The Business Value of SAP Emarsys Customer Engagement

Megan Szurley
Senior Research Analyst,
Business Value Strategy Practice, IDC

Gerry Murray
Research Director,
Marketing and Sales Technology, IDC

Table of Contents

CLICK ANY HEADING TO NAVIGATE DIRECTLY TO THAT PAGE.

Executive Summary

SAP Emarsys Customer Engagement is an omni-channel solution designed to empower marketers to deliver personalized, cross-channel marketing campaigns and increase customer lifetime value (CLTV). The platform is designed to help marketers build, launch, and scale personalized cross-channel campaigns that produce impactful and measurable results. Through a series of in-depth interviews, IDC conducted research that explored the value and benefits for organizations using SAP Emarsys to grow customer value through more effective marketing campaigns.

Based on this data and using a Business Value methodology, IDC calculates that these SAP Emarsys customers will achieve benefits (see figure 1, page 8) worth an annual average of $4.7 million ($28,000 per active SAP Emarsys user) by:

- Optimizing the practice of omni-channel customer engagement by improving the ability of marketers to accurately personalize the messages, offers, and delivery of customer communications

- Enhancing the performance of sales, marketing, customer support, graphics, product, analytics, and other teams

- Decreasing time to market for new products and new campaigns to accelerate revenue

- Improving overall business performance and results by increasing customer satisfaction and customer engagement

Business Value Highlights

Click each highlight below to navigate to related content within this document.

385%
three-year ROI

52%
quicker time to market for new products

53%
quicker campaign launches

25%
increase in omnichannnel campaigns

35%
more productive marketing teams

22%
increase in customer satisfaction

Situation Overview

Customers expect that the best personalized experiences they have had with any brand to be offered by every brand. To manage holistic, end-to-end customer experiences, modern marketing infrastructures must help marketers solve for both individual interaction contexts and continuity across them. That means that the best-of-breed approach of the past is not ideal, because it typically results in a marketing

infrastructure that suffers from "fragmentation by design", needing too much DIY integration and maintenance. Instead, digital marketing infrastructure must be architected as a set of enterprise services for customer data management, governance and compliance, artificial intelligence (AI) and analytics, event monitoring, and more to drive engagement. This requires a consolidated solution that can ingest data from many channel sources, personalize the messaging and journeys, and learn from each engagement to continuously optimize the value that brands deliver to customers. With this capability, marketers are better able to drive customer acquisition for new products or services and promote new types of subscriptions, as well as manage the upsell, cross-sell, and retention efforts throughout the customer's life cycle. To accomplish these objectives, marketers need a consolidated solution that helps them automate personalization at scale.

SAP Emarsys Customer Engagement

SAP Emarsys Customer Engagement is a purpose-built omni-channel tool designed for marketers to deliver personalized, omni-channel experiences that are tailored to their industry and produce business outcomes. Emarsys plays a strategic role as part of the SAP Customer Experience (CX) portfolio. The company boasts nearly 1,000 global employees dedicated to the marketing solution and has garnered a collection of satisfied customers.

SAP Emarsys supports delivery of messages across a variety of channels, including email, web, digital ads, mobile app and wallet, SMS and instant messaging services, direct mail, in-store, and contact center. The platform offers robust segmentation and campaign automation capabilities, centralized customer profile management, loyalty management, and AI-powered data and analytics, as well as out-of-the box (OOTB) ecommerce and database connectors.

The solution is often deployed in conjunction with SAP Commerce Cloud, SAP Customer Data Solutions (CDP and CDC), SAP Service Cloud, SAP Sales Cloud, and SAP Business Technology Platform; however, these are not prerequisites, as the solution is offered standalone for marketers seeking to address specific omni-channel communication requirements.

The Business Value of SAP Emarsys Customer Engagement

Study Firmographics

IDC conducted research that explores the value and benefits for organizations of using SAP Emarsys to grow customer value with personalized, omni-channel, and customer campaigns. The project included interviews with seven organizations that use SAP Emarsys and have experience with and/or knowledge about the benefits and costs of using the platform. During the interviews, companies were asked a variety of quantitative and qualitative questions about the offering's impact on their IT operations, customer engagement operations, core businesses, and costs.

Table 1 presents study firmographics. The organizations that IDC interviewed had an average base of 4,651 employees and a total average annual revenue of $1.7 billion. This workforce supported and served 13.8 million customers. In terms of geographic distribution, five of the companies were based in the United States, with the remaining in Denmark and Australia. The companies represented a variety of vertical markets: retail, financial services, manufacturing, and real estate.

TABLE 1

Firmographics of Interviewed Organizations

	Average	Median	Range
Number of employees	4,651	400	160–25,000
Number of customers	13.8M	4.0M	400–80.0M
Annual revenue	$1.7B	$100M	$14M–$10B
Countries	United States (5), Denmark, Australia		
Industries	Retail (4), financial services, manufacturing, real estate		

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Choice and Use of SAP Emarsys Customer Engagement

The organizations that IDC interviewed described typical usage patterns for SAP Emarsys. They also discussed their rationale for choosing it describing it as a cost-effective way to grow long-term customer value by effectively developing personalized, omni-channel, and customer campaigns. Study participants expanded on their decision criteria and noted how the platform helped them move decisively toward that goal by decreasing channel silos and multiple systems. They also cited the platform's ability to support their cloud environments and strengthen the mobile aspects of their omni-channel strategy.

Study participants commented on these benefits:

Better subscription support, (retail organization):
"We are five years old, and we were using an open source email client system. At the time, we had nearly 2 million subscribers to a newsletter, and it was a problem for an open source system to handle so many subscribers. We also have a complexity, because we are serving several domains, as we are working in different countries, sending emails in the native language from each domain. So we needed a platform that provided support for these communications."

Supports goal to decrease channel silos (financial services organization):
"We selected SAP Emarsys because, first of all, from an IT perspective, it was really very difficult to maintain multiple systems. This was especially true from the standpoint of digital marketing, as well as customer acquisition and onboarding. We also wanted to get away from being siloed across multiple channels."

Supports cloud goals (real estate organization):
"For years, my organization has been on premises with all our solutions. Now my organization is diving into the cloud. We were looking at Emarsys as one of the cloud solutions that we could use for our business."

Omni-channel partner (retail organization):
"When we were looking for a messaging provider, it was extremely important for us to find a partner that provided omni-channel. We were facing a lot of growth and wanted to put more emphasis on mobile communication. We needed to have a system that can handle all the data."

Table 2 (next page) shows the average organizational usage of SAP Emarsys by the interviewed clients. The global reach of the solution footprint was apparent, with 22 countries and three languages involved. The total number of engaged websites was 13, which in turn supported a total of 334,893 web pages. Additional metrics are presented.

TABLE 2

Organizational Usage of SAP Emarsys

	Average
Brands	2
Countries	22
Languages	3
Websites	13
Web pages	334,893
Mobile applications	4
Number of email communications per year	270.0M
Number of SMS communications per year	149.7M
Revenue	17%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Business Value and Quantified Benefits

IDC's Business Value research demonstrates how study participants used SAP Emarsys to cost-effectively cultivate long-term customer value with personalized, omni-channel, and customer campaigns. The platform helped interviewed companies enhance the practice of omni-channel customer engagement by optimizing and enhancing the performance of sales, customer support, graphics, analytics, and other teams. It also served to help these companies decrease time to market for new products and campaigns to gain a better competitive advantage in both global and domestic markets. Further, it improved overall business performance and results by increasing customer satisfaction and customer engagement.

Study participants commented on these benefits:

Centralized delivery and omni-channel support (retail organization):
"SAP Emarsys enables my organization to have centralized delivery and omni-channel support. By omni-channel, I mean that Emarsys has several different modules that allow you to deliver different offers across different channels."

User-friendly platform (retail organization):
"The user interface [UI] is so marketer-friendly that the deep and heavy onboarding marketers can use it independently; they don't need the engineering help or guidance just for maintaining recurring programs or recurring send-outs. Marketing only needs engineering help when implementing something new. It makes a significant difference."

Audience segmentation (retail organization):
"The biggest benefit of SAP Emarsys is the capability to segment audiences and launch our campaigns. When emails are sent, my organization has the ability to monitor them in a single system."

Templatization and automation (retail organization):
"My organization really appreciates the templatization and automation provided by SAP Emarsys. We are able to effectively target brand content on specific campaigns and can do one build to support six brands."

Figure 1 presents IDC's calculations of cumulative user and business related benefits achieved by interviewed organizations from the adoption of SAP Emarsys. Average annual benefits were quantified at $4.7 million per organization ($28,000 per active SAP Emarsys user) and are broken out by two major contributing categories below.

FIGURE 1
Average Annual Benefits Per Organization
($)

■ **User benefits**   ■ **Business productivity benefits**

$1,878,456

$2,790,733

Average annual benefits per organization
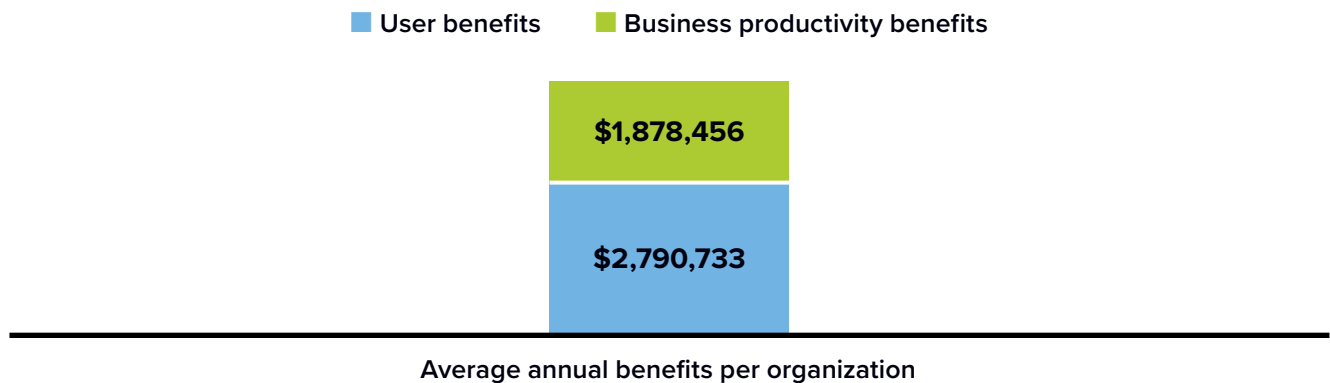
n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Staff Benefits for Omni-Channel Teams

In the current environment, businesses are facing a wide variety of macroeconomic challenges, including inflation, global economic instability, and flattening customer growth. Customers are demanding greater value, better digital experiences, and greater control over how they engage with providers of goods and services. Omni-channel customer-centric business resilience will require companies to transition from transactional-level experiences to relationship-based experiences. The initiatives they need to take will usher in an era of new customer metrics and greater focus on quantifying customer and business value. The imperative to maintain the human element in the customer experience will assume greater importance.

Marketers are under increasing pressure to do more with less time, budget, and resources at their disposal. SAP Emarsys Customer Engagement is designed to meet many of these challenges by optimizing omni-channel customer engagement and empowering marketers to build, launch, and scale personalized cross-channel campaigns that produce measurable results. Study participants confirmed these benefits and appreciated that the platform increased innovation and helped them establish more marketing and customer outreach campaigns. They also noted that the platform offered process simplification to help minimize versioning of brands and provided a single source of truth by eliminating duplicative silos and use of multiple applications.

Study participants elaborated on these benefits:

Increased innovation (retail organization):
"My organization can set up more campaigns with SAP Emarsys, but mainly, we used this additional available time and resources to put into innovation experimentation. So, when we are setting up a campaign, we were trying to do A/B testing with two, three, and four variants to make the campaigns more effective and having deeper understanding on the reporting, because first we were just able to look at the number of clicks, like messaging stats. But now, we can look into conversions, not into revenue-based but purchase-based conversions and custom event-based conversions."

Process simplification (retail organization):
"SAP Emarsys helps the marketing team because of process simplification. They are, with their time freed up, focusing more on strategy and reporting of insights."

Single source of truth (financial services organization):
"Our product team appreciates that they don't have to go to multiple applications to be able to accomplish their work. It can all be done in one environment."

Data consolidation (real estate organization):
"Our product team now has access to consolidated data, so instead of having data duplicated across different parts of our organization, we have master data. It is making them, and other teams, more effective."

To provide a full picture of post-adoption experiences with SAP Emarsys, IDC comprehensively evaluated a variety of impacts, beginning with staff benefits. Interviewed organizations noted that their sales teams were able to tailor their messaging to better fit customer needs because of access to higher-quality customer information.

Interviewed companies reported that SAP Emarsys significantly helped marketing teams build and launch higher-quality omni-channel campaigns across multiple products or brands with greater speed. Importantly, this freed up their time to innovate and strategize. They also valued experimenting with SAP Emarsys to better support their business needs. As shown in **Table 3**, marketing teams experienced a 35% spike in productivity as a result. This amounted to the equivalent of adding 10.3 FTEs and resulted in an annual productivity-based business value of $721,050 for each organization.

TABLE 3

Marketing Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	29.9	40.2	10.3	35%
Value of staff time per year	$2.1M	$2.8M	$721,050	35%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Study participants noted that the user interface of SAP Emarsys is clean and easy to use. As a result, less IT time was needed to manage and maintain the infrastructure. **Table 4** shows that interviewed companies saw an 11% efficiency gain in the work performed by their IT operations teams, yielding an annual efficiency-based business value of $57,200.

TABLE 4

IT Operations Team Efficiency Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Total FTE count	5.2	4.6	0.6	11%
Value of staff time per year	$520,000	$462,800	$57,200	11%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Table 5 quantifies potential productivity benefits of sales team using SAP Emarsys. As shown, interviewed companies saw a 34% productivity boost in the work performed by their sales teams. This productivity gain amounted to sales staff working with the equivalent productivity level of 28.9 additional full-time equivalents (FTEs) and resulted in an annual productivity-based business value of $2,023,000 for each organization.

TABLE 5

Sales Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	85.0	113.9	28.9	34%
Value of staff time per year	$6.0M	$8.0M	$2.0M	34%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Marketers must work closely with web designers to create powerful marketing outreach campaigns. Interviewed organizations reported that their graphics and web design teams benefited from needing to do less content rework and greater standardization with the use of SAP Emarsys. As shown in Table 6, these teams experienced a 31% increase in their productivity, yielding an annual productivity-based business value of $92,225 for each organization.

TABLE 6

Graphics and Web Design Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	4.3	5.6	1.3	31%
Value of staff time per year	$297,500	$389,725	$92,225	31%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Study participants reported that SAP Emarsys served as a singular repository for information, which drastically reduced rework, asset spend, and duplication of creative efforts. **Figure 2** shows asset creation-cost reductions. The greatest improvements were seen in reduced rework (28%), spend on unused assets (28%), and spend on duplicate creative efforts (25%).

FIGURE 2

Asset Creation-Cost Reductions

(Percentage reduction)

Reduced rework	28%
Spend on unused assets	28%
Spend on duplicate creative efforts	25%
Time to create renditions	15%
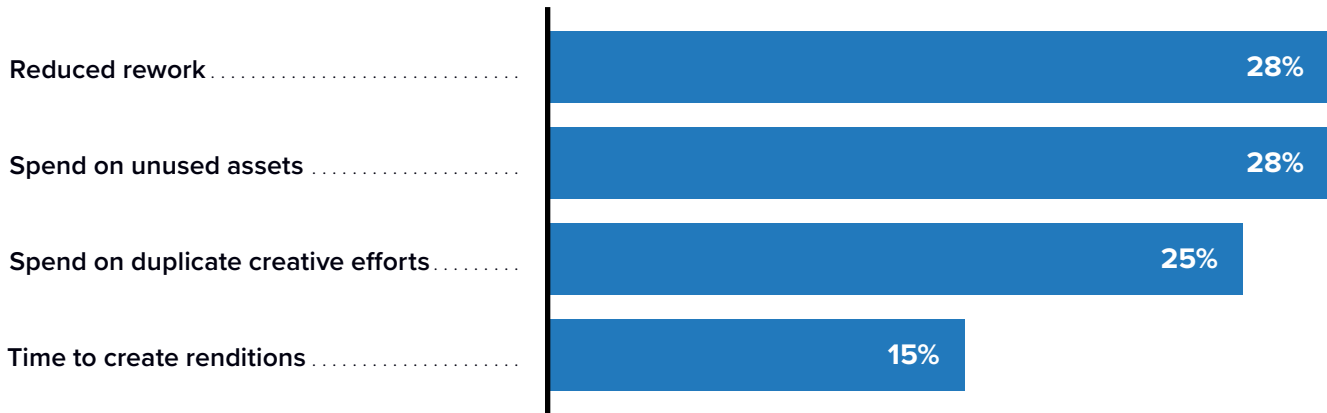
n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

IDC then looked at the impact of SAP Emarsys on product teams. These teams benefited from SAP Emarsys' ability to provide a single point of access for high-quality information, data, and product information. In the past, these teams often had to access multiple applications to do their daily work. As shown in **Table 7**, interviewed companies saw a 15% productivity boost in the work performed by their product teams, resulting in an annual productivity-based business value of $66,080 for each organization.

TABLE 7

Product Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	6.4	7.3	0.9	15%
Value of staff time per year	$448,000	$514,080	$66,080	15%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Interviewed organizations admitted to having only touched the surface with SAP Emarsys in terms of its capabilities in analytical reporting. They plan to double down on data analytics use in the near future and expand their SAP Emarsys reporting as they continue to better understand this aspect of its full value. **Table 8** illustrates the benefit of their limited use of SAP Emarsys for analytical purposes. As shown, interviewed companies saw a 13% productivity boost in the work performed by their data analytics teams. This resulted in an annual productivity-based business value of $63,823 for each organization.

TABLE 8

Data Analytics Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	7.0	7.9	0.9	13%
Value of staff time per year	$490,000	$553,823	$63,823	13%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Interviewed companies reported that SAP Emarsys enabled their customer support teams to better solve transactional problems that occurred in the customer engagement process. This was facilitated by using templates to gain insight into the source of an issue when a notification was created. This capability enabled them to be properly prepared and to fix problems with greater speed.

Table 9 showcases these benefits in terms of greater productivity. As shown, interviewed companies saw a 22% productivity enhancement in the work performed by their customer support teams. This amounted to the equivalent of adding 3.2 FTEs and resulted in an annual productivity-based business value of $227,150 for each organization.

TABLE 9

Customer Support Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	14.8	18.0	3.2	22%
Value of staff time per year	$1,032,500	$1,259,650	$227,150	22%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Additional line-of-business teams also benefited from having access to higher-quality data that increased their ability to support additional work. Interviewed companies saw a 17% productivity boost in the work performed by these teams. This amounted to the equivalent of adding 1.6 FTEs and resulted in an annual productivity-based business value of $111,860 (see **Table 10**).

TABLE 10

Other Line-of-Business User Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	9.4	11.0	1.6	17%
Value of staff time per year	$658,000	$769,860	$111,860	17%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

The reliable availability of core business applications is a critical dependency in today's environments. SAP Emarsys helped companies capitalize on revenue opportunities by deploying integrated, personalized, and cross-channel campaigns quickly and by fostering relevant, real-time engagements. Interviewed organizations made it clear that SAP Emarsys created less dependency on engineers and/or developers, thereby enabling marketing teams to handle a good deal of the work themselves.

As shown in **Table 11**, this resulted in a 14% productivity boost in the work performed by development teams and resulted in an annual productivity-based business value of $66,500 for each organization.

TABLE 11

Development Team Productivity Gain

	Before SAP Emarsys	With SAP Emarsys	Difference	Benefit
Equivalent productivity level (FTEs)	4.8	5.4	0.7	14%
Value of staff time per year	$475,000	$541,500	$66,500	14%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Business Enablement Benefits

IDC looked at how SAP Emarsys impacted the overall business operations and results of interviewed companies. They reported that boosting the performance of various IT and line-of-business teams in the fulfillment of their day-to-day tasks and responsibilities had clear and positive downstream benefits for their business efforts. Delivering personalized, real-time engagements at scale served to increase customer retention and loyalty and accelerated time to value. Customer lifetime value increases when a brand builds meaningful customer relationships and strengthens consumer loyalty, and personalization is an important key to increasing CLTV.

Study participants reported that SAP Emarsys resulted in better advertising and improved campaign response rates. They also noted quicker campaign releases, in part because fewer team members were involved in their development. They appreciated that SAP Emarsys fostered a holistic approach to channel management while making the user experience more consistent and seamless.

Study participants elaborated on these benefits:

Greater campaign response rates (real estate organization):
"My organization has seen greater acceptance of advertising by our customers since deploying SAP Emarsys. They are liking our advertisements more. When we send out a campaign, the campaign seems to get better response rates. It's the same campaign, the same wording, but it's more graphically appealing."

Quicker campaign releases (retail organization):
"My organization has benefited from having the data in the same place. It has given us the ability to set up a campaign in one day compared with one week. Also, the number of people involved in a campaign has decreased significantly when we move to Emarsys because Emarsys provides them with their own testing opportunities, and you can see in the UI how the message will look."

Holistic approach to channel management (financial services organization):
"The most significant benefit of SAP Emarsys is that it gives my organization a holistic experience across the different channels. We are able to define the journey, eliminate the cost of various channels, and make the user experience consistent and seamless."

With more customer information at hand and a singular location for all information, interviewed organizations found that they were able to launch campaigns and go to market with new products far more quickly than before. As shown in **Figure 3** (next page), after adoption, the time to campaign launch was accelerated significantly (53%) while time to market for new products was accelerated 52%.

FIGURE 3

Campaign KPIs

(Percentage quicker)

Time to campaign launch	53%
Time to market for new products	52%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

After adoption of SAP Emarsys, interviewed organizations achieved increases in many key performance indicators (KPIs) for customer engagement. The platform enabled them to release a greater number of personalized campaigns, which increased engagement, conversion rates, and cart values. As shown in **Figure 4**, after adoption, customer engagement improved 46%, while the number of campaigns that companies were able to execute jumped 27%. In addition, the number of multichannel campaigns per year increased 25%.

FIGURE 4

Customer Engagement KPIs

(Percentage increase)

Customer engagement	46%
Number of campaigns	27%
Number of multichannel campaigns per year	25%
Customer conversion rate	12%
Cart value	10%
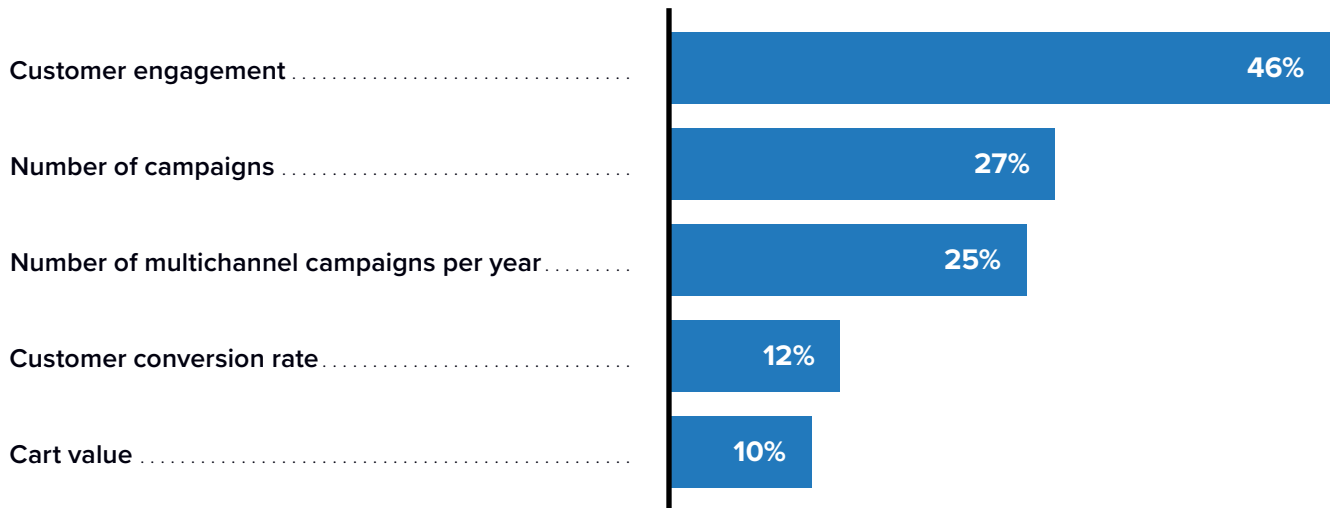
n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

In another key area of customer engagement, interviewed organizations achieved 22% higher customer satisfaction scores through their use of SAP Emarsys. Customer experiences were improved by the use of personalized campaigns and portals, which ultimately led to revenue increases. As one study participant in the manufacturing sector noted: *"Our customer satisfaction has definitely increased from using SAP Emarsys. Customers are having better experiences, and that value is really reflected in our revenue increasing."*

IDC then examined financial impacts resulting from business enablement. Interviewed organizations directly correlated the use of SAP Emarsys to higher annual revenue. This was due to an improved capacity to better support the needs of their customers and to respond to market demands as previously described. Interviewed organizations achieved significant additional revenue per year.

IDC quantified these business enablement improvements. **Table 12** shows significant revenue gains through business enablement, with $15,386,667 in higher average annual revenue for each organization. IDC's financial model applies a 15% operating margin assumption, resulting in net revenue gains of an average of $2,308,000 per organization.

TABLE 12

Organizational Usage of SAP Emarsys

	Per Organization	Per Active User
Total additional gross revenue per year	$15.4M	$92,353
Assumed operating margin	15%	15%
Total additional net revenue — IDC model*	$2.3M	$13,853

* The IDC model assumes a 15% operating margin for all additional revenue.
n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

ROI Summary

Table 13 presents IDC's return on investment (ROI) analysis of study participants' use of SAP Emarsys. As shown, IDC projects that these companies will achieve three-year discounted benefits worth an average of $10,968,300 per organization through better customer engagement, IT and other team staff efficiencies, and improved business performance. These benefits compare with total three-year discounted costs of $2,261,800 per organization. These levels of benefits and investment costs are projected to result in an average three-year ROI of 385% and a break-even point in their investment occurring in 12 months.

TABLE 13

Three-Year ROI Analysis

	Per Organization	Per Active User
Discounted benefits	$11.0M	$65,833
Discounted investment	$2.3M	$13,576
Net present value (NPV)	$8.7M	$52,258
Return on investment (ROI)	385%	385%
Payback period	12 months	12 months
Discount factor	12%	12%

n = 7; Source: IDC Business Value In-Depth Interviews, May 2023

Challenges/Opportunities

Challenges

- SAP Emarsys is largely a European brand, with limited share in North American markets.

- SAP Emarsys has a relatively small partner ecosystem and customer community for sharing best practices, birds-of-a-feather meetups, user groups, and so forth.

- While SAP ownership provides many opportunities for Emarsys, the flip side has been a worrisome lack of application-specific awareness for Emarsys in the marketing technology sphere. There is some risk that the Emarsys brand (and product) may be subsumed by the SAP suite, resulting in limited recognition as a legitimate standalone marketing application.

Opportunities

- Emarsys has a huge SAP customer base to sell into, and customers are embracing the solution, commenting that "Emarsys is doing exceedingly well in the small and medium-sized business and midmarket space and has been relatively unencumbered by the SAP acquisition. … If anything, it has provided additional clout."

- SAP Emarsys allows organizations to manage and execute all communications (marketing and transactional) in a single platform with a multitude of native functionalities as well as easy integration capabilities for new channels and data sources.

- Native ecommerce and database connectors help brands build and maintain holistic customer records.

- Leveraging SAP's rich corporate knowledge base, SAP Emarsys can add industry-specific requirements on top of its industry-agnostic solution.

- With its broad front-office/back-office appeal, SAP Emarsys combines with enterprise resource planning (ERP) and customer experience to offer intelligent solutions that help marketers tailor customer engagements with industry-led strategies to accelerate time to value.

Conclusion

SAP Emarsys Customer Engagement is a purpose-built omni-channel tool designed for marketers to quickly build, launch, and scale personalized, cross-channel campaigns that drive customer engagement, increase loyalty, and grow lifetime value. The solution supports delivery of messages across a variety of channels, including email, web, digital ads, mobile app and wallet, SMS and instant messaging services, direct mail, in-store, and contact center. The platform offers robust segmentation and campaign automation capabilities, centralized customer profile management, loyalty management, and AI-powered data and analytics, as well as ecommerce and database connectors.

The benefits of the integrated marketing capabilities that SAP Emarsys delivers span many roles across the front office as well as product, data science, and IT teams, resulting in a wide range of operational efficiencies and more responsive and effective customer engagement. As customer experience management becomes a market requirement for businesses of all sizes, an integrated core platform like SAP Emarsys Customer Engagement will reduce infrastructure cost and complexity, boost the speed and scale of marketing operations, and enable multiple front-office functions to maintain continuity for the customer across many interactions.

Appendix: Methodology

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of SAP Emarsys as the foundation for the model.

Based on interviews with organizations using SAP Emarsys, IDC performed a three-step process to calculate the ROI and payback period:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of SAP Emarsys.** In this study, the benefits included IT cost reductions and avoidances, staff time savings and productivity benefits, and revenue gains.

2. **Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using SAP Emarsys and can include additional costs related to migrations, planning, consulting, and staff or user training.

3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of SAP Emarsys over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on several assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For the purposes of this analysis, IDC has used assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- Further, because SAP Emarsys Customer Engagement require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

About the IDC Analysts

Megan Szurley

Senior Research Analyst, Business Value Strategy Practice, IDC

Megan Szurley is a senior research analyst for the Business Value Strategy Practice, responsible for creating custom business value research that determines return on investment (ROI) and cost savings for enterprise technology products. Megan's research focuses on the financial and operational impact of these products for organizations once deployed and in production. Prior to joining the Business Value Strategy Practice, Megan was a consulting manager within IDC's Custom Solutions division, delivering consultative support across every stage of the business life cycle: business planning and budgeting, sales and marketing, and performance measurement. In her position, Megan partners with IDC analyst teams to support deliverables that focus on thought leadership, business value, custom analytics, buyer behavior, and content marketing. These customized deliverables are often derived from primary research and yield content marketing, market models, and customer insights.

More about Megan Szurley

Gerry Murray

Research Director, Marketing and Sales Technology, IDC

Gerry Murray is a Research Director with IDC's Marketing and Sales Technology service where he covers marketing technology and related solutions. He produces competitive assessments, market forecasts, innovator reports, maturity models, case studies, and thought leadership research.

More about Gerry Murray

IDC Custom Solutions

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. This IDC material is licensed for <u>external use</u> and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.