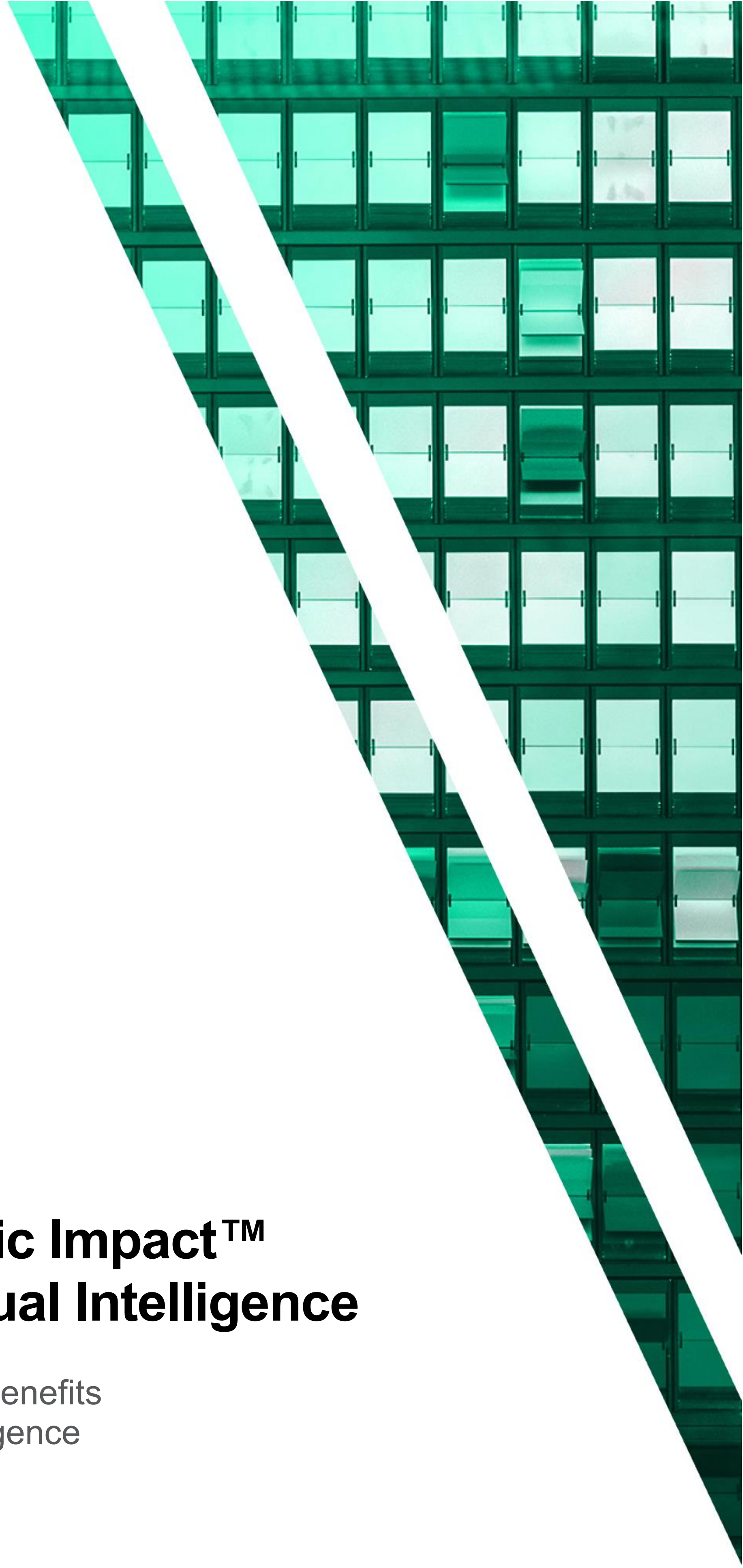
FORRESTER®



The Total Economic Impact™ Of Oracle Contextual Intelligence

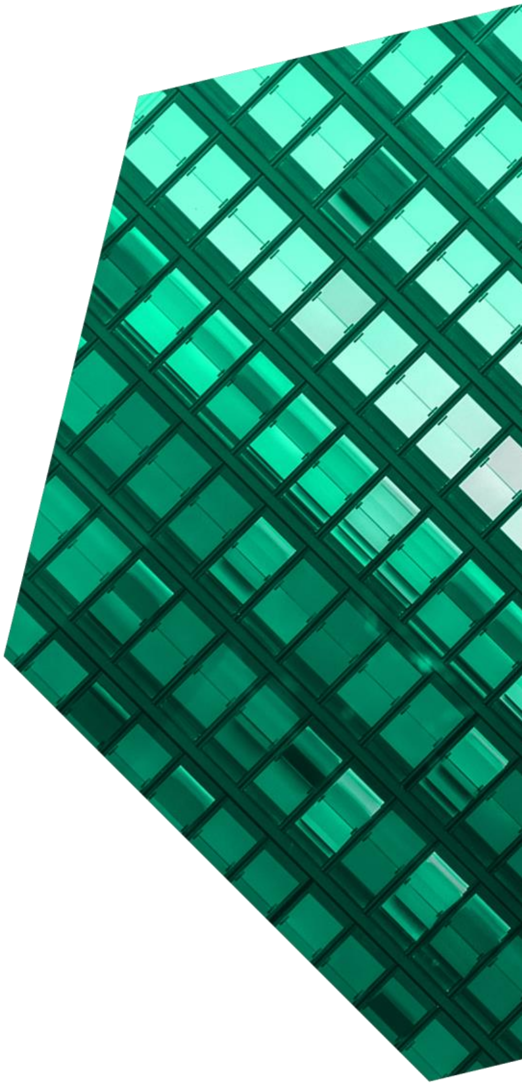
Cost Savings And Business Benefits Enabled By Contextual Intelligence

JANUARY 2022

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY ORACLE

Table Of Contents

Consulting Team: Nick Mayberry



ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

As third-party cookies are phased out, marketers are turning to contextual advertising solutions to target their audiences in the right places and at the right times. With Oracle Contextual Intelligence, organizations were able to use positive targeting to improve their online revenues by up to 20%, while experiencing up to 7% growth in offline revenues. At the same time, negative targeting ensured that these organizations could improve their ROI without sacrificing brand safety.

Oracle Contextual Intelligence is a contextual advertising solution that categorizes web content to gives brands and agencies more control over the environments in which their digital ads appear. It not only provides positive targeting to reach the right consumers in the right moments but also offers avoidance targeting to ensure that brands do not advertise in an environment that would conflict with their brand safety standards.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers with experience using Oracle Contextual Intelligence. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization. The composite organization is designed as a reflection of the customers Forrester interviewed for this study and is used to demonstrate the quantitative benefits customers realized primarily as a result of their investment in Oracle Contextual Intelligence. High-level details of the composite organization include:

KEY STATISTICS

Return on investment (ROI)
105%

Net present value (NPV)
$6.92M

- A global brand organization supported by an agency for marketing and advertising.
- $2B in revenue.
- $200M advertising budget.
- 50% of ad spend leverages Oracle Contextual Intelligence.

Total increase to return on ad spend:

19%

Prior to using Oracle, the interviewed decision-makers noted how their organizations were already making plans for a future that significantly reduced the scale of solutions enabled by third-party cookies. To fill the impending addressability gap, the interviewees had chosen to leverage contextual advertising solutions. However, the solutions they had in place prior to deploying Oracle provided less return than expected. When compared to Oracle, these solutions did not deliver at speed, were inaccurate in their context analysis, and were difficult to use. In addition, online revenues were becoming increasingly important for the organizations, augmenting the need for contextual advertising solutions as a means of targeting. Lastly, decision-makers were wary that increasing their digital spend without leveraging avoidance targeting could lead to brand safety issues.

After the investment in Oracle, the interviewees described improving gross digital revenues by as much as 20% and offline revenues by as much as 7%. They also saved on the costs associated with prior tools, recouping 95% of the cost of Oracle. Perhaps most importantly, they improved their understanding of their customers and were able to continue to build on the success of their contextual advertising to further benefit customer relationships and revenues.

KEY FINDINGS

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

- **Improved online return on ad spend by up to 12%.** Oracle Contextual Intelligence enabled the interviewees' organizations to curate the environments in which their ads were served, reaching the right consumers at the right moment to instigate a purchase. By doing so, one interviewee shared being able to improve online return on ad spend by up to 12%. Another noted improving online revenues by as much as 20%. A third shared increasing revenue from contextual advertising by as much as 194%.
- **Increased offline return on ad spend by up to 7%.** The interviewees also noted that digital contextual advertising with Oracle improved their offline revenues. Although it was more difficult to track, the interviewees consistently shared improving offline return with Oracle by between 5% and 7%.
- **Reduced costs of prior solutions equal to up to 95% of the cost of Oracle Contextual**

> **"Oracle Contextual Intelligence is the biggest pillar in our strategy today. It enables us to reach the consumers that we want to reach and do it the right way."**
>
> — Associate director of marketing, food and beverage

Intelligence. The interviewees reduced the use of their less-effective prior contextual targeting solutions after investing in Oracle. Importantly, the interviewees noted their willingness to pay the 5% to 10% increase in price for Oracle Contextual Intelligence in exchange for the returns it provided.

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

- **Brand safety and compliance.** Oracle helped to ensure brand safety and compliance by preventing advertising in online locations that might serve to damage the brand or run afoul of regulations.
- **Ad effectiveness.** Oracle also helped organizations improve their advertising effectiveness by between 40% and 50% by avoiding contexts with a lower saturation of their desired audiences.
- **Delivery speed and accuracy.** Compared to other solutions, Oracle delivered advertising against time-sensitive content with 90% accuracy, compared to other tools' 50%. In terms of context, Oracle's accuracy measured 90% versus other solutions' 65% and 80%.

Costs. Risk-adjusted PV costs include:

- **Oracle Contextual Intelligence fees.** Oracle prices Contextual Intelligence by the number of impressions informed by the solution. The composite organization pays $2 million in Year 1, increasing to $3 million in Year 3 as they run more ad spend guided by the solution.
- **Costs of setup, configuration, and ongoing management.** The composite organization needed 15 employees to spend 10% of their time over two months to set up and configure Oracle. It also needed five employees to spend 15% of their time to manage the solution on an ongoing basis.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $13.55 million over three years versus costs of $6.62 million, adding up to a net present value (NPV) of $6.92 million and an ROI of 105%.

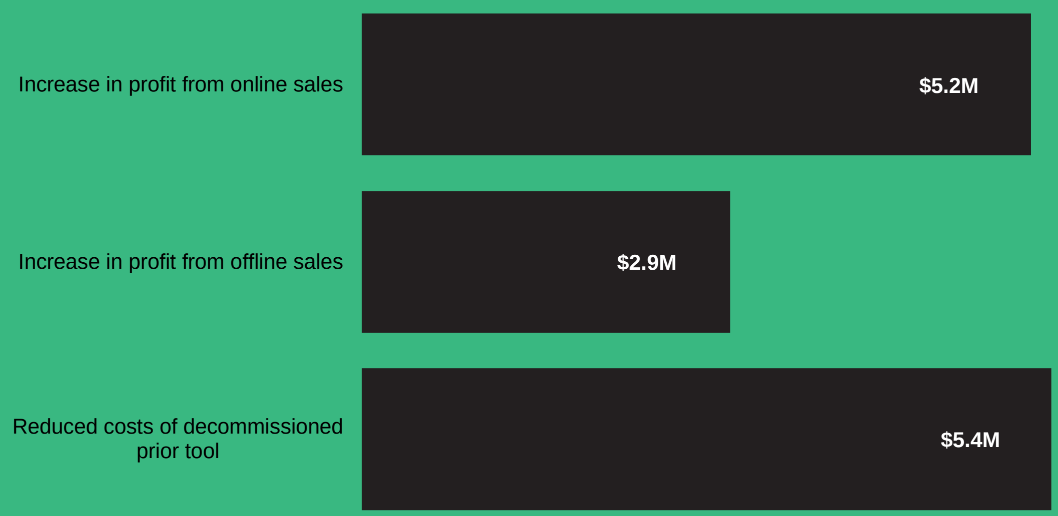
ROI
105%

BENEFITS PV
$13.55M

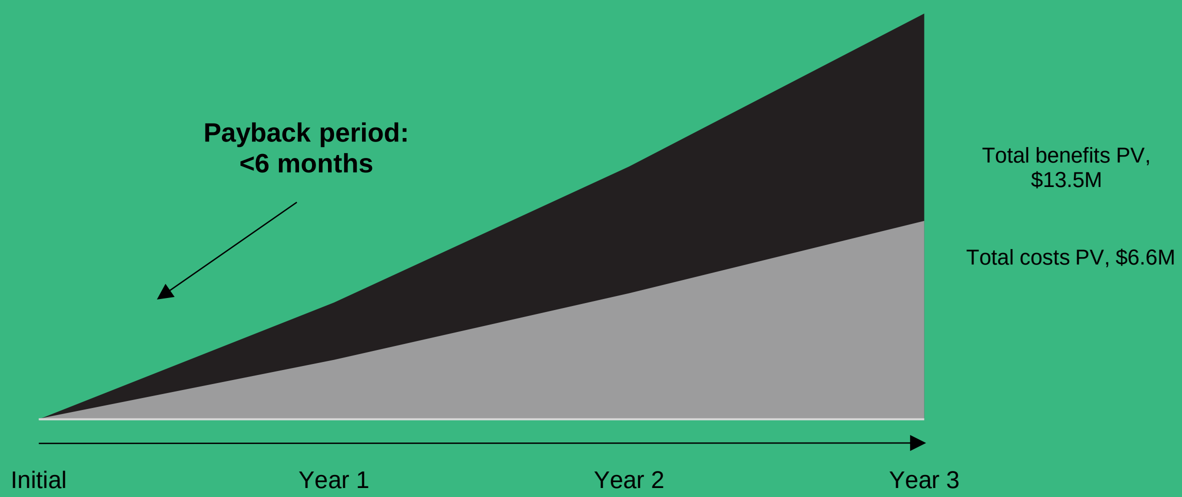
NPV
$6.92M

PAYBACK
<6 months

Benefits (Three-Year)



Financial Summary



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 Oracle Contextual Intelligence.

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 Oracle Contextual Intelligence can have on an organization.

DUE DILIGENCE

Interviewed Oracle stakeholders and Forrester analysts to gather data relative to Oracle Contextual Intelligence.

DECISION-MAKER INTERVIEWS

Interviewed five decision-makers at organizations using Oracle Contextual Intelligence to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

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

FINANCIAL MODEL FRAMEWORK

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

CASE STUDY

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

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Oracle 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 Oracle Contextual Intelligence.

Oracle 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.

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

The Oracle Contextual Intelligence Customer Journey

Drivers leading to the Oracle investment

Interviewed Decision-Makers				
Interviewee	**Industry**	**Region**	**Revenue**	**Total Employees**
VP of multilocation services	Advertising	Global	$75 million	350
Technology projects director	Advertising	Global	$450 million	1,000
CEO	Analytics	North America	$2 billion	100
Brand and marketing manager	Gaming	Global	$6 billion	7,000
Associate director of marketing	Food and beverage	Global	$26 billion	80,000

KEY CHALLENGES

Before investing in Oracle Contextual Intelligence, the interviewees' organizations were all using different targeting tactics, including leveraging internal and third-party solutions that relied on cookies, with some organizations already exploring non-cookie-based third-party contextual advertising solutions.

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

- **Third-party cookie deprecation.** A major driver for investing in Oracle for most interviewees was the upcoming deprecation of third-party cookies. Without third-party cookies, advertisers and brands need to solve for targeting and addressability another way. The interviewees' organizations felt that Oracle formed a core part of their strategic plans to replace third-party cookies. The VP of multilocation services from the advertising industry said, "We've been analyzing the cookieless future for about 18 months, expanding our use of contextual advertising. We've seen great KPI-based results with Oracle."

> **"We don't know exactly when we'll stop using third-party cookies, but we know it's coming. That's why Oracle Contextual Intelligence is so important to us."**
>
> *Technology projects director, advertising*

- **Growth in e-commerce.** As more commerce moves online, it becomes doubly important for advertisers and brands to explore addressability without cookies. The interviewees' noted that changing consumer behavior during the COVID-19 pandemic was a core driver for their e-commerce efforts, and Oracle helped to either maintain or in some cases even improve engagement and conversions without cookies.

- **Brand safety.** The interviewed organizations were particularly challenged to meet return on investment expectations without cookies while also maintaining their brand safety standards. For example, the associate director of marketing from the food and beverage industry stated: “With digital advertising, our core focus is really on optimizing campaigns and maximizing our ROI. But we must also consider brand safety and where our ads are showing up, especially for our younger audiences. I feel really confident about both with Oracle Contextual Intelligence.”

“COVID has really pushed our clients to look more seriously at virtual transactions. With Oracle, they’re driving just-as-good, if not better, engagement when compared with cookies.”

VP of multilocation services, advertising

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

Description of composite. The global, $2 billion business conglomerate budgets $200 million a year for digital marketing, primarily focused on B2C. Fifty percent of this budget is spent on open advertising platforms where Oracle Contextual Intelligence is used for classifying online content environments to increase relevance between advertisements and their audience, while also ensuring high standards for brand safety. Prior to deploying Oracle, the composite organization leveraged an alternate contextual advertising solution.

Deployment characteristics. The composite organization needs 15 marketing professionals to spend 10% of their time for two months configuring and implementing Oracle. It then leverages five full-time employees to spend approximately 15% of their time working on optimizing context for their advertising campaigns on an ongoing basis.

Key assumptions

- **$2 billion annual revenue**
- **$200 million annual digital marketing spend**
- **50% of ad spend leverages Oracle Contextual Intelligence**

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	Increase in profit from online sales	$1,620,000	$2,126,250	$2,685,150	$6,431,400	$5,247,352
Btr	Increase in profit from offline sales	$892,500	$1,171,406	$1,479,319	$3,543,225	$2,890,902
Ctr	Reduced costs of prior solutions	$1,774,125	$2,201,625	$2,629,125	$6,604,875	$5,407,666
	Total benefits (risk-adjusted)	$4,286,625	$5,499,281	$6,793,594	$16,579,500	$13,545,920

INCREASE IN PROFIT FROM ONLINE SALES

Evidence and data. The interviewees shared that leveraging Oracle Contextual Intelligence improved the return they were getting on their ad spend when compared to prior solutions, increasing their revenues and profits. Using Contextual Intelligence enabled interviewees to:

- Understand audience segments better based on learning what environments performed well.
- Become more agile in digital advertising, turning on and off campaigns depending on their results.
- Derive better, deeper insights from their data.
- Maximize advertising ROI.

"Oracle Contextual Intelligence lets us show up in the right place at the right time and the right moment for whatever audience we are targeting."

Associate director of marketing, food and beverage

"An example would be the difference between a visitor to a car enthusiast site and a visitor to an online vehicle marketplace. The first might not have intent on buying, but the second almost certainly does. By showing up at the right time and place there, you can really impact your sales."

CEO, analytics

Unlike cookies, which can be used to track specific, anonymous individuals and target them based on their site visits, online behaviors, and purchase history, Oracle solutions allow them to target ads based on the type of content being consumed. In doing so, the assumption is made that a site's content represents a given consumer's interests and intent.

Interviewees shared the following online revenue improvements from using Oracle:

- The CEO at an analytics firm described improved online return of digital ad spend of 12%.
- The associate director of marketing, food and beverages, noted online revenue uplift of 20%.
- The VP of multilocation services at an advertising firm shared that revenues from contextual advertising increased 194%.

> **"Right now, contextual is only 5% of our ad spend, but we're going to push that up to 80% — if not 100% — based on the positive KPI-based results we're getting."**
>
> *VP of multilocation services, advertising*

Oracle also helped to improve higher-funnel metrics such as engagement. The VP of multilocation services from the advertising industry shared that Oracle's standard segments performed 60% better when it came to page views than the firm's standard benchmark figure, while predicts segments performed 12% better.

Some interviewees also noted that utilizing Oracle brought their effective CPM down by maximizing their ROI. Without contextual advertising, organizations paid lower CPMs but also achieved lower revenue uplift and ROI. Even though these organizations paid more on an actual CPM basis for contextual advertising solutions with Oracle Contextual Intelligence, the investment made sense economically as the revenue uplift and ROI were so much higher. Compared with noncontextual advertising tactics, the customers would have to pay more on a CPM basis to achieve the same revenue uplift as with Oracle Contextual Intelligence.

> **"Even though you're paying more for the audience and the insights that audience brings, the benefit is that it will more often translate to a sale. The more time you can have immediate conversion to a sale, you are essentially getting more ROI out of it."**
>
> *Associate director of marketing, food and beverage*

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

- Digital advertising spend of $200 million in Year 1, growing by 5% annually to $210 million in Year 2 and $221 million in Year 3.
- Oracle Contextual Intelligence is used with 50% of advertising spend going toward display media.
- The composite expects an ROI of 150% on its digital advertising spend.
- Oracle Contextual Intelligence delivers a higher ROI than expected by 8% in Year 1, 10% in Year 2, and 12% in Year 3.
- The composite's gross margin is 15%.

Risks. The increased profit from improved online sales will vary with:

- Total advertising spend.
- The percentage of advertising spend where Oracle Contextual Intelligence is used.

- The expected ROI of digital advertising.
- The gross margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of more than $5.2 million.

Increase In Profit From Online Sales

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Digital advertising spend	Composite	$200,000,000	$210,000,000	$221,000,000
A2	Percentage of ad spend where Contextual Intelligence is applied	Composite	50%	50%	50%
A3	Expected ROI on ad spend before Contextual Intelligence	Composite	150%	150%	150%
A4	Expected return before Contextual Intelligence	A1*A2*A3	$150,000,000	$157,500,000	$165,750,000
A5	Improvement to online ROI from Contextual Intelligence	Interviews	8%	10%	12%
A6	Incremental online revenue from Contextual Intelligence	A4*A5	$12,000,000	$15,750,000	$19,890,000
A7	Gross margin	Composite	15%	15%	15%
At	Increase in profit from online sales	A6*A7	$1,800,000	$2,362,500	$2,983,500
	Risk adjustment	↓10%			
Atr	Increase in profit from online sales (risk-adjusted)		$1,620,000	$2,126,250	$2,685,150
	Three-year total: $6,431,400				**Three-year present value: $5,247,352**

INCREASE IN PROFIT FROM OFFLINE SALES

Evidence and data. The interviewees shared that Oracle Contextual Intelligence improved their offline sales in addition to their online sales. Although offline sales were more difficult to measure, as with any advertising, the interviewees nonetheless felt that their contextual advertising with Oracle served to further cement their brands in customers' minds, helping their products to make it onto customers' shopping lists.

Interviewees consistently shared that Oracle improved their offline sales by between 5% and 7% compared to alternative solutions.

"Offline sales are a little bit harder, but we're seeing a 5% to 7% uplift with Oracle."

Associate director of marketing, food and beverage

Modeling and assumptions. For the composite organization, Forrester models an offline return from Oracle Contextual Intelligence of 5% in Year 1, growing to 5% in Year 2 and 7% by Year 3

Risks. The increase in profit from offline sales uplift will vary with:

- The total advertising spend and percentage dedicated to contextual advertising with Oracle.
- The expected return from digital advertising.
- The gross margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of nearly $2.9 million.

> **"Offline is more difficult to track, but the ROI is definitely still there. We're seeing a 6% to 7% offline return from Oracle Contextual Intelligence."**
>
> *CEO, analytics*

Increase In Profit From Offline Sales

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Digital advertising spend	A1	$200,000,000	$210,000,000	$221,000,000
B2	Percentage of ad spend where Contextual Intelligence is applied	A2	50%	50%	50%
B3	Expected ROI on ad spend before Contextual Intelligence	Composite	150%	150%	150%
B4	Expected return before Contextual Intelligence	B1*B2*B3	$150,000,000	$157,500,000	$165,750,000
B5	Improvement to offline ROI from Contextual Intelligence	Interviews	5%	6%	7%
B6	Incremental offline revenue from Contextual Intelligence	B4*B5	$7,000,000	$9,187,500	$11,602,500
B7	Gross margin	A4	15%	15%	15%
Bt	Increase in profit from offline sales	B6*B7	$1,050,000	$1,378,125	$1,740,375
	Risk adjustment	↓15%			
Btr	Increase in profit from offline sales (risk-adjusted)		$892,500	$1,171,406	$1,479,319
	Three-year total: $3,543,225		**Three-year present value: $2,890,902**		

REDUCED COSTS OF PRIOR SOLUTIONS

Evidence and data. According to interviewees whose organizations were using preexisting contextual advertising solutions, they were able to reduce the use of these tools after investing in Oracle Contextual Intelligence. In addition to licensing or usage-based fees, such organizations saved on the costs to manage their prior solutions on an ongoing basis.

The interviewees noted that prior solutions and the costs to manage them were between 5% and 10% less expensive than Oracle on a one-to-one basis, but these solutions failed to provide the substantial return that Oracle did.

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

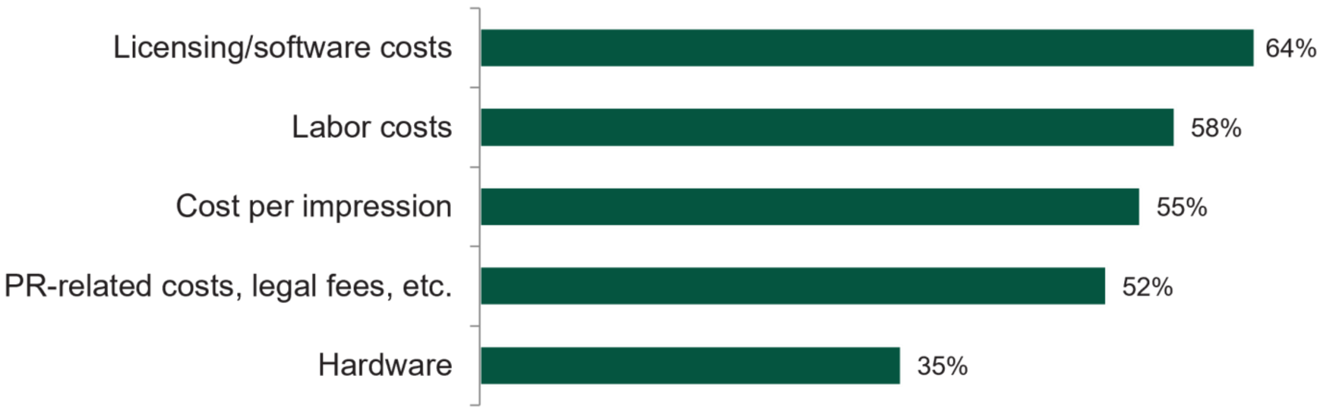
- The composite spends approximately 95% of the cost of Oracle on its prior solution.
- Ongoing costs to manage the prior solution are also equal to 95% of the costs to manage Oracle on an ongoing basis.

Risks. The reduced costs of prior solutions will vary with:

- The number of prior solutions.
- The price of these solutions.
- The time cost to manage these solutions on an ongoing basis.
- The extent to which usage is reduced.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of more than $5.4 million.

"Where were you able to reduce costs for marketing/advertising from investing in Oracle advertising solutions?"



Base: 106 advertising strategy and analytics decision-makers

Source: The Total Economic Impact™ Of Oracle Moat Analytics, a commissioned study conducted by Forrester Consulting on behalf of Oracle, May 2021

Reduced Costs Of Prior Solutions

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Cost of prior solutions	D1 * 95%	$1,900,000	$2,375,000	$2,850,000
C2	Cost of managing prior solutions	E4 * 95%	$71,250	$71,250	$71,250
Ct	Reduced costs of prior solutions	C1+C2	$1,971,250	$2,446,250	$2,921,250
	Risk adjustment	↓10%			
Ctr	Reduced costs of prior solutions (risk-adjusted)		$1,774,125	$2,201,625	$2,629,125
	Three-year total: $6,604,875		**Three-year present value: $5,407,666**		

UNQUANTIFIED BENEFITS

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

- **Brand safety and compliance.** The interviewees noted that their organizations saw unquantified benefits from a brand safety and compliance perspective from Oracle Contextual Intelligence. Oracle not only helped these brands to show up in environments where their potential customers were likely to be but also to avoid locations that might have a negative impact on their brand. For example, the brand and marketing manager from the gaming industry shared that their firm had brand safety constantly turned on for their contextual advertising with Oracle, as their business could show up as advertising in children's content. Specifically, they used Oracle's custom segments feature to exclude from their advertising placements a teen drama show that had a wide audience of all age ranges.

"Oracle's negative contextual targeting feature ensures that brands are not running ads within content that could be considered damaging to our brand reputation."

Brand and marketing manager, gaming

- **Ad effectiveness.** The interviewees also shared that ad effectiveness improved with Oracle. For example, the associate director of marketing from the food and beverage industry shared that Oracle helped their organization reach 40% to 50% more of the right audience: "When you advertise on certain channels, there are a lot of eyeballs that frankly don't matter. For example, a candy brand won't convert health-conscious moms. Oracle helps us advertise to the right audience and by doing so has improved ad effectiveness by 40% to 50%."

"Not only are brands getting the ROI from Oracle but by showing up in their customers' favorite spots, they're also getting a positive brand halo above and beyond the measurable dollars ."

CEO, analytics

- **Ease of use.** Interviewees also made note of how easy Oracle is to use. The brand and marketing manager from the gaming industry said: "We've found it really easy to operate contextual segments with Oracle. I have varying experience levels on my team, from people who have never used programmatic until six months ago versus someone who's been doing it for years, and they both found it quite easy to understand."
- **Benefits of partnership.** The interviewees consistently shared that Oracle was a great partner for their firms. For example, the VP of multilocation services from the advertising industry said: "Oracle's account services team is stellar. When something happens in the industry, they proactively notify us of how Oracle can help or a new feature to use." For another organization, Oracle even built a prototype solution for a new feature before signing a contract. The CEO of the analytics firm shared: "Before buying, we asked each of the consideration set to build a tool for us to

categorize URLs. The other companies told us to use the existing product, which did not have that feature. Oracle went to their product team and developed a prototype of the solution. Our programmatic teams are still using it to find audiences."

FLEXIBILITY

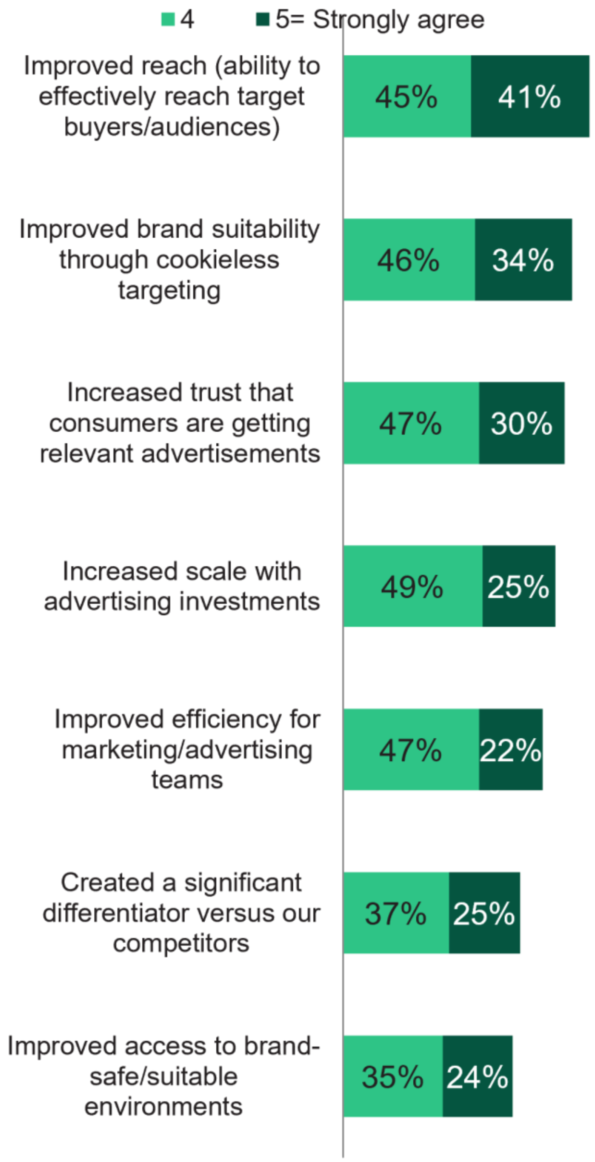
The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Oracle Contextual Intelligence and later realize additional uses and business opportunities, including:

- **Improved understanding of customers and ongoing optimization.** Oracle enabled the interviewees' organizations to better understand their customers and better optimize ads on an ongoing basis thanks to these insights. The associate director of marketing from the food and beverage industry said: "Up until recently, we were working on a trust-and-learn basis. We'd trust we were showing up in the right places and then adjust when something went wrong. Now we have a real understanding of what's going on. We can show up where we know we should and continue to build on that."

- **Delivery speed and accuracy.** Interviewees felt that Oracle's delivery speed and accuracy gave them competitive advantages. For example, the associate director of marketing from the food and beverage industry stated: "The speed is incredibly fast. I can make a decision to advertise something in the morning, and I can get some preliminary results by lunchtime and say, 'You know what, I don't want to advertise in the platform any more, full stop.'" The technology projects director from the advertising industry shared: "We tested our contextual advertising solution options based on how quickly they could deliver against a one-time public event. The other solutions showed up in content near the day of the event 50% of the time. Oracle showed up 90% of the time, and 41% of that was on the actual day of the event. For accuracy, Oracle was 90% versus 65% and 80% for the others."

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

"How much do you agree with the following statements?"



Base: 276 advertising strategy and analytics decision-makers

Source: The Total Economic Impact™ Of Oracle Moat Analytics, a commissioned study conducted by Forrester Consulting on behalf of Oracle, May 2021

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Oracle Contextual Intelligence fees	$0	$2,100,000	$2,625,000	$3,150,000	$7,875,000	$6,445,154
Etr	Setup, configuration, and ongoing management	$24,750	$61,875	$61,875	$61,875	$210,375	$178,624
	Total costs (risk-adjusted)	$24,750	$2,161,875	$2,686,875	$3,211,875	$8,085,375	$6,623,778

ORACLE CONTEXTUAL INTELLIGENCE FEES

Evidence and data. Oracle prices Contextual Intelligence for ongoing usage based on the number of impressions that are informed by the solution. For organizations the size of the composite, Oracle cost is between $2 million and $3 million annually, or approximately 1% of the composite's ad spend.

As the associate director of marketing from the food and beverage industry shared, "We're spending about $2 million on Oracle annually, which isn't much." For reference, that amounted to approximately 4% of ad spend for that organization.

Modeling and assumptions. For the composite organization, Forrester models annual fees from Oracle Contextual Intelligence of $2 million in Year 1, growing to $2.5 million in Year 2 and $3 million by Year 3 as more impressions are run via the solution.

Risks. The cost of Oracle Contextual Intelligence fees will vary with the number of impressions delivered that are informed by Oracle Contextual Intelligence.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of less than $6.5 million.

Oracle Contextual Intelligence Fees

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Oracle Contextual Intelligence fees	Interviews; Oracle	$0	$2,000,000	$2,500,000	$3,000,000
Dt	Oracle Contextual Intelligence fees	D1	$0	$2,000,000	$2,500,000	$3,000,000
	Risk adjustment	↑5%				
Dtr	Oracle Contextual Intelligence fees (risk-adjusted)		$0	$2,100,000	$2,625,000	$3,150,000
	Three-year total: $7,875,000			**Three-year present value: $6,445,154**		

SETUP, CONFIGURATION, AND ONGOING MANAGEMENT

Evidence and data. Interviewees described their internal costs associated with setup, configuration, and ongoing management. For setup and configuration, customers noted that the process was "not challenging at all" and took approximately two months to complete. For the first month, customers planned how they would measure the success of Oracle based on specific KPIs, while it took another month implement Oracle Contextual Intelligence. For ongoing management, customers noted utilizing multiple employees but at a small percentage of their annual time in order to optimize campaigns and update the solution.

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

- Fifteen employees spend 10% of their time over two months implementing and configuring Oracle.
- Five employees spend 15% of their annual time optimizing campaigns and updating the solution.

Risks. The cost of setup, configuration, and ongoing management will vary with:

- The number of employees dedicated to setting up and configuring the solution.
- The frequency of optimization campaigns and updating the solution.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of less than $179,000.

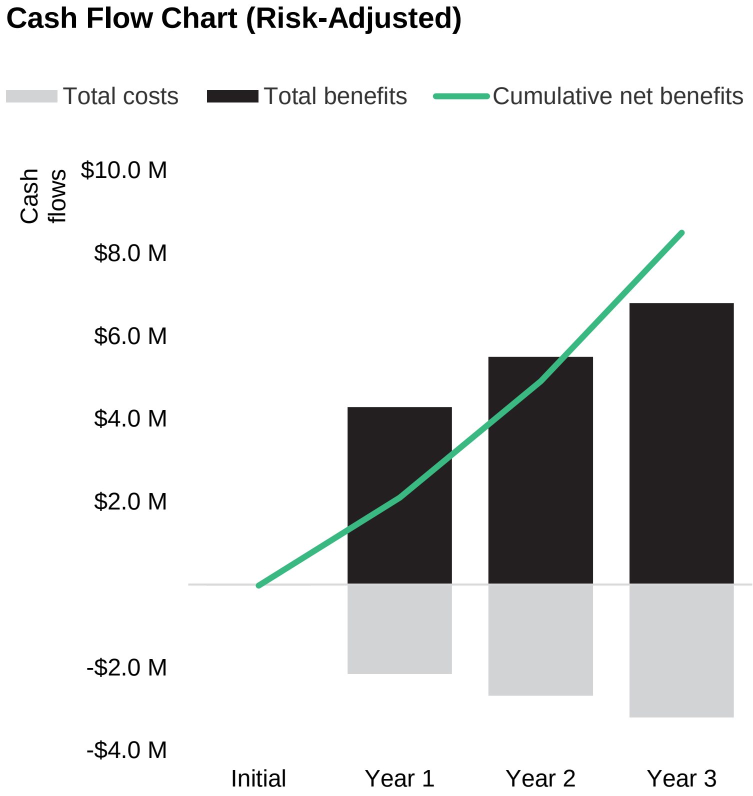
> **"Setup was certainly very quick for us — just a case of adding in some new line items and what we already had, and from there it's just been monitoring it."**
>
> *Brand and marketing manager, gaming*

Setup, Configuration, And Ongoing Management

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Number of employees involved	Interviews	15	5	5	5
E2	Percentage of employees' time	Interviews	10%	15%	15%	15%
E3	Length of time (years)	Interviews	0.2	1.0	1.0	1.0
E4	Average fully burdened labor cost	TEI standard	$75,000	$75,000	$75,000	$75,000
Et	Setup, configuration, and ongoing management	E1	$22,500	$56,250	$56,250	$56,250
	Risk adjustment	↑10%				
Etr	Setup, configuration, and ongoing management (risk-adjusted)		$24,750	$61,875	$61,875	$61,875
	Three-year total: $210,375			**Three-year present value: $178,624**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



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

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Total costs	($24,750)	($2,161,875)	($2,686,875)	($3,211,875)	($8,085,375)	($6,623,778)
Total benefits	$0	$4,286,625	$5,499,281	$6,793,594	$16,579,500	$13,545,920
Net benefits	($24,750)	$2,124,750	$2,812,406	$3,581,719	$8,494,125	$6,922,142
ROI						105%
Payback period (months)						<6

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV Sources are calculated for each total cost and benefit estimate. NPV Sources in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value Sources 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.


FORRESTER®