

The Total Economic Impact™ Of Verizon's Calling Solutions For Microsoft Teams

Cost Savings And Business Benefits
Enabled By Verizon's Calling Solutions For Microsoft
Teams

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ABOUT FORRESTER CONSULTING

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

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Executive Summary

Whether used for external communication with customers or internal communication between employees and departments, making sure calls run smoothly and easily is vital to organizations. High-quality, reliable calls backed by cellular data ensure information is passed along without being dropped, which in turn allows internal initiatives and customer communications to flourish. Without a reliable calling solution, organizations risk poor quality calls, bungled management of clients, and failing compliance.

Verizon's calling solutions for Microsoft Teams

provide an extended mobile-first Teams experience by joining the Teams experience with a single business-provided phone number and coverage network. Verizon offers three Microsoft Teams calling solutions that enable Teams users to make and receive calls outside the organization to virtually anyone anywhere, including customers, partners, and other employees on both wireline and wireless/cellular solutions. Companies can mix and match the three solutions to choose the right solution for each individual employee, whether they are onsite, remote, hybrid, or mobile. This centralizes the workforce communications experience, creates consistency of business policies, and provides an optimal calling experience for all employees, regardless of where they are physically located.

Verizon commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Verizon's calling solutions for Microsoft Teams.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Verizon's Teams calling solutions on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed the IT director of a healthcare management company with experience using both Verizon Calling with Microsoft Teams (VCMT) and Verizon Mobile for Microsoft Teams (VMMT). Forrester used the interviewee's experiences to project a three-year

KEY STATISTICS



Return on investment (ROI)

205%



Net present value (NPV)

\$3.37M

financial analysis for their organization. To keep the interviewee and their company anonymous, Forrester refers to the organization as "Dermex."

The IT director noted that prior to using two of Verizon's three Teams calling solutions, Dermex struggled with call consistency issues and poor call quality, which hurt the organization's operations, branding, and bottom line. It also lacked the ability to comply with regulation-based reporting requirements and had to frequently work with its call center to resolve technical issues.

After the investment in VCMT and VMMT, the IT director was able to finally centralize the organization's calling and collaboration with Teams and support its hybrid employee base (e.g., mobile workers, desk workers, etc.) with both a landline and mobile calling solution that is best suited for each persona. The IT director shared that regardless of location, Verizon's network improved call quality and said its technology helped Dermex employees

consolidate voicemails, further centralizing communication channels and reducing management costs. This ultimately improved communications with patients and customers.

KEY FINDINGS

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

- **Hundreds of hours and more than \$1.2 million saved annually in managing legacy solutions.** Switching to Verizon's Teams calling solutions enables Dermex to retire its legacy outbound calling solution. This not only saves Dermex \$1.2 million in fees annually, but it also allows the organization to avoid 280 hours of labor its IT director previously spent troubleshooting each year. This benefit has worth a risk-adjusted, three-year PV of \$2.5 million for Dermex.
- **99% reduction in individual clinic landline spend.** Dermex runs a total of eight clinics, and each spends \$50,000 maintaining its landline phone systems. With Verizon Teams calling solutions in place, the clinics reduce this spend to \$500, which is approximately a 99% reduction. Over three years, this benefit has a risk-adjusted PV of \$1.3 million for Dermex.
- **30% increase in patient appointments.** Verizon's Teams calling solutions help Dermex better manage its brand by controlling and providing consistent caller ID names and numbers. This ensures the end customer's spam filters handle the calls correctly. Because of Verizon's better caller ID branding, when Dermex employees call patients to confirm their appointments, the patients recognize the phone number and answer the calls. Better patient outreach leads Dermex to a 30% improvement in the number of patients that complete their appointments compared with the prior process. This directly improves profits and yields a risk-adjusted three-year PV of \$1.2 million.
- **Nearly 90% time savings realized in setting up new-employee mobile lines.** With Verizon's calling solutions for Microsoft Teams, Dermex decreases the time required to set up and assign Microsoft Teams numbers from 67% in Year 1 to almost 90% in Year 3. This saves system administrators significant time and yields a risk-adjusted, three-year PV of \$13,000.
- **Significant time savings on training for new hires and IT directors.** With Verizon's Teams calling solutions, Dermex also saves time on training new employees with training time decreasing by 75%. These savings impact both new hires as well as those in charge of the training. Over three years, Dermex saves a risk-adjusted total PV of \$21,000.
- **Verizon Calling with Microsoft Teams implementation efficiencies.** The Verizon team deploys VCMT lines at 20 sites on behalf of Dermex. This leads to time efficiencies for the IT director because Verizon performs the tasks associated with the project. However, because some organizations may be hesitant to share secure information with a third party, Forrester considers this an avoided cost and did not include this benefit in the financial model and ROI calculation. However, a sample calculation is provided in Table F.

Reduction in individual clinic landline spend

99%

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

- **Enriched customer experience.** Verizon's calling solutions for Microsoft Teams enables Dermex to provide higher-quality customer service to its patients and connect them quickly and easily to frontline workers, thus improving customer loyalty.
- **Improved employee experience.** Dermex employees find Verizon's Teams calling solutions to be easier to implement and use than other solutions.
- **Enhanced call quality.** The higher quality and reliability of each call positively impacts customer loyalty and the overall quality of service offered by Dermex.
- **Increased understanding of technology due to Verizon customer service and support.** The IT director said Verizon provides exceptional customer service and support that helps with deployment and regularly troubleshoots tasks.

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

- **\$817,000 in licensing costs.** Dermex deploys both VCMT and VMMT to support its in-office and mobile workforce. Annual costs include the cost per user for VMMT and VCMT, Verizon mobile phone plans and devices, Microsoft Teams E3 licenses, and Microsoft Teams Phone Standard licenses.
- **\$327,000 in internal preparation and implementation costs for VCMT.** These costs include the time required to prepare account information, labor time on the implementation itself, and the fully loaded salaries of system administrators, directors, and CIOs involved in the process.
- **\$51,000 in internal preparation and implementation labor costs for VMMT.** Dermex has 1,800 employees use VMMT on their devices

in Year 1. As the organization grows and hires new employees, its system administrators and IT director need less time to set up devices. By Year 3, they only require 10 minutes per device.

- **\$445,000 in ongoing management and training costs for VCMT and VMMT.** Dermex has an IT director, system administrators, and its CIO help maintain Verizon's Teams calling solutions and requires additional time and effort for designing training.

The interview and financial analysis found that the Dermex experiences benefits of \$5.01 million over three years versus costs of \$1.64 million, adding up to a net present value (NPV) of \$3.37 million and an ROI of 205%.



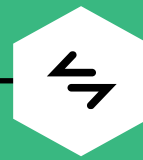
ROI
205%



BENEFITS PV
\$5.01M



NPV
\$3.37M



PAYBACK
**<6
months**

Benefits (Three-Year)

Retired legacy outbound voice
calling solution savings

\$2.5M

Legacy wired phone solution
savings

\$1.3M

Profit increase from business
instability mitigation

\$1.2M

New-hire setup labor savings

\$13K

Staff training efficiencies

\$21K

“With Microsoft Teams, you’re able to forward your calls to another employee or external number. ... But with Verizon Calling with Microsoft Teams, you have control [of] where your incoming calls go. ... That’s the benefit for us.”

— IT director, healthcare management

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 Verizon's calling solutions for Microsoft Teams.

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 Verizon's calling solutions for Microsoft Teams can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Verizon 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 Calling Solution for Microsoft Teams.

Verizon 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.

Verizon provided the customer name for the interview but did not participate in the interview.



DUE DILIGENCE

Interviewed Verizon stakeholders and Forrester analysts to gather data relative to Verizon Calling with Microsoft Teams and Verizon Mobile for Microsoft Teams.



INTERVIEW

Interviewed the representative of an organization using Verizon Calling with Microsoft Teams and Verizon Mobile for Microsoft Teams to obtain data with respect to costs, benefits, and risks.



FINANCIAL MODEL FRAMEWORK

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



CASE STUDY

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

The Verizon's Calling Solutions for Microsoft Teams Customer Journey

■ Drivers leading to the investment in Verizon's calling solutions for Microsoft Teams

INTERVIEWEE'S ORGANIZATION

Forrester interviewed the representative of a healthcare organization who has experience using both Verizon Calling with Microsoft Teams and Verizon Mobile for Microsoft Teams. Their organization, which Forrester refers to as Dermex, has the following characteristics:

- Healthcare management company.
- 2,500 employees with around 350 frontline mobile workers and 400 office-based knowledge workers.
- Previously used a legacy outbound voice solution for calling before migrating to Teams.

KEY CHALLENGES

Before implementing VCMT and VMMT, Dermex managed calls through a legacy solution that required landlines and physical call centers to function.

The IT director noted how Dermex struggled with common challenges, including:

- **Lost revenue due to inconsistent, low-quality patient outreach.** The IT director explained to Forrester that many of their organization's phone numbers appeared as spam calls to patients, which meant that patients often ignored these calls. This poor caller-ID branding resulted in missed appointments and, therefore, missed revenue because Dermex lacked control of how its caller ID appeared on Teams with its legacy network. Overall call quality was also poor, and calls were dropped while employees were out in the field. The IT director told Forrester: "Patients won't answer the phone for a number they don't know. ... The call quality was also terrible."
- **High level of manual effort required to resolve call center issues.** The IT director described

how Dermex had to spend a significant amount of time working with call centers to resolve and troubleshoot issues. They said, "With our legacy solution, I was in the call center for five days a week for at least one or two months."

- **Lack of reporting.** A key requirement for Dermex was having the ability to report on calls and messages to comply with government regulations. The interviewee stated: "Being in healthcare, we absolutely have to pay attention to HIPAA (Health Insurance Portability and Accountability Act) [regulations]. ... It's the first thing we have to ask."

SOLUTION REQUIREMENTS

Dermex executives and internal stakeholders determined the organization needed a solution that could:

- Comply with HIPPA regulations.
- Enable unified communication across mobile devices.
- Improve overall call quality.
- Improve the ease of managing its phone system.

"With our prior setup, my CIO was asking me why the IT director had to be in the room when we had staff to troubleshoot the issues. It was that complex [that I had to be there]."

IT director, healthcare management company

USE CASE DESCRIPTION

Dermex is a healthcare management organization that employs 2,500 people and hires 120 new employees each year. Dermex has two models: A portion of its employees work in one of eight healthcare clinics, and they previously used a legacy voice calling solution before switching to Microsoft Teams. However, the legacy phone system did not support easy caller ID branding or modification with Teams, which frequently resulted in patients ignoring clinic outreach calls including appointment reminders.

Dermex also has a group of home healthcare workers who require a fully mobile solution because they work remotely in the field. These home health workers often experienced dropped calls and other quality issues.

For its healthcare clinics, Dermex opts to augment Microsoft Teams with VCMT to ensure that calls are not marked as spam and patients answer outreach calls. The company invests in VMMT to allow its mobile staff to communicate with patients when they are in the field and to reach other staff members when they are out of the office via the call forwarding feature. VMMT also provides employees with a single business-provided phone number for mobile and desktop devices.

Key Assumptions

- **Healthcare management organization**
- **2,500 employees**
- **Eight clinics**
- **Deploys VCMT and VMMT**

Analysis Of Benefits

■ Quantified benefit data

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Retired legacy outbound voice calling solution savings	\$985,536	\$985,536	\$985,536	\$2,956,608	\$2,450,882
Btr	Legacy wired phone solution savings	\$536,400	\$534,600	\$534,600	\$1,605,600	\$1,331,107
Ctr	Profit increase from business instability mitigation	\$243,000	\$510,300	\$729,000	\$1,482,300	\$1,190,353
Dtr	New-hire setup labor savings	\$4,536	\$5,307	\$6,033	\$15,876	\$13,042
Etr	Staff training efficiencies	\$8,070	\$8,564	\$8,564	\$25,199	\$20,849
Total benefits (risk-adjusted)		\$1,777,542	\$2,044,308	\$2,263,733	\$6,085,583	\$5,006,233

RETIRED LEGACY OUTBOUND VOICE CALLING SOLUTION SAVINGS

Evidence and data. Implementing VCMT and VMMT allowed Dermex to realize significant savings on licensing and maintenance of its prior solution.

- Working with Verizon allowed the IT director to spend much less time troubleshooting when things went wrong. They told Forrester: “I have full control. ... If someone tells me that a patient called or that the line isn’t working, I can just look into that.”
- The move enabled Dermex to reduce its reliance on external vendors. The IT director said: “With Teams, I love how everything is together [and] everything is in. We can keep everything in-house. Verizon is [using] that same method.”

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex previously spent \$1.2 million per year in legacy solution fees.
- These fees are completely eliminated by using Verizon’s calling solutions for Microsoft Teams.

- With prior solutions, the IT director had to spend 280 hours per year on troubleshooting with call centers.
- The IT director avoids this troubleshooting time with Verizon’s calling solutions for Microsoft Teams.
- The average fully burdened hourly rate of an IT director is \$42.

Risks. Factors that could affect the impact of this benefit for organizations include the following:

- The size and type of the organization’s prior legacy spend, which will vary depending on the cost of the previous legacy system.
- The degree to which Verizon and Microsoft Teams can eliminate the organization’s prior spend.
- Amount of time the IT director required for troubleshooting that is avoided.
- The fully burdened hourly rate of an IT director.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.5 million.

Retired Legacy Outbound Voice Calling Solution Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Retired annual legacy solution cost	Interview	\$1,200,000	\$1,200,000	\$1,200,000
A2	Time dedicated by IT director to troubleshoot legacy outbound calling solution (hours)	Interview	280	280	280
A3	Average fully burdened hourly rate of an IT director	TEI standard	\$114	\$114	\$114
At	Retired legacy outbound voice calling solution savings	A1+(A2*A3)	\$1,231,920	\$1,231,920	\$1,231,920
	Risk adjustment	↓20%			
Atr	Retired legacy outbound voice calling solution savings (risk-adjusted)		\$985,536	\$985,536	\$985,536
Three-year total: \$2,956,608			Three-year present value: \$2,450,882		

LEGACY WIRED PHONE SOLUTION SAVINGS

Evidence and data. Verizon's calling solutions for Microsoft Teams didn't just replace Dermex's prior calling solutions, they also allowed it to almost completely retire landlines for several clinics. Once Dermex made this change, it was also able to retire the existing desk phones since they were no longer needed.

- The IT director told Forrester: "We have eight brick-and-mortar clinics with landline services. ... We're looking to save tens of thousands of dollars by cutting the rest of the phone lines for those clinics."
- The IT director also stressed how this changeover resulted in better overall control of calling: "This is the first time that we've felt more in control of our phone system."

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex has eight clinics and spends \$6,250 on landlines per clinic.
- VCMT and VMMT enables the organization to avoid 99% of this spend by carrying voice traffic on Verizon's peered Session Initiation Protocol (SIP) connection to its Microsoft tenant and existing excess internet capacity at the clinics.
- VCMT and VMMT enables each clinic to retire 25 desk phone lines in Year 1.
- Each phone line costs \$10.
- Because Dermex is a healthcare management company, it opts to keep some aspect of a legacy landline to enable its fax machines because many local hospitals still rely on fax for secure communications.

Risks. Factors that could affect the impact of this benefit for organizations include:

- The organization's number of locations with landlines and phone lines that can be retired

- The organization's existing internet connectivity.
- The cost of each landline and desk phone line.

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

Legacy Wired Phone Solution Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of clinics	Interview	8	8	8
B2	Average cost of landlines per clinic	Interview	\$6,250	\$6,250	\$6,250
B3	Previous monthly spend on clinic landlines with legacy solution	B1*B2	\$50,000	\$50,000	\$50,000
B4	Percent savings with VCMT	Interview	99.0%	99.0%	99.0%
B5	Subtotal: Legacy clinic landline savings	B3*B4*12	\$594,000	\$594,000	\$594,000
B6	Desk phones per clinic that can be retired with VCMT in place	Interview	25	0	0
B7	Total desk phones that can be retired with VCMT in place	B1*B6	200	0	0
B8	Cost per desk phone line	Interview	\$10	\$0	\$0
B9	Subtotal: Retired desk phone savings	B7*B8	\$2,000	\$0	\$0
Bt	Legacy wired phone solution savings	B5+B9	\$596,000	\$594,000	\$594,000
	Risk adjustment	↓10%			
Btr	Legacy wired phone solution savings (risk-adjusted)		\$536,400	\$534,600	\$534,600
Three-year total: \$1,605,600			Three-year present value: \$1,331,107		

PROFIT INCREASE FROM BUSINESS INSTABILITY MITIGATION

Evidence and data. One of the larger issues Dermex struggled with was calls to patients appearing as spam, which limited its ability to conduct business. With Verizon Calling with Microsoft Teams, Dermex mitigated this by making sure its caller ID was properly displayed.

- The IT director told Forrester: "Our biggest hurdle was that when calls went out, they came up as spam. We were losing patients, we were losing appointments, and [we were] losing business."

- VCMT ensured that Dermex's number would be properly identified, avoiding lost business.
- The IT director told Forrester: "The number we've tested is working with the caller ID policy. ... It's not showing up as spam."

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex sees 25,000 patients per year. This number increases to 35,000 patients in Year 2 to 50,000 patients in Year 3.
- Dermex previously only saw 45% of patient appointments fully complete.

- With the support VCMT, Dermex sees a 20% improvement in its patient appointment completion rate. By Year 2 and Year 3, this rate improves by 30%.
- Each patient appointment is worth \$800 in revenue to Dermex.
- Dermex has a profit margin of 15%.

Risks. Factors that could affect the impact of this benefit for organizations include:

- The organization's number of patients or customers per year.

- The number of patients or customers the organization loses per year due to caller ID improperly displaying phone numbers.
- The organization's revenue growth from increased customer/patient visits.
- The organization's profit margin.
- Whether or not patients confirm appointments and do not show up.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$1.2 million.

Profit Increase From Business Instability Mitigation					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of patients	Interview	25,000	35,000	50,000
C2	Percentage of patient appointments completed in the prior environment	Assumption	45%	45%	45%
C3	Patients seen in the prior environment	$C1 \times C2$	11,250	15,750	22,500
C4	Improvement in patient appointment completed rate	Interview	20%	30%	30%
C5	Percentage of patient appointments completed	$C2 \times C4 + C2$	54.00%	58.50%	58.50%
C6	Patients seen	$C1 \times C5$	13,500	20,475	29,250
C7	Average value of a patient appointment	Interview	\$800	\$800	\$800
C8	Revenue growth from increased patient completion rate	$(C6 \times C7) - (C3 \times C7)$	\$1,800,000	\$3,780,000	\$5,400,000
C9	Profit margin	Assumption	15%	15%	15%
Ct	Profit increase from business instability mitigation	$C8 \times C9$	\$270,000	\$567,000	\$810,000
	Risk adjustment	↓ 10%			
Ctr	Profit increase from business instability mitigation (risk-adjusted)		\$243,000	\$510,300	\$729,000
Three-year total: \$1,482,300			Three-year present value: \$1,190,353		

NEW-HIRE SETUP LABOR SAVINGS

Evidence and data. Streamlining calling with VMMT enabled Dermex to realize time savings on rolling out new mobile lines for new hires.

- The IT director described setting up new lines as cost-effective and inexpensive: "We're only paying for the service per line. The hires already know how to use it."

- The interviewee noted that with VMMT, the actual implementation process for setting up lines for new hires became much faster than before: “We’ve been able to really drop the time down because we already have the phones.”

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex sets up 120 new mobile lines per year.
- The time required to set up equipment and assign Microsoft Teams numbers for each new mobile line drops from 1.5 hours to 30 minutes in Year 1. As system administrators get more comfortable with the technology, it takes them less time to set up new phones. They need just 20 minutes per device in Year 2 and 10 minutes per device in Year 3.

Risks. Factors that could affect the impact of this benefit for organizations include:

- The number of new mobile lines the organization sets up per year.
- The time required to set up each mobile line.
- The degree of savings the organization achieves.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$13,000.

New-Hire Setup Labor Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of new mobile lines required per month	Interview	10	10	10
D2	Subtotal: Number of new mobile lines required for new hires	D1*12	120	120	120
D3	Time previously spent by system administrators setting up equipment and assigning Microsoft Teams numbers per new hire in the prior environment (hours)	Interview	1.5	1.5	1.5
D4	Time spent by system administrators setting up equipment and assigning Microsoft Teams numbers per new hire with VMMT (hours)	Interview	0.50	0.33	0.17
D5	Average fully burdened hourly rate of a system administrator	TEI standard	\$42	\$42	\$42
Dt	New-hire setup labor savings	(D3-D4)*D2*D5	\$5,040	\$5,897	\$6,703
	Risk adjustment	↓10%			
Dtr	New-hire setup labor savings (risk-adjusted)		\$4,536	\$5,307	\$6,033
Three-year total: \$15,876			Three-year present value: \$13,042		

STAFF TRAINING EFFICIENCIES

Evidence and data. The IT director stated that due to preexisting knowledge of Teams and mobile phone usage among Dermex employees, training for VMMT was simpler than for prior solutions.

- The interviewee described how Dermex was able to significantly scale back training: “We don’t do that type of training anymore. I have guides that I present. But, in general, we can just go, ‘Here’s your call etiquette,’ and the calls come through Teams, and they follow the script.”
- Much of the time savings became possible because VMMT only requires basic knowledge of Teams and making phone calls. The IT director summed it up: “[New hires] already know how to use it. The training is for understanding the process of using the planner. After that, it’s: ‘Here you go. You’re all set.’”

Modeling and assumptions. For Dermex, Forrester assumes the following:

- In its prior state, Dermex required 1 hour per week for training.

- With VMMT, Dermex only needs 15 minutes for training.
- The training process involves two directors of training and the IT director.
- The fully burdened hourly rate for a director of training is \$65.
- The fully burdened hourly rate for an IT director is \$114.

Risks. Factors that could affect the impact of this benefit for organizations include:

- The training time the organization requires before using VMMT.
- The staff involved in training and their respective salaries.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$21,000.

Staff Training Efficiencies					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Time per week dedicated to Microsoft training in prior environment (hours)	Interview	1	1	1
E2	Time per week dedicated to Microsoft training with VMMT (hours)	Interview	0.25	0.25	0.25
E3	Directors of training	Interview	2	2	2
E4	Average fully burdened hourly rate of a director of training	TEI standard	\$65	\$65	\$65
E5	Subtotal: Savings for improved efficiencies for directors of training	$(E1-E2)*E3*E4*49$	\$4,778	\$5,070	\$5,070
E6	IT directors who support training	Interview	1	1	1
E7	Average fully burdened hourly rate of an IT director	A3	\$114	\$114	\$114
E8	Subtotal: Savings for improved efficiencies for IT director	$(E1-E2)*E6*E7*49$	\$4,190	\$4,446	\$4,446
Et	Staff training efficiencies	E5+E8	\$8,968	\$9,516	\$9,516
	Risk adjustment	↓10%			
Etr	Staff training efficiencies (risk-adjusted)		\$8,070	\$8,564	\$8,564
Three-year total: \$25,199			Three-year present value: \$20,849		

VCMT SETUP EFFICIENCIES

Evidence and data. The IT director said Dermex's executives and internal stakeholders opted to have Verizon employees set up much of the initial deployment for VCMT. This means the IT director saved time on tasks they normally would have to handle.

However, Forrester did not incorporate this benefit into the financial model because while Dermex opted to have Verizon do the work, other organizations may be reluctant to share password and security information and may desire to keep that work with internal employees. Because this is considered an avoided cost, Forrester modeled an example that readers can use to estimate potential further positive impact and ROI.

The IT director said: "Verizon gave us the walkthrough. We got everything licensed to make sure Verizon and Teams were talking to each other on the wireless side. I followed the steps, simplified things for my team, and automated things into Microsoft Office 365. It gives them the license [and] the policy, and we're done."

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex has 20 regions that need VCMT setup.
- The IT director dedicates 6 hours per day for four days to set up each region.
- The fully burdened hourly rate of an IT director is \$114.

Risks. Factors that could affect the impact of this benefit for organizations include:

- The number of regions the organization needs to set up.
- The time dedicated by an IT director and their respective salary.
- Whether or not the organization opts to keep the work in-house, which would negate the impact of this benefit.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$45,000.

VCMT Setup Efficiencies					
Ref.	Metric	Source	Year 1	Year 2	Year 3
XX1	Regions	Interview	20	0	0
XX2	Time an IT director needs for setup per region (hours)	Interview	24	0	0
XX3	Average fully burdened hourly rate of an IT director	A3	\$114		
XXt	VCMT setup efficiencies	XX1*XX2*XX3	\$54,720	\$0	\$0
	Risk adjustment	↓10%			
XXtr	VCMT setup efficiencies (risk-adjusted)		\$49,248	\$0	\$0
Three-year total: \$49,248			Three-year present value: \$44,771		

UNQUANTIFIED BENEFITS

The IT director mentioned the following additional benefits that Dermex experienced but was not able to quantify:

- **Enriched customer experience.** Being able to contact customers more reliably as well as transfer and follow up with them more quickly enabled better customer service for Dermex. The IT director gave an example on how VMMT and VCMT enabled employees to give out direct mobile phone numbers because they could now track it within the Microsoft Teams environment. They said, “We’ve absolutely seen better patient care because of it.”
- **Improved employee experience.** Improved ease of use also benefited employees by reducing time required for training and troubleshooting. The interviewee said: “[The typical attitude is:] ‘Here’s your team’s phone. Use it for work. Cool. You’re done.’”
- **Enhanced call quality.** Not only did VCMT and VMMT provide better overall call quality and more reliable connections for Dermex, but it also helped it route calls to the right people and thereby retain more business. The IT director gave an example about calls being routed when going on vacation: “I can just forward my calls to my help staff or forward my number to a partner ... and they can do the same thing when they’re off.”
- **Increased understanding of technology due to Verizon customer service and support.** The interviewee said Verizon provides a high level of customer service and support, and they praised both its work during the initial implementation and while providing ongoing assistance. The IT director said: “Our representative has really bent over backwards for us. ... They’re welcoming, very honest, and [they] have taken care of us. ... They’ve definitely helped us with our vision of

staying mobile and connected. I can’t see ourselves anywhere else right now.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement one of Verizon’s calling solutions for Microsoft Teams and later realize additional uses and business opportunities, including:

- **Ease in adjusting calling numbers.** The interviewee explained to Forrester how having the ability to switch numbers enabled improved organizational agility: “Teams is your native dialer. But if you want a Verizon number on top of it, we can change the native dialer to Verizon, and the Teams number is still there to use in Teams.”

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

Analysis Of Costs

■ Quantified cost data

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	VCMT and VMMT licensing costs	\$25,286	\$314,820	\$318,533	\$322,245	\$980,884	\$816,844
Gtr	Internal preparation and implementation labor for VCMT	\$166,320	\$176,550	\$0	\$0	\$342,870	\$326,820
Htr	Internal preparation and implementation labor for VMMT	\$271	\$51,955	\$2,590	\$1,564	\$56,380	\$50,818
Itr	Ongoing management and training of VMMT and VCMT by internal staff	\$0	\$205,025	\$166,525	\$161,575	\$533,124	\$445,403
	Total costs (risk-adjusted)	\$191,877	\$748,350	\$487,647	\$485,384	\$1,913,257	\$1,639,885

VCMT AND VMMT LICENSING COSTS

Evidence and data. The IT director explained to Forrester that Dermex pays annual licensing costs for its use of Verizon Mobile for Microsoft Teams, Verizon Calling with Microsoft Teams, and E3 phone licenses.

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex pays a monthly fee of \$8 per user for Microsoft E3 Teams Phone Standard licenses.
- The organization pays an additional \$4 per VMMT Teams line, \$35 per Verizon phone plan, and an additional fee for VCMT. This fee totals \$2,437.50 in Year 1 and \$7,800 in years 2 and 3.
- Dermex already has mobile phones paid for and in place.

Risks. Factors that could affect the impact of this cost for organizations include:

- The organization's number of existing and new users of Microsoft Teams.

- The number of phone plans the organization requires.
- Fees the organization incurs for Verizon Calling Solution for Microsoft Teams.
- Whether or not the organization needs to purchase additional phones for its employees.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$817,000.

VCMT And VMMT Licensing Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Existing VMMT users	Interview	10	1,800	1,825	1,850
F2	Net new hires on VMMT	D2	0	120	120	120
F3	Microsoft E3 Teams Phone Standard license per user	Assumption	\$96	\$96	\$96	\$96
F4	Cost per VMMT line	Interview	\$4	\$4	\$4	\$4
F5	Cost per Verizon phone plan	Interview	\$35	\$35	\$35	\$35
F6	Subtotal: VMMT cost	(F1+F2)*(F3+F4+F5)	\$1,350	\$259,200	\$262,575	\$265,950
F7	Fees for VCMT users	Interview	\$2,437.50	\$7,800.00	\$7,800.00	\$7,800.00
F8	Microsoft E3 Teams Phone Standard license per user	Assumption	\$19,200	\$19,200	\$19,200	\$19,200
F9	Subtotal: VCMT cost	F7+F8	\$21,637.50	\$27,000.00	\$27,000.00	\$27,000.00
Ft	VCMT and VMMT licensing costs	F6+F9	\$22,988	\$286,200	\$289,575	\$292,950
	Risk adjustment	↑10%				
Ftr	VCMT and VMMT licensing costs (risk-adjusted)		\$25,286	\$314,820	\$318,533	\$322,245
Three-year total: \$980,884			Three-year present value: \$816,844			

INTERNAL PREPARATION AND IMPLEMENTATION LABOR FOR VCMT

Evidence and data. To use VCMT, Dermex's employees needed to spend time on several implementation tasks and other tasks in Year 1.

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Dermex spends 180 hours preparing account information during initial implementation of VCMT and 576 hours in Year 1.
- Dermex dedicates 20 hours to troubleshooting upon initial implementation and again in Year 1.
- Dermex spends 1,200 hours on implementation tasks during the initial implementation and an additional 1,500 hours in Year 1.

- The implementation team includes two system administrators, the IT director, and the CIO. Each spends portions of their time on implementation tasks.

Risks. Factors that could affect the impact of this cost for organizations include:

- The time the organization requires for implementation tasks.
- The number and types of FTEs required for the organization's implementation tasks.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$327,000.

Internal Preparation And Implementation Labor For VCMT						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Time dedicated to preparing account information (hours)	Interview	180	576		
G2	Time dedicated to troubleshooting (hours)	Interview	20	20		
G3	Average fully burdened hourly rate of an IT director	A3	\$114	\$114		
G4	Subtotal: Internal labor needed to prepare account information for porting	$(G1+G2)*G3$	\$22,800	\$67,944		
G5	Time dedicated to implementation (hours)	Interview	1,200	1,500		
G6	Percentage of time dedicated to implementation of VCMT by IT director	Interview	70%	70%		
G7	Average fully burdened hourly rate of an IT director	A3	\$114	\$114		
G8	Percentage of time dedicated to implementation of VCMT by a CIO	Interview	10%	10%		
G9	Average fully burdened hourly rate of a CIO	Interview	\$146	\$146		
G10	System administrators	Interview	2	2		
G11	Percentage of time dedicated by system administrators	Interview	15%	15%		
G12	Average full burdened hourly rate of a system administrator	D5	\$42	\$42		
G13	Subtotal: Internal implementation labor for VCMT	$(G5*G6*G7)+(G5*G8*G9)+(G5*G10*G11*G12)$	\$128,400	\$160,500		
Gt	Internal preparation and implementation labor for VCMT	$G4+G13$	\$151,200	\$160,500	\$0	\$0
	Risk adjustment	↑10%				
Gtr	Internal preparation and implementation labor for VCMT (risk-adjusted)		\$166,320	\$176,550	\$0	\$0
Three-year total: \$342,870			Three-year present value: \$326,820			

INTERNAL PREPARATION AND IMPLEMENTATION LABOR FOR VMMT

Evidence and data. Dermex needed to implement Verizon Mobile for Microsoft Teams to support a specific persona of workers (e.g., its mobile workforce) as they operated in the field.

Modeling and assumptions. For Dermex, Forrester assumes the following:

- Each user of VMMT spends 30 minutes on setup tasks upon initial implementation and during Year 1. This time decreases to 20 minutes in Year 2 and to 17 hours in Year 3.
- A system administrator spends 90% of their time on these tasks, while the IT director spends 10% of their time on these tasks.

Risks. Factors that could affect the impact of this cost for organizations include:

- The organization's number of existing and new VMMT users.
- The time required per user on the organization's setup tasks.

- The amount of time required of the organization's system administrators and IT directors.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$51,000.

Internal Preparation And Implementation Labor For VMMT

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Existing VMMT users	F1	10	1,800	1,825	1,850
H2	Incremental VMMT users	Interview	10	1,800	25	50
H3	New hires on VMMT	F2	0	120	120	120
H4	Subtotal: Cumulative VMMT users	H2+H3	10	1,920	145	170
H5	Time needed for VMMT setup (hours)	D4	0.50	0.50	0.33	0.17
H6	Percentage of time dedicated to VMMT implementation by a system administrator	Interview	90%	90%	90%	90%
H7	Average full burdened hourly rate of a system administrator	D5	\$42	\$42	\$42	\$42
H8	Percentage of time dedicated to implementation of VMMT implementation by an IT director	Interview	10%	10%	10%	10%
H9	Average fully burdened hourly rate of an IT director	A3	\$114	\$114	\$114	\$114
Ht	Internal preparation and implementation labor for VMMT	$(H4*H5*H6*H7)+(H4*H5*H8*H9)$	\$246	\$47,232	\$2,354	\$1,422
	Risk adjustment	↑10%				
Htr	Internal preparation and implementation labor for VMMT (risk-adjusted)		\$271	\$51,955	\$2,590	\$1,564
Three-year total: \$56,380			Three-year present value: \$50,818			

ONGOING MANAGEMENT AND TRAINING OF VMMT AND VCMT BY INTERNAL STAFF

Evidence and data. Following implementation, Dermex requires employees to spend time performing ongoing management and training tasks for both VMMT and VCMT.

Modeling and assumptions. For Dermex, Forrester assumes the following:

- The IT director spends 40% of their time on management tasks in Year 1. This reduces to 20% in Year 2 and to 10% in Year 3.
- A team of five system administrators spends 20% of its time on management in years 1 and 2, and

it adds one additional system administrator to the team in Year 3.

- The CIO spends 10% of their time on management across all three years.
- The IT director spends 1 hour per year creating training guides for case managers.
- Each of the 400 case managers spends 2 hours preparing for training each year.
- Dermex spends 13 hours on training each year, and most of this time is spent by two directors of training.

Risks. Factors that could affect the impact of this cost for organizations include:

- The amount of time the organization's IT directors, CIO, and system administrators need to spend on management tasks.
- The amount of time the IT director and directors of training need to spend preparing for and conducting training.

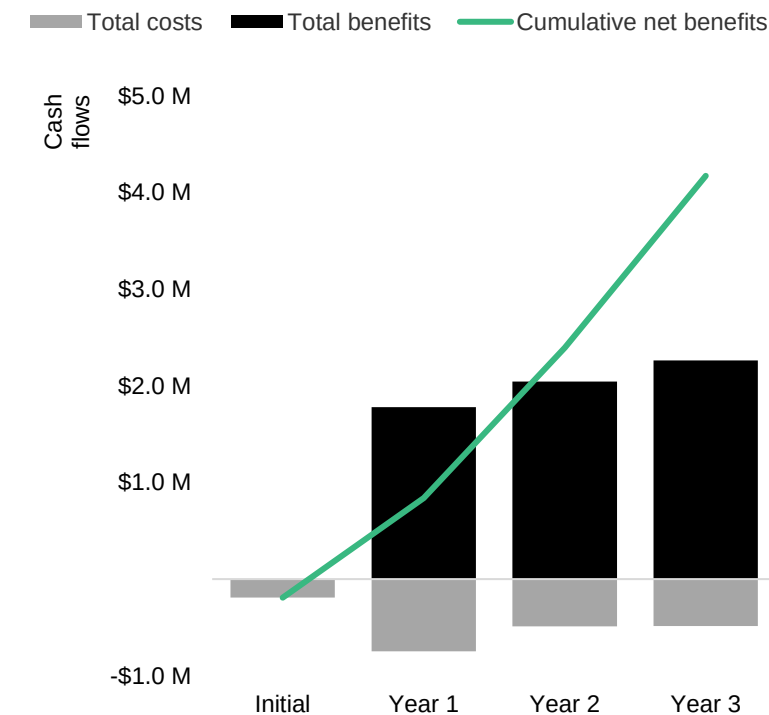
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$445,000.

Ongoing Management And Training Of VMMT And VCMT By Internal Staff						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
I1	Percentage of time dedicated by IT director to maintaining VCMT and VMMT environments	Interview		40%	20%	10%
I2	Average fully burdened annual salary of an IT director	TEI standard		\$175,000	\$175,000	\$175,000
I3	System administrators	Interview		5	5	6
I4	Percentage of time dedicated by system administrators to maintaining VCMT and VMMT environments	Interview		20%	20%	20%
I5	Average fully burdened annual salary of a system administrator	TEI standard		\$65,000	\$65,000	\$65,000
I6	Percentage of time dedicated by a CIO to maintaining VCMT and VMMT environments	Interview		10%	10%	10%
I7	Average fully burdened annual salary of a CIO	Assumption		\$225,000	\$225,000	\$225,000
I8	Subtotal: Ongoing personnel costs for VCMT and VMMT environments	(I1*I2)+(I3*I4*I5)+(I6*I7)		\$157,500	\$122,500	\$118,000
I9	Time IT director dedicates to create VCMT training guides for case managers (hours)	Interview		1	1	1
I10	Case managers	Interview		400	400	400
I11	Time case managers dedicate to reading VCMT training guides (hours)	Interview		2	2	2
I12	Average fully burdened hourly rate of a case manager	TEI standard		\$32	\$32	\$32
I13	Time dedicated to VMMT training (hours)	D2*52		13	13	13
I14	Average fully burdened hourly rate of an IT director	A3		\$114	\$114	\$114
I15	Directors of training	E3		2	2	2
I16	Average fully burdened hourly rate of a director of training	E4		\$65	\$65	\$65
I17	Subtotal: Training costs for VCMT and VMMT environments	(I9*I14)+(I10*I11*I12)+(I13*I14)+(I13*I15*I16)		\$28,886	\$28,886	\$28,886
It	Ongoing management and training of VMMT and VCMT by internal staff	I8+I17	\$0	\$186,386	\$151,386	\$146,886
	Risk adjustment	↑10%				
Itr	Ongoing management and training of VMMT and VCMT by internal staff (risk-adjusted)		\$0	\$205,025	\$166,525	\$161,575
Three-year total: \$533,124			Three-year present value: \$445,403			

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 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	(\$191,877)	(\$748,350)	(\$487,647)	(\$485,384)	(\$1,913,257)	(\$1,639,885)
Total benefits	\$0	\$1,777,542	\$2,044,308	\$2,263,733	\$6,085,583	\$5,006,233
Net benefits	(\$191,877)	\$1,029,193	\$1,556,661	\$1,778,350	\$4,172,326	\$3,366,348
ROI						205%
Payback						<6 months

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 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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