

A Forrester Total Economic Impact™ Study  
Commissioned By Microsoft  
April 2020

# The Total Economic Impact™ Of Power Automate

One In A Series Of Total Economic Impact™ Analyses Looking At Microsoft Power Platform Solutions

# Table Of Contents

<b>Executive Summary</b>	<b>1</b>
Key Findings	1
TEI Framework And Methodology	4
<b>The Power Automate Customer Journey</b>	<b>5</b>
Interviewed And Surveyed Organizations	5
Key Challenges	5
Key Results	6
Composite Organization	7
<b>Analysis Of Benefits</b>	<b>8</b>
Creating Business Efficiencies	8
IT Savings	10
Unquantified Benefits	11
Flexibility	12
<b>Analysis Of Costs</b>	<b>13</b>
Corporate IT Development And Management	13
<b>Financial Summary</b>	<b>14</b>
<b>Microsoft Power Automate: Overview</b>	<b>15</b>
<b>Appendix A: Total Economic Impact</b>	<b>16</b>
<b>Appendix B: Endnotes</b>	<b>17</b>

**Project Director:**  
Jonathan Lipsitz

**Project Contributor:**  
Adrienne Capaldo

## 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](https://forrester.com/consulting).

© 2020, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to [forrester.com](https://forrester.com).

# Executive Summary

Microsoft provides a workflow automation solution that brings together digital process automation (DPA) and the recently added robotic process automation (RPA) to unlock analog data with AI that helps customers streamline business processes, reduce costs, and improve security. Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Microsoft Power Automate (previously called Microsoft Flow). The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Power Automate on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five customers and surveyed an additional 52 customers who were using Power Automate either with or without other Platform Solutions — namely Power Apps and Power BI. This study looks specifically at the benefits and costs associated with Power Automate as a standalone solution. Interviewees said that by streamlining and automating workflows, they were able to increase worker efficiencies and reduce total elapsed process times.

Prior to using Power Automate, organizations struggled to automate many of their business processes, which either were not within an enterprise resource planning (ERP) system or those processes crossed multiple systems. This meant that there were many manual process steps, information sharing was slow and disjointed, and the business could not easily scale. Adopting Power Automate enabled organizations to help fix these shortcomings and transform business operations. One financial services interviewee said: “We have been able to replace manually intensive processes. Power Automate helps us grow without incurring additional costs.”

## Key Findings

**Quantified benefits.** The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies both interviewed and surveyed. These benefits are applied to a composite organization with 10,000 employees who have access to Power Automate through their Microsoft 365 and/or Microsoft Dynamics licenses:

- › **Three Power Automate examples save 26,660 worker hours per year.** There is almost a limitless number of ways in which Power Automate can be used to streamline and digitize business processes. Interviewees shared several quick win examples, which are included in the analysis. The total savings over three years, after applying a 50% productivity capture, is \$1.41 million. (This approach, rather than looking at general efficiency gains, was used to ensure that this benefit does not double count those included in another TEI study which examines the benefits of Power BI.<sup>1</sup>)
  - Automating new-hire onboarding processes means workers have the system access and assets they need on day 1. Previously, the first week was spent setting them up, which made their time unproductive. This example is worth \$914.6K in total savings over three years.

## Key Benefits



Reduced errors due to increased automation:

**27.4%**



Reduced workflow development effort:

**17.2%**



Faster time value realization versus other solution alternatives:

**25.1%**



**ROI**  
**199%**



**Benefits PV**  
**\$1.7 million**



**NPV**  
**\$1.1 million**



**Payback**  
**<6 months**

- Incoming, emailed invoices were previously manually sorted. This was automated, which eliminated the effort of two FTEs. This example is worth \$380.5K in total savings over three years.
- A help-desk ticketing system that was built on SharePoint with manual routing was replaced with an email-based system with automated routing. This reduced ticket submission time for 30,000 tickets each year. This example is worth \$114.3K in total savings over three years.

- › **IT effort is reduced by automating activities which previously were manual.** Interviewees said that their IT organizations were able to automate many low-value activities and free up time for work on other projects that deliver greater value. For the financial analysis, one example is included, which is related to the new-hire onboarding process. This example is worth \$314,742 in total savings over three years.

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

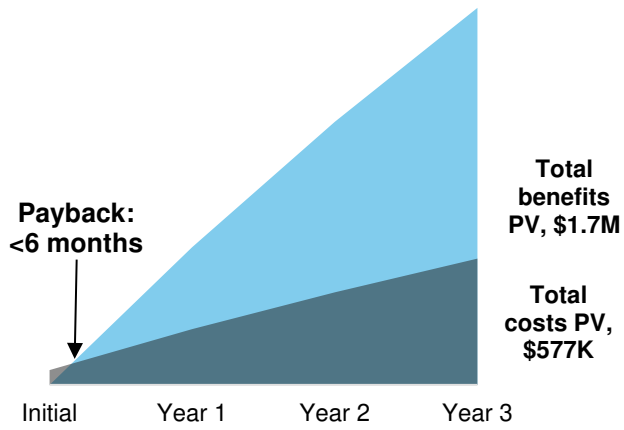
- › **Streamlined workflows enable business transformation and improved business outcomes.** Interviewees described many ways that their businesses have improved. This includes happier employees, reduced time-to-market (33% according to the survey), and increased revenue (4.3% according to the survey). Because these benefits can vary greatly from one organization to the next, Forrester did not include them in the financial analysis.
- › **Organizations realize additional value with other Power Platform Microsoft solutions, such as Dynamics CRM and Teams.** Interviewees described how these solutions, being part of the Microsoft stack, enable them to build on prior investments to create more value. These have not been included in the financial analysis to avoid any potential double-counting of benefits.
- › **Power Automate makes organizations more secure.** Due to the fact that these workflows tie into Azure Active Directory (Azure AD) and other Microsoft security solutions, IT organizations can control permissions at the data and application levels. Additionally, users building in these tools reduce the potential of shadow IT taking place. All Power Automate workflows, which are built using the Microsoft Common Data Service, are automatically GDPR-compliant.<sup>2</sup>

**Costs.** The interviewed organizations experienced the following risk-adjusted PV cost, modeled after the composite organization:

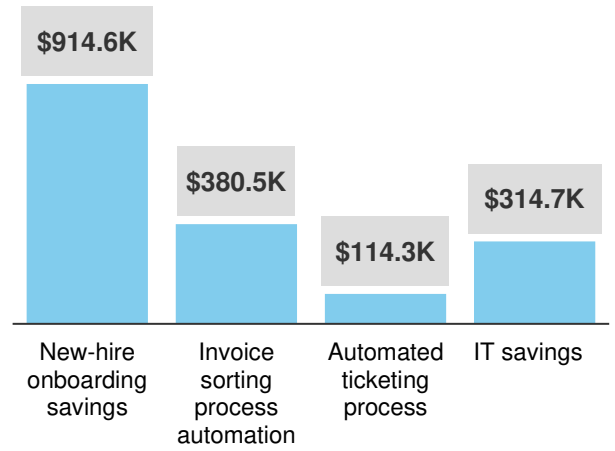
- › **Internal effort to roll out Power Automate plus the ongoing effort to manage workflows and train non-IT users.** The IT organization spent three months implementing Power Automate, at the same time in which they were rolling out Power Apps. The ongoing development and management of the corporate IT workflow required 1.5 FTEs training and supporting citizen developers.

Forrester's interviews with five existing customers, the survey of an additional 52 customers, and the subsequent financial analysis all found that an organization based on these surveyed organizations experiences benefits of \$1.7 million over three years versus costs of \$577,433, adding up to a net present value (NPV) of \$1.1 million and an ROI of 199%.

## Financial Summary



## Benefits (Three-Year)



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

## TEI Framework And Methodology

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

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 Power Automate can have on an organization:



### **DUE DILIGENCE**

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Power Automate.



### **CUSTOMER INTERVIEWS AND SURVEY**

Interviewed five organizations and surveyed an additional 52 using Power Automate to obtain data with respect to costs, benefits, and risks.



### **COMPOSITE ORGANIZATION**

Designed a composite organization based on characteristics of the interviewed and surveyed organizations.



### **FINANCIAL MODEL FRAMEWORK**

Constructed a financial model representative of the interviews and survey using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



### **CASE STUDY**

Employed four fundamental elements of TEI in modeling Power Automate's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises 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 Microsoft and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential 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 Power Automate.

Microsoft reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

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

# The Power Automate Customer Journey

## BEFORE AND AFTER THE POWER AUTOMATE INVESTMENT

### Interviewed And Surveyed Organizations

For this study, Forrester conducted five interviews with Power Automate customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEES	USERS WITH ACCESS TO POWER AUTOMATE
Beverage distributor	US regional	- Cloud services manager	1,600
Power generation	North America and Australia	-Enterprise architect	2,200
Financial services	UK	-Head of CRM solutions -Chief data officer	3,500
Field services	Global	-Director -IT operations -Digital transformation manager	10,000
Bank	HQ in Africa	-BI specialist	3,000

There were 52 survey respondents using Power Automate. The top four industries were IT professional services, financial services, business professional services, and manufacturing. The average number of Power Automate users per industry was 1,254.

### Key Challenges

The interviewed companies faced common challenges around delivering modern IT, supporting more users and growth, and managing increasing costs.

- › **IT had to support more first-line and mobile workers.** Moving to Microsoft/Office 365 can significantly increase the number of users who are consuming IT services. Additionally, companies are putting more effort into making mobile workers more effective and efficient. Increased user counts mean that processes need to be more efficient and automated for IT to be able to handle increased demands.
- › **IT systems did not meet current needs, and there was limited budget to make changes.** Interviewees described an IT estate that could not support new initiatives and volumes. This is especially true for ERP systems that can be very costly to customize, which then creates ongoing management and upgrade headaches. Using Power Automate-driven processes can create a wrapper around ERP systems to create more customized workflows without directly modifying the ERP system.
- › **The lack of process automation hurts business performance.** Existing business processes did not fully meet the needs of employees in terms of the scope of activity and completion times. This can hurt employee satisfaction as well as the business in terms of innovation, growth, and customer satisfaction.

The top four adoption drivers from the survey included:

- Replace paper-based process steps.

"In the past we received zero advanced notice of a new hire and would scramble to deliver. We applied [Power Automate] to a process and now have twelve days advanced notice."

*Cloud services manager,  
beverage distribution*



- Address IT's inability to keep up with development requests.
- Deliver more actionable insights.
- Reduce system complexity.

## Key Results

The interviews and survey revealed several key results from the Power Automate investment:

- › **Power Automate streamlines and digitizes processes that enable business transformation.** Interviewees provided examples of reworking old nonsensical processes and creating totally new ones as part of digital transformation initiatives. This consolidation of processes allowed employees to spend more of their time on other, higher-value activities. The head of CRM at a financial services firm said: “[Power] Automate saves us an incredible amount of time on a simple query that we have to run ten times per day. This is time that can be put to much better use.”
- › **Power Automate saves IT organizations time and money.** IT organizations save time in several ways. Firstly, they can automate processes that would have required previous manual involvement. Secondly, workflow development efforts take less time, especially if they would have otherwise involved modifying ERP systems. Lastly, Power Automate empowers business users to create their own automated workflows instead of relying on the IT organization. An interviewed IT director said: “We were able to create processes on top of [our ERP system] to support 2,000 power users. They don't even know it involves Power Automate. They just get help quicker. Without [Power Automate], it is not something we could not have done.”
- › **Power Automate improves security.** Automating and systematizing processes improves data security. Sensitive information no longer needs to be emailed around, and there are better safeguards. Additionally, building workflows on top of the Microsoft platform comes with built-in security. A head of CRM said: “From a security perspective, the biggest piece is Azure AD. We benefit from all the security built into the Microsoft stack, including all of the workflows and apps that we create.”

The top five business benefits from the survey included:

- › Improved IT team productivity.
- › Faster time-to-market with new products/services/solutions.
- › Faster solution quoting.
- › Increased revenue.
- › Better customer service.

“There are a lot of little processes we can easily automate and knock out of the ballpark.”

*Cloud services manager,  
beverae*



“[Power] Automate greatly improves the productivity of workers in the field. We've replaced paper-based, manual steps and automated many processes.”

*Director, field services*





## Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five companies that Forrester interviewed, as well as the survey, and is used to present the aggregate financial analysis in the next section.

The composite organization is a services company with 10,000 employees. All of them use at least one Power Automate workflow. Knowledge workers are predominantly on Microsoft 365 E3 licenses. First-line workers are on a mix of Microsoft 365 E1 and F1 licenses. These licenses give users access to Power Automate.



### Key assumptions:

- 10,000 employees
- 30,000 help-desk tickets
- 1,000 new hires

# 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	New-hire onboarding savings	\$367,788	\$367,788	\$367,788	\$1,103,365	\$914,635
Btr	Invoice sorting process	\$153,000	\$153,000	\$153,000	\$459,000	\$380,488
Ctr	Automated ticketing process	\$45,974	\$45,974	\$45,974	\$137,921	\$114,329
Dtr	IT savings	\$126,563	\$126,563	\$126,563	\$379,688	\$314,742
	Total benefits (risk-adjusted)	\$693,325	\$693,325	\$693,325	\$2,079,974	\$1,724,194

## Creating Business Efficiencies

Automating business processes makes things happen faster by eliminating (or reducing) manual steps and removing bottlenecks. This means workers spend less of their time waiting on processes to complete and receiving the necessary information to complete their responsibilities. With Power Automate, many processes from the very small to the very large can be digitized. For this analysis, Forrester included three specific Power Automate workflow examples and the efficiencies they created. (Related business-outcome benefits are discussed in the Unquantified Benefits section of the study.) This approach was used, as opposed to a more general across-the-board statement that users saved X hours per week, to ensure that there was no double-counting of the time savings that were realized with Power Automate.

The reader is encouraged to think of examples of business processes that can be automated in their own organization, and to then apply those to this framework.

### New-Hire Onboarding Savings

The first example looks at the new-hire onboarding process. Previously, HR would notify IT that a new hire was starting on the same day. IT would then have to stop working on other projects and scramble to get the employee set up. This meant that new hires did not have the system accesses and assets they needed from day 1, which would result in them not being productive for at least one week. In addition to the lost productivity, broken processes reflect poorly on the company and can result in higher employee churn.

For the financial analysis, Forrester assumed:

- › The total headcount is kept constant, 10% of employees are replaced each year. They are 50% less productive during the first week, even taking new-hire training into account, because they do not have access to systems and assets such as PCs, mobile phones, and company credit cards.
- › The average hourly fully burdened cost includes benefits and taxes and is based on a \$90,000 annual cost.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$1.7 million.

“We took a manual HR process and automated it with the click of a button. Giving a new hire everything they need on the day they start makes us look very professional.”

*Cloud services manager,  
beverage*



- › A 50% productivity capture is applied because not all time saved results in additional productive work (and in this case also new-hire training).
- › A corresponding IT savings is discussed later in the study.

This example can vary based on the number of hires and the prior processes and systems. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$914,635.

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

### New-Hire Onboarding Savings: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Total number of employees		10,000	10,000	10,000
A2	Number of replaced workers	A1*10%	1,000	1,000	1,000
A3	Reduced onboarding downtime (hours)	40 hours*50%	20	20	20
A4	Average hourly fully burdened cost		\$43.27	\$43.27	\$43.27
A5	Total onboarding savings	A2*A3*A4	\$865,385	\$865,385	\$865,385
A6	Productivity capture		50%	50%	50%
At	New-hire onboarding savings	A5*A6	\$432,692	\$432,692	\$432,692
	Risk adjustment	↓15%			
Atr	New-hire onboarding savings (risk-adjusted)		\$367,788	\$367,788	\$367,788

### Invoice Sorting Process Automation

The second example is the automation of a process to sort and direct invoices that are emailed to the accounts payable department. These invoices would be opened, sorted, logged, and then sent on to the correct departments for approvals and processing. Power Automate is used with some AI and optical character recognition (OCR) software to automate the entire process.

For the financial analysis, Forrester assumed:

- › Two FTEs worked on the original, manual process (scaled down to reflect the composite organization size).
- › The same 50% productivity capture was used.

This example can vary based on the number of invoices coming in and the previous level of automation. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$340,488.

“We used to have five FTEs on this process who have been reassigned. Creating the solution took one person only one week.”

*IT operations, field service*



### Invoice Sorting Process Automation: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of FTEs reassigned		2	2	2
B2	Annual fully burdened cost		\$90,000	\$90,000	\$90,000
Bt	Invoice sorting process automation	B1*B2	\$180,000	\$180,000	\$180,000
	Risk adjustment	↓15%			
Btr	Invoice sorting process automation (risk-adjusted)		\$153,000	\$153,000	\$153,000

### Automated Ticketing Process

The last example is the help-desk ticketing process. Previously, the process involved a SharePoint page to create a help-desk ticket. It is estimated that the average time to create a ticket was 5 minutes and would take longer if someone called into the help desk. This was replaced with a Power Automate workflow to direct emailed tickets.

For the financial analysis, Forrester assumed:

- › Each user submits, on average, three tickets per year. The previous 5 minutes required is effectively eliminated.
- › The same 50% productivity capture is used.

This savings will vary based on the number of tickets and how help-desk tickets were previously submitted. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$114,329.

“We built a flow that enabled emailed tickets. It provides much better support for everyone, but it especially supports our mobile workforce. There was lot of frustration with the old process.”

*Cloud services manager,  
beverage*



### Automated Ticketing Process: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Total number of tickets	A1*3	30,000	30,000	30,000
C2	Total time savings (hours)	C1*5 minutes/60	2,500	2,500	2,500
C3	Average hourly fully burdened cost		\$43.27	\$43.27	\$43.27
C4	Total ticket entry time savings	C2*C3	\$108,173	\$108,173	\$108,173
C5	Productivity capture		50%	50%	50%
Ct	Automated ticketing process	C4*C5	\$54,087	\$54,087	\$54,087
	Risk adjustment	↓15%			
Ctr	Automated ticketing process (risk-adjusted)		\$45,974	\$45,974	\$45,974

### IT Savings

Adopting Power Automate can save IT organization time and money. IT workers can save time in three ways: 1) Automated processes replace otherwise manual IT effort; 2) Corporate IT workflow development efforts take less time because of the features and templates built into Power Automate. If Power Automate workflows can be used as a wrapper around an ERP system, this can save a lot of time and effort compared to making modifications to an ERP system; 3) Power Automate

empowers business users to create their own automated workflows reducing the need to rely on the IT organization.

In addition to the time savings, creating automated workflows can replace the need for other web apps and technology expenditures. For example, one interviewee replaced an app used to contact workers in an emergency. This saved them \$13,000 per year and provided a better user experience. They believe there are hundreds of small projects they can undertake to reduce third-party application costs.

For the financial analysis, Forrester assumed:

- › To be conservative, the only time savings example included was the time required to set up new hires.
- › The previous, same day scramble to set up new hires was very disruptive to daily operations because it could not be planned properly. The new process automates many steps and can be planned twelve days in advance. This means work can be completed more efficiently when there is free time. This saves three hours per new hire setup.
- › The IT worker hourly fully burdened cost is based on an annual cost of \$130,000.
- › A higher 75% productivity capture is used because IT organizations tend to be more productive than the broader employee population.

The savings will vary depending on how automated the previous process was and the size of the IT organization. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$314,742.

“Power Automate saves my team time and eliminates frustration. It also reduces our professional services costs and buying SaaS applications.”

*Cloud services manager,  
beverage*



### IT Savings: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Number of new hires	=A2	1,000	1,000	1,000
D2	IT savings per new hire	3 hours*\$62.50	\$187.50	\$187.50	\$187.50
D3	Total IT time savings	D1*D2	\$187,500	\$187,500	\$187,500
D4	Productivity capture		75%	75%	75%
Dt	IT savings	D3*D4	\$140,625	\$140,625	\$140,625
	Risk adjustment	↓10%			
Dtr	IT savings (risk-adjusted)		\$126,563	\$126,563	\$126,563

### Unquantified Benefits

Interviewees described other business benefits that were not included in the financial analysis. This could be due to the fact that there was too great a variation, e.g., business transformation, or it was impossible to add a realistic financial value to the business benefit, e.g., enhanced security.

### Improved Business Outcomes

The efficiency benefits described above free up users' time to work on other, higher-value activities. Power Automate can also improve business outcomes in other ways by compressing process times and

making information available faster. The survey found that time-to-market was reduced by 33% and revenues increased by 4.3%. Specific workflows can also target areas that directly improve business outcomes. For example, one interviewee used Power Automate to gather customer feedback in order to improve customers' satisfaction.

### Additional Value Realization From Related Microsoft Solutions

Interviewees said that using Power Automate in conjunction with Power Apps and Power BI greatly increases the benefits; they are also using Power Automate to expand the capabilities within other Microsoft solutions they are using.<sup>3</sup> Microsoft Dynamics 365, SharePoint, and Teams were three that were called out. This means companies can get a higher ROI on previous IT investments.

### Enhanced Security

Power Automate can improve security in several ways. Firstly, it uses the security within Azure AD and other Microsoft security solutions. Secondly, automation can replace shadow IT and other risky manual activities. Two examples include:

- › “Processes used to be paper or Excel intensive and involved copying and pasting across spreadsheets. Much of this has been automated, and we have monitoring and alerting, so people keep a closer eye on risky activities.”
- › “Out termination process was very slow, especially for firstline workers. We now take an extract out of the ERP system to disable accounts and shut off credit cards. With one Automate project, we have increased security, saved time, and improved employee experience.”

### 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 Power Automate and later realize additional uses and business opportunities.

Interviewees described how utilizing Power Automate has made their organizations more agile, allowing them to see the future-state possibilities for these tools. Companies are promoting more use of citizen developers in Power Automate to digitize even more business processes. Organizations that are not using Power Apps and Power BI have made adopting those solutions a top priority.

Companies are also starting to use the RPA capabilities in Power Automate. This enables companies to automate legacy applications that do not have APIs or off-the-shelf connectors. RPA enables a whole new area of optimization and digitization, which builds upon the benefits quantified in the study. From the interviews and survey, Forrester heard:

- › “Many reports require manual input to run and download. RPA is able to duplicate the human process for this and feed data into reports and to business users.”
- › “RPA processes are more precise and not subject to human error. This means fewer mistakes and better profitability.”
- › “An initial focus of RPA was boosting production. This had been a huge challenge for the organization.”

None of the future opportunities was included in the financial analysis.

“Having everything in one place drives additional benefits. We have Power Automate working with Power Apps, but without Power BI you don't get total buy in.”

*Head of CRM solutions, financial services*



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

# Analysis Of Costs

## QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE ORGANIZATION

### Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Corporate IT development and management	\$68,250	\$204,750	\$204,750	\$204,750	\$682,500	\$577,433
	Total costs (risk-adjusted)	\$68,250	\$204,750	\$204,750	\$204,750	\$682,500	\$577,433

Power Automate is included in a wide range of Microsoft 365 and Microsoft Dynamics licenses. For the composite organization, all users have access to Power Automate from other solutions, so there is not an incremental license cost. Therefore, the only cost included in the financial analysis is the effort of IT teams.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of \$577,433.

### Corporate IT Development And Management

Power Automate was rolled out in conjunction with a Power Apps rollout. The full internal effort is included in this analysis based on the conservative assumption that rolling out Power Automate by itself would require the same level of effort as a combined rollout: 1.5 FTEs in corporate IT continue to work on Power Automate. This includes corporate IT workflow development within Power Automate, managing and updating existing workflows, and supporting citizen developers. No professional services were required as part of the rollout or ongoing operations.

Corporate IT costs will vary based on the size of the organization and whether or not the IT organization has spare capacity to manage Power Automate. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$577,433 million.

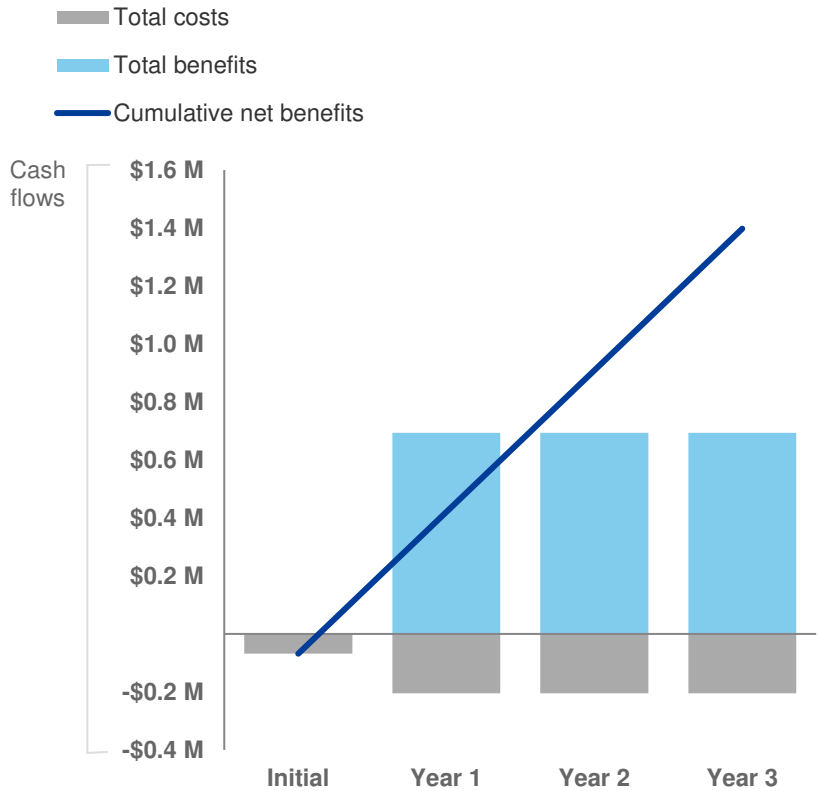
### Corporate IT Development And Management: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Corporate IT code development and workflow management effort (FTEs)		2.0	1.5	1.5	1.5
E2	Number of months		3	12	12	12
Et	Corporate IT development and management	$E1 * E2 * (\$130,000 / 12 \text{ months})$	\$65,000	\$195,000	\$195,000	\$195,000
	Risk adjustment	↑5%				
Etr	Corporate IT development and management (risk-adjusted)		\$68,250	\$204,750	\$204,750	\$204,750

# 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 Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$68,250)	(\$204,750)	(\$204,750)	(\$204,750)	(\$682,500)	(\$577,433)
Total benefits	\$0	\$693,325	\$693,325	\$693,325	\$2,079,974	\$1,724,194
Net benefits	(\$68,250)	\$488,575	\$488,575	\$488,575	\$1,397,474	\$1,146,761
ROI						199%
Payback period						<6 months



# Microsoft Power Automate: Overview

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

## Power Automate

[Microsoft Power Automate](#) democratizes intelligent automation by empowering everyone — from citizen developers to experts at the forefront of technology — to seamlessly build secure, automated solutions. It brings [UI-based automation](#) together with [API-based automation](#) and unlocks analog data with [AI](#) into one seamless platform allowing organizations to automate legacy, on-premises software alongside SaaS applications, serving the full spectrum of an organization's automation needs. With Power Automate, you can build automated workflows between your favorite apps and services to get notifications, synchronize files, collect data, and more. Confidently scale across your organization in an environment founded on industry-leading security and compliance. From simple tasks to complex enterprise-wide processes, Power Automate helps you automate highly repetitive, manual tasks and reduce the risk of human error, while allowing your workforce to focus on the strategic work that drives your business forward.

# 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

---

<sup>1</sup> Source: “The Total Economic Impact™ Of Power BI,” Forrester Consulting report prepared for Microsoft, March 2020.

<sup>2</sup> GDPR: General Data Protection Regulation.

<sup>3</sup> Source: “The Total Economic Impact™ Of Power Apps,” Forrester Consulting report prepared for Microsoft, March 2020.