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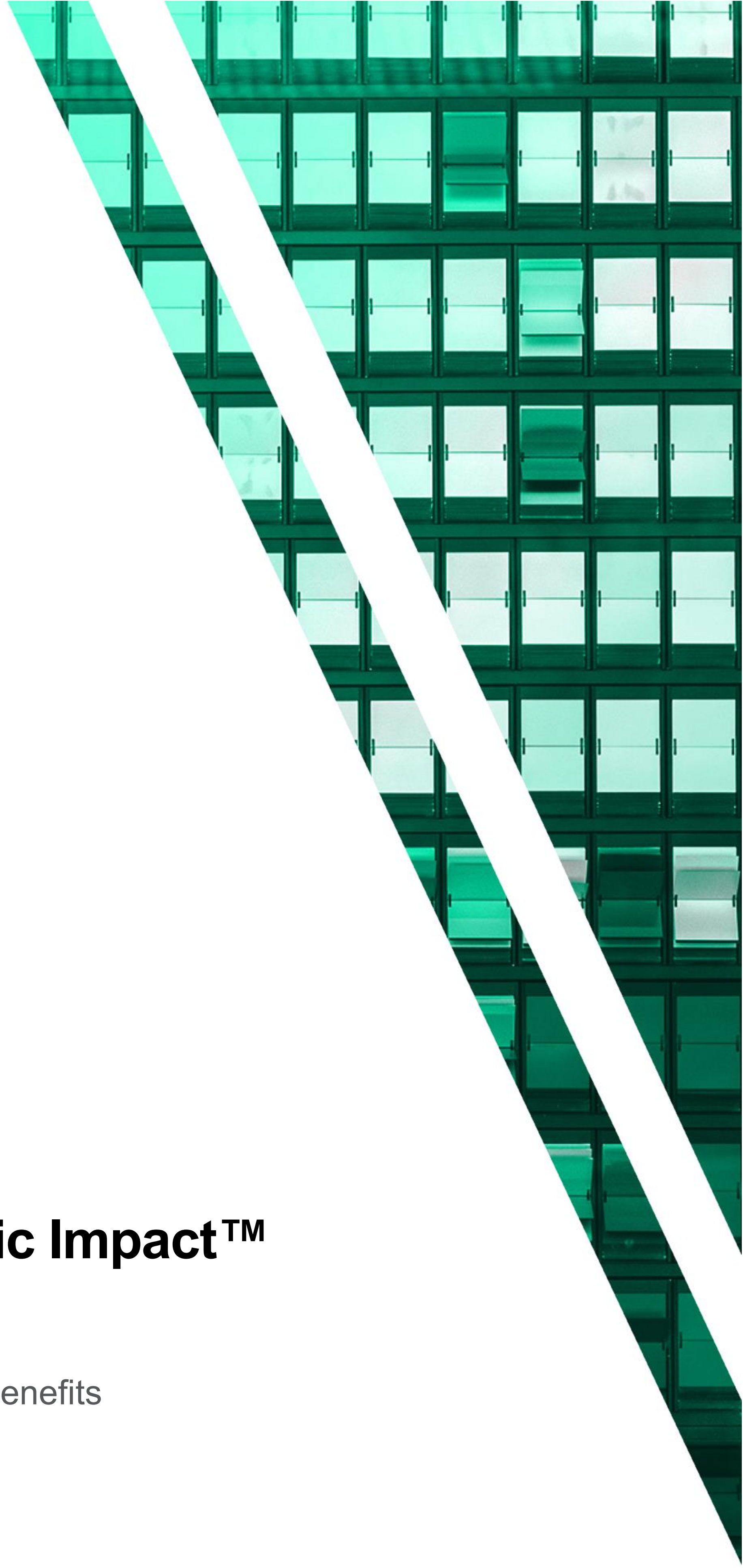

The Total Economic Impact™ Of Stackline

Cost Savings And Business Benefits
Enabled By Stackline

JUNE 2022

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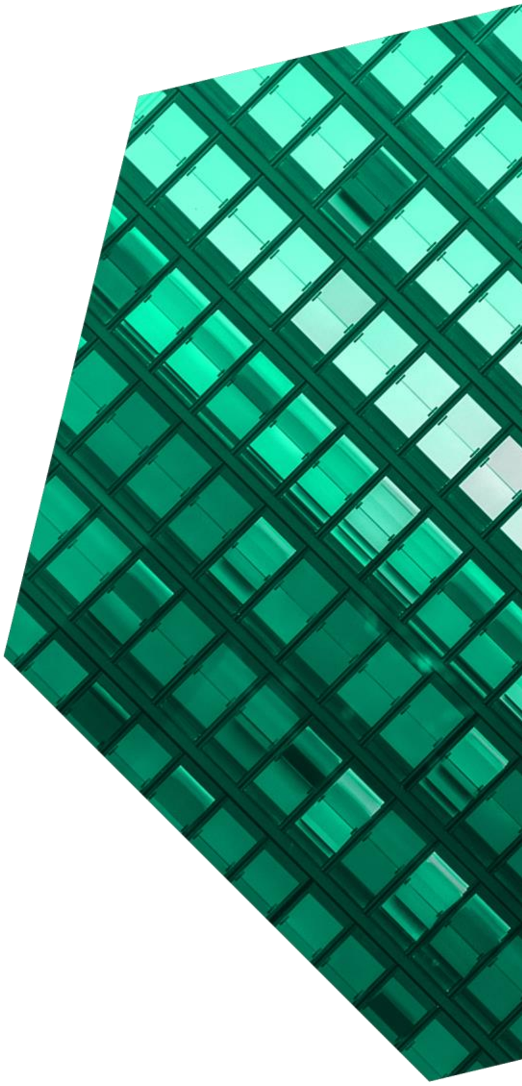
Consulting Team: Julia Fadzeyeva
Stephanie Slate
Claudia Heaney



Executive Summary

Digital retail is an integral part of the overall retail ecosystem. Forrester forecasts that US e-commerce will account for 28% of total US retail sales by 2024.[1] To achieve key business goals such as increasing e-commerce sales, e-commerce executives need to ensure that they have the right tools to understand a brand's position and competitiveness within key channels, identify opportunities for enhancement in product lines, and optimize marketing performance.

Stackline is a retail intelligence and software company that empowers companies to scale and optimize their marketplace performance through its full-funnel connected commerce platform. Stackline's global data sets, applications, and tools deliver deep insights across opaque marketplaces and yield high-performing commerce advertising campaigns in more than 26 countries.

Stackline commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Stackline's Atlas, Beacon, and Drive solutions and by leveraging Stackline professional services.[2] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Stackline on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Stackline. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single enterprise-level composite organization.

Prior to using Stackline, these interviewees noted how their organizations' e-commerce and digital marketing teams struggled to keep up with the rapid growth of e-commerce and had limited visibility into their market share, brand performance, pricing, and competitive landscape. Brands and manufacturers had to rely on industry reports for high-level information, but these were neither granular nor timely enough. While data provided by retailers delivered useful metrics, it came with business-critical gaps and arrived in a format that required significant manual effort to render it useful. As a result, decision-makers felt that they were going blind into the e-commerce space; they sought a solution that would provide a complete and granular view into their respective categories and would help analyze the performance of their own brands and competition in near-real time.

KEY STATISTICS

Return on investment (ROI)
331%

Net present value (NPV)
$3.80M

After the investment in four components of Stackline's offering – products Atlas, Beacon, and Drive (Stackline's ad manager) with support from professional services – the interviewees reported gaining the market intelligence and competitive visibility needed to strengthen their decision-making. Organizations confidently established channel assortments, determined portfolio pricing, and created product launch tactics, ultimately contributing to revenue growth. Marketers also relied on Stackline for their e-commerce advertising optimization, which resulted in an increase in return on advertising spend (ROAS). Beyond revenue, Stackline helped the interviewees fill in their e-commerce knowledge gaps with easy-to-understand marketing intelligence, giving them the right tools for informed decision-making and setting them up for success in growing their e-commerce businesses with confidence.

Percentage of YoY revenue growth attributed to Stackline

30%

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **Incremental profit from using Stackline for pricing and channel assortment management of $2.3 million.** The composite organization uses Stackline's Atlas and Beacon to analyze marketing intelligence within its key e-commerce channel. The organization adjusts its channel assortment and pricing strategies and identifies opportunities to launch new products based on the insights available through Stackline. The organization sees positive market share results in e-commerce, and ultimately generates higher revenue.
- **Incremental profit from increase in ROAS of $1.4 million, resulting in 25% lift.** Prior to relying on Drive and Stackline's professional services, the composite organization did not have sufficient skills in-house to manage advertising campaigns at scale within its key e-commerce channel. Stackline helped the organization grow brand awareness and reach its campaign targets,

> **"Stackline helps us understand enterprise marketing in [a] most meaningful and strategic way. The data that we get from Stackline is probably some of the best in terms of showing us what's really going on with shoppers [and] how they buy."**
>
> — Vice president of omnichannel sales, manufacturing, CPG

ROAS growth attributed to Stackline

25%

which resulted in a 25% increase in ROAS and led to revenue growth.

- **Avoided costs of previous solutions worth $1.2 million.** Prior to Stackline, the composite organization used tools offered by other vendors for its market intelligence and digital advertising needs. Once the organization implemented Stackline, it retired the former solutions.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Clear and easy-to-use dashboards.** All interviewed customers were impressed by Stackline's ability to create clean and usable dashboards. For some interviewees, it was a main differentiator between Stackline and competitors, but for all interviewees, this ability made Stackline's suite of products engaging.
- **Stackline's e-commerce expertise.** For the interviewees, Stackline was not only a technology vendor but also became a trusted partner and a reliable expert in select channels within the e-commerce space.
- **Avoided hiring of additional resources.** With Stackline, organizations achieved higher marketing and advertising outputs without hiring additional staff in digital marketing, advertising, and supporting roles.
- **Confident decision-making.** Interviewees relied on the granular and near-real-time market data available in Stackline as a solid foundation for decision-making. Unlike the industry reports on which they had previously relied, Stackline insights are completely customizable and applicable, and therefore, allowed the decision-makers a robust basis for analysis and action.

Costs. Risk-adjusted PV costs include:

- **Stackline platform subscription fees totaling $714,000 over three years.** Stackline subscription costs were based primarily on which Stackline components were used (Atlas, Beacon, and Drive as well as professional services) e-commerce channels supported, the number of SKUs, advertising spend, and the level of support.
- **Implementation and ongoing usage for analytics costs totaling $432,000 over three years.** For the composite organization, the Stackline onboarding process was seamless and quick. As a software-as-a-service (SaaS) solution, Stackline requires minimal ongoing management from platform owners, who use the tool to gain impactful insights. Beyond vendor management, the organization assigns a cross-functional team of five FTEs (including marketing specialists, analysts, and advertisers) who each use Stackline's products for 30% of their time.

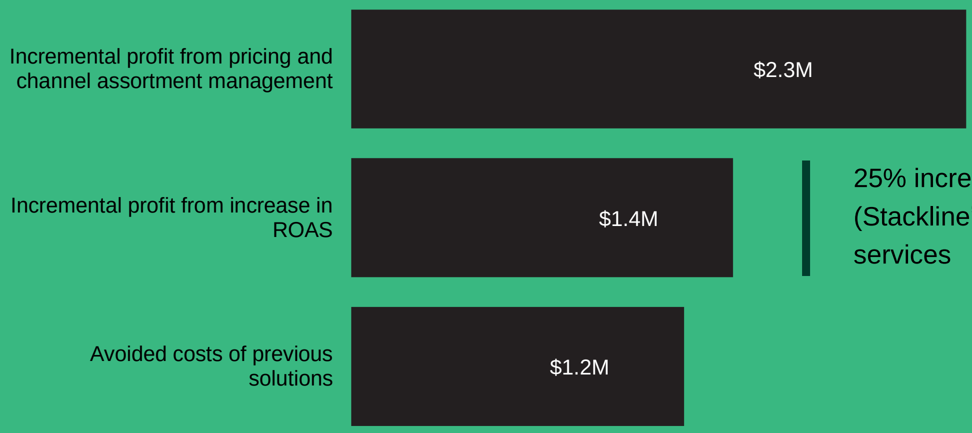
The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $4.94 million over three years versus costs of $1.15 million, adding up to a net present value (NPV) of $3.79 million and an ROI of 331%.

ROI
331%

BENEFITS PV
$4.94M

NPV
$3.79M

Benefits (Three-Year)



25% increase in ROAS with Drive (Stackline’s ad manager) and professional 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 Stackline.

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 Stackline can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Stackline 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 Stackline.

Stackline 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.

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

DUE DILIGENCE

Interviewed Stackline stakeholders and Forrester analyst to gather data relative to Stackline.

DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Stackline 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 decision-makers.

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 Stackline Customer Journey

Drivers leading to the Stackline investment

Interviewed Decision-Makers

Interviewee	Industry	Region	Revenue
Vice president of omnichannel sales	Manufacturing, CPG	North America	$500 million
Director of digital sales and strategy	Pet medication and wellness	North America	$800 million
Director of e-commerce and digital marketing	Personal care	North America	N/A
Director of digital marketing	Manufacturing, pharma	North America	$5 billion

KEY CHALLENGES

Prior to using Stackline, e-commerce and digital marketing teams struggled to keep up with the rapid growth of e-commerce and had limited access to market intelligence, which hindered the decision-makers' ability to optimize their e-commerce performance.

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

- **Rapid e-commerce growth accompanied by limited e-commerce knowledge.** For all the interviewees' organizations, e-commerce had become a much more significant portion of their overall business in recent years. For some, the percentage of total sales derived from e-commerce went from 20% of the business to 50% in a relatively short period of time. Meanwhile, these organizations did not have the same level of insight into their own and competitive brands' performance in the new e-commerce channels, as compared to traditional retail channels.

- **Inadequacy of traditional data sources, which could not fully inform organizations in an ever-changing landscape.** Several interviewees told Forrester that prior to Stackline, they relied on industry reports or monthly analyses from suppliers. However, those sources of data did not provide enough granularity, customization, or timeliness regarding market happenings.

- **Heavy manual labor required with available data sources to generate insights.** While interviewees had access to data from e-commerce retailers, it required manual pulling, formatting, consolidation, and analysis, none of

"There were companies out there that were trying to sell us what the size of the category might be. And that's great. But it wasn't the refined competitive set that we measure ourselves against. So that created just enough information to get you interested, but it's also not helpful. It's not detailed enough for you to use it."

Vice president of omnichannel sales, manufacturing, CPG

which the companies — struggling to keep up with e-commerce growth — could easily spare. The vice president of omnichannel sales at a CPG manufacturing organization said: “Prior to Stackline, I was going out and downloading massive reports. Then we were reconfiguring them and creating our own internal templates to be able to digest it into ways to help us manage our business, and that unto itself was laborious.”

- **Limited control over advertising performance within the major e-commerce channels.** As organizations witnessed the rapid growth of e-commerce, they looked to exercise more control over their brands’ performance through managing their advertising within e-commerce channels. Prior to Stackline, they relied on tools provided by online retailers to manage their campaigns, but they did not have real-time, easy-to-access tools to assess advertising effectiveness and could not quickly adjust their strategies.

INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- Provide a complete and granular view into the category, as well as the performance of their own brand and those of the competition, in near-real time.
- Offer depth, accessibility, and accuracy of data insights to be used cross-functionally.
- Be low-lift and managed by existing e-commerce or digital marketing resources without having to hire new FTEs.
- Deliver visibility into advertising KPIs and improve return on advertising investment.

“We didn’t really have the insights prior to bringing in Stackline. The data we did have from the seller was not as easy to export or to compare, and we didn’t really have insight into competitors. It was a lot of manual pulling into Excel spreadsheets to compare.”

Director of e-commerce and digital marketing, personal care

“We were trying to find a data solution partner that could help us quantify the size of this specific channel. Understanding what was happening within the category data was really critical for us.”

Vice president of omnichannel sales, manufacturing, CPG

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 decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section.

Description of composite. The composite organization is an enterprise-level $500 million business-to-consumer organization in North America, with a heavy focus on e-commerce. The organization is mature, has 2,500 employees, and has a 5% year-over-year growth. Prior to Stackline, the organization relied on traditional sources of market intelligence such as industry reports or data available from retailers, but it found them insufficient to support its pricing and channel assortment management within the e-commerce channels. The organization invests 5% of its revenue into advertising, and 20% of this investment is dedicated to the major e-commerce channel.

Deployment characteristics. The composite organization replaces its legacy enterprise and market intelligence data sources with Stackline's Atlas and Beacon. It also starts to use Drive with the help of Stackline professional services to manage its advertising strategy within its major e-commerce channel. In sum, the composite organization is using four offerings from Stackline (Atlas, Beacon, and Drive as well as their professional services). References to Stackline throughout this study encompass these specific offerings. The organization trains a total of five digital marketing, advertising, and insights professionals to use the platform.

KEY ASSUMPTIONS

- **$500 million in revenue**
- **Enterprise-level**
- **2,500 employees**
- **5% YoY revenue growth**
- **5% of revenue is invested in advertising**
- **20% of advertising budget is invested in e-commerce channel**
- **$3.00 ROAS**
- **13% operating margin**

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	Incremental profit from pricing and channel assortment management	$877,500	$921,375	$967,444	$2,766,319	$2,286,049
Btr	Incremental profit from increase in ROAS	$438,750	$575,859	$725,583	$1,740,192	$1,419,922
Ctr	Avoided costs of previous solutions	$475,000	$498,750	$523,688	$1,497,438	$1,237,462
	Total benefits (risk-adjusted)	$1,791,250	$1,995,984	$2,216,714	$6,003,948	$4,943,433

INCREMENTAL PROFIT FROM PRICING AND CHANNEL ASSORTMENT MANAGEMENT

Evidence and data. Access to data and insights about their own brands as well as competitive brands within e-commerce channels was Stackline's top benefit cited by the interviewees. Organizations used the data available through Stackline to:

- Analyze the market and adjust their channel assortment and pricing strategies accordingly.
- Identify opportunities in the market to launch new products.
- Understand their product performance and adjust accordingly to improve.
- Develop forecasts and make budgeting decisions.

"Stackline also helped prevent unintended consequences of pricing erosion and profitability loss because now we can see what competitors are doing within the same SKU."

Vice president of omnichannel sales, manufacturing, CPG

Prior to using Stackline's Atlas and Beacon, interviewees' organizations did not have access to real-time market intelligence at the level of granularity available through Stackline. They relied on industry reports, internal knowledge of their own market, and data available from retailers, but these resources could not provide the insights and visibility that was necessary to make confident decisions. Some of the sentiments shared by interviewees include:

- As the vice president of omnichannel sales at a CPG manufacturing company told Forrester, "Being able to see the level of detail that reveals shopper behavior which we get through Atlas helps us really understand how our brand is performing in more meaningful ways."
- The same interviewee also noted: "The data that we were able to see by doing extensive pricing analysis [using Stackline] helped us create a unique portfolio that we would probably not been investing in, had we not had the data."
- For the pet medication and wellness organization, Stackline became the main source

of data for budgeting, forecasting, and brand and product development. The director of digital sales and strategy explained: “We can’t get all the data that Stackline provides us from other providers. We can use Stackline to look at review trends, trends in categories, spend meaning, [and] retailer or vendor investments in the category.” Access to this data helped decision-makers at the organization make informed forecasts for growth and spend.

- Several interviewees told Forrester that using Stackline allowed them to identify opportunities for new product launches, which in turn contributed to an increase in revenue. The director of digital sales and strategy at the pet medication and wellness organization said: “For the last two acquisitions that we have gone through, the initial brand analysis was done in Atlas just to see, ‘Should we look at an acquisition? Should we look at developing a new brand in this category?’” Today, new products developed using Stackline bring in a significant percentage of that organization’s revenue.
- Similarly, decision-makers at a pharma manufacturing company believe that Stackline is helping them see market gaps in certain products or categories. The organization successfully launched several new product forms because of analyses based on Stackline data.

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

- The organization’s annual revenue is $500 million in Year 1, with 5% year-over-year (YoY) growth.

“Having visibility into portfolio strategy [and] creating a unique landscape of products that work well within specific e-commerce customers has helped us grow our business.”

Vice president of omnichannel sales, manufacturing, CPG

- Of the revenue growth seen YoY, 30% is attributed to the work that has been done with Stackline for both pricing and channel assortment strategy.
- The organization’s operating margin is 13%.

Risks. Incremental profit from using Stackline for pricing and portfolio management could vary based on:

- An organization’s commitment to using Stackline to inform pricing and portfolio decisions, and the extent to which Stackline capabilities are leveraged.
- An organization’s annual revenue and YoY growth.
- Industry and operating margin.

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 $2.3 million.

Incremental Profit From Pricing And Channel Assortment Management					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Organization annual revenue	Composite	$500,000,000	$525,000,000	$551,250,000
A2	Percentage of YoY growth	Composite	5%	5%	5%
A3	Revenue growth YoY	A1*A2	$25,000,000	$26,250,000	$27,562,500
A4	Percentage of YoY growth attributed to Stackline	Interviews	30%	30%	30%
A5	Incremental revenue from pricing and portfolio management	A3*A4	$7,500,000	$7,875,000	$8,268,750
A6	Operating margin	Industry benchmark	13%	13%	13%
At	Incremental profit from pricing and channel assortment management	A5*A6	$975,000	$1,023,750	$1,074,938
	Risk adjustment	↓10%			
Atr	Incremental profit from pricing and channel assortment management (risk-adjusted)		$877,500	$921,375	$967,444
	Three-year total: $2,766,319		**Three-year present value: $2,286,049**		

INCREMENTAL PROFIT FROM INCREASE IN ROAS

Evidence and data. Prior to relying on Drive, Stackline's ad manager, interviewees reported difficulties in optimizing return on advertising spend (ROAS) in their main e-commerce channels. Most organizations did not have the skills in-house, nor were they able to effectively outsource this task to any agencies.

- The director of digital sales and strategy at the pet medication and wellness organization explained: "We don't have the ability to manage our self-service [e-commerce] advertising in-house. We spend a lot of money on [major e-commerce channel] — several millions of dollars — and that's not something that we really have either the skill set or the appetite to handle in-house. We've worked with a couple of agencies on that in the past, and Stackline has consistently performed the best. Stackline now manages our total self-service ad spend at [major e-commerce channel], which is a huge value-add." In the years since adopting Stackline for advertising, the organization increased its internal ROAS benchmark by 50% and achieved an additional 22% increase in ROAS.

- For a CPG manufacturing organization, Stackline helped grow brand awareness and inform diversification of their marketing efforts. It provided visibility into their consumers' search and shopper behavior, which influenced and informed changes to marketing and advertising strategies. The vice president of omnichannel marketing said, "At least 15% to 20% of our sales today are reaching shoppers that had previously not bought our products, and [now] they're buying them through the ads that we've created with Stackline."

- For the personal care organization, Stackline helped inform and revise the advertising strategy for a major e-commerce channel. The director of e-commerce and digital marketing said: "I believe our returns are always optimized because Stackline is constantly making optimizations and changes. They've grown our return overall because we're now spending the money differently, and we're spending it in a smarter way. Stackline has proved to us that they're doing the right optimizations and changes."

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

- Annual advertising budget is equal to 5% of the organization's total revenue. The organization allocates 20% of its total ad budget to advertising on its major e-commerce channel. As the organization expands its collaboration with Stackline for managing advertising, the percentage of advertising budget spent on channels handled by Stackline increases to 30% by Year 3.
- The average ROAS prior to Stackline is $3.00.
- Once the organization starts using Drive, the organization sees a 25% increase in ROAS.
- The organization's operating margin is 13%.

Risks. The following factors may impact other organizations' realization of this benefit category:

- The size of an organization's e-commerce advertising budget.
- The extent of an organization's reliance on Stackline for advertising management for its major e-commerce channels.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1.4 million.

"Stackline figured out how to connect its reporting back into what the brand really wants to track and measure, which is how advertising is now generating meaningful data when it comes to traffic keyword search and overall brand search experience, and that has been an area where they've accelerated."

Vice president of omnichannel sales, manufacturing, CPG

Incremental Profit From Increase In ROAS					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Composite organization annual revenue	Composite	$500,000,000	$525,000,000	$551,250,000
B2	Percentage of revenue allocated to advertising budget	Composite	5%	5%	5%
B3	Percentage of advertising budget spent on channels handled by Stackline	Composite	20%	25%	30%
B4	ROAS prior to Stackline	Interviews	$3.00	$3.00	$3.00
B5	Total ROAS prior to Stackline	B1*B2*B3*B4	$15,000,000	$19,687,500	$24,806,250
B6	Increase in ROAS with Stackline	Interviews	25%	25%	25%
B7	Improved ROAS with Stackline	B4+B4*B6	$3.75	$3.75	$3.75
B8	Total ROAS with Stackline	B1*B2*B3*B7	$18,750,000	$24,609,375	$31,007,813
B9	Incremental revenue from increase in ROAS	B8-B5	$3,750,000	$4,921,875	$6,201,563
B10	Operating margin	Industry benchmark	13%	13%	13%
Bt	Incremental profit from increase in ROAS	B9*B10	$487,500	$639,844	$806,203
	Risk adjustment	↓10%			
Btr	Incremental profit from increase in ROAS (risk-adjusted)		$438,750	$575,859	$725,583
	Three-year total: $1,740,192		**Three-year present value: $1,419,922**		

AVOIDED COSTS OF PREVIOUS SOLUTIONS

Evidence and data. Prior to Stackline, the interviewees' organizations worked with other vendors to meet their market insights and advertising needs. Once they onboarded Stackline, organizations retired their former engagements, avoiding the associated license or service fees.

- The pet medication and wellness company stopped using a major e-commerce retailer for its analytics service, which was costing the organization $1 million per year. The director of digital sales and strategy explained: "As soon as we fully brought on Stackline and started using Atlas and Beacon, we removed our contract with [major e-commerce retailer] because it was taking a flat rate of total business in the channel but not offering anything in return — it was literally access in the system. So we immediately unsubscribed from that."
- The CPG manufacturing organization stopped purchasing an e-commerce industry report and also stopped collaborating with a media agency because the data and service from Stackline were more cost-effective.

Modeling and assumptions. For the composite organization, Forrester assumes that without Stackline, the composite would pay subscription fees ranging from $500,000 to $551,250 per year for other solutions. These fees would increase over time as the composite's e-commerce presence grows.

Risks. The costs that an organization might save after transitioning to Stackline could vary based on:

- The types and dollar values of previous contracts in place.
- The degree to which Stackline replaces other solutions or services.
- The organization's adoption of Stackline for analytics and advertising management.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $1.2 million.

Avoided Costs Of Previous Solutions

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Subscription fees from previous solutions	Interviews	$500,000	$525,000	$551,250
Ct	Avoided costs of previous solutions	C1	$500,000	$525,000	$551,250
	Risk adjustment	↓5%			
Ctr	Avoided costs of previous solutions (risk-adjusted)		$475,000	$498,750	$523,688
	Three-year total: $1,497,438		**Three-year present value: $1,237,462**		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Clear and easy-to-use dashboards.** All interviewed customers were impressed by Stackline's ability to create clean and usable dashboards. For some interviewees, it was a main differentiator between Stackline and competitors, but for all interviewees, it made Stackline's products engaging. The director of digital sales and strategy at the pet medication and wellness company shared: "The number-one benefit of working with Stackline from our perspective is [that] the data to which they have access is really unmatched, especially in the way that it's presented. Other organizations have similar data, but you have to work a lot harder to access that data."

"Stackline has made accessing business-critical data as easy as logging into this dashboard. I have about 30 segments created depending on what products I want to look at — what brands [and] subsets I want to look at — and I can get a read on the health of our business in 10 minutes going through Atlas and Beacon."

Director of digital sales and strategy, pet medication and wellness

- **Stackline's e-commerce expertise.** For the interviewees, Stackline was not only a technology vendor but also a trusted partner and reliable expert in select channels within the e-commerce space. The vice president of omnichannel sales at a CPG manufacturing organization mentioned: "Stackline creates reports that I don't think an internal person could capture. They live in a space where they're always looking at data, and they understand what I would be looking for in a report."
- **Avoided hiring of additional resources.** With Stackline, organizations achieved higher marketing and advertising outputs without hiring additional staff in digital marketing, advertising, and supporting roles. The vice president of omnichannel sales at a CPG manufacturing organization told Forrester: "Stackline basically does the work of three people. [Without it] I would need to hire a direct ad manager, a market share analyst, and someone to manage our catalog data integrity and maintenance. Now, Stackline does that work for us."
- **Confident decision-making.** For the interviewees, the granularity and near-real-time nature of the data available in Stackline enabled a solid foundation for decision-making, including budgeting and forecasting. Unlike industry reports used previously, Stackline insights are completely customizable and applicable, and therefore they provide the decision-makers with a robust basis for analysis and action. The director of digital marketing at a pharma manufacturing company said: "Overall performance KPIs, our media performance, and competitor performance are the major pieces that we get from Stackline regularly. For us, it is a confident and reputable source to help make decisions."

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Stackline and later realize additional uses and business opportunities, including:

- **Expansion of the use of Stackline to other e-commerce channels and markets.** Interviewees' organizations that primarily use Stackline for their major e-commerce channel are looking to expand their use of the platform to a variety of channels and — in some cases — to markets outside of the US, which would contribute to additional revenue generation.

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
Dtr	Subscription costs	$0	$262,500	$288,750	$315,000	$866,250	$713,937
Etr	Ongoing usage for analytics	$0	$163,800	$163,800	$196,560	$524,160	$431,959
	Total costs (risk-adjusted)	$0	$426,300	$452,550	$511,560	$1,390,410	$1,145,896

SUBSCRIPTION COSTS

Evidence and data. The composite organization incurs software subscription fees for Stackline. These are annually recurring subscription fees based on which Stackline products are used (Atlas, Beacon, Drive as well as the use of professional services), e-commerce channels supported, the number of SKUs, advertising spend, and the level of support.

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

- The organization uses four of Stackline's components (products Atlas, Beacon, and Drive plus Stackline professional services) for advertising management.
- The organization pays an annual license fee of $250,000 in Year 1. As its e-commerce and corresponding ad spend grow over time, the organization pays $275,000 and $300,000 in Years 2 and 3 respectively.

Risks. The total subscription costs of using Stackline could vary based on:

- The number of e-commerce channels for which the organization requires coverage and the number of SKUs sold in each channel. Smaller organizations that are beginning to establish their e-commerce presence may not experience costs of this magnitude.
- Advertising spend and the level of professional services.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $714,000.

Subscription Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Subscription costs	Stackline	$0	$250,000	$275,000	$300,000
Dt	Subscription costs	D1	$0	$250,000	$275,000	$300,000
	Risk adjustment	↑5%				
Dtr	Subscription costs (risk-adjusted)		$0	$262,500	$288,750	$315,000
	Three-year total: $866,250		**Three-year present value: $713,937**			

ONGOING USAGE FOR ANALYTICS

Evidence and data. All interviewed organizations reported that the implementation process was seamless and required minimal internal efforts, allowing their employees to have access to more granular and powerful data and conduct deeper market analysis. The vice president of omnichannel sales at a CPG manufacturing organization said, “They turned us on, and I just went in and [got] started.”

As a SaaS solution, Stackline requires minimal ongoing management from the platform owners.

- A CPG manufacturing organization has two digital marketing FTEs actively using the tool for about five hours a week, while the product owner likely spends up to 50% of their week analyzing the KPIs, product segments, marketing trends, and happenings within the e-commerce channels overall.
- The pet medication and wellness organization has two analysts spending more than 50% of their time in Stackline gathering market intelligence.
- For the pharma manufacturing organization, a total of 10 users from digital marketing, analytics, and sales use Stackline on a regular basis.

“[Stackline] is easy to navigate. There’s a clean and nice snapshot right on the homepage, where you can get a good gut and health check of how your sales are [and] how products are performing overall. But again, there’s so much data that you just have to spend the time in there to truly get the benefit of it because it’s so valuable.”

Director of e-commerce and digital marketing, personal care

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

- The implementation effort is negligible and therefore is not included in the cost calculation.
- The composite organization is mature and has a cross-functional team of five FTEs using Stackline, including digital marketing specialists, analysts, and advertisers. As the use of Stackline expands, one additional FTE starts using it in Year 3. Use of Stackline accounts for 30% of each team member's time.
- The blended average, fully burdened annual salary for a Stackline user is $104,000.

Risks. The costs of ongoing usage for analytics could vary based on:

- Required implementation and product management effort from marketing, advertising, and analyst FTEs. Smaller organizations may not require efforts from as many FTEs to implement the components of Stackline.
- Associated salaries.

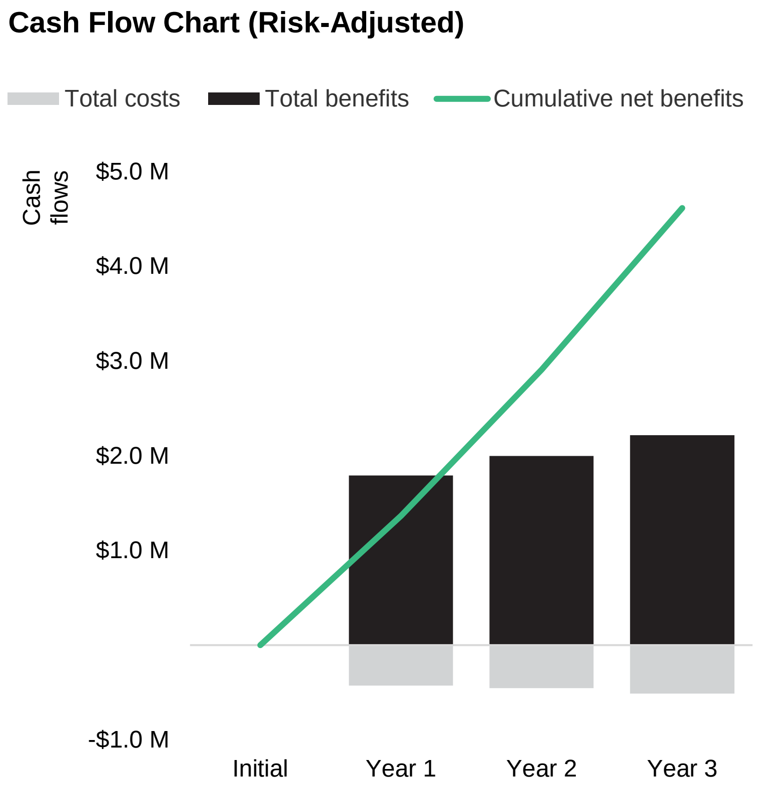
Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $432,000.

Ongoing Usage For Analytics

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Number of marketing, analyst, and advertising FTEs using Stackline	Interviews		5	5	6
E2	Average blended fully burdened annual salary for marketing, analyst, and advertising FTEs	TEI standard		$104,000	$104,000	$104,000
E3	Percentage of users' time spent working in Stackline	Interviews		30%	30%	30%
Et	Ongoing usage for analytics	E1*E2*E3	$0	$156,000	$156,000	$187,200
	Risk adjustment	↑5%				
Etr	Ongoing usage for analytics (risk-adjusted)		$0	$163,800	$163,800	$196,560
	Three-year total: $524,160			**Three-year present value: $431,959**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



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

These risk-adjusted ROI and NPV 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	$0	($426,300)	($452,550)	($511,560)	($1,390,410)	($1,145,896)
Total benefits	$0	$1,791,250	$1,995,984	$2,216,714	$6,003,948	$4,943,433
Net benefits	$0	$1,364,950	$1,543,434	$1,705,154	$4,613,538	$3,797,537
ROI						331%

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: "Building The Integrated Retail Commerce Business Case," Forrester Research, Inc., March 24, 2022.

[2] 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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