



New Technology: The Projected Total Economic Impact™ Of Azure OpenAI Service In Reinventing Customer And Constituent Engagement

Public Sector Executive Summary
July 2024



Table of Contents

01	Executive Summary
02	Key Findings
03	Methodology New Tech TEI Framework
04	The Microsoft Azure OpenAI Service Customer Journey
05	Analysis Of Benefits
06	Key Factors That Could Impact Value Realization
07	Appendixes

Executive Summary



Understanding and engaging with people is core to the success of any organization, be that their customers or the public. The availability of **generative AI** (GenAI) technology serves as an **enabler for organizations** — including for-profit businesses, schools, health care providers, and government agencies — **to deliver smooth customer or constituent interactions** in their physical locations and digital spaces, and it creates targeted content that drives better engagement with the intended audience. Combined, this has the potential to greatly enhance the efficiency and creativity of these content-intensive interactions, enabling organizations to **achieve higher impact and improve stakeholder engagement that results in better service delivery** and even potentially higher revenue growth for commercial organizations.



[Microsoft Azure OpenAI Service](#) is a collection of **foundational elements needed to build transformative AI solutions**. It brings together purpose-built AI infrastructure, foundational models, data platform, a collection of models and AI tooling, and other developer solutions that are all supported by Microsoft's enterprise-grade commitments to ensure AI privacy, safety, and security. Advanced by Microsoft's own experience building GenAI applications, this stack powers Microsoft Copilot. **Organizations can leverage this along with other solutions in Microsoft Cloud to reinvent customer or constituent engagement, enrich employee experience, reshape organizational processes, and better enable innovation.**



Microsoft commissioned **Forrester Consulting** to conduct a Total Economic Impact™ (TEI) study and examine the potential financial benefits organizations may realize by deploying Azure OpenAI solutions, specifically for **use cases that aim to reinvent customer/Constituent engagement**. The purpose of this study is to provide a **framework to evaluate the potential impact of Azure OpenAI Service on their organizations**.

Executive Summary (cont.)



To better understand the benefits associated with this investment, Forrester interviewed 20 representatives from 16 organizations across industries with experience using Azure OpenAI Service. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single industry-agnostic composite organization that is an organization with an annual revenue of \$10 billion and 10,000 employees.



Interviewees said that prior to using the solutions built on Azure Open AI, their organizations struggled with constituent engagement. **Creating personalized information** was often a manual, time-intensive process. Additionally, **contact centers** were often **overwhelmed with inquiries**, and contact center agents were often ill-equipped to address specific questions or requests. These **inefficiencies** burdened public service employees and contact center agents, while public satisfaction scores suffered.



After the implementation of Azure OpenAI solutions, the organizations were able to **boost efficiency in both content creation and interactions with the public**. Even in non-revenue focused industries such as **government** or **public education**, **Azure OpenAI Service unlocks efficiencies that significantly increased access to public services and government programs**.

**Up to 60% per FTE
per year**

Projected efficiency
gain in content
generation activities

Up to 50% per year

Projected
improvement in
chatbot resolution at
contact centers

Key Findings (I)

Projected benefits related to Government and Education organizations



- **Better engagement with existing recipients to improve service delivery.** Interviewees from non-commercial organizations said using Azure OpenAI Service allowed them to enhance people's access to specific public services. People have more channels to express their concerns and issues with particular programs, which allows the implementing organizations to use that feedback to improve the service quality.
- **Improvement in effort to increase service awareness among the general public.** These interviewees also said Azure OpenAI Service allows their organizations to expand public awareness of their programs to pockets of the population they previously could not engage with. They explained that this is a result of using GenAI to better understand what messaging or framing attracts people to their services and using GenAI again to repurpose the messaging — with the appropriate adjustments if needed — to other parts of the population.
- **Improvement in contact center chatbot resolution rate.** These interviewees said that because contact centers are key channels for public sector and education organizations to engage with their audiences, their organizations use AI-enabled chatbots to help their agents better engage callers. Similar to the commercial application, as chatbots handle the simpler queries, human agents can focus on more complex engagements.
- **Productivity gains in generating public-facing content.** Similar to the commercial application, interviewees from public sector and education organizations said they can benefit from being able to generate more personalized content while scaling the production of public-facing content. This allows their public service employees to shift focus to value-added activities.

Key Findings (II)

Unquantified benefits



Benefits that provide value for the composite organization but are not quantified for this study include:

- **Speed to value in translating content.** Generative AI can break language barriers and improve communication. By using AI-powered translation tools, entities can translate content to different languages more efficiently, reducing the need for human translators and reducing costs. This enables sharing of information between organizations and in public facing services, leading to better outcomes and improved productivity.
- **Better incorporation of constituent feedback.** By leveraging Azure OpenAI, the composite organization can streamline the process of gathering and analyzing constituent input, empowering them to make informed decisions in their definition of programs and services. This optimizes resource allocation, allowing employees to dedicate more time and energy to generating novel ideas and enhancing overall innovation.
- **Impact on employee satisfaction as a key part of community engagement.** With Azure OpenAI, the composite organization is able to move employees away from more manual, redundant work and dedicate them to more strategic work, ultimately driving an improvement in employee satisfaction. Additionally, having an AI-powered product suite helps the composite organization attract and retain technically skilled individuals. A more engaged, empowered employee base is able to better support the public, further improving the constituent experience.

Methodology | New Tech TEI Framework

From the information provided in the interviews, Forrester constructed a New Technology: Projected Total Economic Impact™ (New Tech TEI) framework for those organizations considering an investment Azure OpenAI solutions. The objective of the framework is to identify the potential benefits that affect the investment decision. Forrester took a multistep approach to evaluate the projected impact that Microsoft Azure OpenAI Service can have on an organization.

Due Diligence

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Azure OpenAI solutions.

Early-Implementation Interviews

Interviewed 20 representatives at 16 organizations across industries using Azure OpenAI Service in a pilot or beta stage to obtain data about projected financial benefits.

Composite Organization

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

Projected Financial Model Framework

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

Case Study

Employed fundamental elements of New Tech TEI to modeling the investment's potential benefits. Given the increasing sophistication of financial analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix 2A for additional information on the TEI methodology.

Disclosures

Readers should be aware of the following:

- This study is commissioned by Microsoft and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.
- Forrester makes no assumptions as to the potential benefits 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 Azure OpenAI solutions.
- Microsoft 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.
- Microsoft provided the customer names for the interviews but did not participate in the interviews.

The Azure OpenAI Service Customer Journey (I)

Key Challenges

Forrester interviewed 20 representatives from 16 organizations with experience using Azure OpenAI solutions. For more details on these individuals and the organizations they represent, see Appendix 2B.

The interviewees in the public sector noted how their organizations struggled with common challenges, including

Operational inefficiencies

Interviewees from public sector organizations shared similar challenges related to operational inefficiencies. An interviewee from a government agency indicated that before using Azure OpenAI Service, their organization's lawyers were manually reviewing high volumes of long and complicated documents, which resulted in a time sink for these highly valuable resources: "It doesn't make sense to have our lawyers with expensive rates do this type of task. We want them to do more complex analysis." The AI lead supporting government agencies said the delayed delivery times resulted in delayed legal processes for constituents.

Inconsistencies in data analysis

Manual processes often resulted in data analysis errors, which led to confusion and productivity losses. An interviewee at a government agency indicated that two different employees could come up with different analyses when reviewing similar cases with prior review methods.

Technology infrastructure gaps

Without proper technology to support complex government environments, the interviewees' organizations often resorted to applying more internal employees to the problem, which further compounded both the operational inefficiencies as well as the data inconsistencies. The AI lead supporting government agencies described how the technology gaps directly impacted constituents' abilities to understand schemes and receive legal support: "[Our country's judgement] is notoriously long and hard to understand. You would need an army of lawyers to understand. However, 99% of [our constituents] cannot afford a lawyer."

“—————●●●

Our GenAI mandate is to get our students career ready. We believe that when they graduate, they will be walking into a world full of GenAI, so it's our responsibility to provide them with sufficient opportunities to critically engage with these technologies."

CIO, Education

The Azure OpenAI Service Customer Journey (II)

Investment Objectives

The interviewees' organizations searched for a solution that could



Make operations more efficient and empower the workforce to better serve, constituents, or students.

Through the analysis of vast swaths of data and curated knowledge, generative AI can boost the capabilities of knowledge workers. By having generative AI create draft solutions for knowledge workers to review and approve, organizations can avoid starting from scratch in content generation, saving employees time. Interviewees noted that the increase in productivity allows their workforce to directly find ways of making public engagement better.



Enable a culture of experimentation. According to Forrester research, top-down, waterfall approaches to knowledge management hinder innovation, whereas adopting an agile knowledge management strategy improves the delivery of information. Generative AI uses a combination of real-time transaction data, pre-trained LLMs on ticket history, and curated knowledge articles to produce new insights, further improving knowledge delivery.

Interview Demographics

Interviews				
Role	Industry	Region	Annual Revenue	Total Employees
EVP	Retail and consumer goods	Americas	\$26B	30K
Head of data	Retail and consumer goods	EMEA	\$1.6B	4.5K
Data lead	Retail and consumer goods	EMEA	\$1.6B	4.5K
Senior director	Manufacturing and mobility	Americas	\$3.7B	7K
Head of engineering	Manufacturing and mobility	Americas	\$51B	160K
CIO	Education	Americas	\$579M	1.7K
Head of AI	Education	APAC	\$5B	100K
Head of data	Telecommunications	EMEA	\$48B	96K
Head of digital	Telecommunications	EMEA	\$48B	96K
SVP	Media	Americas	\$10B	1K
Digital strategist	Healthcare and life sciences	APAC	\$1B	33K
Data and analytics lead	Healthcare and life sciences	APAC	\$1B	33K
Business analyst	Healthcare and life sciences	APAC	\$1B	33K
VP of platform engineering	Healthcare and life sciences	APAC	\$31B	15K
AI lead	Government	APAC	\$3.2M	15
Attorney	Government	Americas	\$800M	6K
Chief architect	Financial services and insurance	APAC	\$939M	2K
CTO	Financial services and insurance	EMEA	\$2B	6K
Senior director	Energy	Americas	\$28B	18K
Manager of enterprise automation	Energy	Americas	\$11B	10K

Analysis of Benefits for the Public Sector

Better engagement with existing recipients to improve service delivery

Evidence and data

Interviewees shared that with Azure OpenAI Service applied at their organization's contact centers and support organizations, agents can more easily pull up information while on the call, which allows them to quickly and better address the issue at hand.

Using GenAI to Support Constituents and Students.

Interviewees from the public sector shared examples of how their organizations were looking to use Azure OpenAI Service to deliver better outcomes to their patients, students, and constituents.

- The CIO in Higher **Education** reported their organization was hoping to use Azure OpenAI Service to personalize learning, identify struggling students, and optimize resources to improve the most important success metrics: "We will want to see if there is an increase in the students' job employment rate and graduation rate. We have struggled to increase our graduation rate for many years. This is the biggest initiative that we are doing to improve it."
- An attorney at a **Government** agency described how their firm intends to use Azure OpenAI Service to modernize legal processes — including the analysis of legal documents and precedents — to give citizens faster and more accessible legal assistance: "Think about a citizen. If they need to spend hours, days, months, or years to fight for a right they have, that hurts them, and that hurts us as a county. If we can avoid cases that require years of fighting for a citizen's right, that would be a big societal win."
- The digital strategist at a healthcare and life sciences organization reported that using Azure OpenAI Service helped their company provide health information to patients more quickly than it was able to previously: "For a health issue where 80% to 90% of cases are actually normal, having to wait days or even a week later to get the result can be frustrating. With AI, you can just wait an hour, go get coffee, and the result is ready. There is no need to make another appointment."

Analysis of Benefits for the Public Sector

Improvement in effort to increase service awareness among the general public

Evidence and data

Interviewees shared that with Azure OpenAI Service applied at their contact centers and support organization, agents can more easily pull up information while on the call, allowing them to quickly and better address the issue at hand. This can impact public satisfaction levels. In addition to creating personalized content, interviewees reported that they were able to more effectively personalize materials.

Using GenAI to Support Constituents and Students

Even in the public sector where financial revenue is not the main measurement of success, interviewees noted similar examples of how their organization's use of Azure OpenAI Service proved crucial in driving interest towards their services.

- The AI lead supporting **Government** agencies noted, *"You can talk to our chatbot in any language with both text and voice options, and it gives you the description of the situation and a response that is applicable to you."*
- The head of AI in the **Education** space explained how using Azure OpenAI Service enabled their organization to identify exactly where students were disengaging in the digital support process, which allowed it to determine which steps needed improvement: *"We see in our digital support services the dropout rates are high. Now, we can analyze our interaction to understand why they dropped."*

Analysis of Benefits

Improvement in contact center chatbot resolution rate

Evidence and data

Interviewees shared how using Azure OpenAI Service enabled them to deflect more contact center requests with their chatbot. This allowed human agents to focus on the more complex engagements where a human intervention is crucial, without overwhelming them with simple queries that are now handled by the chatbot. Having the AI-enabled chatbot also empowers the agent to have all up-to-date information at their fingertips, which they can use to seamlessly address the issue at hand. Forrester Research found that while contact center hosts massive amounts of unstructured data, they rarely have access to constituent and interaction insights. This gap is easily filled by having AI-enabled chatbots who can access those data points and information as needed.

10% – 50%

Reduction in
calls requiring
human agent

Using GenAI to resolve basic queries with chatbots

- A **Government** attorney explained: *"We want our lawyers to feel happier because we are supporting them [by] making it easier to do their jobs. Giving them Azure OpenAI to empower their work is one way to do this."*
- A Head of AI in **Education** stated: *"One of the reasons the teaching profession is not really attractive is because of the amount of non-teaching (administrative and bureaucratic) work they have to do."*

Analysis of Benefits for the Public Sector

Productivity gains in generating public-facing content

Evidence and data

Interviewees noted that the scale of how much more content they can create with Azure OpenAI Service was significantly higher than before. Beyond creating more content, organizations can now ask their generative AI tools to personalize short- or long-form content, achieving personalization at scale.

10% – 60%
Productivity
gain in content
generation

Using GenAI for content generation

- The head of AI in the **Education** space explained the efficiencies they saw from using Microsoft Azure OpenAI to help teachers create lesson plans: *"We used to have educators write their own sample lesson plans. Creating one could take two hours for every hour of lesson. By switching the educators to more QA work, the time investment can take less than an hour per hour of lesson plan."*
- The AI team member supporting **Government** agencies added: *"Depending on the case, we are saving as much as 80% of our time by having Azure OpenAI review our documents."*

Analysis of Benefits

Unquantified benefits

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify

Boost in employee satisfaction and competing for talent

Interviewees shared that a key pillar of effective engagement is hiring and retaining key talent. The interviewees shared that having tools and capabilities enabled by Microsoft Azure OpenAI is a key differentiator in their ability to attract talent.

- A **Government** attorney explained: *"We want our lawyers to feel happier because we are supporting them [by] making it easier to do their jobs. Giving them Azure OpenAI to empower their work is one way to do this."*
- A Head of AI in **Education** stated: *"One of the reasons the teaching profession is not really attractive is because of the amount of non-teaching (administrative and bureaucratic) work they have to do."*

“—————”

We want our lawyers to feel happier because we are supporting them [by] making it easier to do their jobs. Giving them Microsoft Azure OpenAI to empower their work is one way to do this."

Attorney, government

Key Factors That Could Impact Value Realization



Proper AI governance. Understanding the level of personal and private data that can be involved, GenAI systems can generate a wide range of risks, including ethical ones. By establishing clear guidance and standards for implementing GenAI, organizations can mitigate those risks and ensure that their application and use cases are done responsibly.



Change management. GenAI is an ever-evolving technology that is rapidly changing and increasingly becoming more integrated in everyday work. It is essential that employees across the organization understand how to use these tools effectively, ethically, and securely. Without change management, user training, guardrails, and guidance, adoption can prove to be slow or haphazard.



Data quality. Generative AI models rely on high-quality data to produce accurate and relevant outputs. Poor data quality can lead to inaccurate or biased results, which can negatively impact decision-making and business outcomes.



The AI lead supporting government agencies: *"We are data rich, but not very data organized. This might take us seven or eight months, even a year to get access to data, clean it up, and make it ready for the bots."*



Regulation. Externally, regulation is key. If regulation can keep pace with technology, there should be better adoption and movement. Alternatively, if organizations face challenges in understanding and complying with new rules, this can lead to delays in implementing GenAI-related projects.

Appendix 1 | Composite Organization and Quantified benefits



Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite organization, and a benefit analysis that illustrates the areas financially affected. The composite organization is representative of the 20 interviewees from 16 organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

- **Description of composite.** A global organization with \$10 billion in annual revenue, and an operating margin of 10%, that is growing at a 2.6% annual growth rate. The organization employs 10,000 total employees, 500 of which do significant content generation work. Their contact center organization handles 4 million calls every year, of which a percentage is already handled by a frontline chatbot.
- **Deployment characteristics.** The organization gradually deploys Microsoft Azure OpenAI Service use cases. In the low-case scenario, 5% of the organization is affected by Azure OpenAI use cases in Year 1; this grows to 20% in Year 2, and 30% in Year 3. In the mid-case scenario, adoption starts at 7% in Year 1, 25% in Year 2, and 50% in Year 3. In the best-case scenario, adoption starts at 10% in Year 2, 40% in Year 2, and 80% in Year 3.

Key Assumptions

- \$10 billion annual revenue
- 10,000 employees
- 500 employees with content generation work
- 4 million calls handled by contact center per year

Analysis Of Benefits

Quantified benefit data as applied to the composite

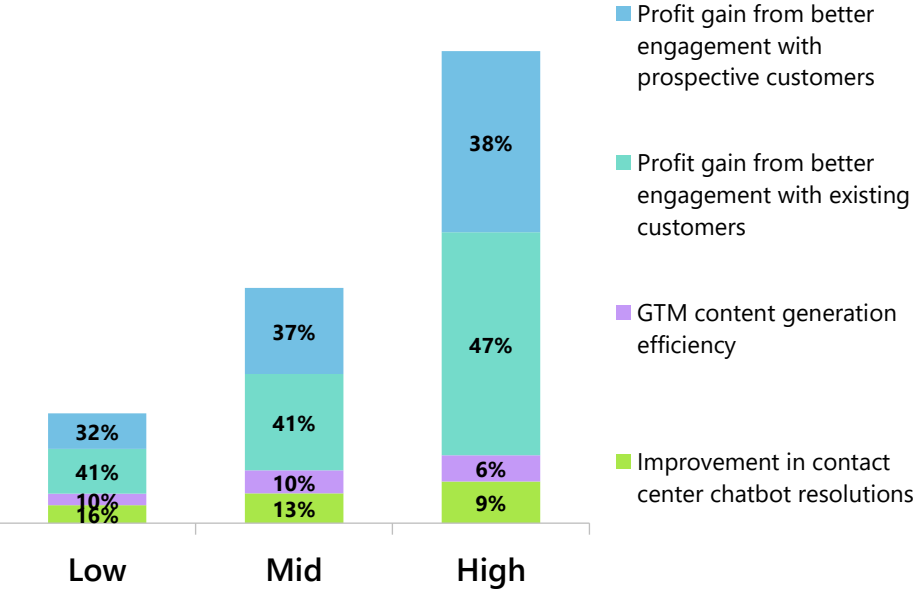
Total Projected Benefits					
Projected Benefits	Year 1	Year 2	Year 3	Total	Present Value
Total projected benefits (low)	\$4,976,500	\$18,213,500	\$35,096,844	\$58,286,844	\$45,945,349
Total projected benefits (mid)	\$8,683,725	\$35,948,750	\$80,897,392	\$125,529,867	\$98,383,415
Total projected benefits (high)	\$15,032,000	\$68,410,000	\$169,284,840	\$252,726,840	\$197,388,850

Key Findings

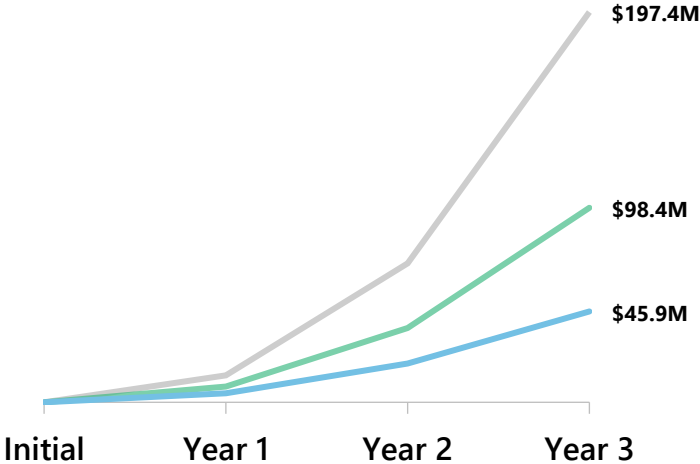
Forrester modeled a range of projected low-, medium-, and high-impact outcomes based on evaluated risk. This financial analysis projects that the composite organization accrues the following three-year present value (PV) for each scenario by enabling Azure OpenAI Service:

- Projected high impact benefits of \$197.4 million over three years.
- Projected medium impact benefits of \$98.4 million over three years.
- Projected low impact of \$45.9 million over three years.

Three-Year Projected Benefits For The Composite Organization



Progression Of Projected Benefits For The Composite Organization



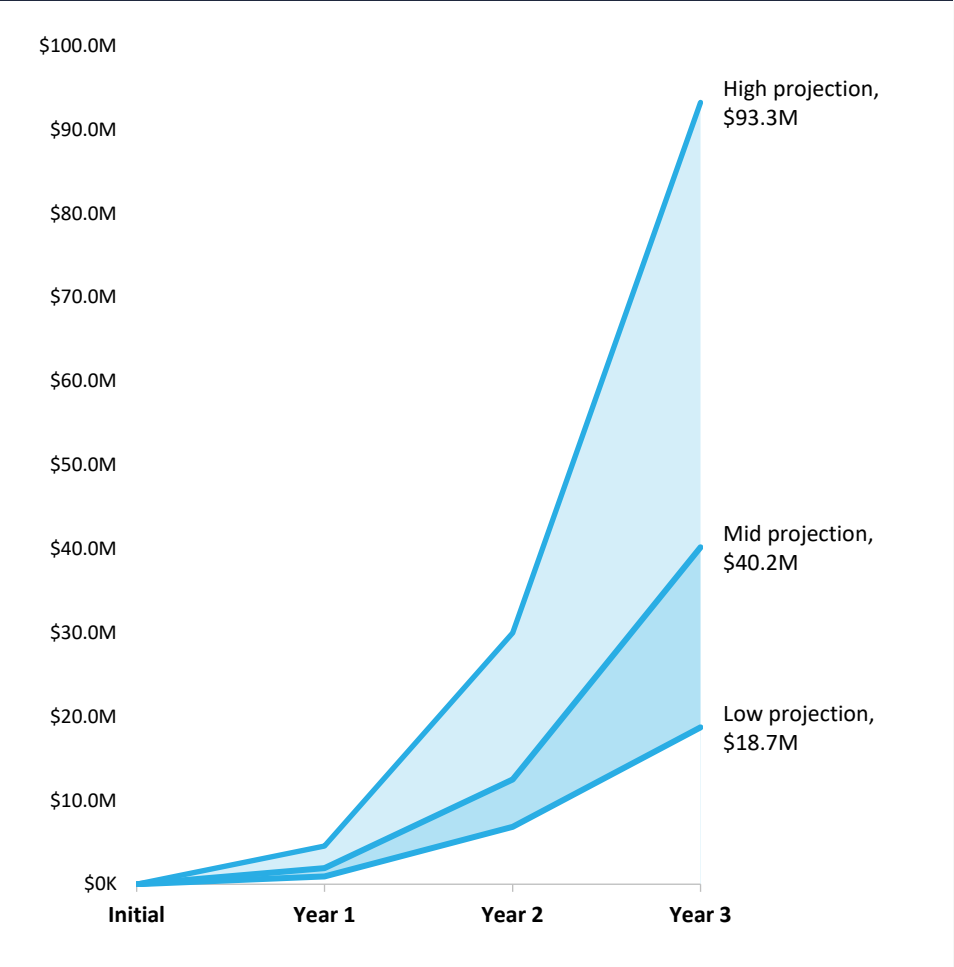
KEY STATISTICS

Productivity gain in content generation:
10% – 60%

Reduction in calls requiring human agent:
10% – 50%

Better Engagement with Existing Recipients to Improve Service Delivery

Better Engagement with Existing Recipients to Improve Service Delivery Module*: Range Of Three-Year Cumulative Impact



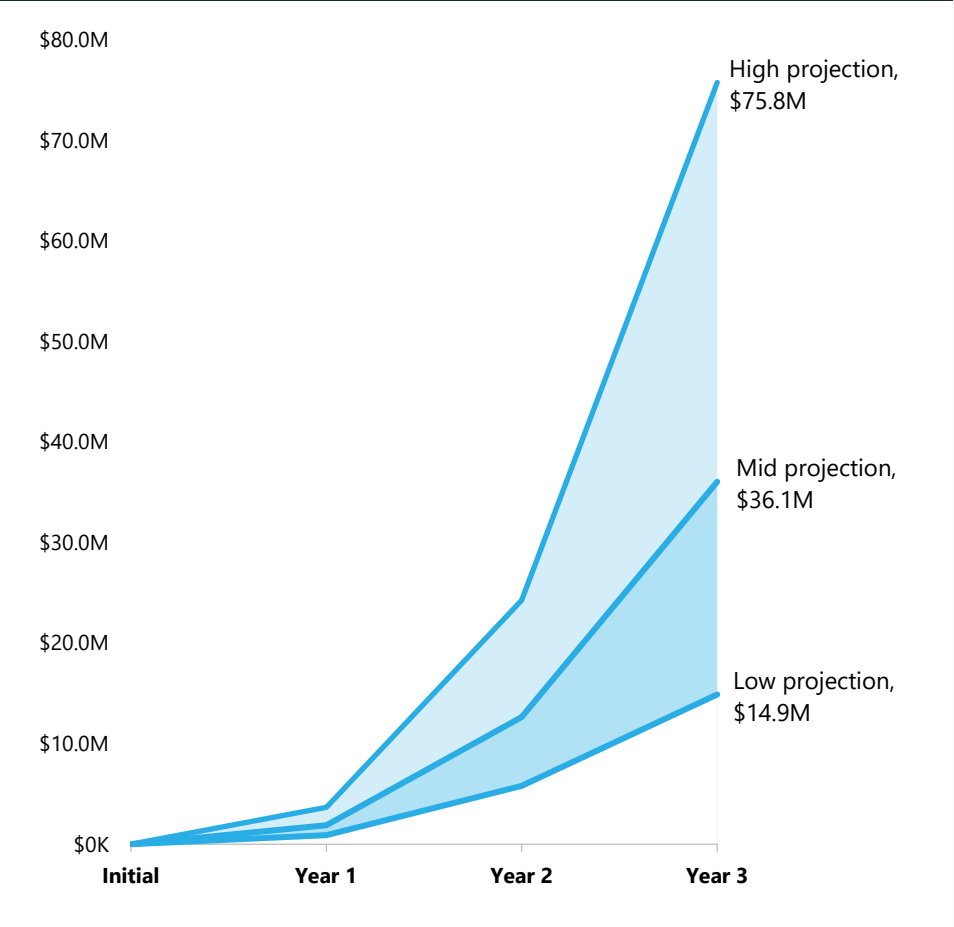
*The title of this chart has been modified from the original chart found in New Technology: The Projected Total Economic Impact™ Of Azure OpenAI Service In Reinventing Customer And Constituent Engagement, Forrester Research, 2024

Better Engagement with Existing Recipients to Improve Service Delivery

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Revenue	Composite	\$10,000,000,000	\$10,260,000,000	\$10,526,760,000
A2 _{Low}			5%	20%	30%
A2 _{Mid}	Percentage of organization impacted by AOAI use cases	Composite	7%	25%	50%
A2 _{High}			10%	40%	80%
A3	Annual churn rate before AOAI	Composite	10%	10%	10%
A4 _{Low}			10%	15%	20%
A4 _{Mid}	Avoided annual churn	Interviews	15%	20%	25%
A4 _{High}			20%	25%	30%
A5	Operating margin	Composite	10.00%	10.00%	10.00%
A6 _{Low}			\$500,000	\$3,078,000	\$6,316,056
A6 _{Mid}	Subtotal: Profit gain from better retention	A1*A2*A3*A4*A5	\$1,050,000	\$5,130,000	\$13,158,450
A6 _{High}			\$2,000,000	\$10,260,000	\$25,264,224
A7 _{Low}			1%	2%	3%
A7 _{Mid}	Percentage increase in revenue per customer	Interviews	2%	3%	5%
A7 _{High}			3%	5%	7%
A8 _{Low}			\$500,000	\$4,104,000	\$9,474,084
A8 _{Mid}	Subtotal: Profit gain from increased revenue per customer	A1*A2*A5*A7	\$1,050,000	\$7,695,000	\$23,685,210
A8 _{High}			\$3,000,000	\$20,520,000	\$58,949,856
At _{Low}			\$1,000,000	\$7,182,000	\$15,790,140
At _{Mid}	Profit gain from better engagement with existing customers	A6+A8	\$2,100,000	\$12,825,000	\$36,843,660
At _{High}			\$5,000,000	\$30,780,000	\$84,214,080
Three-year projected total: \$23,972,140 to \$1119,994,080			Three-year projected present value: \$18,707,994 to \$93,254,756		

Improvement in Effort to Increase Service Awareness among the General Public

Improvement in Effort to Increase Service Awareness among the General Public Module*: Range Of Three-Year Cumulative Impact

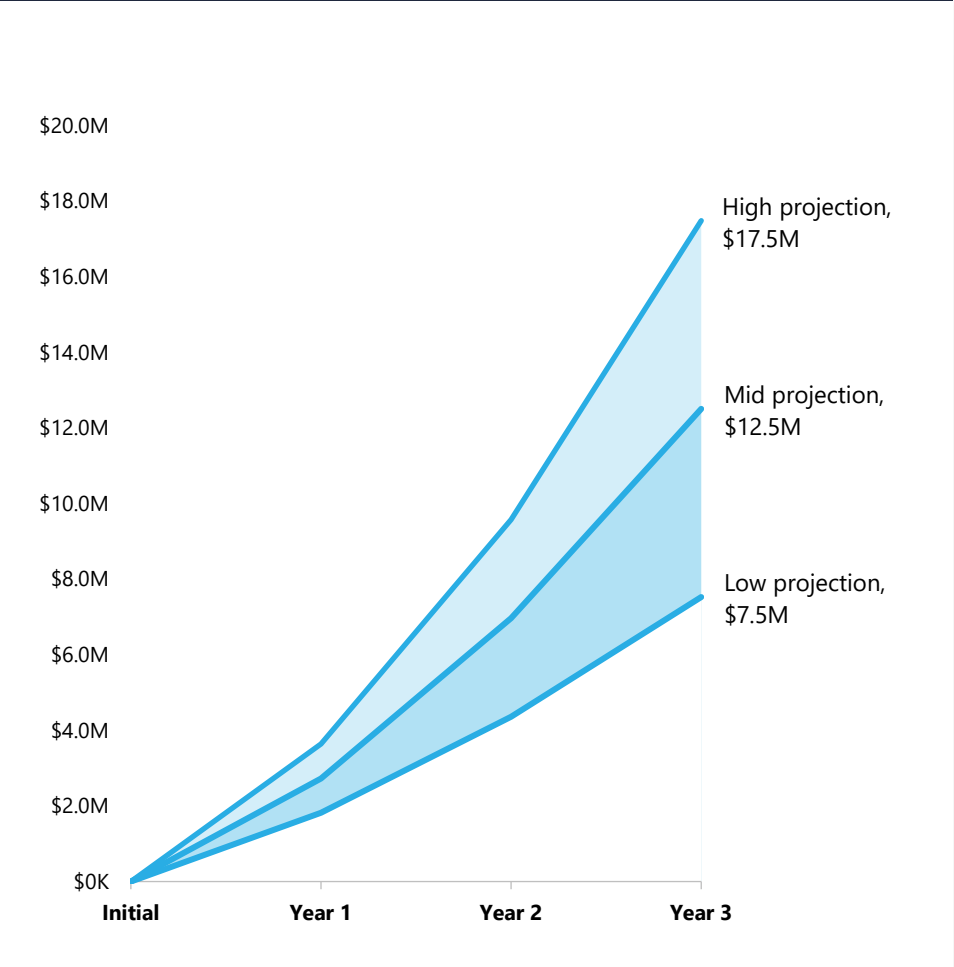


*The title of this chart has been modified from the original chart found in New Technology: The Projected Total Economic Impact™ Of Azure OpenAI Service In Reinventing Customer And Constituent Engagement, Forrester Research, 2024

Improvement in Effort to Increase Service Awareness among the General Public					
Ref.	Metric	Source	Year 1	Year 2	Year 3
85	Top-of-funnel prospects	Composite	4,200,000	4,200,000	4,200,000
B2 _{Low}			5%	20%	30%
B2 _{Mid}	Percentage of overall funnel impacted	Composite	7%	25%	50%
B2 _{High}			10%	40%	80%
B3	Sales conversion rate in legacy environment	Composite	2%	2%	2%
B4 _{Low}			10%	15%	20%
B4 _{Mid}	Improvement in sales conversion rate	Interviews	15%	25%	30%
B4 _{High}			20%	30%	40%
B5	Revenue per customer	Composite	\$15,000	\$15,000	\$15,000
B6	Operating margin	Composite	10%	10%	10%
B7 _{Low}			\$630,000	\$3,780,000	\$7,560,000
B7 _{Mid}	Subtotal: Profit gain due to better conversion rate	B1*B2*B3*B4*B5*B6	\$1,323,000	\$7,875,000	\$18,900,000
B7 _{High}			\$2,520,000	\$15,120,000	\$40,320,000
B8 _{Low}			2.20%	2.30%	2.40%
B8 _{Mid}	New sales conversion rate	B3*(1+B4)	2.30%	2.50%	2.60%
B8 _{High}			2.40%	2.60%	2.80%
B9 _{Low}			5%	8%	10%
B9 _{Mid}	Increase in top-of-funnel prospects	Interviews	8%	13%	15%
B9 _{High}			10%	15%	20%
B10 _{Low}			\$346,500	\$2,173,500	\$4,536,000
B10 _{Mid}	Subtotal: Profit gain from top-of-funnel growth	B1*B2*B5*B6*B8*B9	\$760,725	\$5,118,750	\$12,285,000
B10 _{High}			\$1,512,000	\$9,828,000	\$28,224,000
Bt _{Low}			\$976,500	\$5,953,500	\$12,096,000
Bt _{Mid}	Profit gain from better engagement with prospective customers	B7+B10	\$2,083,725	\$12,993,750	\$31,185,000
Bt _{High}			\$4,032,000	\$24,948,000	\$68,544,000
Three-year projected total: \$19,026,000 to \$97,524,000			Three-year projected present value: \$14,895,879 to \$75,781,758		

Improvement in Contact Center Chatbot Resolution Rate

Improvement In Contact Center Chatbot Resolution Module:
Range Of Three-Year Cumulative Impact

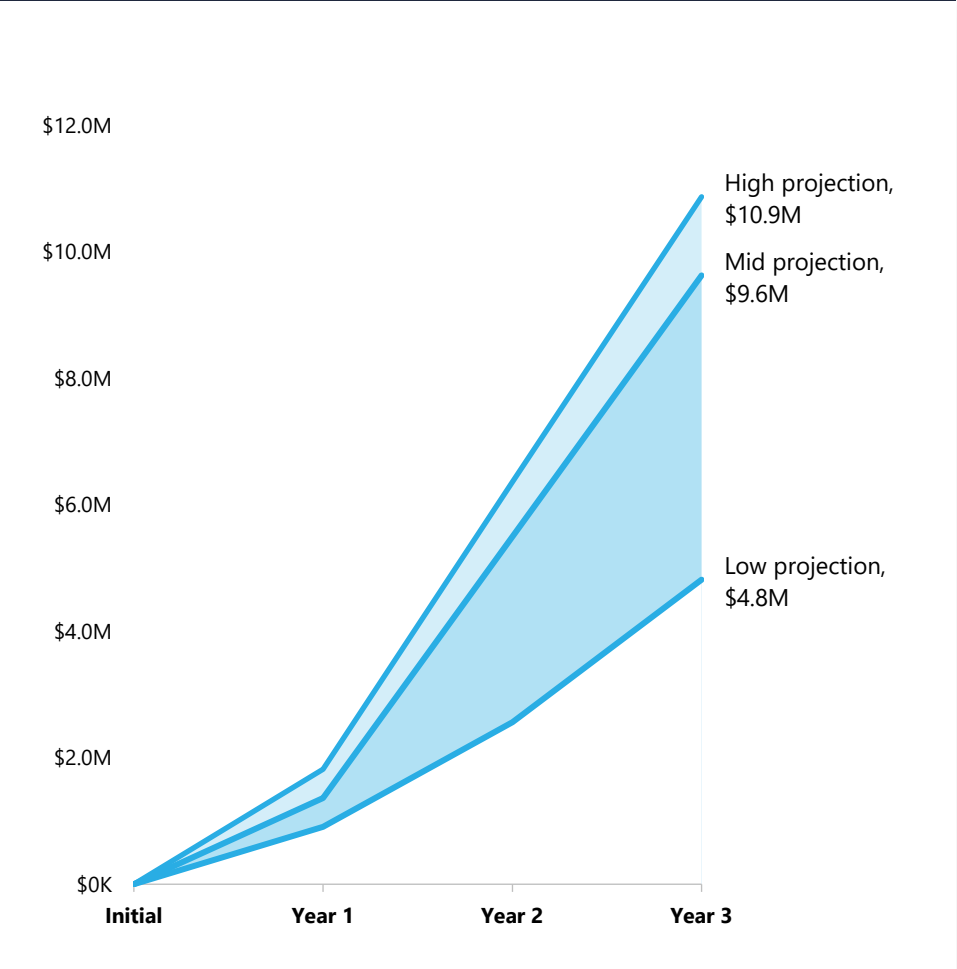


Reduction in calls requiring human agent: 10% – 50%

Improvement In Contact Center Chatbot Resolution					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Calls handled	Composite	4,000,000	4,104,000	4,210,704
C2	Percentage of calls that are routed to a human agent	Composite	50%	50%	50%
C3 _{Low}			10%	15%	20%
C3 _{Mid}	Percentage reduction in calls that require a human agent	Interviews	15%	25%	35%
C3 _{High}			20%	35%	50%
C4	Cost per contact at contact center	Forrester research	\$10	\$10	\$10
Ct _{Low}			\$2,000,000	\$3,078,000	\$4,210,704
Ct _{Mid}	Improvement in contact center chatbot resolution	C1*C2*C3*C4	\$3,000,000	\$5,130,000	\$7,368,732
Ct _{High}			\$4,000,000	\$7,182,000	\$10,526,760
Three-year projected total: \$9,288,704 to \$21,708,760			Three-year projected present value: \$7,525,548 to \$17,480,811		

Productivity Gains in Generating Public-facing Content

GTM Content Generation Efficiency Module: Range Of Three-Year Cumulative Impact



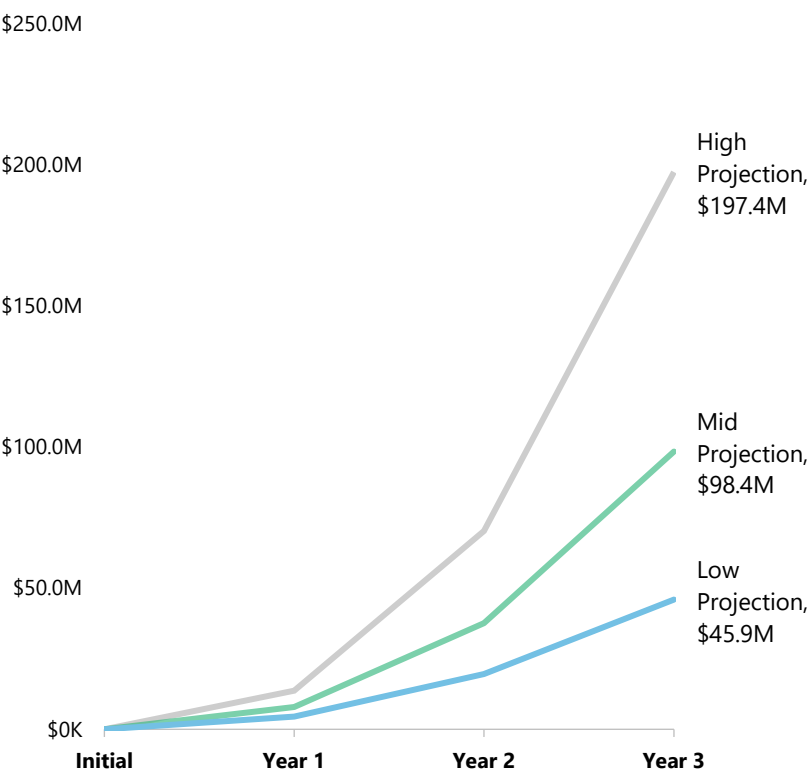
Productivity gain in content generation: 10% - 60%

Go-To-Market Content Generation Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	FTEs involved in content generation	Composite	500	500	500
D2	Average percentage of time related to content generation	Composite	50%	50%	50%
D3			10%	20%	30%
D3	Percentage of time savings in content generation using Azure OpenAI Service	Interviews	15%	50%	55%
D3			20%	55%	60%
D4	Fully burdened salary for an FTE involved in content generation	TEI standard	\$80,000	\$80,000	\$80,000
D5	Productivity recapture	TEI standard	50%	50%	50%
Dt _{Low}			\$1,000,000	\$2,000,000	\$3,000,000
Dt _{Mid}	Go-to-market content generation efficiency	D1*D2*D3* D4*D5	\$1,500,000	\$5,000,000	\$5,500,000
Dt _{High}			\$2,000,000	\$5,500,000	\$6,000,000
Three-year projected total: \$6,000,000 to \$13,500,000			Three-year projected present value: \$4,815,928 to \$10,871,525		

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

Three-Year Projected Financial Analysis For The Composite Organization



Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted present value numbers are determined by applying risk-adjustment factors to the unadjusted results in each Benefit section.

Total Projected Benefits

Projected Benefits	Year 1	Year 2	Year 3	Total	Present Value
Total projected benefits (low)	\$4,976,500	\$18,213,500	\$35,096,844	\$58,286,844	\$45,945,349
Total projected benefits (mid)	\$8,683,725	\$35,948,750	\$80,897,392	\$125,529,867	\$98,383,415
Total projected benefits (high)	\$15,032,000	\$68,410,000	\$169,284,840	\$252,726,840	\$197,388,850

Appendix 2 | Methodology & References



Appendix 2A. Net Technology: Projected Total Economic Impact

New Technology

Projected Total Economic Impact (New Tech TEI) 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 New Tech TEI methodology helps companies demonstrate and justify the projected tangible value of IT initiatives to both senior management and other key business stakeholders

Total Economic Impact Approach

- Projected Benefits represent the projected value to be delivered to the business by the product
- 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 estimates given: 1) The likelihood that estimates will meet original projections and 2) The likelihood that estimates will be tracked over time. TEI risk factors are based on “triangular distribution.”

Present Value (PV)

The present or current value of (discounted) benefit estimates given at an interest rate (the discount rate).

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%
- Cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total benefit estimate. Sums and present value calculations of the Total Benefits tables may not exactly add up, as some rounding may occur.

