

FORRESTER®

The Total Economic Impact™ Of Monthly Enterprise Channel For Microsoft 365 Apps

Cost Savings And Business Benefits
Enabled By Monthly Enterprise Channel For
Microsoft 365 Apps

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Executive Summary

Forrester's analysis of four Microsoft customers found that transitioning from Semi-Annual Channel to Monthly Enterprise Channel for Microsoft 365 Apps saved time for end users, help desk staff, and IT administrators by enabling a more reliable and manageable update process that increased app stability and reliability. Activating Monthly Enterprise Channel also reduced the risk of a data breach because of faster quality fixes and end user access to security-related features, and less shadow IT.

Microsoft 365 Apps delivers quality fixes, security updates, and access to new features on a predictable monthly schedule through [Monthly Enterprise Channel](#) (MEC), along with new services within the Microsoft 365 Apps admin center — such as inventory and servicing profiles — that increase IT administrator productivity.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by servicing Microsoft 365 Apps through Monthly Enterprise Channel.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact on their organizations of Monthly Enterprise Channel for Microsoft 365 Apps.

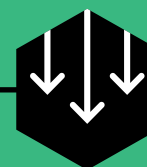
To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using Monthly Enterprise Channel for Microsoft 365 Apps. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single [composite organization](#).

Prior to activating Monthly Enterprise Channel for Microsoft 365 Apps, the interviewed organizations used the Semi-Annual Channel to update end user devices running those apps. The organizations struggled with end user, help desk, and IT admin productivity loss; lack of visibility to update status and

KEY STATISTICS



Three-year benefit (NPV)
\$10.18M



Reduction in reactive effort
90%

app performance; end user frustration with delayed access to new features; and security risks stemming from shadow IT and delayed bug fixes.

After changing to Monthly Enterprise Channel for Microsoft 365 Apps, the customers reduced their number of help desk cases, increased IT admin and end user productivity, and decreased their risk of a data breach.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits applied to the composite organization and totaled over three years include:

- **Productivity improvement valued at \$242,512 due to fewer Microsoft 365 Apps-related help desk cases.** Because the interviewed organizations gained a more reliable and manageable update process and faster fixes for bugs and quality issues, fewer Microsoft 365 Apps-related cases reached their help desks.

The composite organization's 70% reduction in Microsoft 365 Apps-related Tier 1 cases and 60% reduction in Tier 2 cases improves productivity for its help desk staff, IT administrators, and end users.

- Increased IT administrator productivity valued at \$120,669.** With Monthly Enterprise Channel, IT administrators at the interviewees' organizations eliminated much of the reactive effort around update deployment that previously consumed most of their workday. For the composite organization this represents a 90% reduction in reactive effort. This reclaimed time, along with new tools and insights, enabled the IT administrators to manage updates and monitor app performance more strategically and proactively.
- Increased end user productivity valued at \$9.5 million.** The organizations' activation of Monthly Enterprise Channel provided their end users with monthly access to bug fixes and their IT administrators with a better ability to confirm that those monthly updates were operating reliably on end user devices. This improved the stability and reliability of Microsoft 365 Apps. As a result, each of the composite organization's end users regains 4.3 productive hours each year, representing 50% of the time they previously lost to small but recurring minor interruptions and delays with those apps.
- Decreased risk of a data breach, valued at \$286,058.** By transitioning to Monthly Enterprise Channel, the interviewees' organizations reduced their risk of a data breach because they could address bugs sooner, provide end users with access to new security-related features faster, and more easily decrease the use of shadow IT. The composite organization's risk of data breach decreases by 50%.

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

- Better end user experience due to quality fixes and earlier access to new features.** Organizations improved their end users' experience in multiple ways including reduction of small but ongoing quality issues, earlier access to new features, and providing both end users and IT team with more time to focus on optimizing use of Microsoft 365 Apps.

“The big benefits have been getting bug fixes out faster and getting new features into the hands of our end users.”

VP of IT services, professional services firm

- Less time spent on testing.** Since Monthly Enterprise Channel updates have been tested, organizations were comfortable doing less testing that they previously had before deploying and update.
- Potential revenue enhancement for organizations where technological prowess is expected by clients.** Organizations cited the use of current technology as a benefit in closing business because of the better impression that it created with prospects and customers.

Costs. Risk-adjusted PV costs applied to the composite organization and totaled over three years include:

- Internal effort for implementation, management, and support.** Internal effort by an IT administrator for the composite organization totals 12 hours for implementation and 104 hours annually for management and support including

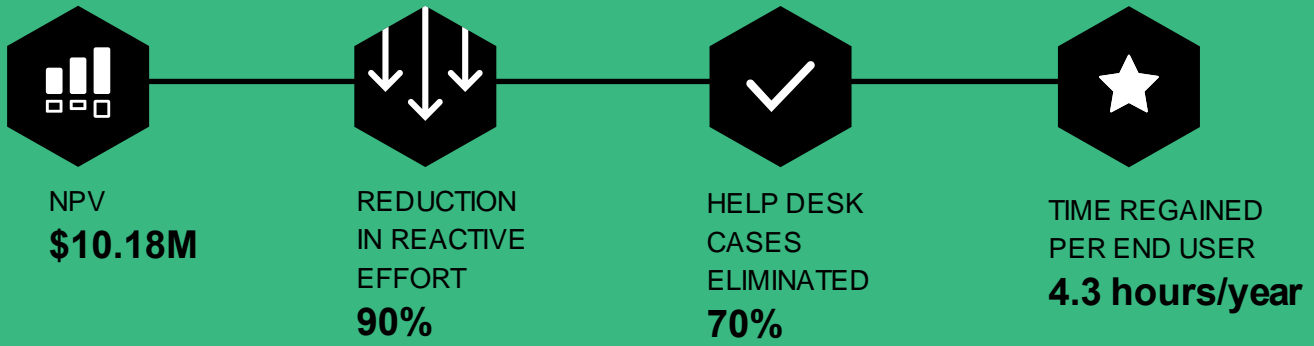
optimizing Monthly Enterprise Channel and leveraging new capabilities as they are introduced.

- **No charge to activate Monthly Enterprise Channel.** Activation is a simple online process available at no charge.

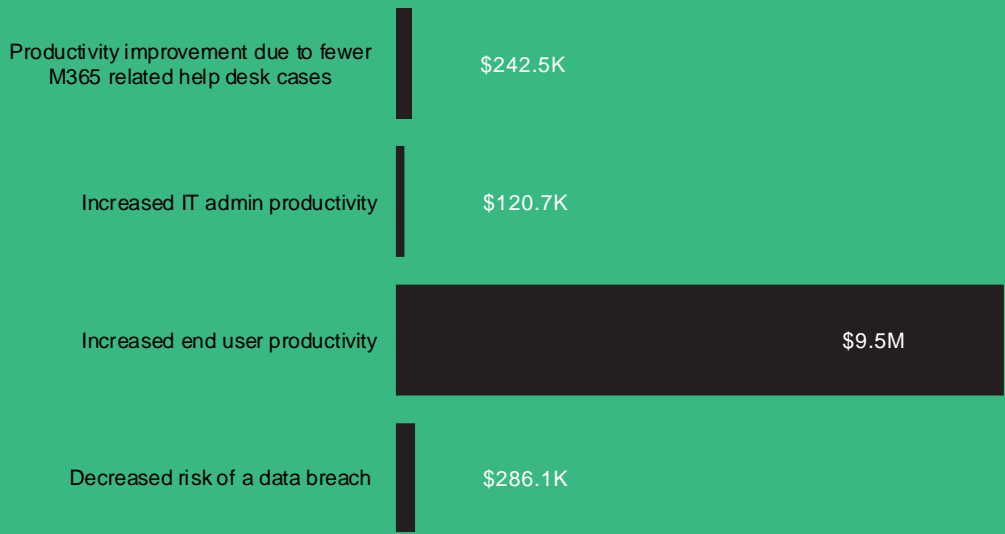
The customer interviews and financial analysis found that a composite organization experiences benefits of \$10.19M over three years versus costs of \$13K, adding up to a net present value (NPV) of \$10.18M.

It reduced the complexity of updates, which made them faster, easier, and more reliable.

— Chief security officer, logistics company



Benefits (Three-Year)



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 Monthly Enterprise Channel for Microsoft 365 Apps.

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 Monthly Enterprise Channel for Microsoft 365 Apps can have on an organization.

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 study to determine the appropriateness of an investment in Monthly Enterprise Channel for Microsoft 365 Apps.

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.



DUE DILIGENCE

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Monthly Enterprise Channel for Microsoft 365 Apps.



CUSTOMER INTERVIEWS

Interviewed four decision-makers at organizations using Monthly Enterprise Channel for Microsoft 365 Apps to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

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



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 Monthly Enterprise Channel For Microsoft 365 Apps Customer Journey

■ Drivers leading to Monthly Enterprise Channel for Microsoft 365 Apps investment

Interviewed Organizations			
Industry	Region	Interviewee	Number of devices with Microsoft 365 Apps
Professional services	Headquartered in North America, global operations	<ul style="list-style-type: none">• VP, IT services• Workstation lead• IT engineer	14,000
Logistics	Headquartered in Europe, global operations	Chief security officer	100,000
Healthcare	Headquartered in North America, national operations	<ul style="list-style-type: none">• Director, IT services• Systems engineer• Technology lead• Workplace engineer	65,000
Industrial equipment	Headquartered in Europe, global operations	Solution manager	12,000

KEY CHALLENGES

Prior to activating Monthly Enterprise Channel for Microsoft 365 Apps, the interviewed organizations used the Semi-Annual Channel to update end user devices running those apps. As a result, those organizations waited up to six months (and sometimes up to 12 months) for Microsoft 365 Apps bug fixes and new features. In addition, their IT administrators had only limited data and tools to support and simplify their efforts around those updates.

The interviewed organizations struggled with common challenges, including:

- **End user and help desk productivity loss due to outdated versions and delays in bug fixes.** Failed updates along with only semi-annual bug fixes impaired end users' productivity. Many end users experienced an ongoing series of minor issues that briefly but repeatedly interrupted their use of a Microsoft 365 Apps product, which they found annoying but not enough to prompt them to contact their organization's help desk. Over time, these interruptions accumulated to hours of productivity loss. Others faced more disruptive

issues that did generate help desk incidents, consuming end user and IT staff time.

“We analyzed our case history and found that many cases might have been avoided through updates that had been released but weren't yet available via our update channel.”

Chief security officer, logistics company

An IT engineer at a professional services firm explained: “We couldn't get the quality in there, because of the bugs.” A technology lead at a healthcare organization said: “Having to wait months for bugs to be fixed was a problem that

cascaded through the organization, from end users having problems to the PC support teams answering questions and the help desk staff fielding calls.” A director of IT services at that same organization added: “Even though in theory it was a semi-annual update, sometimes something wouldn’t have made it into one update and so it didn’t appear until a year after the fix was available.”

- **IT administrators’ lack of visibility and heavy burden of manual effort around updates.** The organizations’ IT administrators operated largely in a reactive and labor-intensive mode with respect to servicing Microsoft 365 Apps. They lacked tools to understand, control, and optimize update status and app performance more efficiently and proactively. The director of IT services at the healthcare organization said: “We had no ability to truly control update cycles, and that had too much impact on our end user community.”

Even when a semi-annual update was available, devices often did not successfully get updated and end users continued to use older versions. The VP of IT services at the professional services firm indicated: “We could have up to 10 different versions of an app in our environment, with no understanding as to why those weren’t updating to the latest update. Every quarter, we would spend hours answering questions from our security team or leadership, about how we were doing on updates. We’d pull the data we could, and they would ask ‘Why is it so bad?’ So, we’d have to spend 15 to 20 hours investigating that, and another 20 to 40 hours trying to remediate some of the older versions.”

The organizations’ widespread use of older versions degraded the end user experience and introduced security risks.

- **End user frustration with delayed access to bug fixes and new Microsoft 365 Apps**

features. End users were frustrated at having to wait six or even 12 months for bug fixes and access to new features and capabilities. The IT engineer at the professional services firm said: “When it’s publicly known that new features are available, end users don’t understand why they have to wait.” The director of IT services at the healthcare organization explained: “Increasingly we were hearing from our end users about bugs, other issues, and missing features that we realized were available with more frequent updates. Microsoft had already tested and released things we couldn’t get out to our end users for so long that felt we needed to reconsider the risk and reward of being more aggressive about updates.”

“When you get updates only every six months, end users are always missing out on the new features.”

Workstation lead, professional services firm

- **Security risks stemming from shadow IT and delayed bug fixes.** With bug fixes and new functionality often months away in their next semi-annual update, end users sought other solutions via shadow IT. A systems engineer at the healthcare organization explained: “When end users have an app that’s buggy and not getting fixed, they’re more likely to seek something else that doesn’t appear to be buggy.” The use of shadow IT created potential security and compliance issues for organizations, as did the delay in bug fixes. The chief security officer at

the logistics company noted: “Vulnerabilities in software create risk. They can enable some sort of data breach, leakage, or other kind of compromise. The difference between a security update and a non-security update is that what’s covered by the security update was already well known to be exploited. But any bug potentially could be exploited.”

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 companies where Forrester interviewed decision-makers and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a global organization with cloud-based Microsoft 365 Apps for enterprise deployed on 60,000 devices. Prior to activating Monthly Enterprise Channel for Microsoft 365 Apps, the organization updated those apps with Semi-Annual Channel.

Deployment characteristics. The organization switched from semi-annual updates to monthly updates, using internal resources and informal

assistance from Microsoft including an Office Ranger. Implementation involved setting Microsoft 365 Apps user devices to accept the updates, informing end users and IT staff who would be affected by the switch, and having IT staff get familiar with and begin to use the new administrative capabilities and insights provided by Monthly Enterprise Channel. After an initial pilot, the organization transitioned all Microsoft 365 Apps users to Monthly Enterprise Channel. On an ongoing basis, Monthly Enterprise Channel requires minimal technical support, but an IT administrator continues to optimize and expand its use, including leveraging new capabilities as they are released.

Key assumptions

- **Global organization**
- **Cloud-based Microsoft 365 Apps on 60,000 devices**
- **Updates previously via Semi-Annual Channel**

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	Productivity improvement due to fewer Microsoft 365 Apps-related help desk cases	\$97,518	\$97,518	\$97,518	\$292,553	\$242,512
Btr	Increased IT admin productivity	\$48,523	\$48,523	\$48,523	\$145,568	\$120,669
Ctr	Increased end user productivity	\$3,837,750	\$3,837,750	\$3,837,750	\$11,513,250	\$9,543,916
Dtr	Decreased risk of a data breach	\$115,028	\$115,028	\$115,028	\$345,084	\$286,058
Total benefits (risk-adjusted)		\$4,098,818	\$4,098,818	\$4,098,818	\$12,296,455	\$10,193,155

PRODUCTIVITY IMPROVEMENT DUE TO FEWER MICROSOFT 365 APPS-RELATED HELP DESK CASES

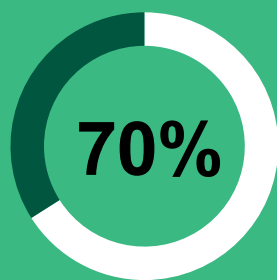
Evidence and data. Because Monthly Enterprise Channel provided a more reliable and manageable update process and enabled the interviewees' organizations to get fixes faster for bugs and other known quality issues, fewer Microsoft 365 Apps-related cases reached the organizations' help desks. This saved time for help desk staff and end users, and — for Tier 2 cases — IT administrators as well.

initially fail to update typically do so successfully within a day or two, further reducing the number of help desk cases related to Microsoft 365 Apps. The IT engineer at the professional services firm explained: "If we find a problem, we can pause the update, so we don't disrupt more users and cause more impact. Then when we have a resolution, we resume the update. That ability to pause creates huge savings in terms of end user troubleshooting, support, tickets, all of that coming in, because we can stop when we need to."

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

- Before Monthly Enterprise Channel, 75% of help desk cases are resolved as Tier 1 cases.
- Monthly Enterprise Channel reduces Tier 1 cases by 70% and Tier 2 cases by 60%.
- A Tier 1 case requires 1 hour of help desk effort and costs an end user 1 hour of productive time.
- A Tier 2 case requires 0.5 hours of help desk effort and 4 hours of IT admin or Tier 2 technician effort, and it costs an end user 5 hours of productive time.

Reduction in Tier 1 help desk cases



A solution manager at an industrial equipment manufacturer noted that because of intelligence built into Monthly Enterprise Channel, even devices that

“Getting the latest fixes every month reduces the time we have to spend troubleshooting with end users, and the time those users have to spend getting issues resolved.”

VP of IT services, professional services firm

Risks. Productivity improvement due to fewer Microsoft 365 Apps-related help desk cases will vary based on:

- Extent to which an organization leverages the tools and services within Monthly Enterprise Channel.
- Number of devices moved from Semi-Annual Channel to Monthly Enterprise Channel.
- Prevailing local compensation rates.

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 \$242,512.

Productivity Improvement Due To Fewer Microsoft 365 Apps-Related Help Desk Cases

Ref	Metric	Calculation	Year 1	Year 2	Year 3
A1	Baseline annual number of Microsoft 365 Apps-related help desk cases before MEC	Interviews	1,700	1,700	1,700
A2	Percentage resolved as Tier 1 cases	Interviews	75%	75%	75%
A3	Number resolved as Tier 1 cases	$A1 \times A2$	1,275	1,275	1,275
A4	Number resolved as Tier 2 cases	$(1 - A2) \times A1$	425	425	425
A5	Percentage reduction in Tier 1 cases after MEC	Interviews	70%	70%	70%
A6	Percentage reduction in Tier 2 cases after MEC	Interviews	60%	60%	60%
A7	Number of Tier 1 cases eliminated after MEC	$A3 \times A5$	893	893	893
A8	Number of Tier 2 cases eliminated after MEC	$A4 \times A6$	255	255	255
A9	Help desk time per Tier 1 case (hours)	Interviews	1.0	1.0	1.0
A10	End user time per Tier 1 case (hours)	Interviews	1.0	1.0	1.0
A11	Help desk time per Tier 2 case (hours)	Interviews, Forrester	0.5	0.5	0.5
A12	IT admin time per Tier 2 case (hours)	Interviews, Forrester	4.0	4.0	4.0
A13	Total end user time per Tier 2 case (including initial help desk interaction) (hours)	Interviews	5.0	5.0	5.0
A14	Help desk time saved (hours)	$(A7 \times A9) + (A8 \times A11)$	1,021	1,021	1,021
A15	IT admin time saved (hours)	$A8 \times A12$	1,020	1,020	1,020
A16	End user time saved (hours)	$(A7 \times A10) + (A8 \times A13)$	2,168	2,168	2,168
A17	Help desk fully burdened hourly rate	$\$68,640 / 2,080$	\$33	\$33	\$33
A18	Help desk productivity recapture	Forrester	100%	100%	100%
A19	IT admin fully burdened hourly rate	$\$93,600 / 2,080$	\$45	\$45	\$45
A20	IT admin productivity recapture	Forrester	80%	80%	80%
A21	End user blended fully burdened hourly rate	$\$72,800 / 2,080$	\$35	\$35	\$35
A22	End user productivity recapture	Forrester	50%	50%	50%
At	Productivity improvement due to fewer Microsoft 365 Apps-related help desk cases	$(A14 \times A17 \times A18) + (A15 \times A19 \times A20) + (A16 \times A21 \times A22)$	\$108,353	\$108,353	\$108,353
	Risk adjustment	↓10%			
Atr	Productivity improvement due to fewer Microsoft 365 Apps-related help desk cases (risk-adjusted)		\$97,518	\$97,518	\$97,518
Three-year total: \$292,553			Three-year present value: \$242,512		

INCREASED IT ADMINISTRATOR PRODUCTIVITY

Evidence and data. By transitioning to Monthly Enterprise Channel, the interviewees' organizations improved the productivity of their IT administrators. IT administrators previously spent most of each workday in a reactive mode, validating updates and troubleshooting and remediating issues related to updates. By activating Monthly Enterprise Channel, the organizations eliminated much of that reactive effort around the deployment of updates. Their IT administrators gained the insights, tools, and time to manage updates and monitor app performance more strategically and proactively.

Reduction in IT administrator reactive effort

90%



In explaining these benefits, interviewees noted the following:

- “The new app admin center has given us better insight and better control over the deployment of updates,” said the IT engineer at the professional services firm. “We need to do less engineering as Microsoft builds all these toolsets for us.”
- The workstation lead at the professional services firm stated: “Having data related to all our devices just a click away, including what version they are running, saves a lot of time.”
- “The inventory in the admin center tells us the status of updates that have been pushed out,” said the solution manager at the industrial equipment manufacturer. “Because we can see all the devices that don’t have the latest update,

we can quickly ensure the update gets rolled out to everyone.”

“We can do more with less, using tools and AI instead of manual effort. And we can focus on exceptions or problems — most of the rest of it just happens.”

Solution manager, industrial equipment manufacturer

- The VP of IT services at the professional services firm explained: “It’s been a big win for our engineering team, around efficiency and effectiveness — efficiency around how quickly we get stuff done, and effectiveness because it’s getting done better. We’re not spending all that time we were spending before on remediating updates.”
- “Instead of troubleshooting, we can go into the apps admin center and proactively get an understanding of how things are working,” said the solution manager at the industrial equipment manufacturer.
- The IT engineer at the professional services firm reported: “Since any reactive efforts are a lot faster now, we can spend the rest of our time on ‘What’s the new feature coming?’ or ‘Let’s look at the data to see if we have any issues or other higher-level topics.’”
- “We are definitely getting more out of the new tools,” said the chief security officer of the logistics company. “We can see a lot of things we

couldn't see before, like crash rates and other analytics. We can be more proactive and go after things we didn't even know we should have done."

- "Whenever a new release is there, clients will immediately start to update," stated the solution manager at the industrial equipment manufacturer. "The time IT admins used to spend downloading content and verifying that it got distributed to end users is now available for other things. Now we can easily keep an eye on the inventory and take action if someone falls behind."
- "Getting the latest fixes every month reduces the time we have to spend troubleshooting," said the VP of IT services at the professional services firm.
- The systems engineer at the healthcare organization reported: "The inventory features and versioning reports help us track version spread, like how many different builds we have and what we need to clean up. We're striving to get down to a single build and keep it up to date."

- "Now that we have the servicing profiles, we can see deployment errors, pause deployments during certain windows, and enforce updates by setting a deadline," said the chief security officer at the logistics company.

"Many things we used to spend time on have gotten much easier. We've freed up time for more proactive efforts."

Solution manager, industrial equipment manufacturer

"We used to spend many hours every quarter pulling data to answer leadership's questions about the status of updates. Now with the app admin center, getting those reports takes about 15 minutes — they're right there."

VP of IT services, professional services firm

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

- Prior to activation of Monthly Enterprise Channel, an IT administrator spends 80% of each workday in a reactive mode.
- Monthly Enterprise Channel eliminates 90% of that reactive effort.

Risks. Increased IT administrator productivity will vary based on:

- Extent to which an organization leverages the tools and services within Monthly Enterprise Channel.
- Number of IT administrators.
- Prevailing local compensation rates.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$120,669.

Increased IT Administrator Productivity

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Number of IT administrators managing M365 Apps updates	Composite	1.0	1.0	1.0
B2	Percentage of workday spent reacting before MEC (update validation, remediation, and troubleshooting)	Interviews	80%	80%	80%
B3	Percentage of reactive effort eliminated by MEC	Interviews	90%	90%	90%
B4	IT administrator fully burdened annual compensation	Industry metrics	\$93,600	\$93,600	\$93,600
B5	IT administrator productivity recapture	Forrester	80%	80%	80%
Bt	Increased IT administrator productivity	$B1 \cdot B2 \cdot B3 \cdot B4 \cdot B5$	\$53,914	\$53,914	\$53,914
	Risk adjustment	↓10%			
Btr	Increased IT administrator productivity (risk-adjusted)		\$48,523	\$48,523	\$48,523
Three-year total: \$145,568			Three-year present value: \$120,669		

INCREASED END USER PRODUCTIVITY

Evidence and data. Before the interviewees' organizations activated Monthly Enterprise Channel, they used Semi-Annual Channel. With that channel, they had many end users operating outdated versions of Microsoft 365 Apps. This happened partly because distribution of updates lagged by up to six — or sometimes even 12 — months in Semi-Annual Channel, and partly due to the difficulty of determining which versions were in use on end users' devices.

As a result, virtually all end users experienced minor interruptions and delays such as a frozen app or an error message. They sometimes resorted to restarting the app or the device in an attempt to resolve the issue. Because the interruptions were brief and varied, end users typically accommodated them and contacted their help desk only for particularly severe issues. But although each productivity loss was small, the cumulative impact across the entire workforce was substantial.

With the organizations' transition to Monthly Enterprise Channel, their end users gained access to bug fixes via monthly updates, and their IT teams gained tools and insights to confirm that those monthly updates were operating — and doing so reliably — on end users' devices. For instance, the apps health feature enabled IT administrators to detect issues that may have been wasting end users' time but not enough to prompt a help desk incident to resolve them.

With improved stability and reliability for their Microsoft 365 Apps, end users regained half of that

Productive time regained annually by each end user

4.3 hours



lost productivity, totaling more than 4 hours per user each year.

In describing this benefit, interviewees said the following:

- The VP of IT services at the professional services firm stated: “Getting bug fixes out more rapidly has been a huge benefit.”
- The chief security officer at the logistics company said: “Simply using the product more reliably is an end user improvement by itself, instead of having it freeze up on you or crash because you’re not up to date.”
- “The Apps Health feature gives us a lot of information, because if a person is using Excel and Excel crashed, they would not raise an incident — they would just start Excel again and move on,” said the solution manager at the industrial equipment manufacturer. “The fourth or

fifth time, they might think about raising an incident. And the first thing we would do is check [to see] if they’re on the latest version.”

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

- Prior to the organization’s transition to Monthly Enterprise Channel, each end user loses an average of 2 minutes of productive time each day.
- After the transition, this decreases to 1 minute each day.

Risks. Increased end user productivity will vary based on:

- Extent to which an organization leverages the tools and services within Monthly Enterprise Channel.
- Number of employees using Microsoft 365 Apps.
- Prevailing local compensation rates.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$9,543,916.

“Generally, a bug fix is just a month away.”

Director, IT services, healthcare organization

Increased End User Productivity

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Number of end users	Composite	60,000	60,000	60,000
C2	Average daily productive time lost per user, prior to MEC (minutes)	Interviews	2	2	2
C3	Average daily productive time lost per user, after MEC (minutes)	Interviews	1	1	1
C4	Reduction in average daily productive time lost per user (minutes)	C2-C3	1	1	1
C5	Reduction in annual productive time lost per user (hours)	(C4*260)/60	4.3	4.3	4.3
C6	Average cross-workforce productivity recapture	Forrester	50%	50%	50%
C7	Average cross-workforce fully burdened hourly compensation	\$72,800/2,080	\$35	\$35	\$35
Ct	Increased end user productivity	C1*C5*C6*C7	\$4,515,000	\$4,515,000	\$4,515,000
	Risk adjustment	↓15%			
Ctr	Increased end user productivity (risk-adjusted)		\$3,837,750	\$3,837,750	\$3,837,750
Three-year total: \$11,513,250			Three-year present value: \$9,543,916		

DECREASED RISK OF A DATA BREACH

Evidence and data. Transitioning to Monthly Enterprise Channel helped organizations reduce their risk of a data breach by addressing bugs sooner, providing new security-related features faster, and decreasing the use of shadow IT.

All servicing channels include monthly security updates, but with the Semi-Annual Channel, any bugs that have not been identified as a security risk may persist for up to six or even 12 months. Since those bugs can introduce security vulnerabilities, the interviewed organizations reduced their security risks when they activated Monthly Enterprise Channel. The solution manager for the industrial equipment manufacturer said: “Being on the latest version of our apps will always reduce the risk of a data breach.”

Monthly Enterprise Channel also decreased security risks by enabling IT administrators to reduce environmental variability and by providing end users with earlier access to security-related new features.

The chief security officer at the logistics company said: “Even on security, we get new features faster, like messages in Outlook that indicate something may be a phishing attack. Those messages could stop an attack from happening.” That interviewee also mentioned getting an earlier start with the ability to label Excel data as confidential and restrict who can use it.

“Changing the update cadence so we’re more up to date absolutely and substantially reduced our vulnerabilities and our risk of a data breach.”

Chief security officer, logistics company

Shadow IT creates risk for organizations because its use typically involves cloud-based applications that operate outside of an organization's security perimeter (e.g., not addressed by the organization's security tools) and are not integrated with its other applications, thus possibly introducing vulnerabilities. In addition, shadow IT can create compliance risks when content isn't managed according to corporate guidelines for sensitive data access and retention.

Interviewees deemed Monthly Enterprise Channel effective against shadow IT because of two capabilities within the Microsoft 365 admin center. The add-in inventory helps organizations detect shadow IT, and servicing profiles reduce end users' motivation to use shadow IT by simplifying efforts to ensure they are using current versions of apps.

“End users now get all the functionality they could possibly need. There’s no longer an excuse to go find shadow IT.”

Director, IT services, healthcare organization

The director of IT services at the healthcare organization observed: “We feel we can be a lot more aggressive at shutting down shadow IT because now there’s really no reason the official offerings don’t meet the needs of the business. And in fact, they usually work better than some of the solutions people had tried to cobble together on their own. Our risk has gone down because of our ability to more effectively get rid of shadow IT.”

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

- The average cost of a data breach is more than \$3.8 million.²
- The likelihood of a 30,000-record data breach in a given year is 7.45%.³
- Transitioning to Monthly Enterprise Channel reduces the likelihood of a breach by 50%.

Risks. Decreased risk of a data breach will vary based on:

- Extent to which an organization leverages the tools and services within Monthly Enterprise Channel.
- The prevalence, nature, and average cost of security breaches in an organization's industry.
- Geographic scope of an organization's operations.
- Volume and type of data breached.
- Speed with which an organization responds to a breach.
- Regulatory and compliance measures an organization must follow.
- An organization's prior capabilities to detect shadow IT.
- An organization's extent of shadow IT.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$286,058.

Decreased Risk Of A Data Breach					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Average cost of a data breach (global)	Ponemon	\$3,860,000	\$3,860,000	\$3,860,000
D2	Likelihood of a 30,000-record breach (within 2 years/2)	Ponemon	7.45%	7.45%	7.45%
D3	Expected average annual cost of a breach	D1*D2	\$287,570	\$287,570	\$287,570
D4	Reduction in likelihood from using MEC	Interviews, Forrester	50%	50%	50%
Dt	Decreased risk of a data breach	D3*D4	\$143,785	\$143,785	\$143,785
	Risk adjustment	↓20%			
Dtr	Decreased risk of a data breach (risk-adjusted)		\$115,028	\$115,028	\$115,028
Three-year total: \$345,084			Three-year present value: \$286,058		

UNQUANTIFIED BENEFITS

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

- **Better end user experience due to quality fixes and earlier access to new features.** By moving to Monthly Enterprise Channel, interviewees’ organizations improved their end users’ experience in a number of ways.

Reducing small yet ongoing quality issues, through more frequent updates and even proactively identifying potential issues, not only saved end users’ time but also decreased their frustration. The chief security officer at the logistics company explained: “Users call the help desk only when they can’t take it anymore. But how many of them figure, ‘I’m not fed up yet. I’ll try to handle it. I don’t want to call the help desk because I’ll spend hours with them.’?”

Because IT administrators gained the ability to readily determine which devices were not on the latest version, they could proactively remedy that — even before end users began experiencing issues. As the solution manager for the industrial equipment manufacturer explained:

“End users don’t always know there’s a problem until they try to do something, and it doesn’t work properly. Or they just live with minor issues. Apps Health helps us be more proactive with end users who may be having issues but haven’t contacted the help desk or who are likely to eventually have issues.”

“I feel like the whole group of people we’re supporting are a lot calmer now. They feel that they can trust their applications more when those applications behave more consistently.”
Workplace engineer, healthcare organization

End users also benefited from faster access to new features, not only from the monthly update cadence but also from the improved likelihood of actually having those new features installed on their devices and adding value. The director of IT services from the healthcare organization indicated: “We’re as current as we have ever been — basically one month behind the latest and greatest things from Microsoft.” The chief security officer at the logistics company said: “Each new feature is an improvement for some set of our end users. And features — like how Outlook combines emails and provides focus views — benefit most of them.”

“Since users get the latest within a month, they have a better UX. And we know that whatever Microsoft releases, we can talk about it internally because users will have it quickly instead of six months later.”

Solution manager, industrial equipment manufacturer

With both end users and IT teams spending less time grappling with issues, they can instead focus on optimizing use of Microsoft 365 Apps. A director of IT services at the healthcare organization explained: “Instead of answering our end users’ questions and addressing problems, we now can focus on adoption and training. We can simply encourage them to use the products and help them become even more mature with those products.”

“Microsoft is constantly developing new features, and many of those improve user productivity. Now we get those features faster.”

Chief security officer, logistics company

A better end user experience also benefited the organizations in broader ways. The workplace engineer at the healthcare organization said: “We believe these improvements around updates roll right down into overall employee satisfaction, which affects our recruitment and retention and ultimately also has an impact on patient satisfaction.”

- **Less time spent on testing.** Interviewees indicated that their organizations did less testing of new versions after activating Monthly Enterprise Channel. The workstation lead from the professional services firm explained: “Updates from Monthly Enterprise Channel are already tested and tried. That was a main driver for activating it.” The director of IT services at the healthcare organization said: “We’re insulated a bit. We don’t have to do nearly as much testing ourselves, because the bleeding edge gets absorbed by someone else for a month. So, if there are issues, they get corrected before we pick them up.”
- **Potential revenue enhancement for organizations where technological prowess is expected by clients.** The VP of IT services from the professional services firm deemed the use of current technology as an important factor in closing business and explained: “If a salesperson

for a laptop company shows up using an old laptop, you're going to wonder if they really care about their employees — and how much they're going to care about you.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might transition to Monthly Enterprise Channel for Microsoft 365 Apps and later realize additional uses and business opportunities, including:

- **Leverage existing capabilities more fully.**
Monthly Enterprise Channel provides a broad range of tools and services, and interviewees anticipated deploying more of those over time.

“As we use more of the admin tools, we’ll save even more time.”

Solution engineer, industrial equipment manufacturer

- **Use new capabilities as they are introduced.**
Interviewees expected to utilize additional features of Monthly Enterprise Channel as Microsoft introduces them.

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
Etr	Internal labor for implementation, management, and support	\$594	\$5,148	\$5,148	\$5,148	\$16,038	\$13,396
Total costs (risk-adjusted)		\$594	\$5,148	\$5,148	\$5,148	\$16,038	\$13,396

INTERNAL EFFORT FOR IMPLEMENTATION, MANAGEMENT, AND SUPPORT

Evidence and data. Although there is no cost to changing update cadence, organizations do need to invest staff time in order to gain the benefits of Monthly Enterprise Channel.

Interviewees' organizations typically transitioned from Semi-Annual Channel to Monthly Enterprise Channel using internal resources and informal assistance from Microsoft, including an Office Ranger.

Technical implementation was minimal, consisting largely of an IT administrator setting Microsoft 365 Apps user devices to accept the updates. However, interviewees described their full transition in broader terms. That transition included an IT administrator informing end users and IT staff who would be affected by the switch and helping other IT staff get familiar with and begin to use the new administrative capabilities and insights provided by Monthly Enterprise Channel. After an initial pilot, the organization transitioned all Microsoft 365 Apps users to Monthly Enterprise Channel.

On an ongoing basis, Monthly Enterprise Channel requires minimal technical support, but interviewees noted that they increased its impact by continuing to optimize and expand its use, including leveraging new capabilities as they are released.

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

- An IT administrator spends 12 hours transitioning the organization's devices to Monthly Enterprise Channel.
- An IT administrator spends 104 hours annually optimizing the organization's use of Monthly Enterprise Channel.

Risks. Internal labor for implementation, management, and support will vary based on:

- Prior state of an organization's Microsoft 365 Apps servicing operations.
- Staff experience and capabilities.
- Prevailing local compensation rates.

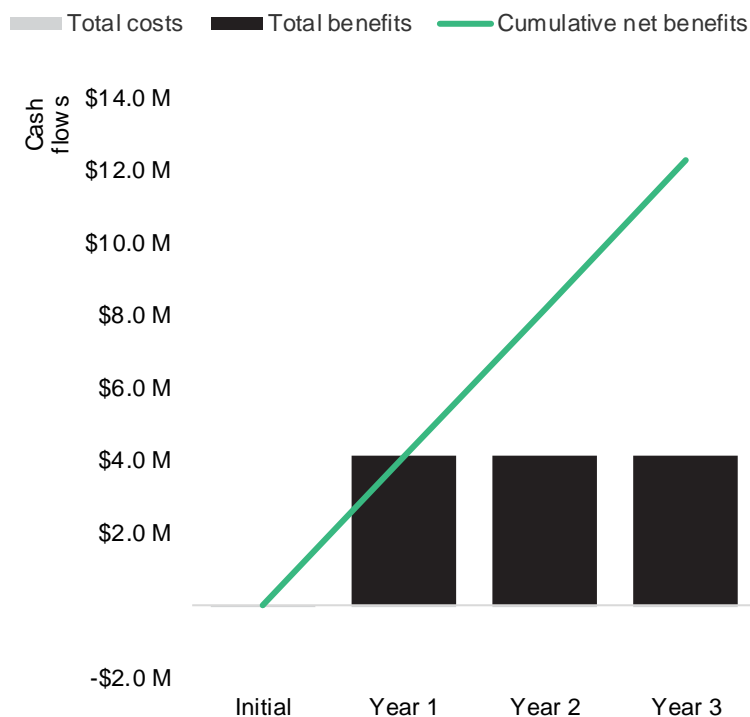
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$13,396.

Internal Labor For Implementation, Management, And Support						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	Internal labor for implementation, management, and support (hours)	Interviews	12	104	104	104
E2	IT administrator fully burdened hourly compensation	\$93,600/2,080	\$45	\$45	\$45	\$45
Et	Internal labor for implementation, management, and support	E1*E2	\$540	\$4,680	\$4,680	\$4,680
	Risk adjustment	↑10%				
Etr	Internal labor for implementation, management, and support (risk-adjusted)		\$594	\$5,148	\$5,148	\$5,148
Three-year total: \$16,038			Three-year present value: \$13,396			

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 NPV for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

The risk-adjusted NPV is 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	(\$594)	(\$5,148)	(\$5,148)	(\$5,148)	(\$16,038)	(\$13,396)
Total benefits	\$0	\$4,098,818	\$4,098,818	\$4,098,818	\$12,296,455	\$10,193,155
Net benefits	(\$594)	\$4,093,670	\$4,093,670	\$4,093,670	\$12,280,417	\$10,179,759

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 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.

² Source: "Cost of a Data Breach Report 2020," Ponemon Institute, April 2020.

³ Source: "Cost of a Data Breach Report 2019," Ponemon Institute, April 2019.

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