

FORRESTER®

# The Total Economic Impact™ Of ScienceLogic SL1

Cost Savings And Business Benefits  
Enabled By SL1

SEPTEMBER 2023

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## ABOUT FORRESTER CONSULTING

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## Executive Summary

ScienceLogic SL1 is an AI for IT operations (AIOps), IT infrastructure monitoring, and automation solution that reduces efforts on IT incident management and resolution. SL1 helps enterprises speed up resolution and avoid manual tasks associated with troubleshooting, resolving issues, and creating and routing tickets for service management. SL1 increases productivity by optimizing ticket creation, routing, enrichment, and automated remediation.

ScienceLogic commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [ScienceLogic SL1](#).<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of ScienceLogic on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four IT leaders with experience using SL1 at their organizations.

These interviewees noted that prior to using SL1, their organizations lacked visibility across their customer bases, which limited their understanding of how many events/tickets were created each month, how long it took to resolve them, and most importantly, how they impacted customers and their service-level commitments. In addition, the organizations heavily relied on inconsistent, manual, and lengthy processes to troubleshoot and resolve customer-impacting incidents, which could require engineers to travel to customer premises to investigate.

After the investment in SL1, the organizations were able to reduce incident noise; optimize ticket creation, routing, and rerouting; automatically enrich tickets with troubleshooting data; and remediate incidents. Most notably, they were able to significantly scale their customer bases and exceed service-level expectations while dramatically reducing operational

### KEY STATISTICS



Return on investment (ROI)

**157%**



Net present value (NPV)

**\$3.57M**

expenses that would otherwise be required for such high growth of their managed services businesses.

### KEY FINDINGS

**Quantified benefits.** Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Avoided effort on ticket creation due to reduced incident noise, worth \$1.2 million over three years.** With SL1's extensive deduplication and correlation of events within a service context, the composite organization reduces its number of tickets by 21,000 in Year 1, by 26,500 in Year 2, and by 33,000 in Year 3. It also avoids 20,125 hours of support analyst time that they otherwise would've needed to spend creating pointless tickets during those three years.
- **Avoided effort on ticket routing and rerouting due to reduced incident noise, worth**

**\$473,700 over three years.** Through SL1's incident noise reduction, the composite organization saves 8,050 hours of support analyst time over three years that they would otherwise have needed to spend routing and rerouting 80,500 tickets.

- **Increased productivity in creating and assigning tickets, worth \$461,200 over three years.** The composite organization increases its productivity with SL1's optimization of ticket creation for its remaining 19,000, 15,000, and 12,000 tickets in Year 1, Year 2, and Year 3, respectively. In total, it saves 7,706 hours creating tickets with SL1 during the three-year period.
- **Increased productivity from optimized ticket routing and rerouting, worth \$264,600 over three years.** After SL1 eliminates the composite's incident noise, it increases productivity for the remaining tickets by saving support analysts the 6 minutes it would take them to route and reroute each ticket. This saves 4,140 hours over the three-year period.
- **Increased productivity from enriching tickets for auto-troubleshooting, worth \$1.0 million over three years.** The composite organization gains 16,100 hours of productivity from SL1's ability to automatically enrich tickets with troubleshooting information through runbook automation. As a result, its senior engineers have the bandwidth to focus on critical problems for customers rather than spend time triaging known issues.
- **Increased productivity from auto-remediation, worth \$2.4 million over three years.** SL1's capabilities of auto-remediation through runbook automation yields time savings of 31,698 hours over three years. This allows its senior engineers more time to resolve critical problems for customers.

**Unquantified benefits.** Benefits that provide value for the composite organization but are not quantified in this study include:

- **Avoided effort by consolidating tools.** With SL1, the composite organization reduces its monitoring and management tools and platforms by 60%. Switching to SL1 allows it to reduce its number of required tool admins from five to two.
- **Ability to hire and retain top engineering talent.** One interviewee said a big benefit of the time savings is that they are able to focus on hiring and retaining engineers who can solve customers' more difficult problems. They said: "We can talk about the amount of time saved. We can talk about productivity gains. But what we can't capture with quantitative data is how our engineers go about their workdays, how we're able to hire more tier III, tier IV, tier V [engineers]. [These are] higher-quality engineers who are focused on much more difficult problems. So, to me, as a leader that's a big benefit."
- **Avoided effort by reducing both the number of major incidents and the time/cost of war rooms.** SL1 reduces the number of major incidents at the composite organization, thereby reducing the effort and time employees spend in costly war rooms. War-room efforts often require more than 20 people participating in multi-hour calls that could extend for multiple days. This was previously a large operational drag for the composite organization. These war room issue resolution sessions previously occurred twice per quarter and now they only occur once per year.
- **Ability to provide better customer experiences by preventing real problems.** SL1 makes the composite organization's services much more robust, especially in dealing with customers. Rather than talking to its managed services customers about network noise, the organization can offer a proactive service, collect and triage extensive data, and automate the

relevant analytics to predict and prevent outages before they impact a customer's business. The composite organization can focus on hiring smarter engineers to work on more difficult problems, which adds additional value to its service.

**Costs.** Three-year, risk-adjusted PV costs for the composite organization include:

- **ScienceLogic SL1 software license.** The composite organization pays software license fees of \$1.4 million for ScienceLogic SL1 over three years.
- **ScienceLogic professional services, support, and maintenance costs.** The composite organization pays ScienceLogic \$672,000 for professional services, support, and maintenance expenses for SL1 implementation over three years, and this includes the cost of full-time remote administrative services.
- **Internal labor costs to plan and deploy SL1.** The composite organization incurs initial internal labor costs of \$80,000 to plan and deploy SL1.
- **Hardware for SL1.** Because its implementation is on-premises, the composite pays \$150,000 for the hardware it needs to install for SL1.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$5.84 million over three years versus costs of \$2.27 million, adding up to a net present value (NPV) of \$3.57 million, a payback period of less than six months, and an ROI of 157%.



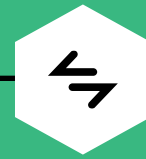
ROI  
**157%**



BENEFITS PV  
**\$5.84M**



NPV  
**\$3.57M**

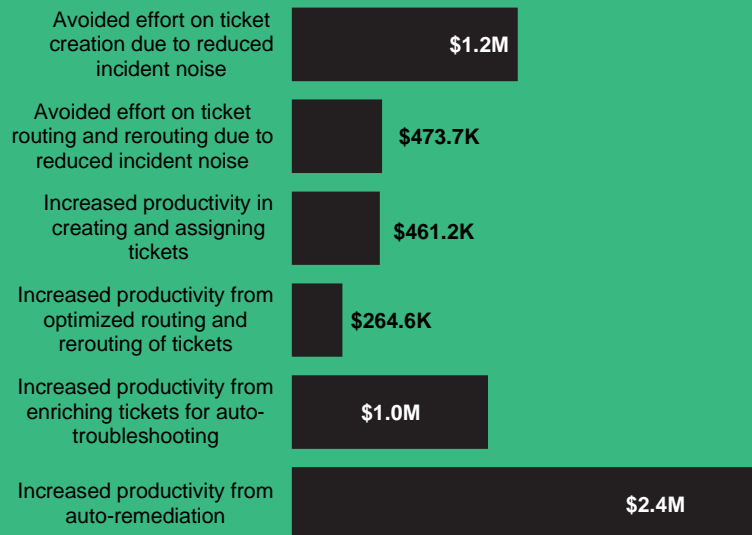


PAYBACK  
**<6 months**

These benefits are derived from SL1's significant elimination of incident noise, items that the solution helps avoid completely.

These benefits are generated from SL1's ability to increase productivity by optimizing ticket creation, routing and rerouting, enrichment and remediation on an ongoing basis.

### Benefits (Three-Year)



**“We saw a better than 80% reduction in incident-related noise. We went from 2,000-plus [incidents] for one large client of ours in one week to about 275, and we saw that consistently [with] several of our large clients.”**

— VP of advanced solutions group, IT services

## TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in 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 SL1 can have on an organization.

### 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 study to determine the appropriateness of an investment in 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 names for the interviews but did not participate in the interviews.



### DUE DILIGENCE

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



### INTERVIEWS

Interviewed four representatives at organizations using SL1 to obtain data with respect to costs, benefits, and risks.



### COMPOSITE ORGANIZATION

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



### CASE STUDY

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

# The ScienceLogic SL1 Customer Journey

## ■ Drivers leading to the SL1 investment

Interviews			
Role	Industry	Headquarters	Number of employees
Head of global project delivery and monitoring	IT services	France	400,000
Chief information officer	IT services	Denmark	100
Associate director - insights and analytics	IT services	New Zealand/Australia	6,500
Vice president of advanced solutions group	IT services	United States	525

### KEY CHALLENGES

The interviewees noted how their organizations struggled with common challenges, including:

- **Visibility gaps and siloed monitoring tools.** The interviewees' organizations had too many siloed monitoring tools and limited IT estate coverage, and they only monitored some of their new technology deployments. They had no real-time business service visibility.
- **High levels of incident noise.** Interviewees' organizations experienced significant incident noise.
- **Inability to move beyond a reactive posture toward proactive business enablement.** Interviewees said their organizations were slow to respond to users (who often are first to communicate issues) and address the needs of the business.
- **Inaccurate data and blind spots.** The interviewees' organizations struggled to manage their IT services infrastructures because they did not have a clear picture of what was happening, when incidents were happening, where they were happening, and what customers or services they impacted.
- **Expensive, disparate tools that were inflexible and lacked customization features.** The interviewees' organizations were using multiple tools to cover their IT monitoring networks. 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 and costs as customer portfolios increased.** The lack of automation capabilities and visualization across their organizations' network infrastructures meant that IT services operations and customer onboarding teams couldn't keep up with the rapidly increasing amount of manual work as customer portfolios expanded.
- **Heavy reliance on human engineers.** Interviewees said their organizations relied heavily on human engineers to respond to events and incidents. They had zero correlation rules, event automation, ticket enrichments, and zero auto-remediation.
- **Disorganization.** The interviewees' organizations previously had siloed and limited visibility and understanding of customer environments. They lacked knowledge of events and tickets per month as well as the time to



resolve issues and the potential impact on service-level agreements (SLAs).

- **Additional costs incurred due to unexpected downtime.** The inability to quickly resolve issues and avoid downtime on customer infrastructure put the organizations in violation of SLAs, which wasted person-hours and incurred service penalties.

### **SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES**

The interviewees' organizations searched for a solution that:

- Provides a single monitoring platform for hybrid cloud and next-generation technologies with point-solution integration capabilities.
- Includes business-service monitoring with cross-domain topology relationships that provide real-time service visibility, reduce noise, and accelerate root-cause analysis.
- Includes an automation capability to support event correlation, enrichment, and auto-healing.

### **COMPOSITE ORGANIZATION**

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section.

The composite organization is a managed services provider that operates globally, generates approximately \$5 billion in annual revenue, and it has 90,000 employees.

### **Key Assumptions**

- **Global managed IT services organization**
- **\$5 billion in annual revenue**
- **90,000 employees**

# Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Avoided effort on ticket creation due to reduced incident noise	\$378,000	\$477,000	\$594,000	\$1,449,000	\$1,184,132
Btr	Avoided effort on ticket routing and rerouting due to reduced incident noise	\$151,200	\$190,800	\$237,600	\$579,600	\$473,653
Ctr	Increased productivity in creating and assigning tickets	\$200,070	\$170,100	\$184,680	\$554,850	\$461,213
Dtr	Increased productivity from optimized routing and rerouting of tickets	\$129,960	\$102,600	\$82,080	\$314,640	\$264,607
Etr	Increased productivity from enriching tickets for auto-troubleshooting	\$505,400	\$399,000	\$319,200	\$1,223,600	\$1,029,026
Ftr	Increased productivity from auto-remediation	\$582,113	\$992,750	\$1,436,400	\$3,011,263	\$2,428,836
	Total benefits (risk-adjusted)	\$1,946,743	\$2,332,250	\$2,853,960	\$7,132,953	\$5,841,467

## AVOIDED EFFORT ON TICKET CREATION DUE TO REDUCED INCIDENT NOISE

**Evidence and data.** Interviewees said SL1 significantly reduced incident noise, which gave their organizations an opportunity to reduce the time support analysts needed to spend creating tickets.

**Modeling and assumptions.** To calculate the value of this benefit for the composite organization, Forrester assumes the following:

- The composite organization's customers have 40,000 ticketable events in Year 1, 41,500 in Year 2, and 45,000 in Year 3.
- SL1 drives the reduction of 21,000, 26,500, and 33,000 tickets in Year 1, Year 2, and Year 3, respectively.
- SL1 drives a total reduction of 80,500 tickets over three years due to reduced incident noise.
- The composite organization saves 20,100 hours that support analysts would have spent creating pointless tickets.
- Support analysts save an average of 15 minutes per ticket.

Time support analysts avoid creating tickets with SL1 noise reduction:

# 20,100 hours

- The average fully burdened hourly salary of a support analyst is \$80.

**Risks.** The value of this benefit can vary across organizations due to:

- The complexity of the organization’s IT environment.
- The proliferation of event and incident noise, which can vary depending on the organization’s systems, technologies, tools, and processes.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a

three-year, risk-adjusted total PV (discounted at 10%) of \$1.2 million.

**15 minutes**

Average time spent creating tickets can be avoided with SL1

**Avoided Effort On Ticket Creation Due To Reduced Incident Noise**

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Annual number of tickets before SL1 processing of incident noise	Composite	40,000	41,500	45,000
A2	Annual number of tickets after SL1 processing of incident noise	Composite	19,000	15,000	12,000
A3	Subtotal: Reduced incident noise due to SL1	A1-A2	21,000	26,500	33,000
A4	Average time support analyst avoided from process of creating each ticket (minutes)	Composite	15	15	15
A5	Subtotal: Annual incident creation time avoided by reducing incident noise (hours)	(A3*A4)/60	5,250	6,625	8,250
A6	Average fully burdened hourly salary of support analyst	TEI Standard	\$80	\$80	\$80
At	Avoided effort on ticket creation due to reduced incident noise	A6*A7	\$420,000	\$530,000	\$660,000
	Risk adjustment	↓10%			
Atr	Avoided effort on ticket creation due to reduced incident noise (risk-adjusted)		\$378,000	\$477,000	\$594,000
<b>Three-year total: \$1,449,000</b>			<b>Three-year present value: \$1,184,132</b>		

**AVOIDED EFFORT ON TICKET ROUTING AND REROUTING DUE TO REDUCED INCIDENT NOISE**

**Evidence and data.** Interviewees said SL1 significantly reduced incident noise and that this gave their organizations an opportunity to reduce the time support analysts spend routing and rerouting tickets.

**Modeling and assumptions.** To calculate the value of this benefit for the composite organization, Forrester assumes the following:

- The composite organization’s customers have 40,000 ticketable events in Year 1, 41,500 in Year 2, and 45,000 in Year 3.

- SL1 drives the reduction of 21,000, 26,500, and 33,000 tickets in Year 1, Year 2, and Year 3, respectively.

- The average fully burdened hourly salary of a support analyst is \$80.

Avoided time support analysts spent routing and rerouting tickets with SL1 noise reduction:

**8,100 hours**

- The composite organization’s support analysts avoid spending 8,100 hours over three years on routing and rerouting tickets.
- SL1 drives a total reduction of 80,500 tickets over three years due to reduced incident noise.
- All tickets are automatically routed and rerouted.
- Support analysts save an average of 6 minutes during the ticket routing and rerouting process.

**6 minutes**

Average time spent routing and rerouting tickets - can be avoided with SL1

**Risks.** The value of this benefit can vary across organizations due to:

- The complexity of the organization’s IT environment.
- The proliferation of event and incident noise, which can vary depending on the organization’s systems, technologies, and processes.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$473,700.

**Avoided Effort On Ticket Routing And Rerouting Due To Reduced Incident Noise**

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Annual number of tickets before SL1 processing of incident noise	Composite	40,000	41,500	45,000
B2	Annual number of tickets after SL1 processing of incident noise	Composite	19,000	15,000	12,000
B3	Subtotal: Reduced incident noise due to SL1	B1-B2	21,000	26,500	33,000
B4	Average time support analyst avoided from process of routing and rerouting each ticket (minutes)	Composite	6	6	6
B5	Annual incident routing and rerouting time avoided by reducing incident noise (hours)	(B3*B4)/60	2,100	2,650	3,300
B6	Average fully burdened hourly salary of support analyst	TEI Standard	\$80	\$80	\$80
Bt	Avoided effort on ticket routing and rerouting due to reduced incident noise	B6*B7	\$168,000	\$212,000	\$264,000
	Risk adjustment	↓10%			
Btr	Avoided effort on ticket routing and rerouting due to reduced incident noise (risk-adjusted)		\$151,200	\$190,800	\$237,600
<b>Three-year total: \$579,600</b>			<b>Three-year present value: \$473,653</b>		

### INCREASED PRODUCTIVITY IN CREATING AND ASSIGNING TICKETS

**Evidence and data.** Interviewees’ organizations increased productivity due to SL1’s automation capability. It automatically creates and assigns the significant number of remaining tickets that support analysts must continue to process on an ongoing basis. This excludes the incident noise avoided with SL1.

**Modeling and assumptions.** To calculate the value of this benefit for the composite organization, Forrester assumes the following:

- The composite organization saves 7,706 hours over three years creating tickets with SL1.
- The composite increases its productivity with SL1’s ticket creation optimization for the remaining 19,000, 15,000, and 12,000 annual tickets in Year 1, Year 2, and Year 3, respectively.
- SL1 drives increased productivity by reducing the time to create and assign tickets by 7,706 hours over three years.

- The percentage of time the composite saves in creating and assigning tickets with SL1 is 65% in Year 1, 70% in Year 2, and 95% in Year 3.
- The average fully burdened hourly salary of a support analyst is \$80.

**Risks.** The value of this benefit can vary across organizations due to:

- The organization’s ability to assign staff to other value-added tasks.
- The average fully burdened annual salaries and hourly rates of users who create and assign tickets.
- The ability of SL1 to automate the ticket.
- The organization’s variations in use cases.
- The volume of tickets the organization manages.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$461,200.

Productivity gain by optimizing ticket creation:

**7,700 hours**

- All tickets are automatically created and assigned with SL1.
- It previously took an average of 15 minutes for a support analyst to manually create and assign each ticket prior to using SL1.

Increased Productivity In Creating And Assigning Tickets					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Tickets remaining after noise reduction	Composite	19,000	15,000	12,000
C2	Percentage of tickets automated with SL1	Composite	90%	90%	90%
C3	Tickets automated	C1*C2	17,100	13,500	10,800
C4	Time to create and assign ticket before using SL1 (minutes)	A4	15	15	15
C5	Percentage of time saved in creating and assigning ticket with SL1	Composite	65%	70%	95%
C6	Reduction in time to create and assign ticket with SL1 (minutes)	C4*C5	10	11	14
C7	Total reduction in time to create and assign ticket with SL1 (hours)	C6/60	2,779	2,363	2,565
C8	Average fully burdened hourly salary of a support analyst	TEI standard	\$80	\$80	\$80
Ct	Increased productivity in creating and assigning tickets	C7*C8	\$222,300	\$189,000	\$205,200
	Risk adjustment	↓10%			
Ctr	Increased productivity in creating and assigning tickets (risk-adjusted)		\$200,070	\$170,100	\$184,680
Three-year total: \$554,850			Three-year present value: \$461,213		

### INCREASED PRODUCTIVITY FROM OPTIMIZED ROUTING AND REROUTING OF TICKETS

**Evidence and data.** The interviewees’ organizations experienced increased productivity benefits for the significant number of remaining tickets they needed to process on an ongoing basis. This excluded the incident noise avoided with SL1.

**Modeling and assumptions.** To calculate the value of this benefit for the composite organization, Forrester assumes the following:

- It previously took an average of 6 minutes for a support analyst at the composite organization to manually route and reroute each ticket.
- The composite organization saves 4,100 hours over three years with SL1.

- The average fully burdened hourly salary of a support analysts is \$80.

Productivity gain by optimizing ticket routing and rerouting:

**4,100 hours**

**Risks.** The value of this benefit can vary across organizations due to:

- The organization’s ability to assign staff to other value-added tasks.
- The nature and complexity of the incidents and the organization’s ability to route these correctly based on its use cases.
- The volume of tickets the organization manages.

- The average fully burdened annual salaries and hourly rates of users who route tickets.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$264,600.

Increased Productivity From Optimized Routing And Rerouting Of Tickets					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of tickets per year after avoided effort due to noise reduction	Composite	19,000	15,000	12,000
D2	Percentage of tickets automated per year (after SL1)	Composite	90%	90%	90%
D3	Number of tickets automated per year	Composite	17,100	13,500	10,800
D4	Average time saved routing and rerouting tickets before SL1 (minutes)	Composite	6	6	6
D5	Average annual time saved routing and rerouting tickets after SL1 (hours)	(D1*D2)/60	1,710	1,350	1,080
D6	Average fully burdened hourly salary of support analyst	TEI Standard	\$80	\$80	\$80
Dt	Increased productivity from optimized routing and rerouting of tickets	D3*D4	\$136,800	\$108,000	\$86,400
	Risk adjustment	↓5%			
Dtr	Increased productivity from optimized routing and rerouting of tickets (risk-adjusted)		\$129,960	\$102,600	\$82,080
<b>Three-year total: \$314,640</b>			<b>Three-year present value: \$264,607</b>		

**INCREASED PRODUCTIVITY FROM ENRICHING TICKETS FOR AUTO-TROUBLESHOOTING**

**Evidence and data.** Interviewees said their organizations enjoyed productivity gains because SL1 automatically enriches tickets with troubleshooting information. As a result, senior engineers gained the bandwidth to focus on critical problems for customers rather than needing to spend time triaging known issues.

**Modeling and assumptions.** To calculate the value of this benefit for the composite organization, Forrester assumes the following:

- The composite saves 80% of time needed to enrich tickets with troubleshooting information.
- The composite’s customers save 16,100 hours due to enrichment automation.
- The average fully burdened hourly salary of a support analysts is \$80.

Productivity gains by automatically enriching tickets with troubleshooting data:  
**16,100 hours**

**Risks.** The value of this benefit can vary across organizations due to:

- The organization’s ability to assign staff to other value-added tasks.

- The nature and complexity of the incidents and the organization’s ability to enrich these tickets with relevant troubleshooting data.
- The average fully burdened hourly rates of support analysts who troubleshoot tickets.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$1.0 million.

Increased Productivity From Enriching Tickets For Auto-Troubleshooting					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of tickets per year remaining after avoided effort due to noise reduction	Composite	19,000	15,000	12,000
E2	Percentage of tickets with auto-troubleshooting per year	Composite	75%	75%	75%
E3	Number of tickets with auto-troubleshooting	E1*E2	14,250	11,250	9,000
E4	Time to enrich ticket with troubleshooting information before SL1 (minutes)	Composite	35	35	35
E5	Percentage of time saved in enriching ticket with troubleshooting information after SL1	Composite	80%	80%	80%
E6	Subtotal: Reduction in time to enrich ticket with troubleshooting information	E4*E5	28	28	28
E7	Subtotal: Total reduction in time to enrich ticket with troubleshooting information after SL1 (hours)	(E3*E6)/60	6,650	5,250	4,200
E8	Average fully burdened hourly salary of support analyst	TEI Standard	\$80	\$80	\$80
Et	Increased productivity from enriching tickets for auto-troubleshooting	E7*E8	\$532,000	\$420,000	\$336,000
	Risk adjustment	↓5%			
Etr	Increased productivity from enriching tickets for auto-troubleshooting (risk-adjusted)		\$505,400	\$399,000	\$319,200
<b>Three-year total: \$1,223,600</b>			<b>Three-year present value: \$1,029,026</b>		

**INCREASED PRODUCTIVITY FROM AUTO-REMIEDIATION**

**Evidence and data.** SL1’s capabilities of auto-remediation through run book automation drove

extensive benefits to the composite organization by offering senior engineers the bandwidth to focus more time on resolving critical problems for customers.



**Modeling and assumptions.** To calculate the value of this benefit for the composite organization, Forrester assumes the following:

- The composite’s previous percentage of tickets with auto-remediation was 10%.

- The average fully burdened hourly salary of a senior engineer is \$100.

**Risks.** The value of this benefit can vary across organizations due to:

- The organization’s ability to assign staff to other value-added tasks.
- The nature and complexity of the organization’s incidents and its ability to remediate them correctly.
- The average fully burdened hourly rates of senior engineers who remediate tickets.
- The volume of tickets the organization manages and auto-remediates.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$2.4 million.

## Productivity gains by auto-remediating tickets

# 31,700 hours

- The percentage of time the composite saves in remediating tickets with SL1 is 86% in Year 1, 88% in Year 2, and 90% in Year 3.
- The time savings for ticket auto-remediation yields 31,700 hours over three years.

Increased Productivity From Auto-Remediation					
Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Number of tickets per year with auto-remediation with SL1 after avoided effort due to noise reduction	Composite	19,000	15,000	12,000
F2	Percentage of tickets with auto-remediation (after SL1)	Composite	30%	50%	70%
F3	Subtotal: Number of tickets with auto-remediation	F1*F2	5,700	7,500	8,400
F4	Time to remediate before SL1	Composite	75	95	120
F5	Percentage of time saved in remediating ticket after SL1	Composite	86%	88%	90%
F6	Subtotal: Reduction in time to remediate	F4*F5	65	84	108
F7	Subtotal: Total reduction in time to remediate after SL1 (hours)	(F3*F6)/60	6,128	10,450	15,120
F8	Average fully burdened hourly salary of senior engineer	TEI Standard	\$100	\$100	\$100
Ft	Increased productivity from auto-remediation	F7*F8	\$612,750	\$1,045,000	\$1,512,000
	Risk adjustment	↓5%			
Ftr	Increased productivity from auto-remediation (risk-adjusted)		\$582,113	\$992,750	\$1,436,400
<b>Three-year total: \$3,011,263</b>			<b>Three-year present value: \$2,428,836</b>		

## UNQUANTIFIED BENEFITS

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

- **Avoided effort by consolidating tools.** Interviewees' organizations were able to reduce their monitoring and management tools and platforms by implementing SL1, and this allowed them to reduce the number of tool admins they required. The vice president of the advanced solutions group at an IT services organization told Forrester: "The business case we put forward to the company was a 50% reduction in licensing cost from getting rid of some overlap in tools. We got close to a 50% reduction in tool licensing costs [which surpassed our goal by 10%], and then the downstream savings were almost as much."
- **Increased utilization of remaining tools.** Because the interviewees' organizations were able to reduce overlap in the tools they use, they were able to utilize more functionality in the tools they retained.
- **Better analytics.** SL1 enabled the interviewees' organizations to have a common operational data lake with consistent application of analytics across all data. This drove increased behavioral correlation of events within service context and accelerated root-cause analysis.
- **Better IT workflow automation.** The implementation of SL1 drove cost avoidance and faster root-cause analysis through multidirectional integrations with additional core vendors' solutions.

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer

might implement the SL1 and later realize additional uses and business opportunities, including:

- Being able to easily integrate new and emerging technologies into the platform.
- Being able to integrate and automate workflows with other IT management ecosystem tools.
- Having the freedom to switch out other tools in the future if required.
- Having the flexibility to apply analytics consistently across all data, including future data integrated into the platform.
- Being able to easily change to support evolving business requirements.

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

# Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Gtr	ScienceLogic SL1 software license	\$0	\$550,000	\$550,000	\$550,000	\$1,650,000	\$1,367,769
Htr	ScienceLogic professional services, support, and maintenance costs	\$50,000	\$250,000	\$250,000	\$250,000	\$800,000	\$671,713
Itr	Internal labor costs to plan and deploy SL1	\$80,000	\$0	\$0	\$0	\$80,000	\$80,000
Jtr	Hardware for SL1	\$150,000	\$0	\$0	\$0	\$150,000	\$150,000
	Total costs (risk-adjusted)	\$280,000	\$800,000	\$800,000	\$800,000	\$2,680,000	\$2,269,482

## SCIENCELOGIC SL1 SOFTWARE LICENSE

**Evidence and data.** ScienceLogic charged an annual SL1 software license fee of \$550,000 annually for Years 1 through 3.

**Modeling and assumptions.** This cost was valued using data provided by interviewed customers and ScienceLogic.

**Risks.** The value of this cost can vary across organizations due to:

- Whether or not the organization uses preferred pricing if the customer is a desirable tier 1 client.
- Changes in pricing as the organization grows and requires additional functionality.

**Results.** To account for these risks, Forrester adjusted this cost upward by 0%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.4 million.

ScienceLogic SL1 Software License						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	ScienceLogic SL1 software license	Interviews		\$550,000	\$550,000	\$550,000
Gt	ScienceLogic SL1 software license	G1		\$550,000	\$550,000	\$550,000
	Risk adjustment	0%				
Gtr	ScienceLogic SL1 software license (risk-adjusted)		\$0	\$550,000	\$550,000	\$550,000
Three-year total: \$1,650,000			Three-year present value: \$1,367,769			

### SCIENCELOGIC PROFESSIONAL SERVICES, SUPPORT, AND MAINTENANCE COSTS

**Evidence and data.** Interviewees’ organizations paid fees to ScienceLogic for various professional services, support, and maintenance expenses.

**Modeling and assumptions.** This cost was valued using data provided by interviewed customers and ScienceLogic.

**Risks.** The value of this cost can vary across organizations due to:

- The organization’s scope of services, such as whether it requires remote access and admin services and how much it needs.
- The organization’s required professional support services for ongoing implementation and change management.

**Results.** To account for these risks, Forrester adjusted this cost upward by 0%, yielding a three-year, risk-adjusted total PV of \$672,000.

ScienceLogic Professional Services, Support, And Maintenance Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	ScienceLogic professional services	Interviews		\$150,000	\$150,000	\$150,000
H2	ScienceLogic ongoing support and maintenance costs (including Remote Access and Admin)	Interviews	\$50,000	\$100,000	\$100,000	\$100,000
Ht	ScienceLogic professional services, support, and maintenance costs		\$50,000	\$250,000	\$250,000	\$250,000
	Risk adjustment	0%				
Htr	ScienceLogic professional services, support, and maintenance costs (risk-adjusted)		\$50,000	\$250,000	\$250,000	\$250,000
<b>Three-year total: \$800,000</b>			<b>Three-year present value: \$671,713</b>			

### INTERNAL LABOR COSTS TO PLAN AND DEPLOY SL1

**Evidence and data.** The composite organization incurred initial internal labor costs to plan and deploy SL1 amounting to \$80,000.

**Modeling and assumptions.** This cost was valued using data provided by interviewed customers and ScienceLogic.

**Risks.** The third section details all the potential risks that can impact the cost. These can be both

qualitative and quantitative. State the risks in bullet form. Refer to Best Practices.

- The average fully burdened annual salaries and hourly rates of the FTEs who plan and deploy SL1 at the organization.
- The dedication of the available FTEs on the planning and deployment of the tool.

**Results.** To account for these risks, Forrester adjusted this cost upward by 0%, yielding a three-year, risk-adjusted total PV of \$80,000.

Internal Labor Costs To Plan And Deploy SL1						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
I1	Internal labor costs to plan and deploy SL1	Interviews	\$80,000			
It	Internal labor costs to plan and deploy SL1	I1	\$80,000	\$0	\$0	\$0
	Risk adjustment	0%				
Itr	Internal labor costs to plan and deploy SL1 (risk-adjusted)		\$80,000	\$0	\$0	\$0
<b>Three-year total: \$80,000</b>			<b>Three-year present value: \$80,000</b>			

**HARDWARE FOR SL1**

**Evidence and data.** Forrester assumes the composite organization pays an up-front cost of \$150,000 for the hardware on which SL1 is installed.

**Modeling and assumptions.** This cost was valued using data provided by interviewed customers and ScienceLogic.

**Risks.** The value of this cost can vary across organizations due to:

- The organization’s existing hardware infrastructure.
- Whether the organization operates with an on-premises, cloud, or hybrid model.

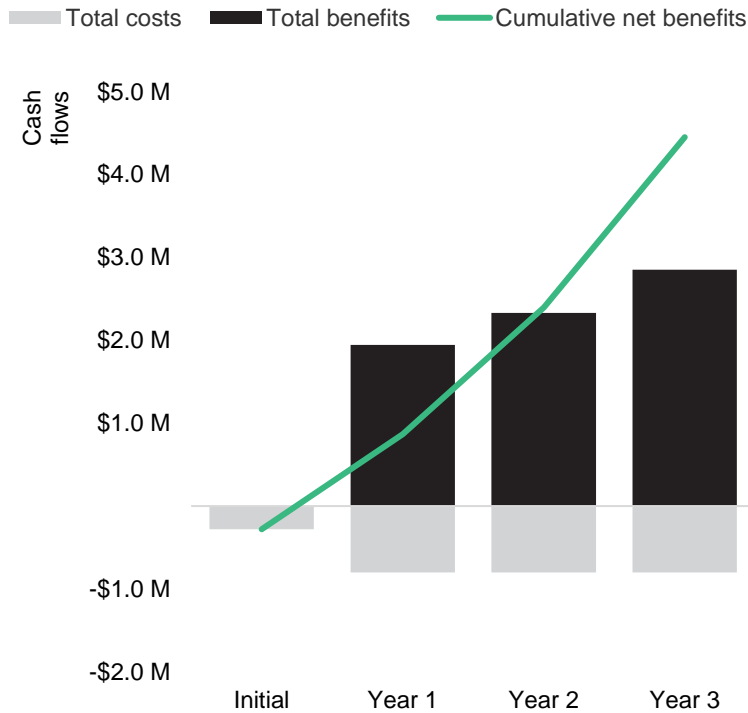
**Results.** To account for these risks, Forrester adjusted this cost upward by 0%, yielding a three-year, risk-adjusted total PV of \$150,000.

Hardware For SL1						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
J1	Hardware for SL1	Composite	\$150,000			
Jt	Hardware for SL1	J1	\$150,000	\$0	\$0	\$0
	Risk adjustment	0%				
Jtr	Hardware for SL1 (risk-adjusted)		\$150,000	\$0	\$0	\$0
<b>Three-year total: \$150,000</b>			<b>Three-year present value: \$150,000</b>			

# 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	(\$280,000)	(\$800,000)	(\$800,000)	(\$800,000)	(\$2,680,000)	(\$2,269,482)
Total benefits	\$0	\$1,946,743	\$2,332,250	\$2,853,960	\$7,132,953	\$5,841,467
Net benefits	(\$280,000)	\$1,146,743	\$1,532,250	\$2,053,960	\$4,452,953	\$3,571,985
ROI						157%
Payback period (months)						<6

## 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

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<sup>1</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.



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