This increased flexibility allows organizations to complete projects faster, which affects the number of projects that a company can complete annually, ultimately allowing them to generate more revenue and profit as a result.

For the composite organization, Forrester assumes:

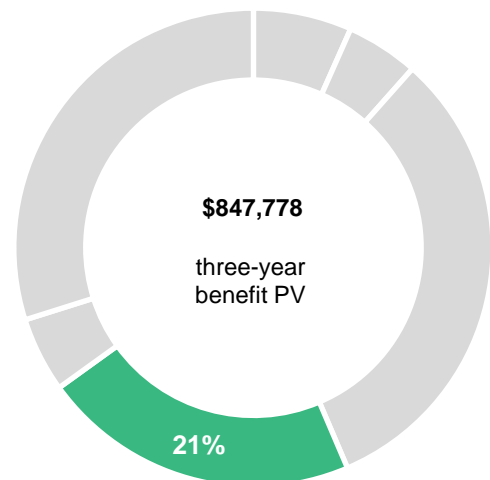
- The composite organization uses Egnyte as part of its loan-processing workflows. The real-time collaboration and reduction in downtime allows the organization to work with third parties on loan agreements more efficiently.
- The organization issues 100,000 loans annually, which grows at a rate of 3% per year. The average value of these loans is \$15,000.
- The efficiencies created by Egnyte allows the composite organization to complete and process 2% more loans annually.
- The composite organization has an average operating margin of 1.3% on these loan agreements.

The following risks may affect this benefit category:

- The efficiencies created by Egnyte will vary based on an organization’s size, vertical, geography, and how it is using Egnyte in their workflows.
- The additional revenue created through these efficiencies will vary based on the number of revenue-generating projects an organization completes annually, the average value of each of these projects, and the operating margin for these projects.

“Egnyte allows a user to access a document no matter where they are. They do not need to rely on email to move their projects forward. The most recent version of the document is just sitting there in Egnyte. It has given our users increased flexibility across the organization and allows us to complete projects more efficiently.”

Leader of enterprise support, financial services



To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$847,778.

Increased Profit From Project Efficiency					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Loans issued annually		100,000	103,000	106,090
D2	Increase in completed loan applications with efficiencies with Egnyte		2%	2%	2%
D3	Additional loans issued	D1*D2	2,000	2,060	2,122
D4	Average loan amount		\$15,000	\$15,000	\$15,000
D5	Operating margin		1.30%	1.30%	1.30%
Dt	Increased profit from project efficiency	D3*D4*D5	\$390,000	\$401,700	\$413,751
	Risk adjustment	↓15%			
Dtr	Increased profit from project efficiency (risk-adjusted)		\$331,500	\$341,445	\$351,688
Three-year total: \$1,024,633			Three-year present value: \$847,778		

IMPROVED AUDIT ABILITIES

In addition to the security benefits that Egnyte provides, customers can also use these capabilities to improve their audit completion. Prior to investing in Egnyte, customers relied on manual auditing processes. They performed searches throughout their data environments, which could take significant time to complete. An interviewee described: “When you have an on-premises file server, if you have not turned indexing on, it has to do a search in real time, which can take hours. Even if you have indexing on, it’s still going to take a long time to complete a search.”

Egnyte eliminates a significant portion of the manual work required to complete an audit. “Egnyte is hugely more capable of identifying things or showing what’s happened when a file moves, permissions are changed, or files are changed. That sort of thing is infinitely superior to a standard file server.” This saves the individuals responsible for completing these workflows significant time.

“We can see when people have accessed files, which files they accessed, and what version was changed. It gives us more freedom, so we do not have to document a lot of that stuff that happens behind the scenes.”

Associate principal director of corporate software, architecture firm

For the composite organization, Forrester assumes:

- The composite organization completes monthly audits on its data environment. These audits are run by a team of five individuals. In the legacy state, these employees spent 16 hours per audit organizing and managing the information required to complete the audit.

- An additional 50 users are involved in these audits on a lesser scale and spend 2 hours each audit collecting and presenting the information required to complete the audit.
- The average hourly compensation for all employees involved in an audit is \$45.
- The efficiencies Egnyte provides to its customers allows them to reduce the effort required to complete an audit by 80%.

The following risks may affect this benefit category:

- The number of audits an organization completes annually.
- The number of employees involved in an audit and the degree to which they are involved.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$199,824.

Improved Audit Abilities					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Number of audits annually		12	12	12
E2	Employees overseeing audit process		5	5	5
E3	Time spent on audits in legacy environment (hours)		16	16	16
E4	Hourly compensation of employees responsible for audits		\$60	\$60	\$60
E5	Employees involved in audit process		50	50	50
E6	Time spent participating in audits in legacy environment (hours)		2	2	2
E7	Hourly compensation of employees involved in audits		\$45	\$45	\$45
E8	Cost to perform audit in legacy state	$(E1 \cdot E2 \cdot E3 \cdot E4) + (E1 \cdot E5 \cdot E6 \cdot E7)$	\$111,600	\$111,600	\$111,600
E9	Reduction in time spent performing audits with Egnyte		80%	80%	80%
E10	Cost to perform audit with Egnyte	$E8 \cdot (1 - E9)$	\$22,320	\$22,320	\$22,320
Et	Improved audit abilities	$E8 - E10$	\$89,280	\$89,280	\$89,280
	Risk adjustment	↓10%			
Etr	Improved audit abilities (risk-adjusted)		\$80,352	\$80,352	\$80,352
Three-year total: \$241,056			Three-year present value: \$199,824		

END USER PRODUCTIVITY GAINS FOR KNOWLEDGE WORKERS

End users who use Egnyte see an uptick in their productivity when they use Egnyte in their day-to-day tasks. Previously, knowledge workers at interviewed organizations provided document edits in group emails, often waiting days at a time for team member feedback to move projects forward. Additionally, workers occasionally made errors when uploading the most recent document to a centralized folder, which led to confusion on the status of a project and which version of the document was correct.

With Egnyte, multiple users can make edits to documents simultaneously. Feedback loops shorten as users can make changes and review in real time, and teams can eliminate issues with version control.

One Egnyte user stated: "The ease of uploading and receiving files, having a collaborative space with the version control, with some of the historical information is very valuable. In our legacy state, users were spending potentially hours every week trying to sort through edits and different files to move projects forward. Now they are spending no more than a few minutes on these tasks."

For the composite organization, Forrester assumes:

- The composite organization has 450 knowledge workers who use Egnyte.

- All users save 1.5 hours each week through improved document sharing and collaboration abilities enabled with Egnyte.
- End users recapture 25% of time saved from the collaboration features to rededicate to labor activities. The remaining time saved is allocated to nonwork activities like socializing or personal time.

The following risks may affect this benefit category:

- End user time savings from the collaboration tools will vary based on the previous state of the organization.
- The realization for time saving benefits will be impacted by how long organizations take to roll out Egnyte.
- Time savings will vary based on the nature of individual projects and how often employees are collaborating on tasks.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1,178,395.



Weekly end user productivity savings of:



1.5 hours

"A really good indicator of our success with the platform has been the adoption rate. The organic growth of users we've seen on the platform really shows that it's intuitive; it's easy to use. People are very quick to find use cases for it that we may not have thought of, and they're actively using it."

Head of IT, financial services

End User Productivity Gains For Knowledge Workers

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
F1	Number of knowledge workers using Egnyte		450	450	450
F2	Weekly time savings		1.5	1.5	1.5
F3	Productivity capture		50%	50%	50%
F4	Fully loaded user compensation		\$30	\$30	\$30
Ft	End user productivity gains for knowledge workers	$F1 * F2 * F3 * F4 * 52$ weeks	\$526,500	\$526,500	\$526,500
	Risk adjustment	↓10%			
Ftr	End user productivity gains for knowledge workers (risk-adjusted)		\$473,850	\$473,850	\$473,850
Three-year total: \$1,421,550			Three-year present value: \$1,178,395		

UNQUANTIFIED BENEFITS

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

- Remote access to data.** Interviewees stated that the ability to access their data systems from mobile devices helps their users gain flexibility in their workdays. The seamless experience users have when switching between mobile and desktop devices is a pivotal feature that has added value to organizations. One interviewee said: “We can access our Egnyte files on mobile devices, and it doesn’t matter where you are or when you access them; it looks the same no matter what. You get access from your phone or tablet, and it looks the same as it does as if you are in the office.”
- Seamless integration into established workflows.** Organizations can integrate their Egnyte systems into their established office productivity software to increase user adoption and streamline processes throughout their companies. Incorporating Egnyte into established workflows allows users to further improve their experience using the solution and avoid having to

do significant relearning of vital document-sharing and collaborating tasks.

- Enhanced workflows via use of local caching capabilities.** Many of the interviewed organizations use a form of Egnyte’s local caching capability, such as Egnyte Storage Sync or Egnyte Site Cache, to further enhance the productivity of their workers. Organizations can avoid having to invest in expensive on-premises storage for offices that do not need full-time access to the entire data environment.

Egnyte provides customers with the option to store large files on local caches in remote offices so they can access key files quickly without needing to invest in expensive on-premises storage solutions. One customer described this process: “When you have offices that are drastically different in size, it’s not realistic to have all that content showing up in a small office that then has to pay for the storage to accommodate it. With Storage Sync, we are able to selectively pick what content gets stored in which office.”

FLEXIBILITY

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

- **Achieving compliance with new regulations faster.** The flexibility of Egnyte allows customers to quickly adapt their data regulatory practices and classifications to react to changes in compliance polices. As data regulatory policies change, Egnyte gives customer the ability to change with them to ensure they are always in compliance with these regulations.

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

“When you have offices that are drastically different in size, it’s not realistic to have all that content showing up in a small office that then has to pay for the storage to accommodate it. With Storage Sync, we are able to selectively pick what content gets stored in which office.”

Director of IT, financial services

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
Gtr	Usage costs	\$0	\$171,600	\$176,550	\$181,649	\$529,799	\$438,384
Htr	Management and training costs	\$105,000	\$105,000	\$105,000	\$105,000	\$420,000	\$366,119
	Total costs (risk-adjusted)	\$105,000	\$276,600	\$281,550	\$286,649	\$949,799	\$804,503

USAGE COSTS

Egnyte customers pay an annual fee for their use of the components of the platform. This fee is determined by the number of users, data sets, and level of capabilities required to meet an organization's content management needs.

The composite organization reflects a customer trying to maximize its investment in Egnyte. Many Egnyte customers will transition their data to Egnyte in a more phased manner or invest in only one portion of the platform before expanding their investment.

For the composite organization, Forrester assumes:

- The composite organization pays \$150,000 annually for the use of Egnyte. This investment grows 3% annually as the organization's data environment expands.
- The composite organization pays an additional \$6,000 annually for use of Egnyte's on-premises storage synchronization tools.

The three-year, risk-adjusted total PV (discounted at 10%) of \$438,384.

Usage Costs							
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	
G1	Subscription costs			\$150,000	\$154,500	\$159,135	
G2	Cost for on-prem synchronization tools			\$6,000	\$6,000	\$6,000	
Gt	Usage costs	G1	\$0	\$156,000	\$160,500	\$165,135	
	Risk adjustment	↑10%					
Gtr	Usage costs (risk-adjusted)		\$0	\$171,600	\$176,550	\$181,649	
Three-year total: \$529,799				Three-year present value: \$438,384			

MANAGEMENT AND TRAINING COSTS

The composite organization also incurs costs for implementing and operationalizing Egnyte.

For the composite organization, Forrester assumes:

- The composite organization dedicates two FTEs for three months to implement Egnyte. This involves planning the migration, uploading data to the platform, and deploying the solution to the various teams in the organization.
- One FTE is dedicated to managing the platform daily; the tasks required to manage the platform account for approximately 75% of this employee's time.
- All Egnyte users participate in 2 hours of training as the platform is deployed across the organization. In each subsequent year, users participate in a 30-minute training to refresh their

skills with the platform and learn about new capabilities. The average hourly salary for all Egnyte users is \$40.

The following risks may affect this benefit category:

- The speed at which an organization chooses to transition from its traditional file management environment will vary based on the size of the environment and the resources available to migrate it to Egnyte.
- The amount of training required will vary based on employee skill levels and their familiarity with platforms such as Egnyte.

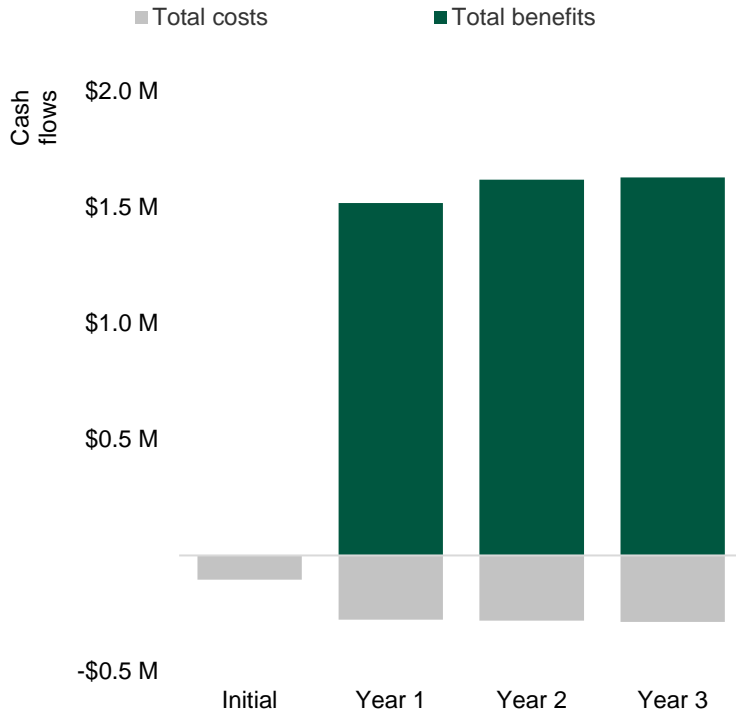
To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$366,119.

Management And Training Costs						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
H1	FTEs required to implement solution		2			
H2	Number of months required to implement solution		3			
H3	Fully burdened salary for employees responsible for implementation		\$120,000			
H4	Cost to implement solution	$(H1*H2)*(H3/12)$	\$60,000			
H5	FTEs required to manage system			1	1	1
H6	Salary for fully burdened system admin			\$120,000	\$120,000	\$120,000
H7	Percentage of time spent managing system			75%	75%	75%
H8	Cost to manage system	$H5*H6*H7$		\$90,000	\$90,000	\$90,000
H9	Employees involved in training		500	500	500	500
H10	Average time spent training (hours)		2.0	0.5	0.5	0.5
H11	Average hourly salary for employees involved in training		\$40	\$40	\$40	\$40
H12	Cost to train employees	$H9*H10*H11$	\$40,000	\$10,000	\$10,000	\$10,000
Ht	Management and training costs	$H4+H8+H12$	\$100,000	\$100,000	\$100,000	\$100,000
	Risk adjustment	↑5%				
Htr	Management and training costs (risk-adjusted)		\$105,000	\$105,000	\$105,000	\$105,000
Three-year total: \$420,000			Three-year present value: \$366,119			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

These risk-adjusted ROI and NPV 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	(\$105,000)	(\$276,600)	(\$281,550)	(\$286,649)	(\$949,799)	(\$804,503)
Total benefits	\$0	\$1,519,875	\$1,619,975	\$1,630,218	\$4,770,067	\$3,945,334
Net benefits	(\$105,000)	\$1,243,275	\$1,338,425	\$1,343,569	\$3,820,268	\$3,140,831
ROI						390%

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."



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 GDPR is the EU's General Data Protection Regulation; CCPA is the California Consumer Privacy Act.

² "Cost Of A Security Breach," Internal Forrester Survey Data, August 2020

³ "Cost Of A Security Breach," Internal Forrester Survey Data, August 2020

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