A Forrester Total Economic Impact™
Study Commissioned By Partnerize
July 2020

The Total Economic Impact™ Of Partnerize

Cost Savings And Business Benefits Enabled By Partnerize

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Table Of Contents

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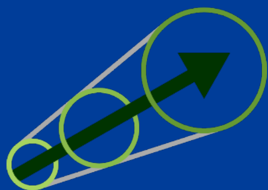
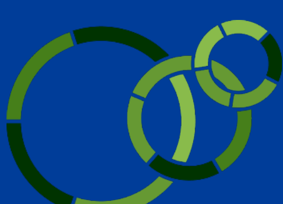
Investment Benefits



Incremental affiliate program growth:
$5.9 million

Commission payment savings:
$3.2 million

Productivity lift for accounting resources:
$440,838



Avoided legacy network fees:
$1.8 million

Executive Summary

Partnerize is a partnership management platform software-as-a-service (SaaS) solution for digital partner marketing. Designed to simplify partner sales and marketing management, the platform enables brands to control and manage all aspects of partnership, including discovery/recruitment, management, tracking, reporting, brand protection, and payments.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using the solution.

Prior to using Partnerize, most of the customers were partnered with an override-based affiliate marketing network. Customers decided to leave their legacy networks behind to take control of their programs, improve transparency, and apply data-driven insights to improve performance.

Forrester developed a composite organization based on data gathered from the customer interviews to reflect the total economic impact that Partnerize could have on an organization. The composite organization is representative of the organizations that Forrester interviewed and is used to present the aggregate financial analysis in this study.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed and modeled by the composite over a three-year analysis:

- **Partner-driven revenue increases 10% to 25%.** Adding more partners, shifting to KPI-based commissioning approaches, improved purchase validation, and the ability to have direct partner relationships result in incremental channel revenue growth of 10%, 20%, and 25% in Years 1, 2, and, 3, respectively. Over three years, the incremental net income versus the performance of a legacy network is worth almost $5.9 million to the organization.
- **Reduction in commissions expense of 18% to 22%.** The composite organization realizes savings due to the solution's flexible commission structures and more accurate validations. Over three years, the savings are worth nearly $3.2 million to the organization.
- **Reallocation of 2.0 to 2.5 FTEs.** Partnerize provides partnership automation and payments services and automates reporting and validation, improving productivity and allowing resources to focus on other tasks. Over three years, the productivity improvement is worth more than $440,000 to the organization.
- **Avoided legacy network override charges of 12%.** Replacing the legacy managed service approach with the Partnerize platform allows the organization to avoid percentage-based override fees in favor of simple, predictable SaaS payments. Over three years, the savings are worth more than $1.8 million to the organization.

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Partnerize ROI
330%

Total Benefits (PV)
$11.3 million

Net Benefits (NPV)
$8.7 million

Payback Time
<3 months

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

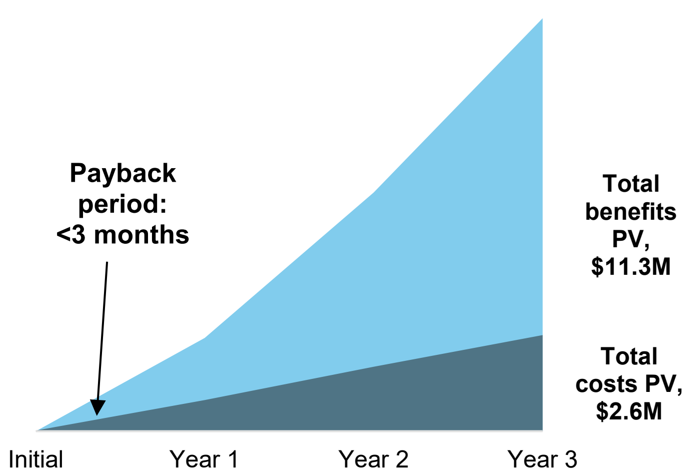
- Partnerize customers form business relationships with new partners and partner classes.
- Partnerize enables direct (and better) relationships with partners.
- Content-based partners create brand equity benefits.
- Partnerize provides transparent data and insights
- SaaS model creates predictability and more stable margins.
- The Partnerize customer success team acts as a strategic resource and enabler.

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

- **Tiered licensing that aligns with program growth.** The company uses a SaaS model, charging a predictable, fixed fee per month for a given "tier" of annual sales through the platform. For the organization with a $66.5-million program at launch, the licensing costs total just over $1.8 million.
- **Initial implementation efforts and training, requiring 204 hours over three years.** Initial internal efforts to implement, train, and migrate partners onto the platform requires 156 hours. After implementation, resources partake in an additional 16 hours per year of training. Over three years, these efforts total under $10,000 for the organization.
- **Ongoing platform administration costs for 2.5 to 3.5 FTEs.** For the $66.5-million program at launch, ongoing channel management and platform administration cost the organization $775,000 over three years.

Synopsis. Forrester's interviews with four existing customers and subsequent financial analysis found that the composite organization based on these interviewed organizations experiences benefits of $11.3 million over three years versus costs of $2.6 million, adding up to a net present value (NPV) of $8.7 million and an ROI of 330%. The organization recovers payback for the costs of the Partnerize solution in less than three months.

Financial Summary



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TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Partnerize.

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 Partnerize can have on an organization:

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

DUE DILIGENCE
Interviewed Partnerize stakeholders and Forrester analysts to gather data relative to Partnerize.

CUSTOMER INTERVIEWS
Interviewed four organizations using Partnerize 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 Partnerize's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to technology investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Partnerize 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 Partnerize.

Partnerize 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.

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

The Partnerize Customer Journey

BEFORE AND AFTER THE PARTNERIZE INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Partnerize customers. Interviewed customers included the following:

INDUSTRY	INTERVIEWEE	GEOGRAPHY	SIZE
Multichannel retailer	Performance marketing manager	APAC	$1.8 billion in revenue, 400 employees
Apparel eCommerce	Head of acquisition	EMEA	$300 million in revenue, 250 employees
DTC eCommerce	Director of partnerships	North America	$375 million in revenue, 200 employees
Multicategory eCommerce	Senior affiliate manager	North America	$4.8 billion in revenue, 12,000 employees

Key Challenges

Before the investment in Partnerize, three of the four interviewed organizations were partnered with a pay-for-performance affiliate marketing network and had a managed service approach to channel marketing. The fourth customer's legacy environment was a small, internally managed partner program. Interviewees noted the following pain points in their legacy environments:

- **High override on commissions.** The customers with a legacy affiliate marketing network noted that a major pain point was the override fees charged by their networks. Customers cited override rates on commissions over 20%. This commission structure was not favorable for improving program margins or creating economies of scale.
- **Limited brand partnership options.** The second challenge described was the limited types of partners offered by their legacy networks. The performance marketing manager told Forrester: "The other challenge was that we were looking for brand growth and more brand partnerships beyond the day-to-day that we already had with different publishers."
- **Generic commission structures that did not incentivize specific affiliate behavior.** Legacy networks provided only basic commission structures, like percentage, flat rate per sale, and cost per lead (CPL). As a result, customers could not directly influence or incentivize specific behaviors to align with targeted KPIs such as new customer acquisition or margin-based commissioning.
- **Channel growth stymied by manual limitations.** One customer's prior environment was a small, self-managed partner channel that proved difficult to scale. The senior affiliate manager told Forrester, "Our system wasn't going to allow us to scale and achieve partnerships en masse." The biggest factor contributing to scaling issues was the number of payments that had to be made. The senior affiliate manager continued, "The finance team was cutting individual checks each month to those 12 partners, which is one of the reasons it wasn't going to be scalable."

Investment Objectives

The interviewed organizations searched for a solution that could:

- **Accelerate program growth and drive efficiency.** Frustrated with the limitations of their legacy environments, interviewees hoped the wider options offered by Partnerize combined with a more tailored approach would drive channel growth. The director of partnerships said: **"**Before Partnerize, we were very focused on the last click. But since Partnerize deals with other nontraditional partners, the goal was to expand and bring in more partners and manage our margins better."
- **Provide better visibility into systems and processes.** Interviewees searched for a platform that would provide granular visibility into transactions and yield insights, as opposed to the legacy black-box view of their network.
- **Support international expansion.** Interviewees searched for a one-stop shop to support both international and domestic partners. The director of partnerships told Forrester, "We felt the Partnerize platform was well suited to allow us to expand internationally and/or to other regions if we still felt the need to."

> "We were trying to manage our margins and grow the partnership program, and that's what fueled our switch to Partnerize."
>
> *Director of partnerships, DTC eCommerce*

Why Partnerize?

Forrester recommends that when evaluating channel incentives and solutions of this type, organizations should "pick the provider that offers the right combination of size, channel breadth, geography and language breadth, vertical expertise, agent skill and training, and technology sophistication to match what your partner program demands."[1] Interviewees evaluated potential vendors and cited the following reasons for selecting Partnerize:

- **SaaS fee structure modernizes the partner program.** Partnerize breaks the mold with its delivery model, moving away from the override-based structure of legacy networks to a subscription model. The performance marketing manager shared, "The main reason why we moved to Partnerize was for the SaaS fee structure." The head of acquisition echoed, "The biggest driver to move to Partnerize was ultimately the fact that we're not paying override charges anymore."
- **Direct relationship with partners improves results.** Frustrated by the arms-length nature of their legacy partnerships, interviewees identified opportunities to deepen their partners' understanding of the brands. "If you operate through an agency, the agency doesn't have an understanding of your business," noted the head of acquisition. "The network has a basic understanding of what you do and how you work, but it doesn't have the same level of detail or the same passion that you have for your business. It makes such a difference having direct relationships with the affiliates."
- **Partnerize fits with a self-reliant company culture.** For one customer, the network-controlled partner model was outdated and no longer fit with the company's can-do attitude. The head of acquisition told Forrester: **"**We try and do as much in-house as we can, and that's because we've historically had a shoestring budget. Instead of outsourcing, we upskilled everyone working in-house, and it's driven great ownership of our work. So we got to the point where we thought we could do a better job."

> "Partnerize's SaaS model fits in with how we operate, and so, it was a match made in heaven."
>
> *Head of acquisition, apparel eCommerce*

> "Partnerize has been a huge enabler for us. We joined because we could move the program in-house and we could save money. I can't speak highly enough of Partnerize, to be perfectly honest."
>
> *Head of acquisition, apparel eCommerce*

> "One of the key selling points with Partnerize is that there is the capability to initiate larger brand partnerships beyond the usual."
>
> *Performance marketing manager, multichannel retailer*

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- **Partnerize has a wide (and growing) range of enterprise partner options.** Looking for channel growth and partnership expansion, interviewees selected Partnerize for its global ecosystem, traditional affiliates, influencers, content publishers, channel sellers, and leading brands.

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected by the Partnerize investment. The composite organization is representative of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The composite is a multimillion-dollar business-to-consumer retail organization. The company has a strong brand, global operations, a large customer base, and a strong online and offline presence.

Description of Partnerize program. The company has total revenues of $500 million, 70% of which ($350 million) is driven via digital sales. Of that $350 million in digital revenue, 19% comes from the partnership program. This translates to a $66.5 million revenue partnership program at launch of the Partnerize engagement.

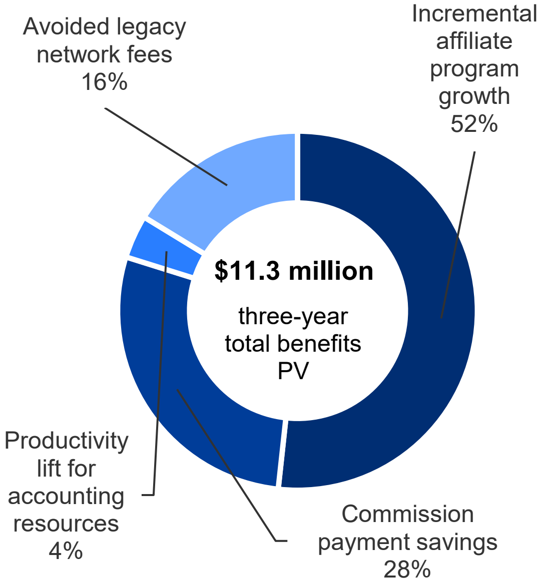
Key Year 1 assumptions
$500 million revenue
70% digital sales
19% of digital sales from partners
200 employees

Analysis Of Benefits

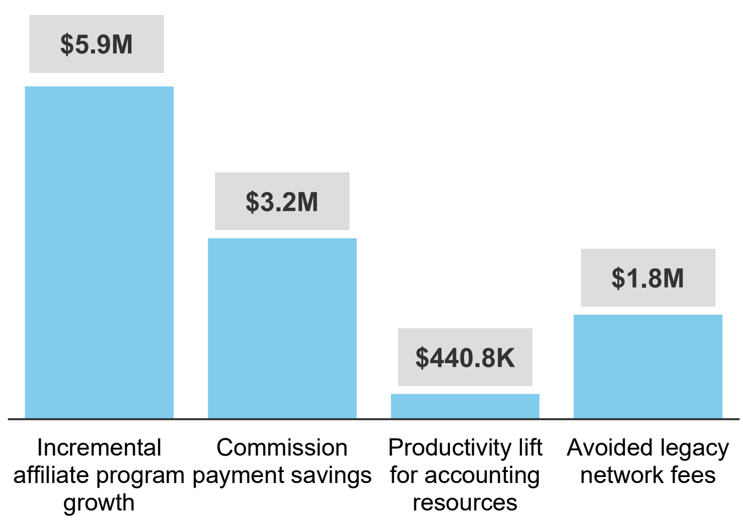
QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE PROGRAM ($66.5M REVENUE AT PARTNERIZE LAUNCH)

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Incremental affiliate program growth	$1,077,300	$2,530,440	$3,704,778	$7,312,518	$5,854,091
Btr	Commission payment savings	$948,024	$1,360,814	$1,593,878	$3,902,716	$3,183,984
Ctr	Productivity lift for accounting resources	$153,000	$191,250	$191,250	$535,500	$440,838
Dtr	Avoided legacy network fees	$632,016	$742,262	$869,388	$2,243,666	$1,841,184
	Total benefits (risk-adjusted)	$2,810,340	$4,824,767	$6,359,294	$13,994,401	$11,320,097



Benefits (Three-Year)



Incremental Affiliate Program Growth

The top reason interviewees invested in Partnerize was to improve and grow their channel programs. Interviewees measured their program growth in terms of number of productive partners, return on ad spend (ROAS), cost per click (CPC), new customer acquisition cost (CAC), and year-over-year revenue growth. Interviewees migrated their existing partners to the Partnerize platform and used the Partner Discovery tool to identify relevant partners to add to their growing programs. Customers measured the success of their programs by 20% to 62% year-over-year revenue growth, ROAS growth of 17:1 to 23:1, and a CAC decline.

Modeling and assumptions. Based on customer results, Forrester assumes for the financial model:

- Total company revenue is $500 million. Of total revenue, 70% to 72% of revenue is derived from digital sales. Of digital sales, 19% to 21% is derived from channel sales.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $11.3 million.

"Partnerize helped us recruit more affiliates onto the Partnerize platform."

Director of partnerships, DTC eCommerce

- As a result of the Partnerize investment, the composite organization increases its number of partners, tailors commission structures to drive desired sales behavior, and has a direct relationship with its partners, educating them to improve brand understanding. The financial result is incremental partner revenue growth of 10%, 20%, and 25% in Years 1, 2, and, 3, respectively.
- The ROI analysis calculates the incremental revenue driven by the Partnerize investment excluding organic program growth in the legacy environment and then assumes an 18% net income margin to capture the additional net income Partnerize drives.

Risks. The growth that organizations realize will vary, and readers should consider the performance of their legacy environment partner program, organic growth rates, and number of partners. Also consider the potential growth associated with new markets, which may be even higher than growth in existing markets.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $5.9 million.

Partner-driven revenue increases **10% to 25%** in three years.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Incremental Affiliate Program Growth: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
A1	Total company revenue	Composite; 10% YOY growth	$500,000,000	$550,000,000	$605,000,000
A2	Percent of revenue from digital sales	Composite	70%	71%	72%
A3	Percent of digital sales from affiliate	Composite	19%	20%	21%
A4	Legacy environment affiliate revenue	A1*A2*A3	$66,500,000	$78,100,000	$91,476,000
A5	Partnerize-driven affiliate revenue growth	Interviews	10%	20%	25%
A6	Incremental new affiliate revenue with Partnerize	A4*A5	$6,650,000	$15,620,000	$22,869,000
A7	Income margin	Interviews	18%	18%	18%
At	Incremental affiliate program growth	A6*A7	$1,197,000	$2,811,600	$4,116,420
	Risk adjustment	↓10%			
Atr	Incremental affiliate program growth (risk-adjusted)		$1,077,300	$2,530,440	$3,704,778

Commission Payment Savings

While customers still make commission payments to partners with the Partnerize platform, interviewees realized savings due to the solution's flexible commission structures and more accurate validations.

Before Partnerize, affiliate managers relied on black-box or "blind" networks, with limited transparency into partner-level data. The performance marketing manager said: "The visibility into partner transactions is much better than it was in [previous network], so that gives us a lot of insights into the group granularity that we can validate, which is good. It has helped us in terms of savings." Customers can reinvest commission savings to drive further program growth or into other strategic investments.

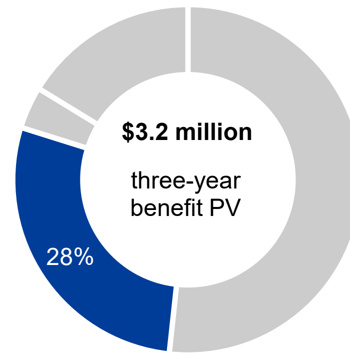
Partnerize's flexible commissioning structure also contributes to commission savings because organizations incentivize more strategically. The head of acquisitions shared, "We've worked to change our commission structures because we want to reward existing customers and encourage investment to shop with us."

In addition to cost savings, a sophisticated commissioning structure tailored to drive desired KPIs contributes to the incremental value of a partner sale.

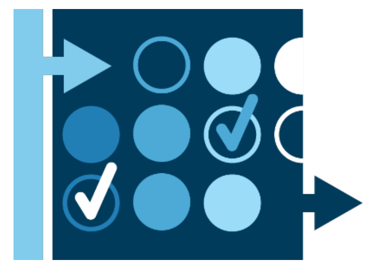
Modeling and assumptions. For the composite organization, Forrester assumes:

- Legacy environment affiliate revenue includes organic growth and is calculated in the previous benefit.
- The average commission rate in the legacy environment was 8.8%.
- As a result of improved validation and flexible commission structures, the composite organization reduces commission payment expense by 18%, 22%, and 22% in Years 1, 2, and 3, respectively.

Risks. The reduction in commission expense will vary by company depending on the legacy environment commission rate, how well an organization utilizes and tailors commission structures, and how well an organization validates network performance in both the previous and Partnerize environments. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $3.2 million.



Commission payment savings: 28% of total benefits



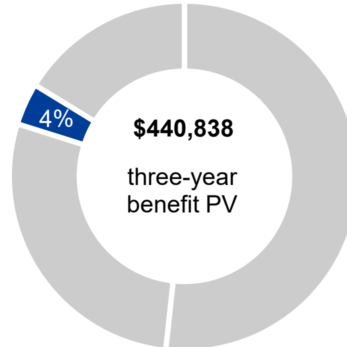
Reduction in commission expense: **18% to 22%**

Commission Payment Savings: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
B1	Legacy environment affiliate revenue	A4	$66,500,000	$78,100,000	$91,476,000
B2	Average commission rate in legacy environment	Interviews	8.8%	8.8%	8.8%
B3	Legacy commission payments to affiliate partners	B1*B2	$5,852,000	$6,872,800	$8,049,888
B4	Reduction in commission payment in Partnerize environment	Interviews	18%	22%	22%
Bt	Commission payment savings	B3*B4	$1,053,360	$1,512,016	$1,770,975
	Risk adjustment	↓10%			
Btr	Commission payment savings (risk-adjusted)		$948,024	$1,360,814	$1,593,878

Productivity Lift For Accounting Resources

Three of four customers interviewed relied on Partnerize to be a clearing house for partner commissions, which reduced the manual efforts required for validation, reporting, and accounting. The head of acquisition told Forrester: "Within my team, every week we had been running validations [of network-provided data] and reporting, which was time-consuming. Now that is now all automated through APIs. It's a huge amount of stuff that we don't worry about anymore." The director of partnerships also noted that from a reporting perspective: "With all things being equal, it's not so much the speed, but the format of the data that comes in. And the format of the data helps us combine it faster."



Productivity lift for accounting resources: 4% of total benefits

Modeling and assumptions. For the composite organization, Forrester assumes:

- The composite uses Partnerize to streamline its payment efforts, reallocating 2 to 2.5 FTEs to other tasks.
- The annual burdened cost of the accounting and finance resources is $85,000.

Risks. Productivity-related benefits will vary by organization, and readers should consider the following:

- Organizations will likely realize a variety of productivity improvements after investing in Partnerize. Productivity may impact additional roles and departments.
- Organizations that leave a network environment to adopt Partnerize will bring a previously outsourced job into their business, requiring ownership and internal effort. See the Ongoing Platform Administration cost section for quantification and discussion of these new efforts.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $440,838.

Reallocated payment resources:
2.0 to 2.5 FTEs

Productivity Lift For Accounting Resources: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
C1	FTEs reallocated from payment tasks	Interviews	2.0	2.5	2.5
C2	Burdened cost of accounting and finance resource	Composite	$85,000	$85,000	$85,000
Ct	Productivity lift for accounting resources	C1*C2	$170,000	$212,500	$212,500
	Risk adjustment	↓10%			
Ctr	Productivity lift for accounting resources (risk-adjusted)		$153,000	$191,250	$191,250

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Avoided Legacy Network Fees

A primary objective cited by interviewees for investing in Partnerize was to avoid a network's high cost. The performance marketing manager told Forrester: "Based on the lower fee, we had huge savings when compared to [previous network]. That's versus the 20% override fee structure that [previous network] was charging us." This benefit was shared by the head of acquisition, who echoed, "We're paying a flat monthly fee for Partnerize, and before we were paying 22% on every order." Since Partnerize is a SaaS solution, the interviewees were able to leave their prior networks and their override fees behind.

See the Unquantified Benefits section for additional benefits related to SaaS licensing.

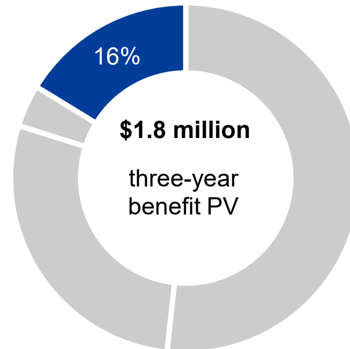
Modeling and assumptions. For the composite organization, Forrester assumes:

- Commission payments made to affiliate partners in the legacy environment are calculated in the Commission Payment Savings benefit
- Although the interviewed customers cited override fees as high as 22%, to provide a conservative financial estimate, the composite's legacy network charged a 12% override fee.
- The composite organization ends its network-managed affiliate program and completely replaces the network with the Partnerize platform.

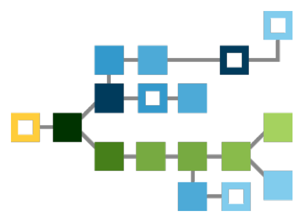
Risks. The benefit will vary by organization, and readers should consider:

- Override rates vary by network provider and may be higher (or lower) than 12%.
- Organizations may choose to retain their legacy network provider to run part of their partner program, in which case this benefit would be reduced based on how long and to what extent the organization continues to utilize the network provider.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $1.8 million.



Avoided legacy network fees: 16% of total benefits



Avoided network fees: 12% override

Avoided Legacy Network Fees: Calculation Table

REF.	METRIC	CALCULATION	YEAR 1	YEAR 2	YEAR 3
D1	Legacy commission payments to affiliate partners	B3	$5,852,000	$6,872,800	$8,049,888
D2	Legacy environment network override	Interviews	12%	12%	12%
Dt	Avoided legacy network fees	D1*D2	$702,240	$824,736	$965,987
	Risk adjustment	↓10%			
Dtr	Avoided legacy network fees (risk-adjusted)		$632,016	$742,262	$869,388

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Unquantified Benefits

In addition to the benefits quantified above, interviewees noted several benefits as measurements of success that Forrester did not quantify for this study:

- **Partnerize customers form business relationships with new partners and partner classes.** The solution enables organizations to operate in a private network or leverage the global ecosystem of partners. Customers can engage with the partner ecosystem in two ways: 1) by using the partner discovery tool, an AI engine that suggests potential partners based on their brand fit and likelihood to deliver conversions at scale and 2) by collaborating with Partnerize team members who use their experience to recommend new partners. Partnerize can be used to connect organizations with a variety of channel partners including affiliates, influencers, loyalty, referral, brand, and content partners. While the interviewees use these approaches to varying degrees, the performance marketing manager said: "The type of partner that we work with has expanded because we've got more budget now, and it's enabled us to open up a whole new world. Partnerize helped in the sense that they have a partnerships manager that has recommended partners that we now work closer with."

> "A partnership automation platform is only as good as the trust that your partners put into it. Kind of like currency, you know, we trust money because it was backed by gold at one point. But now we just trust it because we trust it."
>
> *Director of partnerships, DTC eCommerce*

- **Partnerize enables direct (and better) relationships with partners.** After removing the network middleman, interviewees found that the relationships with their partners improved. The performance marketing manager shared: "We are still working with the same larger partners that we did in the past, but now we've got better relationships with them because we get more direct contact with the publishers than we did at [previous network]." Interviewees named more attention, better deals, and more favorable results as outcomes of a closer working relationship.

> "I think the core value of having Partnerize is their strategic approach and their strong support network."
>
> *Performance marketing manager, multichannel retailer*

- **Content-based partners create brand equity benefits.** One interviewee described how the company's previous partner assortment leaned heavily into discounters, which was a concern for the brand. With Partnerize, the company chose partners that would not "cheapen" the brand while still driving partner revenue. The performance marketing manager shared: "We don't want to label ourselves as a discount store. With content-based partners, you get a different type of audience, and not just people looking for a deal. They might be more inclined to purchase products even at full price because it's a recommendation that they trust from a blog, or there's a certain level of trust on a comparison site."

- **Partnerize provides transparent data and insights.** In the legacy environments, networks did not share channel data transparently, limiting the view into customer and partner behavior. The performance marketing manager told Forrester: "What we find helpful is the recommendations from our partner managers at Partnerize. They are more strategic, and they look at the data and make recommendations. With [previous network], we were not capturing variables or data, but with Partnerize, we are, so we see transactions details and make better choices."

- **SaaS model creates predictability and more stable margins.** The final quantified benefit computes the financial impact of avoiding excess network override, but the benefit extends further. Interviewees noted that they were better able to forecast expenses with the SaaS license, improve overall margins, and avoid uncertainty that plagued

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their previous environments. The director of partnerships said: “Partnerize has been crucial because when we recruit a new partner, it offsets the overall risk of lower margins because we now have stable margins. We don’t have to suffer from fluctuations.”

- **The Partnerize customer success team acts as a strategic resource and enabler.** Interviewees lauded the service provided by Partnerize’s customer success teams, emphasizing the value of their continued involvement. The director of partnerships noted: “Our philosophy on Partnerize is that it is not the tool itself, but how well you use the tool that drives value. We believe that Partnerize has enabled us to use their tool better. Unlike [our previous network], there wasn’t much support or much continual involvement after the initial engagement. So, from an incremental value perspective, as a relationship of vendor to partner, Partnerize has brought a lot of value relative to their competitors.”

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Partnerize and later realize additional uses and business opportunities, including the following:

- **Enabling flexibility from the service model**. Partnerize’s service model scales from self-serve to managed, providing support along the journey and evolving to fit the changing needs of an organization.
- **Using Partnerize to determine incrementality of partner program.** Determining the incremental value of a partner is a challenging endeavor, and many program managers and executives want quantitative proof that their partners are driving value that otherwise would not have been realized. While there is no simple calculation for incrementality, both the quantified and unquantified benefits noted in this study contribute to the incremental value that Partnerize drives. Organizations looking to determine the incremental value of their program may consider working with Partnerize to capture the related KPIs.
- **Holistically managing channel partners**. Partnerize allows organizations to holistically manage multiple types of partnerships in a single platform, reducing data and technology silos and potentially revealing unknown trends, behaviors, and opportunities. Organizations can use Partnerize to make informed, data-driven decisions to improve and optimize their program performance in new ways.
- **Expanding internationally.** Partnerize has a global network of partners, along with the ability to make payments in 220+ countries and 60 currencies, providing an opportunity for organizations to expand into new countries or markets as well as drive same-market growth. The head of acquisition told Forrester: “We’ve got a fairly decent affiliate network in Germany, but we’ve got a burgeoning network in Ireland and the Netherlands that we’re really keen to tuck into and grow more. There’s so much growth potential across all matter of affiliates, and Partnerize will help us with maintaining presence in the U.K. while working on an influence strategy internationally.”

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

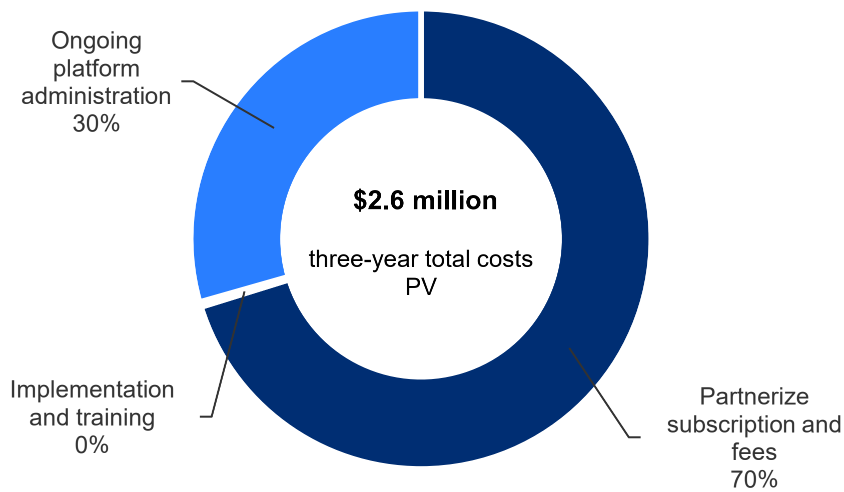
Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE PROGRAM ($66.5M REVENUE AT PARTNERIZE LAUNCH)

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Partnerize subscription and fees	$10,500	$656,250	$787,500	$787,500	$2,241,750	$1,849,578
Ftr	Implementation and training	$7,862	$806	$806	$806	$10,282	$9,868
Gtr	Ongoing platform administration	$0	$262,500	$315,000	$367,500	$945,000	$775,075
	Total costs (risk-adjusted)	$18,362	$919,556	$1,103,306	$1,155,806	$3,197,032	$2,634,521



The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than $2.6 million.

Partnerize Subscription And Fees

Partnerize pricing is usually based on gross transaction value — a small percentage of the revenue generated by the partnership program. The company uses a SaaS model, charging a predictable, fixed fee per month for a given "tier" of annual sales through the platform. The senior affiliate manager told Forrester: "The cost of the solution is incredibly low in terms of the pricing. They really provide us with the best bang for our buck."

As a program grows, clients move to higher tiers of service with lower effective costs per transaction at each tier. This approach is different from the traditional affiliate override model where clients pay a variable monthly fee based on the total value of commissions processed through the platform. This model is designed to align Partnerize revenue growth to growing a client's program rather than to increasing commission costs. "They have a lot of efficiencies," continued the senior affiliate manager. "If you're running a program at scale and you're looking to optimize, Partnerize definitely allows for that type of flexibility."

Tiered SaaS licensing model based on gross transaction value

Modeling and assumptions. To capture the Partnerize subscription and fees, Forrester assumes:

- The composite organization incurs a $10,000 onboarding fee.
- The composite's licensing costs are based on its gross transaction volume (calculated in the first benefit).

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

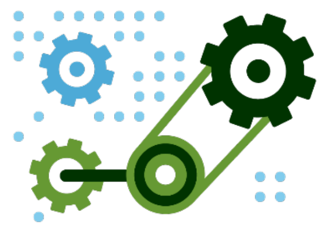
Risks. License and onboarding costs will vary by organization, specifically with the gross transaction volume that flows through the platform. The best way to determine these fees is to speak directly with a Partnerize representative. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $1.8 million.

Partnerize Subscription And Fees: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Onboarding fee	Interviews	$10,000			
E2	License	Partnerize		$625,000	$750,000	$750,000
Et	Partnerize subscription and fees	E1+E2	$10,000	$625,000	$750,000	$750,000
	Risk adjustment	↑5%				
Etr	Partnerize subscription and fees (risk-adjusted)		$10,500	$656,250	$787,500	$787,500

Implementation And Training

The implementation costs of the Partnerize platform are unusually low for a technology investment. Interviewees noted timelines between two weeks and two months and included internal efforts related to development work to embed pixels, testing, identifying key information to capture, and creating dashboards. They estimated internal labor of 5 hours from the IT team, one day of a martech resource, and a dedicated program manager.



Internal implementation efforts: **156 hours**

Not included in the quantified implementation cost is the time required to migrate partners onto the platform. Migration timeline and efforts are at the discretion of the partners and requires light facilitation from the organization. Interviewees cited the process as taking anywhere from two weeks to a few months, depending on the partner.

Modeling and assumptions. To capture this cost, Forrester assumes:

- The composite organization dedicates a program manager for two weeks to facilitate the implementation of Partnerize.
- The composite dedicates one day of a martech resource to the implementation.
- To facilitate partner migration, one resource spends 30% of their time over the course of a month.
- Four resources who will be working closely with partners and the Partnerize platform receive training. The initial training is 5 hours, and each year the resources complete 4 hours of additional training on the platform.

Risks. Implementation and training costs will vary by organization. Readers should consider their specific use case, program size, and implementation complexities. The best way to determine the cost of an implementation is to speak with a Partnerize representative.

- Partnerize offers technology and assistance in migrating partners. Some integrations can be easy to migrate while others can be more complex. One interviewee noted that migrating the organization's mix of partners onto the platform required significant internal effort. In this case, the implementation costs will be higher to account for the additional internal efforts of the organization.
- There may be additional costs around creation of learning materials, required travel, meals, or other training-related expenses.
- Complexities, integration requirements, and change management issues may contribute to longer implementation timelines.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $9,868.

Implementation And Training: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Program manager dedicated hours	2 weeks @ 100%	80			
F2	Martech resource dedicated hours	1 day	8			
F3	Partner migration dedicated hours	1 month @ 30%	48			
F4	Training hours	4 resources, 5 hours initially, 4 hours ongoing	20	16	16	16
F5	Total hours for Partnerize implementation and training	F1+F2+F3+F4	156	16	16	16
F6	Average burdened hourly cost of program manager and martech resource	$100,000/2,080 hours (rounded)	$48	$48	$48	$48
Ft	Implementation and training	F5*F6	$7,488	$768	$768	$768
	Risk adjustment	↑5%				
Ftr	Implementation and training (risk-adjusted)		$7,862	$806	$806	$806

Ongoing Platform Administration

Ongoing platform administration makes up about 30% of total costs. This cost captures the additional labor that interviewees incurred when bringing their partnership programs in-house.

Modeling and assumptions. For the analysis, Forrester assumes.

- The composite dedicates 2.5, 3.0, and 3.5 FTEs' time to manage and use the Partnerize platform in Years 1, 2, and 3, respectively. This includes time spent assisting partners and the day-to-day operations of the program.
- The annual burdened cost of an FTE is $100,000.

Risks. The amount of ongoing internal effort will vary by organization. Forrester has conservatively estimated the number of resources who will be managing and using Partnerize. The size of a program is a good proxy for the number of people required to manage it. A small program can be managed by one or fewer FTEs. Larger programs require more. Readers should consider their existing expertise and asses any need for additional resources. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $775,075.

2.5 to 3.5 FTEs
spend 100% of their time on ongoing management of the affiliate program.

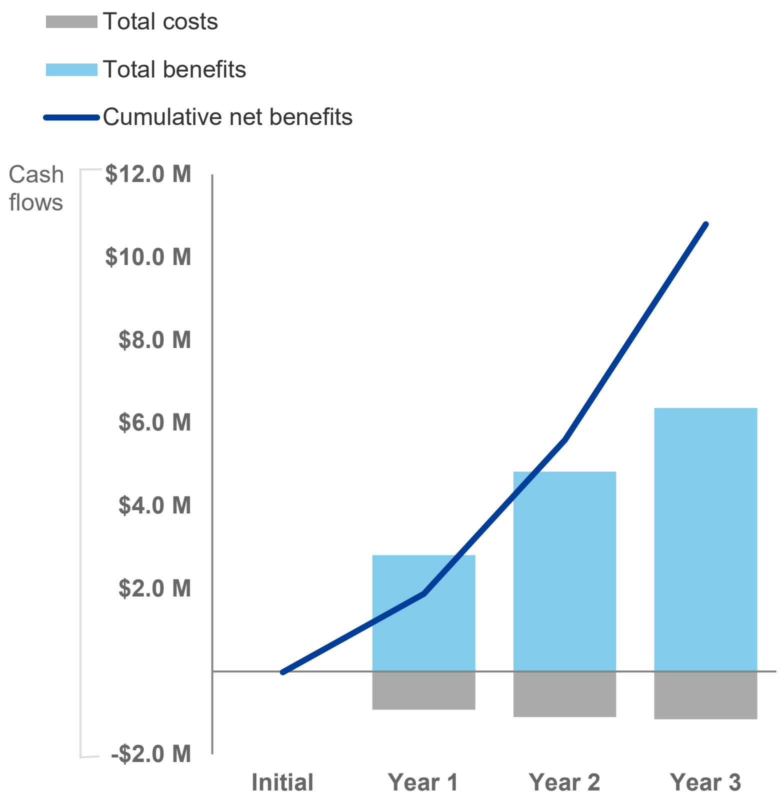
Ongoing Platform Administration: Calculation Table

REF.	METRIC	CALCULATION	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Number of FTE resources	Interviews		2.5	3.0	3.5
G2	Burdened cost of resource	Composite		$100,000	$100,000	$100,000
Gt	Ongoing platform administration	G1*G2	$0	$250,000	$300,000	$350,000
	Risk adjustment	↑5%				
Gtr	Ongoing platform administration (risk-adjusted)		$0	$262,500	$315,000	$367,500

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (risk-adjusted estimates)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($18,362)	($919,556)	($1,103,306)	($1,155,806)	($3,197,032)	($2,634,521)
Total benefits	$0	$2,810,340	$4,824,767	$6,359,294	$13,994,401	$11,320,097
Net benefits	($18,362)	$1,890,784	$3,721,460	$5,203,487	$10,797,369	$8,685,576
ROI						330%
Payback period (months)						< 3

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Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Source: “Now Tech: Channel Onboarding, Q4 2019,” Forrester Research, Inc., November 11, 2019.