

The Total Economic Impact™ Of Pendo

Cost Savings And Employee Productivity Gains Enabled By Pendo

A FORRESTER TOTAL ECONOMIC IMPACT STUDY
COMMISSIONED BY PENDO, APRIL 2025

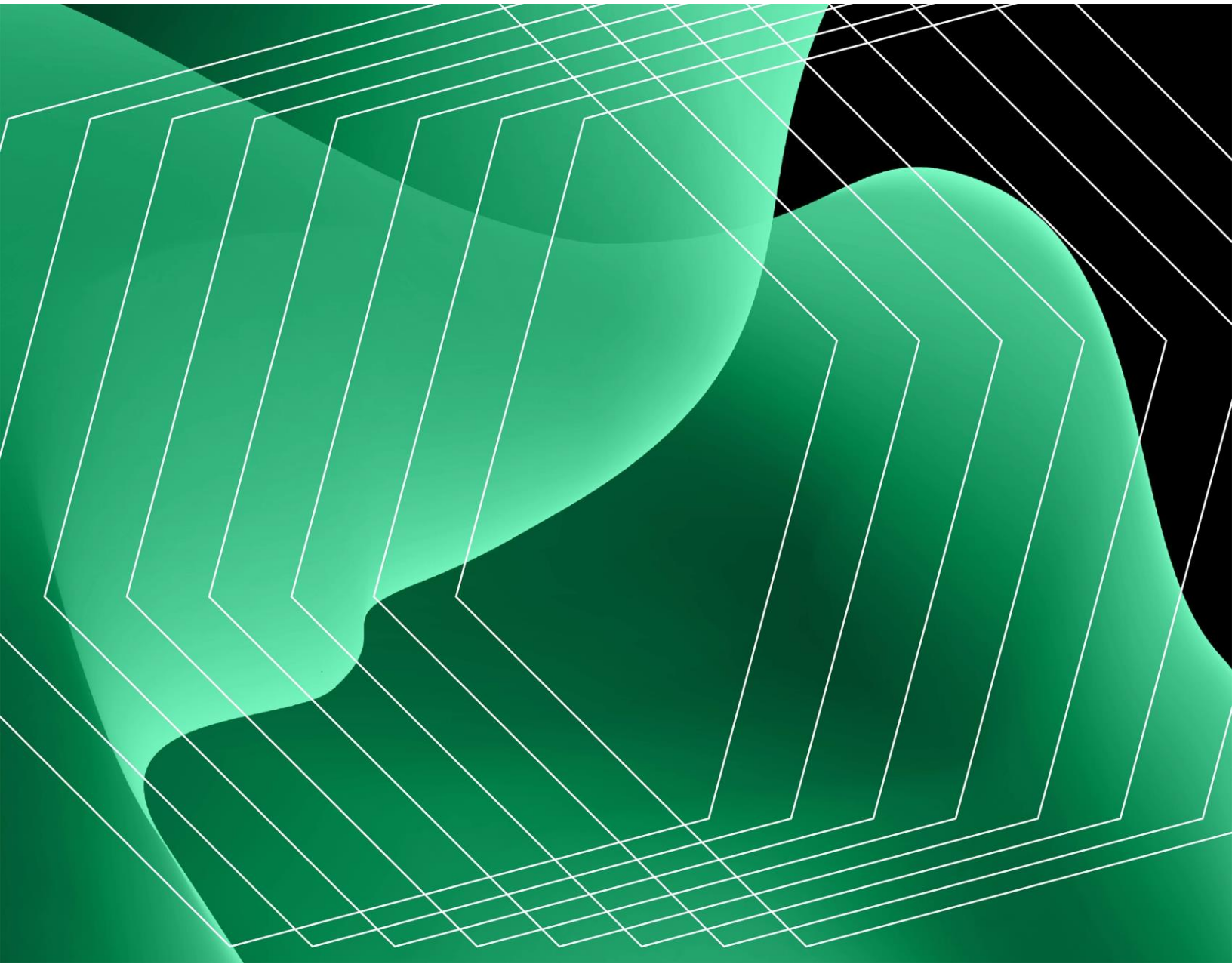


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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

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Executive Summary

Onboarding users onto new and changing software, ensuring consistent support, and removing friction from software change are typical challenges that tax technology teams on the digital transformation journey. In addition, a lack of visibility into software performance and the user experience (UX) makes it harder for tech leaders to make informed decisions about enterprise software management.¹ Pendo aims to address these challenges for employees by enabling technology teams to accelerate digital adoption for internal use cases and improve the employee software experience.

[Pendo](#) is a platform that integrates into existing workplace software. It captures usage data and enables teams to deliver messages that helps employees adopt the tools required to do their job, allowing them to utilize capabilities that include analytics, in-app guides, session replay, listen, and orchestrate.

Pendo commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Pendo.² The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Pendo on their organizations.



Return on investment (ROI)
396%



Net present value (NPV)
\$3.0M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six decision-makers from five organizations with experience using Pendo. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a global organization worth \$30 billion with 35,000 employees. By Year 3 of scaling the Pendo platform, 15% of employees are impacted by Pendo-supported workflows.

Interviewees said that prior to using Pendo, their organizations often lacked the tools and capabilities to easily track and analyze user behavior, gather meaningful data, and gain insights into how customers were engaging with their products. These limitations led to inefficient app onboarding and training, more limited feature adoption, and suboptimal product feedback processes.

After the investment in Pendo, the interviewees indicated increased visibility into user behavior (which improved app onboarding and training), increased feature adoption, and improved employee software experiences. Key results from the investment include increased product and development team efficiencies, onboarding and training efficiencies, increased end-user productivity, and support deflection savings.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increased product team efficiencies worth \$1.2 million over three years.** Pendo increases visibility over the composite organization's application portfolio to better understand what apps and features users are engaging with most. By Year 3, 150 product team members working with Pendo increase their efficiencies by 5% and can allocate their time toward other value-added activities. Over three years, product team efficiencies are estimated to be \$1.2 million for the composite organization.
 - **Increased app adoption and onboarding by 50%.** Pendo is embedded in workflows across the composite organization, providing guides, help centers, and in-app communications to internal users. By Year 3, 15% of workflows are embedded with Pendo, ultimately cutting training and adoption time for new users by 50%. Over the course of three years, incremental training and onboarding efficiencies are estimated to be \$1.1 million for the composite organization.
 - **Saved 94,500 productive end-user hours by Year 3.** With continuous enhancements to workflows enabled by the insights and analytics provided by Pendo, end users at the composite organization gain additional ongoing efficiencies that lead to increased productivity. By Year 3, 15% of end-users are impacted by Pendo and save an average of 12 hours per year each. Over the course of three years, increased end-user productivity is estimated to be \$1.3 million for the composite organization.
 - **Reduced support tickets by 80%.** Prior to Pendo, 200 support tickets were submitted per year regarding application and feature issues. With Pendo, the composite reduces the number of tickets submitted by 80% by Year 3 and reduces the time spent resolving tickets by 25%. Over the course of three years, support deflection cost savings are estimated to be more than \$234,000 for the composite organization.
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Unquantified benefits. Benefits that provide value for the interviewees' organizations but are not quantified for this study include:

- **Improved compliance and risk management.** Interviewees noted how Pendo's analytics capabilities allowed their product teams to monitor user behavior, user engagement with compliance resources, and overall compliance adherence. These insights helped identify areas of improvement, measure compliance effectiveness, and demonstrate compliance efforts to stakeholders.
- **Improved employee experience.** Interviewees discussed that leveraging Net Promoter Score (NPS) feedback with Pendo helped identify areas for improvement, address individual feedback, measure and track improvements, share success stories, and drive accountability to further enhance the employee experience.
- **Improved portfolio and data visibility.** Interviewees discussed how Pendo improved portfolio and data visibility by providing comprehensive analytics and insights into user behavior, feature adoption, and product usage. This visibility allowed their product teams to make data-driven decisions, optimize their portfolio, and align with user needs.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Pendo licensing costs.** Pendo's licensing costs are based on the size of the user base, the number of applications or products being tracked, and the level of functionality and support required. Over three years, licensing costs are approximately \$207,000 for the composite organization.
- **Planning and implementation costs.** Planning and implementation include Pendo professional services fees, technical account management, and several months of internal labor dedicated to planning and implementation. Over three years, planning and implementation costs are approximately \$205,000 for the composite organization.
- **Ongoing management costs.** Ongoing management includes centralizing Pendo across the product organization as well as tracking and managing the number of users in Pendo to ensure compliance with the license limit. Over the course of three years, ongoing management costs are approximately \$352,000 for the composite organization.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$3.8 million over three years versus costs of \$765,000, adding up to a net present value (NPV) of \$3.0 million and an ROI of 396%.

Percentage reduction in app training and onboarding time with Pendo guides

50%

“Pendo is more of the one-stop shop that meets our business use cases. They have the embedded support tools like guides, walk-throughs, a resource center, the ability to deploy alerts quickly, more of that digital adoption, and embedded support as well as user analytics — and there’s not many vendors in this space that do them really well.”

PRODUCT MANAGER, FINANCIAL SERVICES



Return on investment
(ROI)

396%



Benefits PV

\$3.8M



Net present value
(NPV)

\$3.0M



Payback

<6 months

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 Pendo.

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 Pendo can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Pendo 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 Pendo.

Pendo 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.

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

Due Diligence

Interviewed Pendo stakeholders and Forrester analysts to gather data relative to Pendo.

Interviews

Interviewed six people at five organizations using Pendo to obtain data about 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 interviewees.

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 Pendo Customer Journey

Drivers leading to the Pendo investment

Interviews			
Role	Industry	Region	Organization Size
UX director	Technology	HQ in the US; global operations	<ul style="list-style-type: none">• \$88.4 billion• 120,000 employees
Product leader	Retail	HQ in the US; global operations	<ul style="list-style-type: none">• \$152.7 billion• 500,000 employees
SVP, enterprise product	Media and entertainment	HQ in the US; global operations	<ul style="list-style-type: none">• \$39.0 billion• 35,000 employees
<ul style="list-style-type: none">• Portfolio owner• Product manager	Financial services	HQ in the US	<ul style="list-style-type: none">• \$13.8 billion• 52,000 employees
Adoption and UX design leader	Energy	HQ in France; global operations	<ul style="list-style-type: none">• \$37.7 billion• 168,000 employees

KEY CHALLENGES

Interviewees discussed that prior to Pendo, their organizations lacked the tools and capabilities to track and analyze user behavior, gather meaningful data, and gain insights into how customers were engaging with their products.

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

- **Limited user insights and visibility.** Interviewees highlighted that limited user insights and visibility in their prior environments led to uninformed decisions regarding their user experiences. The absence of user insights made it difficult to identify areas of improvement, understand user behavior patterns, and effectively prioritize feature development.

The adoption and UX design leader at an energy organization described the impact that a lack of user insights and visibility had on ensuring regional adoption across apps: “We are starting to see that certain regions have problems with adoption of certain processes

or certain flows. The teams are picking up that data with Pendo so they can go and talk with these regions to create an action plan. In the past, we never had that visibility into overall adoption and metrics like regional completion rates or time spent.”

- **Ineffective app onboarding and training.** Interviewees discussed the challenges of effectively guiding users through the onboarding process, leading to longer training hours for both trainees and end users. Additionally, the lack of visibility into user training progress made it difficult to ensure that users were properly trained on the app’s functionalities, resulting in reduced adoption and suboptimal usage.

The SVP of enterprise product at a media and entertainment organization described how Pendo has improved training for users, commenting, “The guides have been very helpful on streamlining training of users and being able to target some of the users about new workflows and new functionality.”

- **Limited feature adoption.** Interviewees discussed pain points around limited feature adoption in their prior environment which negatively impacted workflows. Without widespread adoption of key features, interviewees noted that end users were unable to fully utilize apps, which prevented their organizations from fully achieving their desired outcomes.

The UX director at a technology organization discussed increased feature adoption with Pendo: “With Pendo, we’ve seen tremendous adoption with some of our internal tools that we have that can be quite complex in the IT space. Having things like new release announcements with feature announcements and guided walk-throughs on how to use new features, the adoption has gone way up.”

- **Inefficient product feedback processes.** Interviewees noted inefficient product feedback processes before Pendo that resulted in missed opportunities for product improvement, employee dissatisfaction, and difficulty in making informed decisions. This led to wasted resources on less impactful features or improvements, resulting in a slower pace of product development.

The product leader at a retail organization discussed the impact of survey feedback within Pendo: “We use the Pendo surveys, and we’ve definitely leveraged it on a regular basis to track pre-post [and] some of the things that we’ve done and we’re seeing improvements in those areas. We definitely have seen increases in our survey feedback.”

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Increase visibility into user behavior.
- Improve app onboarding and training.
- Increase feature adoption.
- Improve employee experience.

“Before Pendo, we had so many siloed and isolated sources of truth. Getting a clear picture of our users’ actual needs and pain points was very difficult, and it was also difficult to find out in a quick manner if we were resolving those issues.”

UX DIRECTOR, TECHNOLOGY

“Pendo enables our product team members or our UX folks to actually do some of the feature implementation and release.”

PRODUCT MANAGER, FINANCIAL SERVICES

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 interviewees' organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite is a global worth \$30 billion that has 35,000 employees. The product team, which consists of 150 members, is seeking a comprehensive solution to gain visibility and insights into the organization's product portfolio. The composite invests in Pendo for its Analytics, Guides, Session Replay, Listen & Net Promoter Score, and Orchestrate capabilities.

Description of deployment. In Year 1, Pendo is rolled out onto apps that impact 5% of the composite. In Years 2 and 3, Pendo's impact reaches 10% and 15% of the composite's employees, respectively.

Key Assumptions

\$30 billion in annual revenue

35,000 employees

150 product team members

15% of employees impacted by Pendo by Year 3

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	Increased product team efficiencies	\$355,388	\$473,850	\$592,313	\$1,421,551	\$1,159,704
Btr	Incremental training and onboarding efficiencies	\$446,250	\$446,250	\$446,250	\$1,338,750	\$1,109,758
Ctr	Increased end-user productivity	\$267,750	\$535,500	\$803,250	\$1,606,500	\$1,289,465
Dtr	Support deflection cost savings	\$89,208	\$94,500	\$99,792	\$283,500	\$234,173
Total benefits (risk-adjusted)		\$1,158,596	\$1,550,100	\$1,941,605	\$4,650,301	\$3,793,100

INCREASED PRODUCT TEAM EFFICIENCIES

Evidence and data. Interviewees discussed how Pendo's low-code capabilities enabled developers to offload implementation tasks to product teams. This allowed nontechnical users, such as product managers, to create applications using visual interfaces and prebuilt components. By empowering product team members, Pendo reduced the reliance on development teams at the interviewees' organizations, leading to faster implementation and lower developer time commitments.

Furthermore, interviewees noted that Pendo's analytics and user feedback helped their product teams prioritize features and plan their product roadmaps more effectively. Pendo's analytics and insights enabled interviewees to make informed decisions about feature prioritization and resource allocation with real numbers and anticipated outcomes. This led interviewees to identify opportunities for app and system consolidation, as well as resource optimization. This ultimately led to increased efficiency for their product teams and improved outcomes, as interviewees were better able to understand which features are most valuable and widely used. As a result, product teams at the interviewees' organizations could focus on delivering the features that would have the most impact on product users.

ANALYSIS OF BENEFITS

- The UX director at a technology organization discussed how the analytics and insights collected from Pendo helped in strategic decision-making at their organization: “We also had a tremendous impact by providing real numbers to help our product stakeholders and partners understand that they don’t need to drive specific features. In our interfaces within anticipated outcomes, we clearly are able to show that some features are not going to reach the audience that are being considered.”
- The SVP of enterprise product at a media and entertainment organization discussed how they consolidated different products into one from the insights provided from Pendo analytics: “It also allowed us to identify where the faster tech deprecation opportunities are. There were systems that people weren’t using; there was a system that we had that only two people were using twice a year and [another] that we had that could do the same function. So, we just consolidated them into one system.”
- The product leader at a retail organization discussed the impact that tagging had on their decision to invest in Pendo for their product team, commenting, “The ability for a product manager to tag features to build their own reports and dashboards, to build their own funnels was critical in our decision to invest in Pendo.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- There are 150 product team members, including roles like product owners, UX designers, developers, and other business unit leaders.
- With Pendo, product team members increase their efficiency with Pendo by 3% in Year 1, 4% in Year 2, and 5% in Year 3. This increase is a result of streamlining product development with the insights provided by Pendo, highlighting which apps and features impact users most. The product team members efficiency scales year over year to reflect continued efficiencies gained from continuous use of the platform.
- The average fully burdened annual salary for a product team member is \$175,500.
- There is a 50% productivity recapture.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- The number of product team members.

- The average product team member fully burdened annual salary.

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 \$1.2 million.

5%

Increase in product team member efficiency with Pendo by Year 3

“When we release something new, part of that planning and launch includes Pendo. It’s becoming part of our standard practice to have Pendo part of our feature rollout plans.”

UX DIRECTOR, TECHNOLOGY

Increased Product Team Efficiencies

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of product team members working with Pendo	Composite	150	150	150
A2	Percentage increase in product team member efficiency with Pendo	Interviews	3%	4%	5%
A3	Fully burdened annual salary for a product team member	Composite	\$175,500	\$175,500	\$175,500
A4	Productivity recapture	TEI methodology	50%	50%	50%
At	Increased product team efficiencies	$A1 \times A2 \times A3 \times A4$	\$394,875	\$526,500	\$658,125
	Risk adjustment	↓10%			
Atr	Increased product team efficiencies (risk-adjusted)		\$355,388	\$473,850	\$592,313
Three-year total: \$1,421,550			Three-year present value: \$1,159,704		

INCREMENTAL TRAINING AND ONBOARDING EFFICIENCIES

Evidence and data. Interviewees discussed how Pendo provided tools and features that enabled their product teams to create interactive guides, tooltips, and in-app messages. This helped onboard new users quickly and efficiently, reducing the time spent on training and ramp-up. Interactive guides allowed the interviewees' organizations to create step-by-step walk-throughs that guided new users through the various features and workflows of the product. Tooltips could highlight important features, provide explanations, or offer tips and best practices. Interviewees noted that in-app messages further enhanced the onboarding process by allowing product teams to communicate important information to users directly within the application. By providing a user-friendly and interactive experience, interviewees highlighted how these tools accelerated the learning process, reduced the time required for training, and enabled new employees to become productive members of the product team more efficiently.

- The SVP of enterprise product at a media and entertainment organization discussed the impact that improved training efficiencies had on reducing the time spent for both trainers and trainees in workflows: “We can walk users through the steps, which has been very, very helpful. This has cut down on the amount of people we need to go train the trainer, to go train the users, and [we can] allow just a kind of roll out and let them follow the on-screen guides.”
- The product leader at a retail organization discussed the impact of using Pendo's guides for change management in their workflows: “Pendo's guides have been critical for us in terms of driving adoption. We forced users in a workflow to migrate off of a spreadsheet-based environment that was purely [a spreadsheet] with multiple columns and multiple tabs within a worksheet into using a graphical user interface [GUI], a front end that was completely foreign to them. We've definitely latched on to the guides to help smooth this change management component.”
- The UX director at a technology organization discussed their certainty that users were adopting tools faster with Pendo guides: “We already know from back-end data that users are adopting new tools a lot faster because of the Pendo guides and intros. When a new feature is announced, we have a guide, we have a quick walk-through that shows users how to use it, and we have pointed surveys and interviews to ask them.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- There are 35,000 employees.
- In Year 1, 5% of employees are trained and onboarded on Pendo-supported workflows. An additional 5% are trained and onboarded in Years 2 and 3.
- Prior to Pendo, the average number of hours spent on initial workflow training and onboarding per user was 40 hours.
- With Pendo guides, there is a 50% reduction in app training and onboarding time.
- There is a 50% productivity recapture.
- The fully burdened hourly rate for end users is \$30.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- The total number of employees.
- The percentage of new employees trained and onboarded on Pendo-support workflows. Some organizations may experience higher adoption of Pendo across workflows, which would increase the overall impact on incremental training and onboarding efficiencies.
- The average number of hours spent on initial training and onboarding per user in workflows.
- The average end-user fully burdened hourly rate.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.1 million.

“The awareness, the adoption, and the continued use of new features has increased by at least 50% because of Pendo.”

UX DIRECTOR, TECHNOLOGY

Incremental Training And Onboarding Efficiencies					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of employees	Composite	35,000	35,000	35,000
B2	Percentage of new employees trained and onboarded on Pendo-supported workflows	Composite	5%	5%	5%
B3	Incremental number of employees trained and onboarded on Pendo-supported workflows	B1*B2	1,750	1,750	1,750
B4	Average number of hours spent on initial workflow training and onboarding per user in prior environment	Interviews	40	40	40
B5	Percentage reduction in app training and onboarding time with Pendo guides	Interviews	50%	50%	50%
B6	Productivity recapture	TEI methodology	50%	50%	50%
B7	Total number of productive end-user training and onboarding hours saved with Pendo per year	B3*B4*B5*B6	17,500	17,500	17,500
B8	Fully burdened hourly rate for an end user	Bureau of Labor Statistics	\$30	\$30	\$30
Bt	Incremental training and onboarding efficiencies	B7*B8	\$525,000	\$525,000	\$525,000
	Risk adjustment	↓15%			
Btr	Incremental training and onboarding efficiencies (risk-adjusted)		\$446,250	\$446,250	\$446,250
Three-year total: \$1,338,750			Three-year present value: \$1,109,758		

INCREASED END-USER PRODUCTIVITY

Evidence and data. Interviewees discussed the impact that Pendo had for end users in discovering new features and functionalities within an application. Through in-app notifications and prompts, users could be alerted to the availability of new features or updates. This proactive approach ensured that users at the interviewees' organizations were aware of — and could take advantage of — the latest enhancements, boosting their productivity. Furthermore, interviewees discussed how Pendo's user feedback and behavior analytics allowed product teams to continuously improve the user experience. By understanding how users interact with the application and gathering feedback on pain points or areas for improvement, product teams could make iterative updates that enhanced usability and productivity over time.

ANALYSIS OF BENEFITS

- The product leader at a retail organization discussed an example of a workflow that had been streamlined with Pendo: “We’ve used Pendo in a lot of our system retirement in both merchandising and payments and compared customer experiences from the old system to the new system. With payments in our new flow, it’s a 75% faster payment customer experience with Pendo. We wouldn’t have achieved this without Pendo, and we would not have known these insights without Pendo.”

They added how users were reallocating some of their time savings, commenting, “Removing operational overhead allows the end users to do their day jobs, such as selling to our customers, managing their businesses, and supporting customers/business users.”

- The SVP of enterprise product at a media and entertainment organization discussed a couple of examples where workflows were streamlined for end users as a result of Pendo data: “We used Pendo data on one product to reduce the number of clocks of one workflow from 17 to five. In another product that assigned titles, we were able to assign titles 22 times faster by developing a bulk upload feature based on Pendo data.”
- The UX director at a technology organization discussed time savings for their end users impacted by Pendo-supported workflows, commenting, “We have seen reduced cycle times for specific task completions, and we are seeing more efficient average handle times [AHTs] for certain things.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- There are 35,000 employees.
- Pendo-supported workflows impact 5% of end users in Year 1, 10% in Year 2, and 15% in Year 3. This scaling reflects how Pendo expands into new business units to improve workflows.
- With Pendo, end users each save an average of 12 hours per year.
- There is a 50% productivity recapture.
- The fully burdened hourly rate for end users is \$30.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- The total number of employees.
- The percentage of end users impacted by Pendo. Some organizations may experience higher adoption of Pendo across workflows, which would increase the overall impact on end-user productivity.
- The average number of hours saved per end user per year with Pendo.
- The average end-user fully burdened hourly rate.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.3 million.

42,000

Productive end-user hours saved with Pendo by Year 3

“Pendo has given time back to branch users to focus on what matters most, including increasing net new assets, spending more time talking with clients and building deeper relationships.”

PRODUCT MANAGER, FINANCIAL SERVICES

Increased End-User Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3

ANALYSIS OF BENEFITS

C1	Total number of employees	Composite	35,000	35,000	35,000
C2	Percentage of end users impacted by Pendo	Y1: $B2^{Y1}$ Y2: $B2^{Y1} + B2^{Y2}$ Y3: $B2^{Y1} + B2^{Y2} + B2^{Y3}$	5%	10%	15%
C3	Number of end users impacted by Pendo	$C1 * C2$	1,750	3,500	5,250
C4	Average number of hours saved per end user with Pendo per year	Interviews	12	12	12
C5	Productivity recapture	TEI methodology	50%	50%	50%
C6	Total number of productive end-user hours saved with Pendo per year	$C3 * C4 * C5$	10,500	21,000	31,500
C7	Fully burdened hourly rate for an end user	Composite	\$30	\$30	\$30
Ct	Increased end-user productivity	$C6 * C7$	\$315,000	\$630,000	\$945,000
	Risk adjustment	↓15%			
Ctr	Increased end-user productivity (risk-adjusted)		\$267,750	\$535,500	\$803,250
Three-year total: \$1,606,500			Three-year present value: \$1,289,465		

SUPPORT DEFLECTION COST SAVINGS

Evidence and data. Interviewees discussed how Pendo automated support and guidance, allowing product teams and users to resolve issues faster. The availability of solutions like application help centers and in-app training empowered end users to find answers on their own, reducing the need for manual support interventions like submitting support tickets. Pendo's analytics capabilities provided product teams with valuable insights, reducing their reliance on data and engineering teams. Additionally, tools like session replay allowed product team members to review user actions, leading to more efficient issue resolution processes.

- The product manager at a financial services organization discussed the savings in their organization from leveraging Pendo embedded support, commenting, "We've seen a decrease in-service calls into our service division by our branch teams utilizing the Pendo resource center, so we've seen hundreds of thousands in savings over the course of 2023 by leveraging embedded support."
- The product leader at a retail organization discussed the impact of session replay on reducing the time spent on resolving tickets: "We can pull up session replay to see what buttons the user actually pushed. When we're using it, it's saving us a day or two just

because you get faster answers in that way and for somebody who'd answered an email or [an instant] message.”

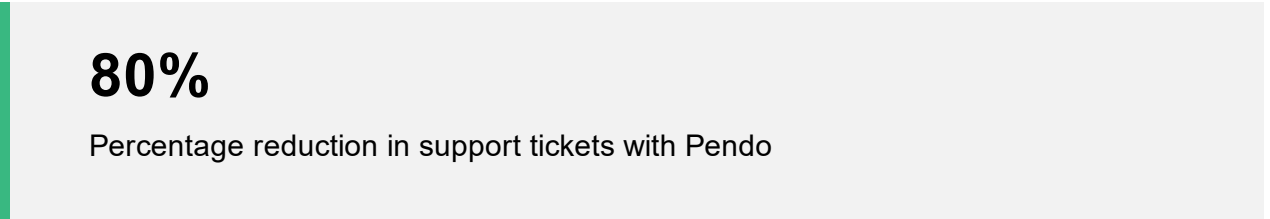
Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Before Pendo, the average number of support tickets submitted per year was 200.
- With Pendo, there is a reduction of 70% in support tickets in Year 1, 75% in Year 2, and 80% in Year 3.
- Before Pendo, the average number of hours spent per support ticket is 8.
- The fully burdened hourly rate for a product team member is \$84.
- There is a reduction of 25% in time spent on support tickets with Pendo.
- There is a 50% productivity recapture.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- The average number of support tickets submitted per year.
- The average number of hours spent per support ticket.
- The average product team member fully burdened hourly rate.

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 \$234,000.



80%

Percentage reduction in support tickets with Pendo

“With Pendo, we no longer request data from the [business intelligence] engineers and other resources. We are completely done. That has gone from a regular occurrence to zero.”

UX DIRECTOR, TECHNOLOGY

Support Deflection Cost Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Average number of support tickets submitted in prior environment per year	Composite	200	200	200
D2	Percentage reduction in support tickets with Pendo	Interviews	70%	75%	80%
D3	Avoided support tickets per year	D1*D2	140	150	160
D4	Average number of hours spent per support ticket	Composite	8	8	8
D5	Fully burdened hourly rate for a product team member	Composite	\$84	\$84	\$84
D6	Subtotal: Avoided support cost savings	D3*D4*D5	\$94,080	\$100,800	\$107,520
D7	Number of support tickets submitted with Pendo	D1-D3	60	50	40
D8	Percentage reduction in time spent on support tickets with Pendo	Interviews	25%	25%	25%
D9	Productivity recapture	TEI methodology	50%	50%	50%
D10	Subtotal: Support ticket efficiencies	D4*D5*D7*D8*D9	\$5,040	\$4,200	\$3,360
Dt	Support deflection cost savings	D6+D10	\$99,120	\$105,000	\$110,880
	Risk adjustment	↓10%			
Dtr	Support deflection cost savings (risk-adjusted)		\$89,208	\$94,500	\$99,792
Three-year total: \$283,500			Three-year present value: \$234,173		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved compliance and risk management.** Interviewees noted how Pendo's analytics capabilities allow product teams to monitor user behavior, user engagement with compliance resources, and overall compliance adherence. These insights could help identify areas of improvement, measure compliance effectiveness, and demonstrate compliance efforts to stakeholders. The adoption and UX designer leader at an energy organization discussed how Pendo identified an area of risk and intervention in one of their workflows, commenting: "We've noticed some strange behaviors with our sellers because some of the access points where they could create opportunity were open. With Pendo, we were able block this and put pop up saying, 'Hey, you shouldn't be creating opportunity from here go the other way.' We are now able to prevent users from making mistakes [while] at the same time educating them."
- **Improved employee experience.** Interviewees discussed that leveraging NPS feedback with Pendo helped identify areas for improvement, address individual feedback, measure and track improvements, share success stories, and drive accountability to further enhance the employee experience. The UX director at a technology organization described the iterative approach to create a positive and employee-centric work environment, commenting, "The fact that we could actually go in with this solution and interact with our users and conduct surveys and have NPS feedback to really get the voice of the customer through this tool and not have to go to another tool — that really was the differentiator, above and beyond."
- **Improved portfolio and data visibility.** Interviewees discussed how Pendo improves portfolio and data visibility by providing comprehensive analytics and insights into user behavior, feature adoption, and product usage. This visibility allowed their product teams to make data-driven decisions, optimize their portfolio, and align with user needs. The product leader at a retail organization discussed the improvement in understanding their portfolio as a result of analytics provided by Pendo, commenting: "We actually understand which features of the tools or the apps that we're providing are used the most by our users. It's giving us insights into pre/post-deployment to track towards

outcomes that we're anticipating like adoption type metrics of new flow that we're doing or a new component that we're launching. Pendo is the go-to tool for that."

"Typically, if you want to build a training and make it mandatory for everybody, there's a lot of approvals that you need to go through. With Pendo, you can have a simple pop-up and can really correct behavior very quickly."

ADOPTION AND UX DESIGNER LEAD, ENERGY

"The data we are collecting from Pendo is telling us more things that we need to know and it's allowing us to have more informed debates in conversations with our operational partners, our business partners, our user partners, etc. It's not a subjective feeling anymore."

SVP, ENTERPRISE PRODUCT, MEDIA AND ENTERTAINMENT

FLEXIBILITY

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

- **Pendo community building.** Interviewees noted how Pendo has created a community of product managers through events, which facilitates networking and learning opportunities. The product leader at a retail highlighted: "I think there's one benefit never

really gets talked about is the community of product management that comes with Pendo. It has created — and it continues to grow — a network of product management professionals that folks just have a natural common thing in Pendo, and it's really bringing the product management community together with the various events that they do. I think that's an undervalued trade that Pendo is providing that I certainly really, really appreciate."

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

"We see Pendo as a real partner. It's an incredible partnership."

ADOPTION AND UX DESIGNER LEAD, ENERGY

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	Pendo licensing costs	\$0	\$73,500	\$84,000	\$94,500	\$252,000	\$207,239
Ftr	Planning and implementation costs	\$136,950	\$27,500	\$27,500	\$27,500	\$219,450	\$205,338
Gtr	Ongoing management costs	\$0	\$96,525	\$144,788	\$193,050	\$434,363	\$352,450
	Total costs (risk-adjusted)	\$136,950	\$197,525	\$256,288	\$315,050	\$905,813	\$765,027

PENDO LICENSING COSTS

Evidence and data. Interviewees noted that Pendo's licensing costs were based on several factors, including the size of the user base, the number of applications or products being tracked, and the level of functionality and support required. They noted that Pendo offers different pricing tiers and plans tailored to the specific needs and scale of each organization. Pricing may vary. Contact Pendo for additional details.

Modeling and assumptions. Based on the interviews, Forrester assumes the composite organization spends \$70,000 on Pendo licensing costs in Year 1, \$80,000 in Year 2, and \$90,000 in Year 3. This reflects the increase usage of the platform as it scales across the organization.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this cost will vary depending on the usage of the Pendo platform.

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 \$207,000.

Pendo Licensing Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Annual Pendo licensing costs	Composite		\$70,000	\$80,000	\$90,000
Et	Pendo licensing costs	E1		\$70,000	\$80,000	\$90,000
	Risk adjustment	↑5%				
Etr	Pendo licensing costs (risk-adjusted)		\$0	\$73,500	\$84,000	\$94,500
Three-year total: \$252,000			Three-year present value: \$207,239			

PLANNING AND IMPLEMENTATION COSTS

Evidence and data. Interviewees discussed engaging with Pendo professional services to assist in the planning and implementation of the platform across their applications. Interviewees noted that a blend of members from the product team, including product owners, UX designers, developers, and other business unit leaders, were involved in executing the platform rollout over the course of three months to a year depending on the size and use cases of the organizations. Beyond initial implementation costs, interviewees also highlighted the impact of engaging with Pendo technical account managers and their availability to help with continuous expansion of the platform. Technical account management costs may vary. Please contact Pendo for more information.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Pendo professional services fees, which include planning and implementation, are \$15,000. Technical account management fees are \$25,000 in Years 1 to 3.
- Over the course of three months, five product team members spend 50% of their time towards planning and implementation.
- The fully burdened monthly rate for a product team member is \$14,600.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this cost will vary depending on:

- Services provided.

ANALYSIS OF COSTS

- The number of months and product team member effort involved in planning and implementation, which may vary based on intended platform usage.
- The average product team member fully burdened monthly rate.

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 \$205,000.

Planning And Implementation Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Professional service fees	Composite	\$15,000			
F2	Technical account manager fees	Composite	\$0	\$25,000	\$25,000	\$25,000
F3	Months spent on planning and implementation	Composite	3			
F4	Number of product team members involved with planning and implementation	Composite	5			
F5	Percentage of time spent toward planning and implementation	Composite	50%			
F6	Fully burdened monthly rate for a product team member	Composite	\$14,600			
F7	Subtotal: Planning and implementation labor costs	F3*F4*F5*F6	\$109,500			
Ft	Planning and implementation costs	F1+F2+F7	\$124,500	\$25,000	\$25,000	\$25,000
	Risk adjustment	↑10%				
Ftr	Planning and implementation costs (risk-adjusted)		\$136,950	\$27,500	\$27,500	\$27,500
Three-year total: \$219,450			Three-year present value: \$205,338			

ONGOING MANAGEMENT COSTS

Evidence and data. Interviewees discussed needing an ongoing management team to centralize Pendo within their product organizations. Product team members involved handled the communication and training for new features and ensured the smooth onboarding of users onto the platform. Additionally, interviewees noted that they were responsible for tracking and managing the number of users to ensure compliance with the license limit.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

ANALYSIS OF COSTS

- Two product team members spend 25% of their time toward ongoing management of Pendo in Year 1. As the platform usage scales, the number of team members managing Pendo increase to three in Year 2 and four in Year 3.
- The fully burdened annual salary for a product team member is \$175,500.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this cost will vary depending on:

- The number of product team members dedicating time to ongoing management of Pendo.
- The average product team member fully burdened annual salary.

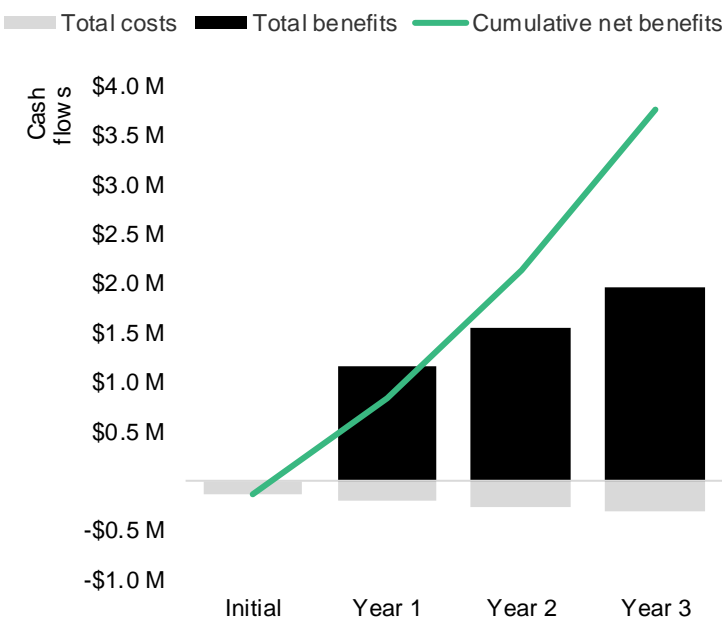
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$352,000.

Ongoing Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of product team members	Interviews		2	3	4
G2	Percentage of time dedicated to ongoing management of Pendo	Interviews		25%	25%	25%
G3	Fully burdened annual salary for a product team member	Composite		\$175,500	\$175,500	\$175,500
Gt	Ongoing management costs	$G1 \times G2 \times G3$		\$87,750	\$131,625	\$175,500
	Risk adjustment	↑10%				
Gtr	Ongoing management costs (risk-adjusted)		\$0	\$96,525	\$144,788	\$193,050
Three-year total: \$434,363			Three-year present value: \$352,450			

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$136,950)	(\$197,525)	(\$256,288)	(\$315,050)	(\$905,813)	(\$765,027)
Total benefits	\$0	\$1,158,596	\$1,550,100	\$1,941,605	\$4,650,301	\$3,793,100
Net benefits	(\$136,950)	\$961,071	\$1,293,813	\$1,626,555	\$3,744,488	\$3,028,073
ROI						396%
Payback						<6 months

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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

Total Economic Impact Approach

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and 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. 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."

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.

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.

APPENDIX B: ENDNOTES

¹ Source: [The Digital Adoption Platforms Landscape, Q2 2024](#), Forrester Research, Inc., June 26, 2024.

² Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.



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