Quantifying the impact of EA

Simon Barth, VP Sales Operations & Enablement
November 27th 2019

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Takeaways

Get the study

Why a study on the economic impact of EA?

✓ Demonstrate / justify tangible value of EA

✓ Realize projects contributing to company results

✓ Help to make the right investment decision

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How to decide on technology investments

		TCO	Cost / benefit	TEI
IT impact	IT costs	✓	✓	✓
	IT cost savings			
Business impact	User efficiency		✓	✓
	Business effectiveness			
Risk / uncertainty	Risk mitigation			✓
	Risk vs. reward			
Strategic impact	Scalability			✓
	Flexibility			

Forrester confirms 189% ROI for LeanIX

FORRESTER® **Total Economic Impact™**

Benefits

Costs

Risks

Flexibility
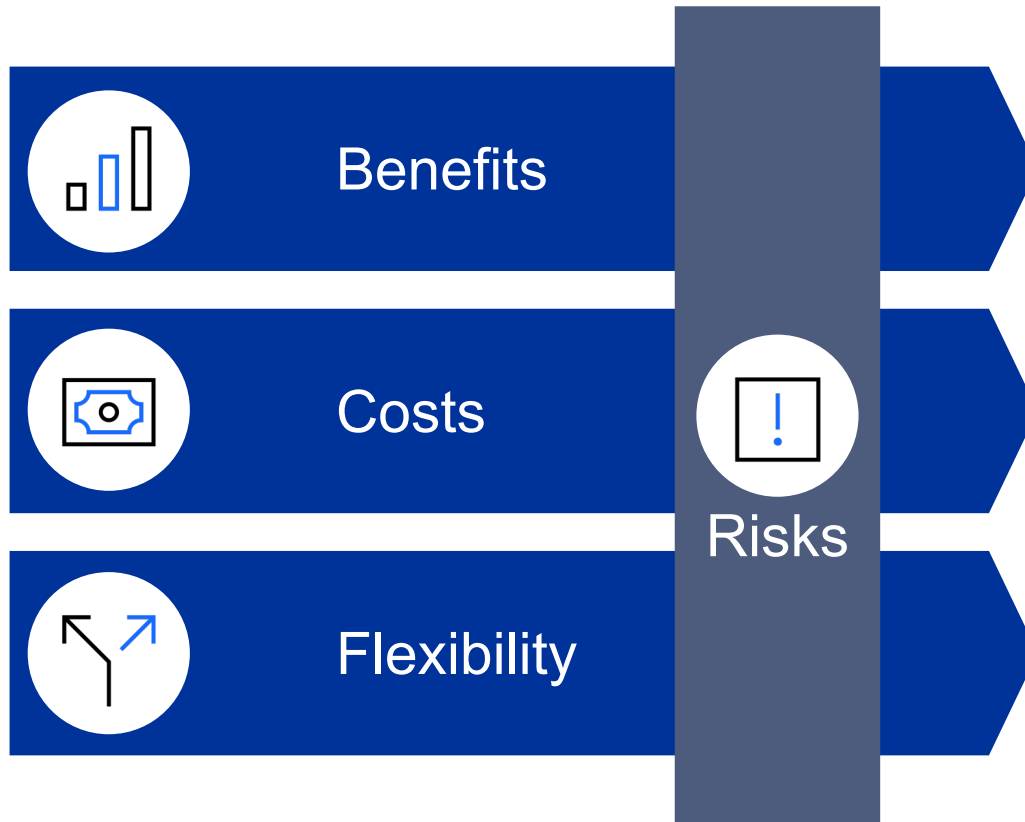
189% ROI

$715k NPV

3 month Payback

Forrester took a multi-step approach

Due diligence → **Customer interviews** → **Composite company** → **Financial model** → **Case study**
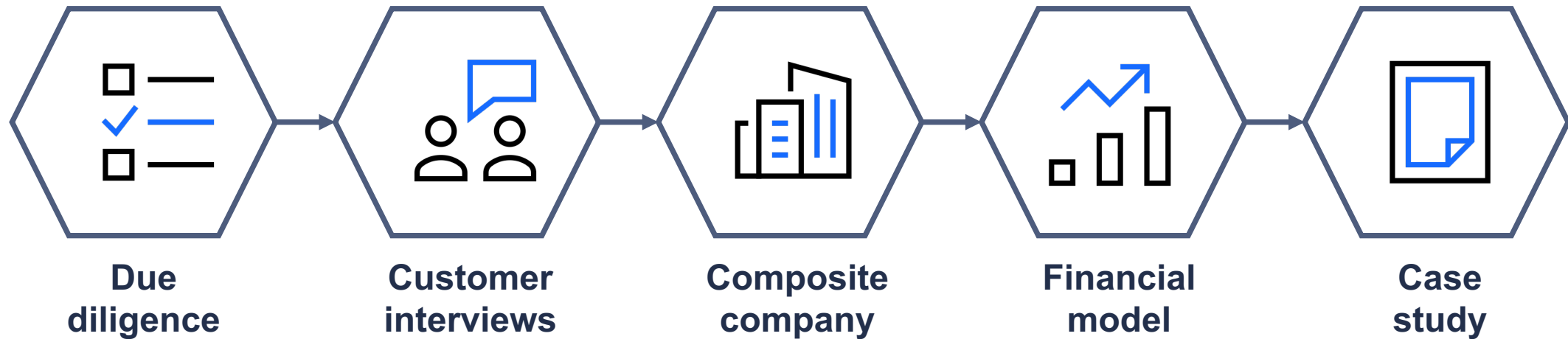
A representative composite organization

Size

- global, multibillion-dollar revenues
- 24,000 employees
- 400 IT staff

Industry

- retail goods to consumer & financial
- strong manufacturing/logistics base
- products/services $300 to $3,000

LeanIX KPI

- 11 power users
- 2000 applications
- long-term clients

Region

- North America
- Europe

Three big challenges before LeanIX

! **Lack of comprehensiveness in EA reporting**
High amount of manual labor

! **Frequent requests on new application adoption**
Lack of understanding on implemented applications

! **Exposure to business and security risk**
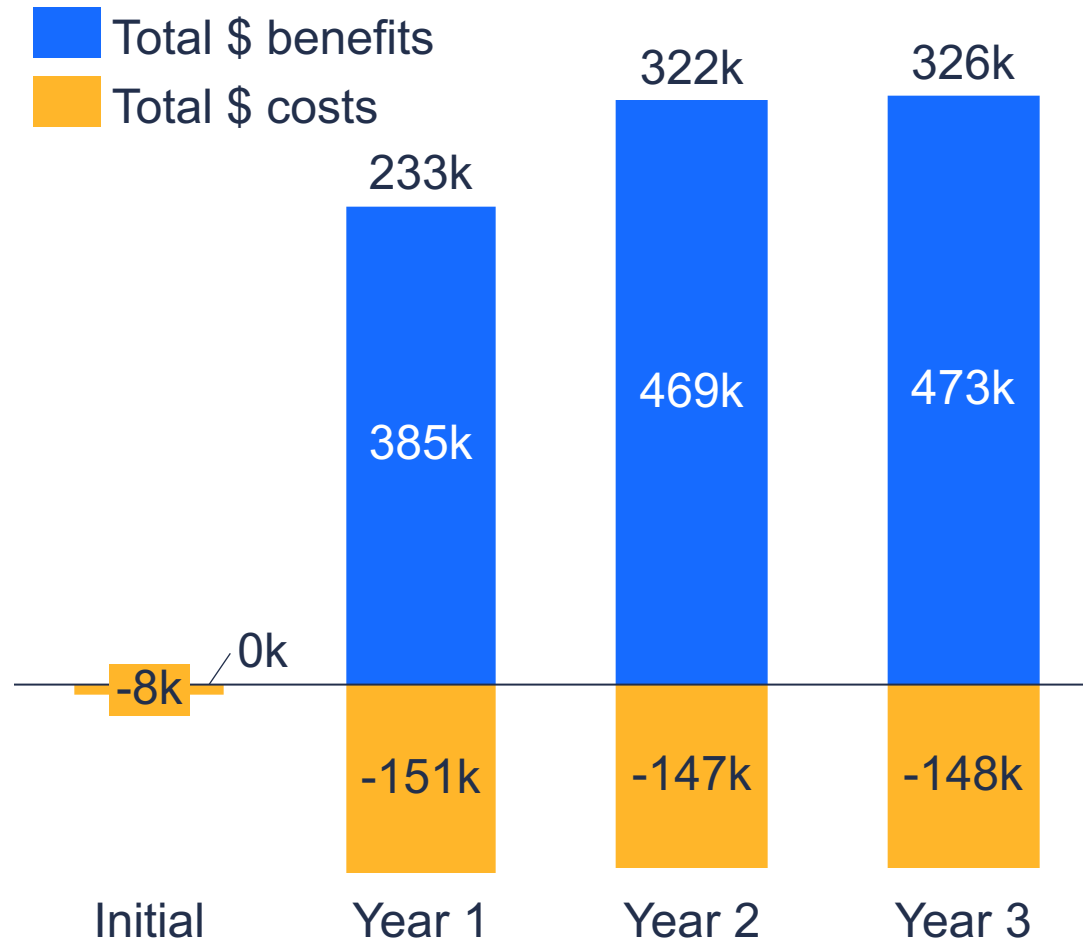No understanding on data flows

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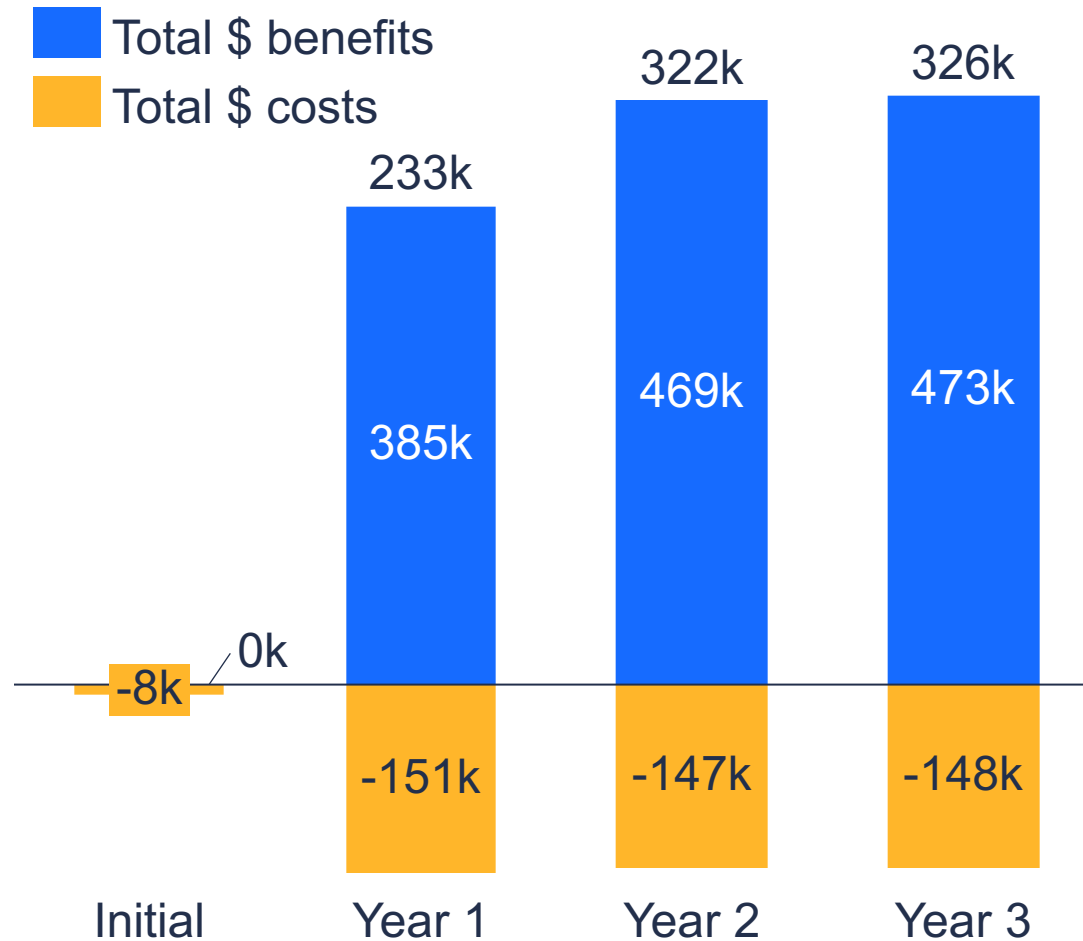
Get the study

3-year cash flow analysis: present value

Present value, at 10%

Total costs	($378k)
Total benefits	$1,093k
Net benefits	$715k
ROI	189%
Payback period (month)	<3

→ Within 3 years, benefits = 2.89 x costs

→ Investment earned back in 3 months

Chart legend:
- Total $ benefits
- Total $ costs

Chart values:
- Initial: -8k
- Year 1: 233k (385k benefits), -151k costs
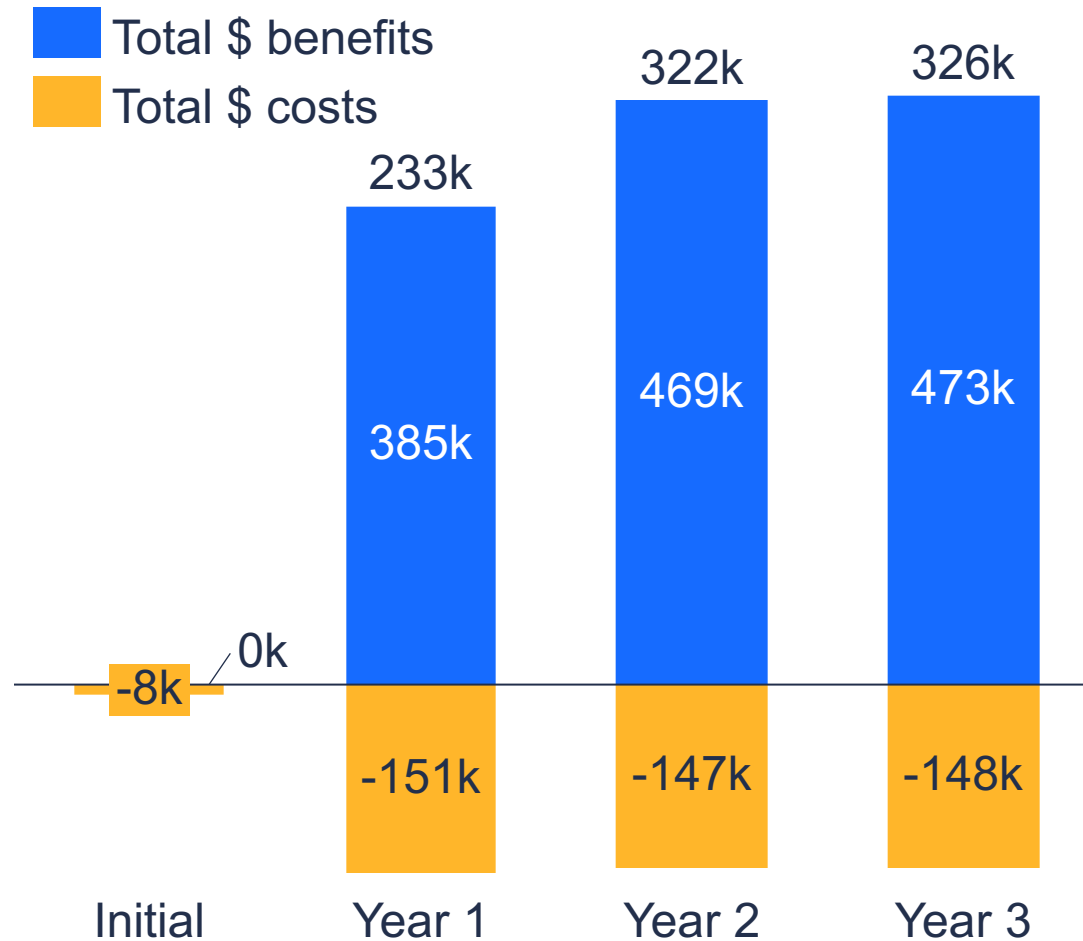- Year 2: 322k (469k benefits), -147k costs
- Year 3: 326k (473k benefits), -148k costs

3-year cash flow analysis: benefits & costs

Total $ benefits
Total $ costs

233k
322k
326k

385k
469k
473k

0k
-8k
-151k
-147k
-148k

Initial   Year 1   Year 2   Year 3

Improved visibility

EA process efficiency

Reduced licensing cost

Risk management & reporting

Subscription fee

Implementation & labor cost

3-year cash flow analysis: benefits & costs

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- **Total $ benefits** (blue)
- **Total $ costs** (orange)

	Initial	Year 1	Year 2	Year 3
Total $ benefits		233k	322k	326k
(bar value)		385k	469k	473k
Total $ costs	-8k	-151k	-147k	-148k

0k

Benefits list:
- 🔍 **Improved visibility**
- ↻ EA process efficiency
- $ Reduced licensing cost
- 🔒 Risk management & reporting
- ⟳ Subscription fee
- 👥 Implementation & labor cost

Improved visibility: 85% less time on reporting

LeanIX

Before

Reports per month: 2

Hours per report: 25h

Cost per year: $40k

LeanIX

Reports per month: 2

Hours per report: 3.75h
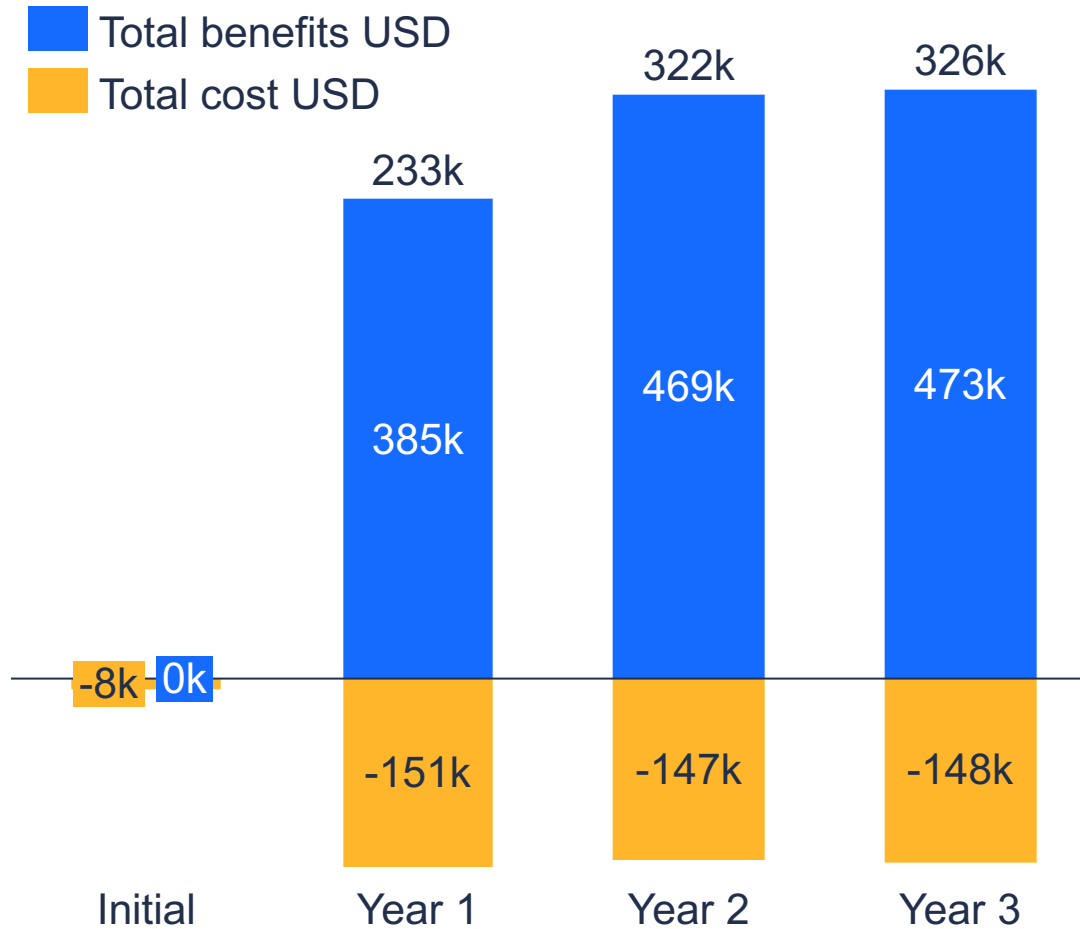
Cost per year: $6k

> We wouldn't have been able to build and analyze reports without LeanIX. We can now identify the applications and complete landscape to help with making IT decisions
>
> *Enterprise architect, fashion / eCommerce*

✓ **85% time saved on reporting**

✓ **Cost savings: $34k p.a.**

✓ **Risk adjusted value: $15k p.a.**

15

3-year cash flow analysis: benefits & costs

LeanIX

- Total benefits USD
- Total cost USD

	Initial	Year 1	Year 2	Year 3
Total benefits	0k	233k / 385k	322k / 469k	326k / 473k
Total cost	-8k	-151k	-147k	-148k

Improved visibility

EA process efficiency

Reduced licensing cost

Risk management & reporting

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EA process efficiency: faster app queries

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Before

# app queries p.a.:	12
Hours per query:	10h
Cost per year:	$8k

LeanIX

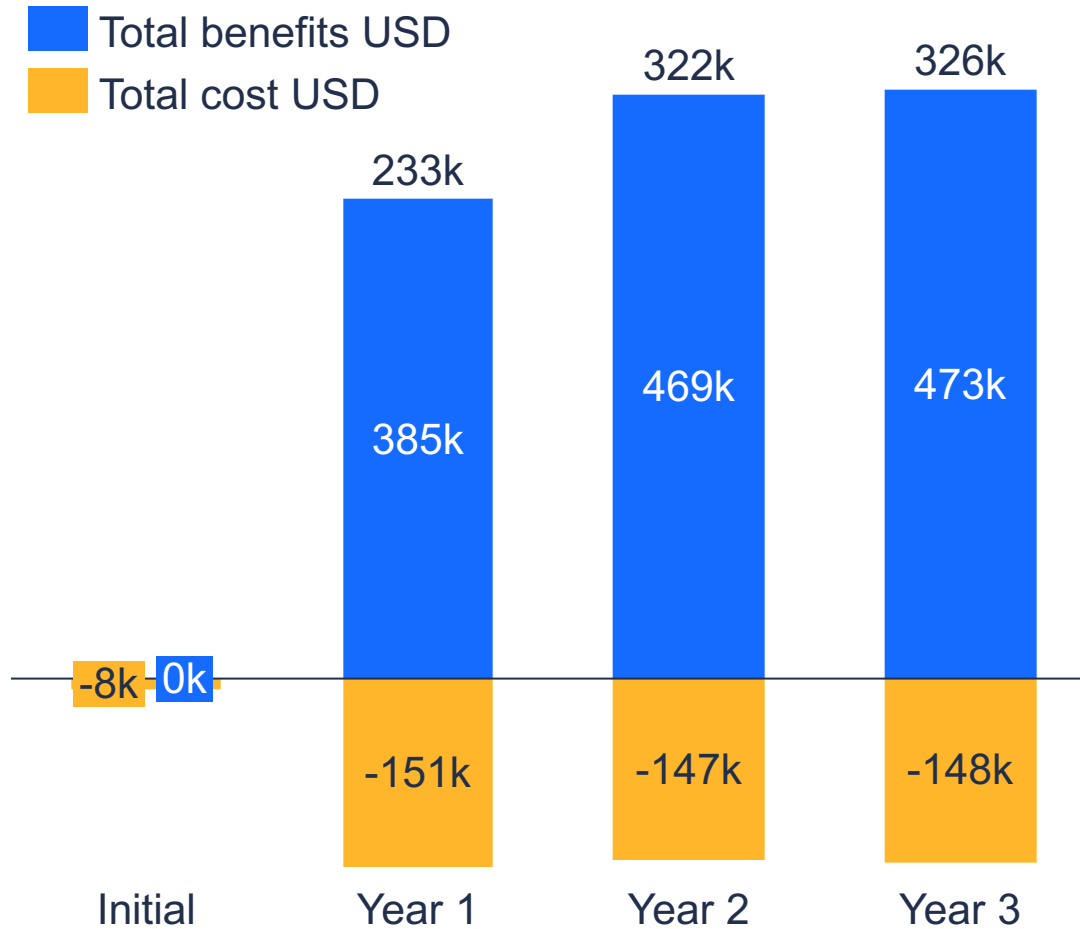|	
# app queries p.a.:	7.2
Hours per query:	2h
Cost per year:	$3k

> We would get three to four incidents every quarter where someone would ask us for a tool or application. After several weeks, we'd realize that we have it already, or three versions of something similar.
>
> *Sr. Enterprise Architect, Consumer Retail*

✓ **40% reduction in new application queries**

✓ **80% time saved in new app queries**

✓ **Risk adjusted value: $3k p.a.**

3-year cash flow analysis: benefits & costs

Legend:
- Total benefits USD (blue)
- Total cost USD (orange)

	Initial	Year 1	Year 2	Year 3
Total benefits	0k	385k (233k above axis)	469k (322k above axis)	473k (326k above axis)
Total cost	-8k	-151k	-147k	-148k

Benefits & costs list:
- Improved visibility
- EA process efficiency
- **Reduced licensing cost**
- Risk management & reporting
- Subscription fee
- Implementation & labor cost

Reduced licensing cost: $1,25m p.a. retired

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Before

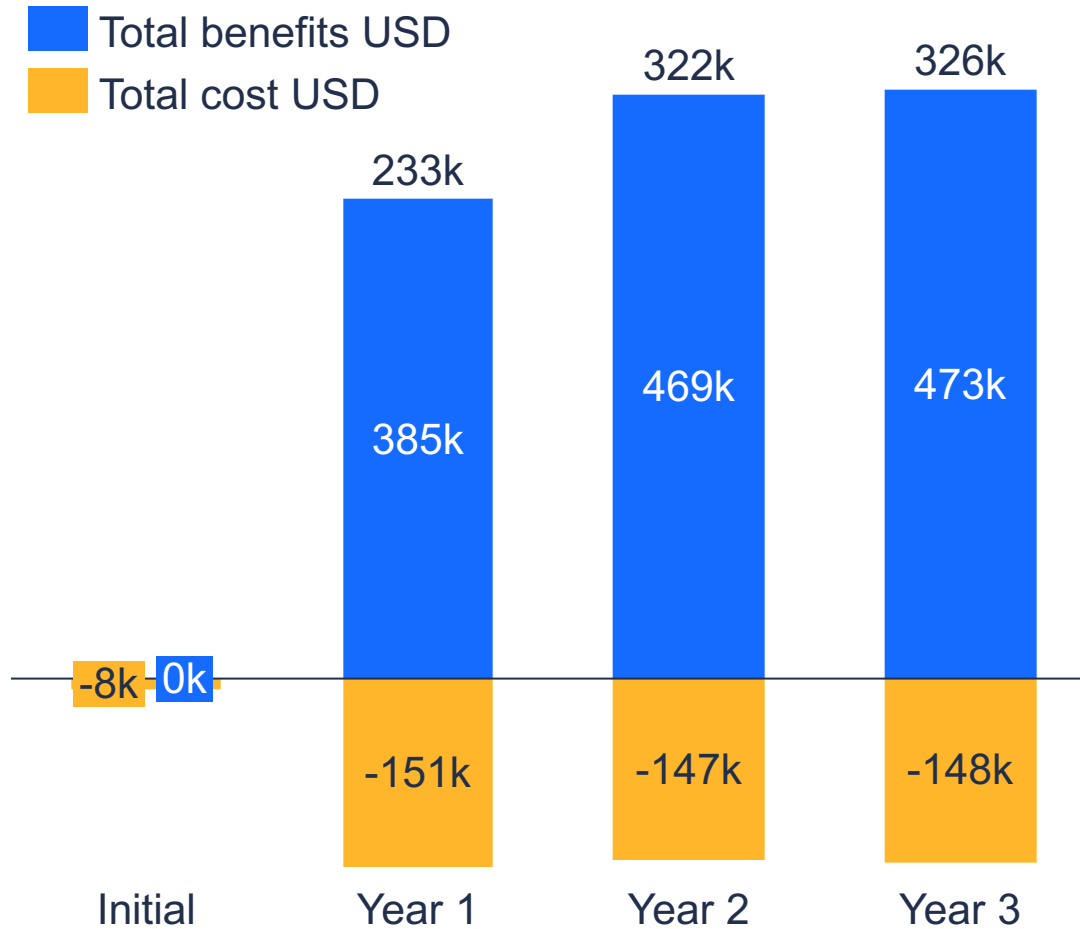|	
# retired systems p.a.:	0
Avg. cost per license p.a.:	$50k
Savings p.a.:	$0k

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# retired systems p.a.:	25
Avg. cost per license p.a.:	$50k
Savings p.a.:	$1,250k

> The model assumes a 25% attribution toward the LeanIX solution, to account for natural redundancies of systems and applications that would have happened regardless of the tool's use.

✓✓ **25 retired systems per year**

✓✓ **25% of savings attributed to LeanIX**

✓✓ **Risk adjusted value: $267k p.a.**

3-year cash flow analysis: benefits & costs

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Legend:
- Total benefits USD (blue)
- Total cost USD (orange)

Chart data:

	Initial	Year 1	Year 2	Year 3
Top label		233k	322k	326k
Benefits (inside)	0k	385k	469k	473k
Costs	-8k	-151k	-147k	-148k

Benefits & costs list:
- Improved visibility
- EA process efficiency
- Reduced licensing cost
- **Risk management & reporting**
- Subscription fee
- Implementation & labor cost

Risk management & reporting: 98% less time

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Before

Compliance reporting hours p.a.: 1,872

Cost of compliance reporting p.a.: $122k

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Compliance reporting hours p.a.: 52

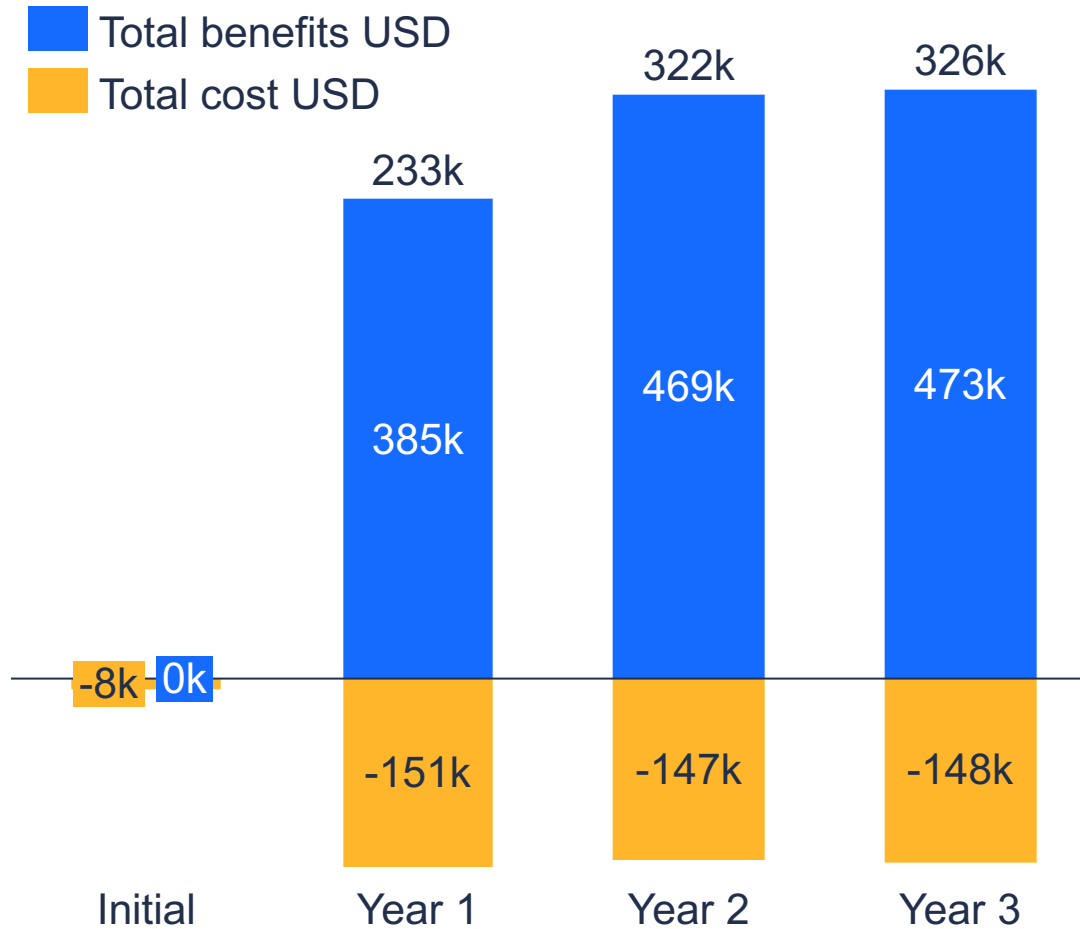Cost of compliance reporting p.a.: $2.6k

> … has enabled a more concrete understanding of risk and security risks, across General Data Protection Regulation (GDPR) exposure, application performance, and therefore downtime risk

✓✓ **98% reduction in preparing risk reporting**

✓✓ **From 3 EA staff to 1 business staff**

✓✓ **Risk adjusted value: $101k p.a.**

3-year cash flow analysis: benefits & costs

- Total benefits USD
- Total cost USD

	Initial	Year 1	Year 2	Year 3
Benefits label	0k	233k	322k	326k
Benefits bar		385k	469k	473k
Cost label	-8k	-151k	-147k	-148k

- Improved visibility
- EA process efficiency
- Reduced licensing cost
- Risk management & reporting
- **Subscription fee**
- **Implementation & labor cost**

SaaS subscription covers 92% of cost

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Implementation & Labor

8%

92%

SaaS Subscription
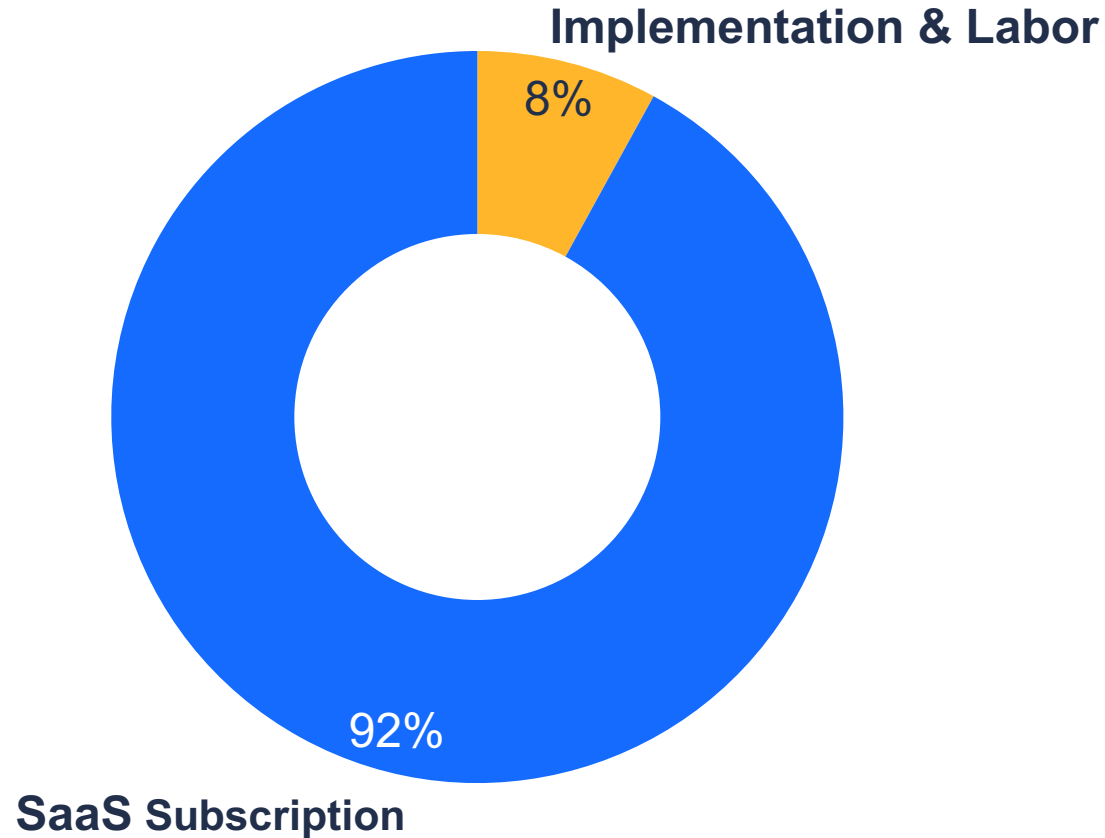
"To ensure the data integrated into the system is of the quality required, the composite has an initial two-week period for data to be integrated accurately in the platform"
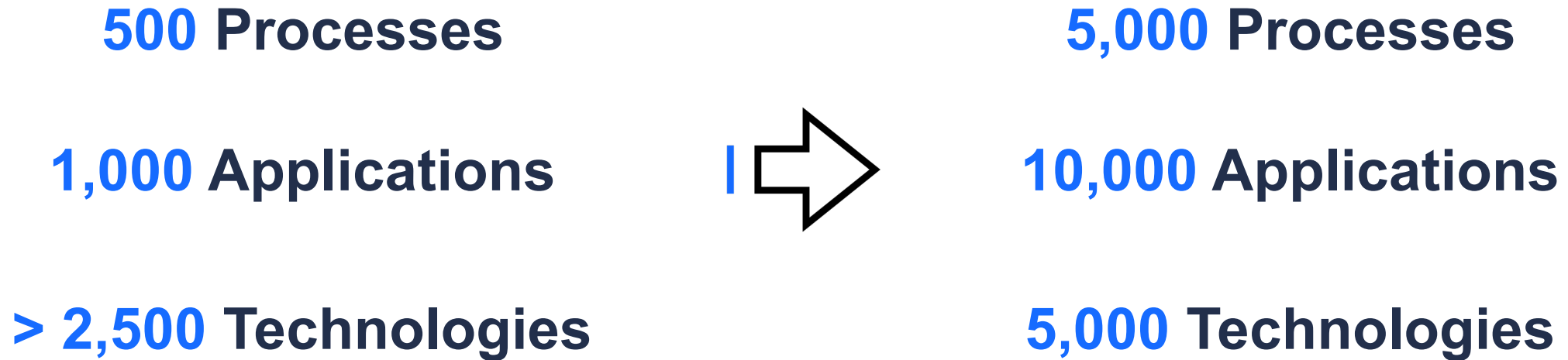
✓✓ **Real Software-as-a-Service**

✓✓ **Labor cost implementation, one off <$10k**

✓✓ **Ongoing training cost p.a. <$5k**

Flexibility: LeanIX scales with your landscape

500 Processes

1,000 Applications

> 2,500 Technologies

→

5,000 Processes

10,000 Applications

5,000 Technologies

> LeanIX is able to provide the visibility and standardization of EA management as companies grow in the scale of their application landscapes and reporting requirements

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Key takeaways

Reporting
Key efficiency driver

Application rationalization
Major lever for EA

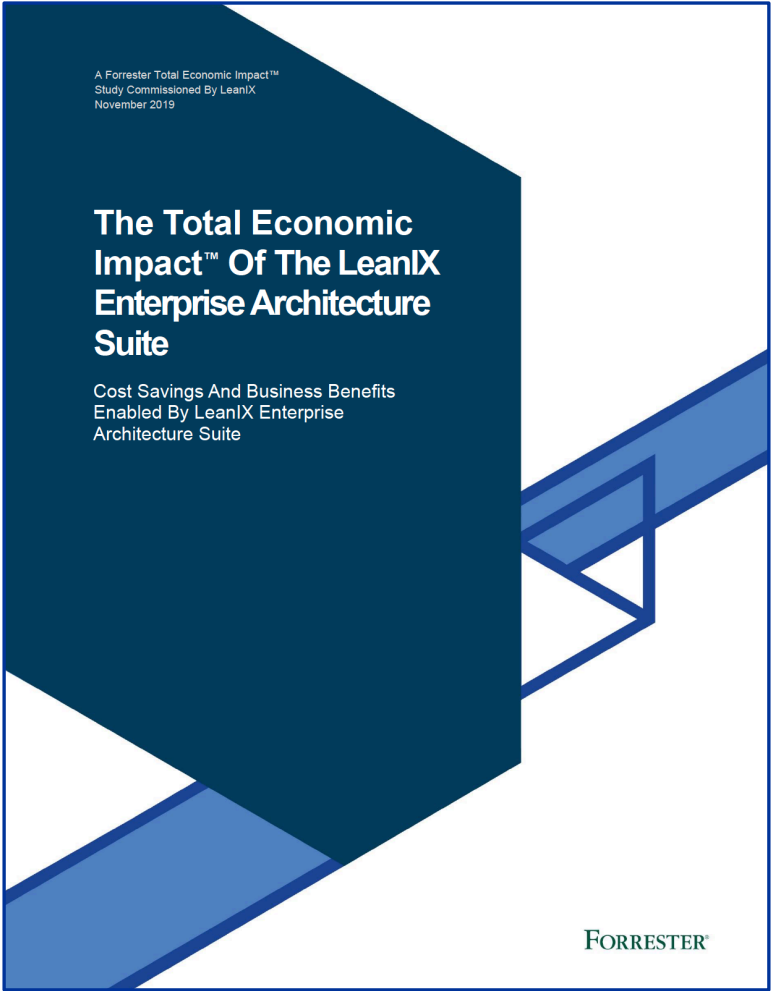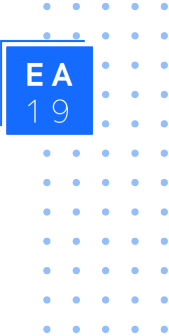**Real SaaS**
For predictable cost

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Download the full study at leanix.com

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The Total Economic Impact™ Of The LeanIX Enterprise Architecture Suite

A Forrester Total Economic Impact™ Study Commissioned By LeanIX
November 2019

Cost Savings And Business Benefits Enabled By LeanIX Enterprise Architecture Suite

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Download study (link)

Thank you!

Any questions?

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