The Total Economic Impact™ Of ScienceLogic SL1 For NetDesign

Cost Savings And Business Benefits Enabled By ScienceLogic's SL1 Platform

A Forrester Total Economic Impact™
Study Commissioned By ScienceLogic
And Supported By NetDesign
February 2020

FORRESTER®

Table of Contents

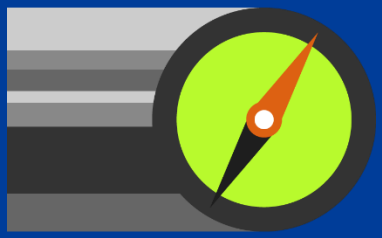
Project Directors:
Kathleen Byrne
Richard Cavallaro
Sam Sexton

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

FORRESTER®

Key Benefits



Decrease in average incident resolution time

21%

IT monitoring and management tool cost savings

25%

Reduction of SLA-breaching incidents

60%

Executive Summary

Growing complexity means visibility and automation are more important than ever to IT management teams. The ability to move forward with a unified view of all service components and reduce manual work is imperative to keeping up with demand and enabling growth. This means simplifying tools and speeding up projects to scale to new customers; 85% of enterprises told Forrester that they considered completing IT projects faster a priority, and 72% indicated that they were prioritizing reducing the number of IT services.[1]

The ScienceLogic SL1 AIOps platform helps IT operations simplify management and monitoring of complex physical, virtual, and cloud infrastructure through comprehensive real-time visibility and built-in automations.

ScienceLogic commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises and managed service providers (MSPs) may realize by deploying SL1. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of SL1 on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed ScienceLogic customer NetDesign who has several years of experience using SL1 to deliver IT as a service both internally and to its client base. NetDesign reported significant benefits by reclaiming personnel hours, consolidating tools, and avoiding fees from unplanned customer downtime.

Based on the interview with NetDesign, Forrester created a financial model to illustrate the benefits and costs associated with an investment in SL1. The analysis revealed that an SL1 investment has the following three-year financial impact: $4.2 million in benefits versus costs of $2.6 million, resulting in a net present value (NPV) of $1.58 million and an ROI of 60%.

Key Findings

Quantified benefits. NetDesign experienced the following risk-adjusted present value (PV) quantified benefits:

- **Resource time savings for IT operations of $2.1 million.** Average incident resolution time fell by 21%, allowing the IT operations team to redeploy to other tasks. Over three years, the personnel hour savings reached a cumulative total of $2.1 million.
- **Consolidation of tools and support saved $902,239.** NetDesign told Forrester that they have thus far managed 80% of their clients' IT infrastructure with a single instance of SL1 and retired their previously used tools that replicated the functionality of ScienceLogic. By consolidating their software license fees, professional support services from other vendors, and legacy hardware required for their prior solutions, they were able to reduce costs on these tools by 25% compared with their current spend.
- **Resource time savings for customer onboarding of $1.04 million.** NetDesign described to Forrester that a range of customer onboarding tasks were automated to varying degrees, reducing the time spent for some and outright eliminating the need to manually work on others.

FORRESTER®

ROI
60%

Benefits PV
$4.22 million

NPV
$1.58 million

Payback
16 months

› **Avoided service penalties from reduced downtime of $217,886.** Tied into an improved incident resolution of 21% is the inherent reduction of incidents in breach of uptime service-level agreements (SLAs) with customers. By Year 3 of deployment in the financial model, NetDesign realizes a 60% reduction of SLA-breaching incidents.

Unquantified benefits. NetDesign experienced the following benefits, which are not quantified for this study:

› **Support from the ScienceLogic team.** NetDesign was impressed with the ScienceLogic team and how they were "aligned from day one." The NetDesign interviewee added: "ScienceLogic never disappears. They have great support. It's truly a partnership."

› **Better service delivery through increased visibility and contextualization of customer data.** In addition to faster identification of problems, better visibility and a greater understanding of customer data context meant NetDesign could better understand its customers' business, allowing for improved service.

Costs. NetDesign experienced the following risk-adjusted PV costs:

› **License fees to ScienceLogic.** A per-device licensing fee resulted in annual costs of $700,000 paid to ScienceLogic. Forrester calculated a risk-adjusted three-year cumulative total of $1.8 million.

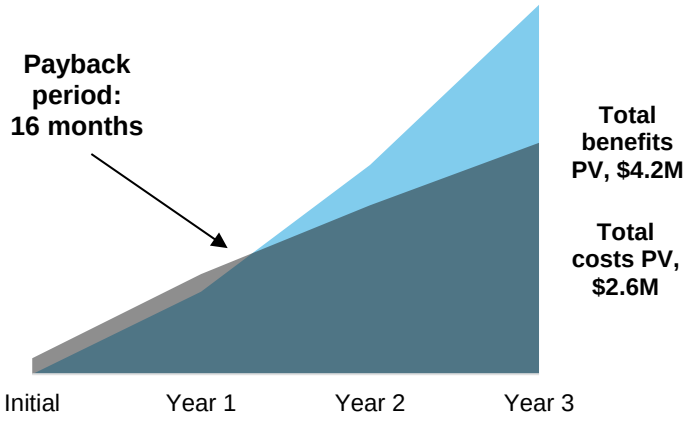
› **Ongoing operational and development costs.** NetDesign leverages one personnel resource to maintain SL1, while a few more personnel work part-time to continue building out ScienceLogic's functionality to manage many thousands of devices and 128 clients. Forrester calculated a cumulative total of $618,000 in personnel hours. While NetDesign noted this degree of personnel involvement was not required for success with ScienceLogic SL1, the additional personnel on-task contributed to the speed at which the benefits of automation were achieved.

› **Implementation costs.** NetDesign told Forrester that a team of six IT operations personnel implemented SL1 over the course of three months. While NetDesign noted that this high initial level of personnel involvement wasn't a requirement for successfully implementing ScienceLogic SL1, it was a deliberate decision to accelerate automation benefits upon initial deployment. Forrester calculated a cumulative total of $158,000 in personnel hour implementation costs.

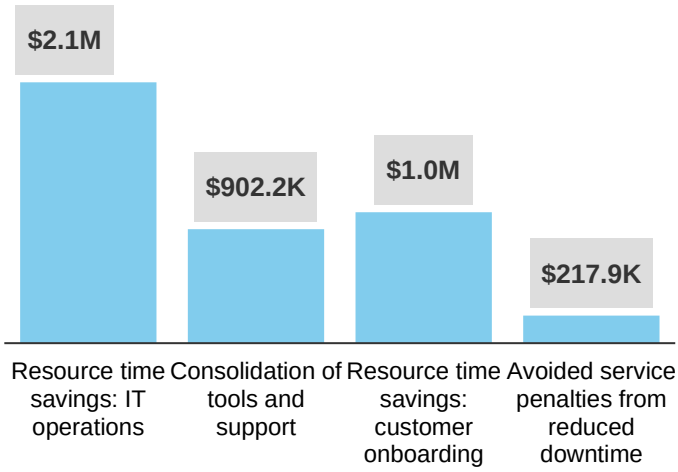
› **Training costs**. NetDesign used a "train-the-trainer" or "super-users" model of training. Initially, 12 users spent five days training on the platform, with three additional users undergoing the training each year of implementation. Forrester calculated a total three-year training cost of $43,000.

Forrester's interview with an existing customer and subsequent financial analysis found that NetDesign experienced benefits of $4.22 million over three years versus costs of $2.65 million, adding up to a net present value (NPV) of $1.58 million and an ROI of 60%, resulting in a payback within 16 months.

Financial Summary



Benefits (Three-Year)



FORRESTER®

TEI Framework And Methodology

From the information provided in the interview, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing ScienceLogic SL1.

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 ScienceLogic SL1 can have on an organization:

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

DUE DILIGENCE
Interviewed ScienceLogic stakeholders and Forrester analysts to gather data relative to SL1.

CUSTOMER INTERVIEW
Interviewed one organization using SL1 to obtain data with respect to costs, benefits, and risks.

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

CASE STUDY
Employed four fundamental elements of TEI in modeling ScienceLogic SL1's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises and MSP's have regarding ROI analyses related to IT 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 ScienceLogic 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 ScienceLogic SL1.

ScienceLogic 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.

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

NetDesign's ScienceLogic SL1 Journey

BEFORE AND AFTER THE SCIENCELOGIC SL1 INVESTMENT

NetDesign

For this study, Forrester interviewed an IT infrastructure managed service provider (MSP), NetDesign, based in Denmark with over 340 employees, including 200 IT operations personnel. NetDesign implemented ScienceLogic (SL1) just over two years ago and currently monitors 128 clients with many thousands of devices with SL1, including approximately 4,500 network devices, 500 servers, 400 applications, 400 virtual machines, and thousands of access points. The MSP implementation is 20% customized and includes several integrations, including its enterprise architecture management solution. The interview was held with NetDesign's director for technology and business management, who is responsible for NetDesign's implementation and continued success with ScienceLogic SL1.

"Thanks to the hard work and dedication from our teams in NetDesign, we have used the ScienceLogic platform to drive real value for our customers and core business."

Director for technology and business management, IT services

Key Challenges

Prior to implementing SL1, NetDesign faced several challenges, including:

- **Inaccurate data and blind spots.** NetDesign struggled to manage its IT services infrastructure because it did not have a clear picture of what was happening, when incidents were happening, where they were happening, and what customers or services they were impacting.
- **Expensive, disparate tools that were inflexible and lacked customization features.** NetDesign was using five-plus different tools to cover its IT monitoring network. In addition to requiring multiple licensing fees, the tools were inflexible and couldn't be customized to allow for easier processes or to support new technologies.
- **Escalating level of manual work as customer portfolio increased.** The lack of automation capabilities and visualization across the network infrastructure meant that IT services operations and customer onboarding teams couldn't keep up with the rapidly increasing amount of manual work as NetDesign's customer portfolio expanded.
- **Additional costs incurred due to unexpected downtime.** The inability to quickly resolve issues and avoid downtime on customer infrastructure put NetDesign in violation of SLAs, wasting man-hours and incurring service penalties.

"We used several tools for onboarding customers. ScienceLogic helps us minimize the manual work and relieves us of most of these pains, resulting in quicker delivery to our customers."

Director for technology and business management, IT services

Solution Requirements

NetDesign searched for a solution that could:

- Automate tasks that previously required manual effort and reduce the level of effort (LoE) of tasks that could not be automated.
- Replace multiple existing tools with one comprehensive solution that could be customized and enable further growth.
- Reduce unexpected downtime to avoid violating SLAs.

"Before using the ScienceLogic platform, we relied heavily on manual work to onboard customers into monitoring. Now with SL1 powerpacks, we can easily and quickly deploy customized monitoring to fit each customer's needs."

Director for technology and business management, IT services

- Enable accuracy and visibility of the entire IT estate and configuration management database (CMBD) that was not previously achievable on disparate tools and isolated integrations in the environment.

Key Results

ScienceLogic SL1 provided NetDesign with:

- **One comprehensive tool covering the vast majority of the client network infrastructure** Before adopting ScienceLogic, NetDesign's client network was monitored and managed by several disparate tools. Now, over 80% of the network infrastructure is monitored by ScienceLogic SL1. Management is simpler, more comprehensive, and more efficient.
- **Accurate data and improved visibility.** SL1 provides NetDesign with accurate data and real-time visibility into its client infrastructure. It no longer has to update its CMDB to fix errors; instead, it has a proper understanding of real-time relationships, which allows NetDesign — and its customers — to make better decisions for their business based on prioritization of key infrastructure and related issues.
- **The ability to automate tasks.** ScienceLogic's built-in automations allowed the MSP to automate dozens of key processes, reducing previously manual effort by up to 90% for IT operations personnel and by up to 60% for customer onboarding personnel.

> "Understanding and acting on your data is, by far, one of the biggest benefits of using ScienceLogic."
>
> *Director for technology and business management, IT services*

> "SL1 is a platform that is easy to learn and use. That's a great benefit for our teams who wanted to get their hands on the tool from day one. It created a very positive attitude and drive early on in our journey."
>
> *Director for technology and business management, IT services*

Analysis Of Benefits

QUANTIFIED BENEFIT DATA

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Resource time savings: IT operations	$679,500	$841,500	$1,003,500	$2,524,500	$2,067,126
Btr	Consolidation of tools and support	$68,000	$348,500	$735,250	$1,151,750	$902,239
Ctr	Resource time savings: customer onboarding team	$237,500	$475,000	$570,000	$1,282,500	$1,036,721
Dtr	Avoided service penalties from reduced downtime	$54,000	$86,400	$129,600	$270,000	$217,866
	Total benefits (risk-adjusted)	$1,039,000	$1,751,400	$2,438,350	$5,228,750	$4,223,952

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, NetDesign expects risk-adjusted total benefits to be a PV of more than $4.2 million.

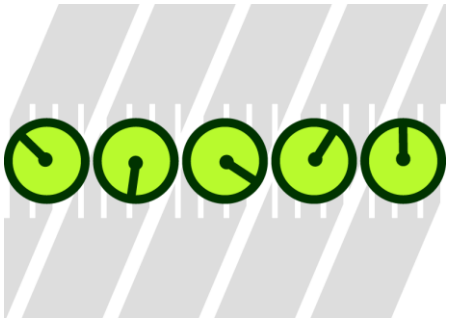
Resource Time Savings: IT Operations

By implementing ScienceLogic SL1, NetDesign experienced a productivity increase for its internal IT operations resources due to a reduction in both the number of incidents and LoE required to remediate each incident.

NetDesign detailed to Forrester the responsibilities of its IT operations personnel. This team of 200 operators (on average) is responsible for managing client infrastructure by proactively identifying incidents, responding to incidents, resolving these incidents to ensure continuous uptime for their clients' IT infrastructure, and updating configuration items (CIs) to maintain the integrity of the CMDB. Incidents can occur within the entire range of NetDesign's clients' infrastructure, including business video, data center, networking, security, telephony, video surveillance, and more. Prior to implementing ScienceLogic, all of this work was manual for IT operations resources. The interviewee noted, "Before ScienceLogic, we'd try to find the manual way of working out how we should do IT operations and monitoring."

Incidents higher in priority, such as critical (P1) and major (P2) incidents, have historically cost more to NetDesign to resolve on a per-incident basis due to higher seniority involvement (executive, major incident management) and a higher remediation LoE required. On aggregate, normal priority (P3 and P4) incidents represented the highest cost NetDesign's IT operations personnel resources due to the higher volume of these incidents compared with those of a higher priority.

- The interviewee detailed to Forrester a reduction in incidents attributable to functionality within ScienceLogic due to automated CMDB synchronization with the monitored environment along with proactive automated incident management, prioritization, and identification of false positives. The interviewee told Forrester: "The volume we're seeing is absolutely trending down. Our team has a meeting to review incidents to determine if an event shouldn't be labeled as an incident, or if we need to make a problem case for recurring incidents." The interviewee noted that, to date, NetDesign has automated nearly 700 unique incidents and 76 problem cases, avoiding IT operations effort as a result.



Incident resolution times have improved by **21%**.

- Of the incidents that do occur, the interviewee cited an average 21% reduction in the personnel time required to resolve these issues. The interviewee attributed this improved remediation time to automation functionality with incident management, problem management, and the configuration management database tool for NetDesign's IT operations resources.
- Manual updating of CIs within the CMDB was a significant personnel productivity impediment before ScienceLogic. Tasks associated with maintaining the CMDB integrity, such as inspection, CI attribute updates, and cleanup, improved between 50% and 90%.

For the financial model, Forrester assumes that before ScienceLogic, NetDesign experienced the following costs to identify and remediate incidents. These costs included the personnel and LoE required given the yearly volume of these incident types.:

- Critical (P1) incidents were $100,000.
- Major (P2) incidents were $500,000.
- Normal (P3 and P4) incidents were $3,000,000.

Based on NetDesign's reduction in the number of incidents and reduced level of effort required to remediate these incidents, Forrester assumes for the financial model:

- The cost to NetDesign for critical (P1) incidents improves by 30% in Year 1 of the analysis and improves to 40% by Year 3.
- The cost to NetDesign for major (P2) incidents improves by 25% in Year 1 of the analysis and improves to 35% by Year 3.
- The cost to NetDesign for normal priority (P3 and P4) incidents improves by 20% in Year 1 of the analysis and improves to 30% by Year 3.

This benefit will vary based on:

- The size and complexity of an organization's IT infrastructure under management by ScienceLogic SL1 as they relate to the volume and nature of incidents.
- The size, seniority, and competency of an organization's IT operations resources as they relate to average yearly incident resolution costs.
- The ScienceLogic SL1 features and functionality currently deployed by an organization.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $2,067,126.

"The volume we're seeing is absolutely trending down. Our team has a meeting to review incidents to determine if an event shouldn't be labeled as an incident or if we need to make a problem case for recurring incidents. We are constantly learning and improving almost daily to drive real value that our customers can benefit from."

Director for technology and business management, IT services

Impact risk is the risk that the business or technology needs of NetDesign 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.

Resource Time Savings: IT Operations: Calculation Table					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Total yearly costs for critical incidents		$100,000	$100,000	$100,000
A2	Total yearly costs for major incidents		$500,000	$500,000	$500,000
A3	Total yearly costs for normal priority incidents		$3,000,000	$3,000,000	$3,000,000
A4	Efficiency gains for critical incidents		30%	35%	40%
A5	Efficiency gains for major incidents		25%	30%	35%
A6	Efficiency gains for normal incidents		20%	25%	30%
At	Resource time savings: IT operations	(A1*A4)+(A2*IA5)+(A3*A6)	$755,000	$935,000	$1,115,000
	Risk adjustment	↓10%			
Atr	Resource time savings: IT operations (risk-adjusted)		$679,500	$841,500	$1,003,500

Consolidation Of Tools And Support

Prior to deploying ScienceLogic SL1, NetDesign employed a variety of disparate tools across its IT operations function to replicate the functionality within ScienceLogic. Specifically, NetDesign had five-plus tools from multiple vendors that required license fees, as well as ad hoc support, training, and consulting. By deploying ScienceLogic, NetDesign reduced its total IT monitoring and remediation spend by 25% by eliminating these contacts and duplicate functionality.

For the model, Forrester assumes that:

- NetDesign was spending an estimated $865,000 in tools and support replicating functionality provided by ScienceLogic.
- NetDesign does not immediately realize the full consolidation savings from the previously deployed tools as the contract length and specifics varied for each tool.
- By Year 3 of the analysis, NetDesign realizes the full consolidation savings as its previous contracts are expired and not renewed.

The consolidation of tools and support benefit will vary among organizations based on:

- The number and contract specifics of an organization's previously deployed IT operations management tools.
- The scope of support and training required by an organization to assist with previously deployed tools.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $902,239.

25% cost reduction for IT management and monitoring tools

Consolidation Of Tools And Support: Calculation Table					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	License and support fees saved		$80,000	$410,000	$865,000
Bt	Consolidation of tools and support		$80,000	$410,000	$865,000
	Risk adjustment	↓15%			
Btr	Consolidation of tools and support (risk-adjusted)		$68,000	$348,500	$735,250

Resource Time Savings: Customer Onboarding Team

NetDesign cited customer onboarding as another area with significant personnel savings driven by ScienceLogic's automation capabilities. The interviewee noted that 60% of NetDesign's onboarding team has been reallocated to other tasks within NetDesign due to the efficiency increases.

- The table to the right highlights the customer onboarding tasks and the level of efficiency increase NetDesign realized through partial automation with ScienceLogic SL1.

For the financial model, Forrester assumes that:

- The customer onboarding team consists of 10 personnel resources.
- NetDesign reaches 60% personnel savings by Year 3 of the model. In Year 1, NetDesign realizes a 25% personnel savings.
- The fully burdened salary for a dedicated customer onboarding resource is $100,000.

This benefit will vary based on:

- An organization's total personnel hours spent on tasks suitable for automation by ScienceLogic SL1.
- The degree to which tasks are automated.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $1,036,721.

TASKS	SAVINGS
Agent retrieval of asset metadata	**>90%**
Generate definitive asset report post migration Gap analysis of expected estate to reality Populate CMDB with new devices Connect monitoring of new devices to reporting Configure events Configure SLA reporting Configure availability reporting Enable event to incident integration Enable default customer reports Enable default customer dashboards	**76%-90%**
Manual audit — estate verification Enable monitoring Apply monitoring threshold templates	**51%-75%**
Validate credentials and connectivity Transition: plan physical to virtual migration Transform: plan move to new platform	**25%-50%**

Resource Time Savings: Customer Onboarding Team: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Initial size of customer onboarding team		10	10	10
C2	Time savings due to automation		25%	50%	60%
C3	Fully burdened salary		$100,000	$100,000	$100,000
Ct	Resource time savings: customer onboarding team	C1*C2*C3	$250,000	$500,000	$600,000
	Risk adjustment	↓5%			
Ctr	Resource time savings: customer onboarding team (risk-adjusted)		$237,500	$475,000	$570,000

Avoided Service Penalties From Reduced Downtime

Penalty fees paid to NetDesign's customers for violation of uptime SLAs represent a formidable potential source of cost. Before implementing ScienceLogic SL1, NetDesign often found itself in breach of customer SLAs, paying out penalty fees as a result. This was especially true with NetDesign's top clients, which represent over 50% of the MSP's business. After implementing ScienceLogic, many incidents that would put NetDesign in breach of SLA were either avoided or greatly reduced in duration, saving NetDesign on penalty fees while delivering higher availability and better service to its customers.

- The interviewee noted: "The financial impact of our downtime was very big. We've been able to reduce our overall SLA and downtime to save a considerable amount."
- NetDesign provided a conservative estimated yearly savings of nearly $100,000 in penalty fees for top customers alone.
- An estimated 10% increase in availability has contributed toward these reduced penalties.

For the financial model, Forrester assumes that:

- Before implementing ScienceLogic, 400 significant incidents each year risked putting NetDesign into breach of customer uptime SLAs.
- The average cost per incident in potential penalty is $600.
- After implementing ScienceLogic SL1, NetDesign avoids or reduces the severity of incidents that risk putting NetDesign in breach of SLAs. NetDesign realizes a 25% reduction in penalty cost associated with these incidents in Year 1, increasing to 60% by Year 3.

This benefit will vary based on:

- The uptime SLAs in place with an organization's customers.
- The severity of each incident as it affects performance against customer SLAs.
- The penalty fees associated with an SLA breach.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $217,866.

An estimated **10%** improvement in availability attributable to ScienceLogic

Avoided Service Penalties From Reduced Downtime: Calculation Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Average yearly incidents that breach SLA (before ScienceLogic)		400	400	400
D2	Cost per incident		$600	$600	$600
D3	Reduction in SLA-breaching incidents		25%	40%	60%
Dt	Avoided service penalties from reduced downtime	D1*D2*D3	$60,000	$96,000	$144,000
	Risk adjustment	↓10%			
Dtr	Avoided service penalties from reduced downtime (risk-adjusted)		$54,000	$86,400	$129,600

Unquantified Benefits

Support from the ScienceLogic team. The interviewee described the extremely positive experience working with the ScienceLogic team. ScienceLogic assisted NetDesign with business case development and deployment and continues to support with development consulting and certification for users in the form of workshops.

- The interviewee noted, "We were aligned from day one," and added: "It's not like ScienceLogic ever disappears. They have great support. It's truly a partnership."
- Also noted was the potential to offset additional consultancy support costs that would be required with other vendors. "This is one of the big benefits of working together with ScienceLogic. It's just not the classic big vendor approach where you get a bill every single time."

> "We were aligned from day one. It's not like ScienceLogic ever disappears. They have great support. It's truly a partnership."
>
> *Director for technology and business management, IT services*

Better service delivery through increased visibility and contextualization of customer data. The value of improved visibility on NetDesign's service delivery capabilities enabled by ScienceLogic was a consistent theme throughout discussions with the MSP. Better visibility and a greater understanding of customer infrastructure and data mean that NetDesign can better understand its customers' business, allowing for improved service by prioritizing IT resources critical to its clients' businesses.

- Rather than simply tell customers which devices are down or restored as was the legacy approach, ScienceLogic gives NetDesign the visibility to map each of its client's IT services, applications, and connections directly to its customers' business. The interviewee noted that on two occasions so far, NetDesign has been able to use this visibility to proactively identify quality issues within key infrastructure before they became a larger problem. The interviewee noted: "We would never have been able to do this in the past. Improved visibility into our customer data is a massive benefit because we understand their business better and improve our service to their business based off of it. We can also show our customers that the data that they need to see or would like to see."
- The interviewee noted that NetDesign has been showing these advanced business services as standard offerings to customers moving forward and feel its visibility enabled by ScienceLogic SL1 is a major point of differentiation in their market. The director added: "It's a difference maker, and by far, the best part of this is it gets us closer to our customers. We can now better demonstrate what we're good at."

> "We would never have been able to do this in the past. With our improved visibility, we can now take an active dialog to our customer and deliver a better service."
>
> *Director for technology and business management, IT services*

> "Our aim is to grow managed services revenue by 20% in 2020. ScienceLogic is a critical driver in getting there."
>
> *Director for technology and business management, IT services*

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 SL1 and later realize additional uses and business opportunities, including:

- **Revenue increase attributable to increased service delivery.** NetDesign noted that capabilities from ScienceLogic contributed toward additional customer retention from improved service delivery as well some revenue growth from new and expanded monitoring services. NetDesign was also optimistic about its ability to drive additional revenue in the future resulting from its increased service delivery performance enabled by its ScienceLogic investment. The interviewee told Forrester: “Our aim is to grow managed services revenue by 20% in 2020. ScienceLogic is a critical driver in getting there.”

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

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	License fees to ScienceLogic	$0	$735,000	$735,000	$735,000	$2,205,000	$1,827,836
Ftr	Ongoing operational and development costs	$0	$315,000	$210,000	$210,000	$735,000	$617,693
Gtr	Implementation costs	$157,500	$0	$0	$0	$157,500	$157,500
Htr	Training costs	$26,400	$6,600	$6,600	$6,600	$46,200	$42,813
	Total costs (risk-adjusted)	$183,900	$1,056,600	$951,600	$951,600	$3,143,700	$2,645,842

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, NetDesign expects risk-adjusted total costs to be a PV of more than $2.6 million.

License Fees To ScienceLogic

NetDesign paid a license fee to ScienceLogic for its SL1 deployment. This license fee is determined by the scope of IT infrastructure under management and is inclusive of support from the ScienceLogic team.

For the financial model, Forrester assumes that:

- NetDesign pays an average of $700,000 per year to ScienceLogic for use of the SL1 platform. This cost was provided by NetDesign and reviewed by ScienceLogic. Forrester makes no additional assumptions on pricing for this model.

This cost will vary based on:

- The number scope of IT infrastructure under management by ScienceLogic SL1.
- The specific functionality and customizations of an organization's ScienceLogic SL1 deployment.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $1,827,836.

ScienceLogic licensing is based on the IT infrastructure under management.

License Fees To ScienceLogic: Calculation Table

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Licensing for implementation and usage of SL1	$700K/year		$700,000	$700,000	$700,000
Et	License fees to ScienceLogic	E1		$700,000	$700,000	$700,000
	Risk adjustment	↑5%				
Etr	License fees to ScienceLogic (risk-adjusted)		$0	$735,000	$735,000	$735,000

Ongoing Operational And Development Costs

The interviewee detailed the personnel costs associated with maintaining and continuing to develop functionality and automations on ScienceLogic:

- The interviewee estimated that one resource was dedicated full-time to keep the ScienceLogic platform up and running. For the first year after deployment, NetDesign required two personnel resources.

- Additional personnel resources were required throughout the year to continue to upgrade and expand the functionality on ScienceLogic. The interviewee highlighted the team's ability to customize and expand functionality with limited support and personnel involvement due to ScienceLogic's intuitiveness. The interviewee added: "Of my team of six, two of them are developers, so we can start the coding and customizing ourselves without always involving ScienceLogic. It's been a very good business case for us."

For the financial model, Forrester assumes that:

- Three resources are required to maintain and develop on ScienceLogic in Year 1. By Year 2 and Year 3, this requirement is reduced to two resources.
- A fully burdened salary for IT personnel working on management and development on ScienceLogic is $100,000.

This cost will vary based on:

- The size and scope of an organization's ScienceLogic deployment.
- The skill and capacity of IT personnel assigned to manage and develop on ScienceLogic.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $617,693.

One IT personnel resource required for ongoing management of ScienceLogic

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.

Ongoing Operational And Development Costs: Calculation Table

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Full-time IT resources required to maintain platform			3	2	2
F2	Fully burdened IT salary			$100,000	$100,000	$100,000
Ft	Ongoing operational and development costs	F1*F2		$300,000	$200,000	$200,000
	Risk adjustment	↑5%				
Ftr	Ongoing operational and development costs (risk-adjusted)			$315,000	$210,000	$210,000

Implementation Costs

NetDesign required personnel hours to deploy the SL1 platform across its clients' IT infrastructure under management. Tasks associated with the initial implementation of ScienceLogic SL1 for NetDesign include:

- Business case development, proof of concept, installation, and testing, conducted jointly by ScienceLogic and NetDesign.
- Professional installation completed by the ScienceLogic team under the supervision of NetDesign.

For the financial model, Forrester assumes that:

- Six IT staff from NetDesign participate across the tasks noted above.
- The total time from business case development through deployment is three months.
- The fully burdened salary for an IT resource participating in implementation tasks is $100,000.

This cost will vary based on:

Three months
Total implementation and deployment time

- The size and scope of an organization's initial ScienceLogic deployment.
- The skill and capacity of IT personnel assigned to assist with deploying ScienceLogic.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $157,500.

Implementation Costs: Calculation Table

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
G1	IT personnel required for implementation		6			
G2	Time required to implement (in years)	3 months	0.25			
G3	IT personnel fully burdened salary		$100,000			
Gt	Implementation costs	G1*G2*G3	$150,000			
	Risk adjustment	↑5%				
Gtr	Implementation costs (risk-adjusted)		$157,500			

Training Costs

While the interviewee noted that training for IT operations personnel on ScienceLogic SL1 was minimal, users required some training to get the most out of ScienceLogic SL1.

- Twelve key users, designated as "super-users" by NetDesign, were formally certified on ScienceLogic, undergoing one full week of training for their certification.
- An estimated 80 additional users across NetDesign completed some minimal degree of training on ScienceLogic.

For the financial model, Forrester assumes that:

- Twelve users are designated for certification training and undergo a week's worth of training at initial deployment.
- For each successive year of the analysis, three additional users are certified to account for attrition and growth.
- All other users undergo a day or less of training; therefore, this is not included in the analysis.
- The average fully burdened salary for a user undergoing ScienceLogic certification training is $100,000.

This cost will vary based on:

- The number of users designated for ScienceLogic certification training.
- Additional training requirements for noncertified personnel.

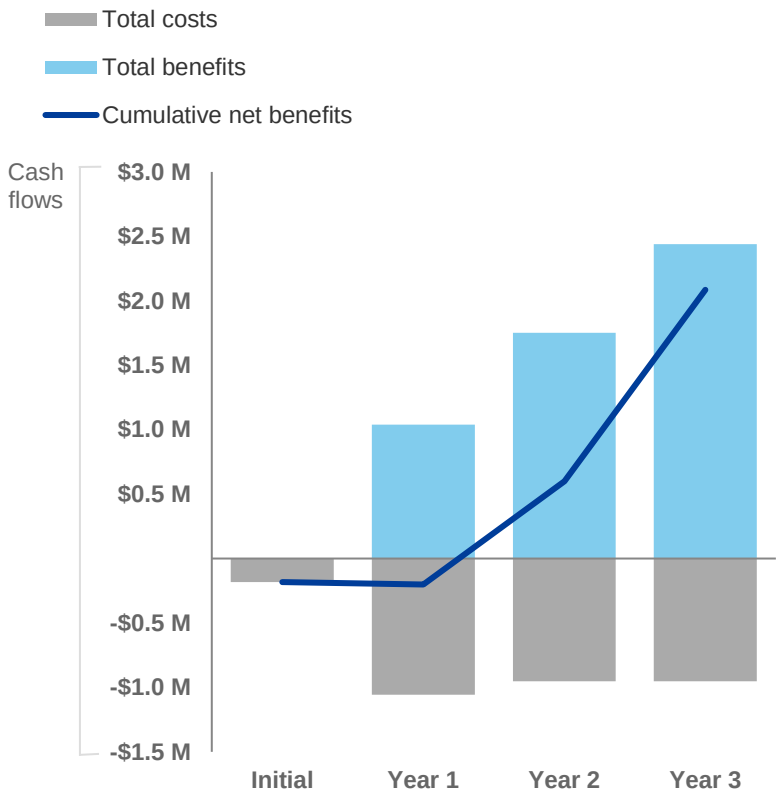
To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $42,813.

Training Costs: Calculation Table						
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
H1	Number of “super-users”		12	3	3	3
H2	Total time in training	1 week/50 weeks	0.02	0.02	0.02	0.02
H3	User fully burdened salary		$100,000	$100,000	$100,000	$100,000
Ht	Training costs	H1*H2*H3	$24,000	$6,000	$6,000	$6,000
	Risk adjustment	↑10%				
Htr	Training costs (risk-adjusted)		$26,400	$6,600	$6,600	$6,600

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 NetDesign'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	($183,900)	($1,056,600)	($951,600)	($951,600)	($3,143,700)	($2,645,842)
Total benefits	$0	$1,039,000	$1,751,400	$2,438,350	$5,228,750	$4,223,952
Net benefits	($183,900)	($17,600)	$799,800	$1,486,750	$2,085,050	$1,578,110
ROI						60%
Payback period (months)						16.0

FORRESTER®

ScienceLogic SL1: Overview

The following information is provided by ScienceLogic. Forrester has not validated any claims and does not endorse ScienceLogic or its offerings.

Flexible Options For Your IT Management And Transformation Needs

The blistering rate of change in technology and customer needs is driving your business to modernize its IT tools and processes. Traditional IT approaches are keeping businesses from scaling and from delivering solutions fast enough to stay ahead of your customers' expectations. The path to modernization looks treacherous in the form of unknown costs, resource requirements, tool incompatibility, risk of downtime, and poor customer experience through it all.

ScienceLogic SL1 gives you the right solution at each step of your modernization journey. Your destination is a state of AIOps where you can:

- Connect modern and legacy tools.
- Drive digital transformation with a seamless and automated flow of data.
- Automate to gain operational efficiencies.
- Leverage machine learning (ML) for predictive operations at scale.
- Deliver robust innovations at machine speed.

With SL1 Standard, manage infrastructure health from more of a business context — as part of a set of integrated IT services that span multiple technologies. Correlate events across technology domains. Continually populate and synchronize your CMDB with data from your real-time monitored environment, so you can fully automate your incident management process. As a result, you can prioritize and resolve problems faster. Remember — you can't automate the incident process for assets that don't exist in your CMDB. With SL1 Standard, you get:

Continuous Infrastructure Discovery

Stay in control of your evolving legacy and modern infrastructure with ScienceLogic's intelligent auto-discovery. Monitoring policies automatically discover, collect, integrate, and exchange element configuration, asset, and performance data across your IT ecosystem. These policies can specify data collection using any blend of API, event, poll, stream, log, OS forensic, or custom techniques appropriate to your environment and needs.

Real-Time Data Lake

Fuse data from heterogenous legacy and modern IT tools into a clean, real-time operational data lake that lays the foundation for analytics-driven automation. Data includes infrastructure-only fault/availability, performance, event, CI/asset, log, utilization, and config settings.

Infrastructure Monitoring — Agentless

Unify monitoring under a single platform to gain visibility across your entire IT ecosystem. Monitor any technology, any vendor, anywhere it runs — including cloud, network, storage, compute, converged, and environmentals.

Topology Model — Single Infrastructure Technology

Auto-derive relationships and build dynamic topology models among similar infrastructure technologies to accelerate root cause and impact analysis. Examples: VMware Virtual Machines or Hosts to VMware Datastores or Networks, or NetApp Aggregates to Volumes and associated LUNs.

Synthetic Monitoring

Maintain continuous sight of your application performance as you modernize and transform your apps via port checks, pings, etc.

Topology-Driven Event Correlation

Stop looking for a needle in a haystack when issues occur. Built-in topology-driven event correlation helps you avoid a flood of false events and focus efforts on resolving the root cause. Event suppression for known activities like maintenance windows further helps reduce event noise.

Incident Automation — Event Forwarding and Email

Find out about issues before your customers do. Escalate and alert on threshold-based events to ensure rapid problem resolution and uninterrupted service. Forward events to the service desk or send email notifications to the teams involved.

Dashboards And Reporting

See the information that matters in a configurable, real-time view with ScienceLogic's role-specific modern dashboards. Gain instant status of your SLAs, device performance, and platform usage via intuitive visualizations, including Sunburst and Compact Tile views.

Infrastructure Monitoring — Agent-Based

Expand your infrastructure performance visibility with SL1 Agents. Capture logs, system vitals, locally execute MSFT PowerShell commands to collect additional data. Alleviate configuration and security headaches that come with remote PowerShell monitoring. Additionally, SL1 Standard includes agentless monitoring of unified communication and infrastructure log files.

Topology Model — Cross-Technology Infrastructure

Enrich your infrastructure topology model and speed up cross-domain troubleshooting by establishing dependencies across multiple technologies. Examples: FlexPod, NetApp storage to UCS network components, Software-defined anything (SDx), and more.

Business Services — Infrastructure Impact

Proactively monitor service health, availability, and risk. Assess change impact on your IT services. Understand how your infrastructure impacts your IT services.

Dynamic Baselining

Automatically establish a range of normal behavior for your critical components. As more data is collected over time, SL1 auto-adjusts the range for smarter notifications and planning. Quickly see if IT components are deviating from the normal range, so you can take appropriate actions.

Predictive Analytics — Forecasting

Avoid business disruption and make informed investment decisions regarding performance and capacity of critical IT components using SL1 Forecasting Dashboards.

Packaged And Configurable Automation

Scale IT management and improve interoperability amongst your IT components via more than 15 packaged server and connectivity workflow automations. For example, create incidents, start/stop service, traceroutes, Linux/Windows diagnostics, etc. Modify these automations to fit your unique workflows.

Incident Automation

Improve uptime by streamlining and automating the process of creating, enriching, updating, and managing incidents, while also keeping the right stakeholders informed.

CMDB Synchronization

Keep your CMDB up to date by automatically discovering, populating, enriching, reconciling, and maintaining a real-time inventory of asset configurations and infrastructure relationship data in your CMDB (e.g., ServiceNow, Remedy, Cherwell).

Build-Your-Own Monitoring

Leverage SL1's open platform to build additional integrations (Monitoring PowerPacks) to meet your specific monitoring needs.

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: Forrester Analytics Business Technographics® Global Priorities And Journey Survey, 2019