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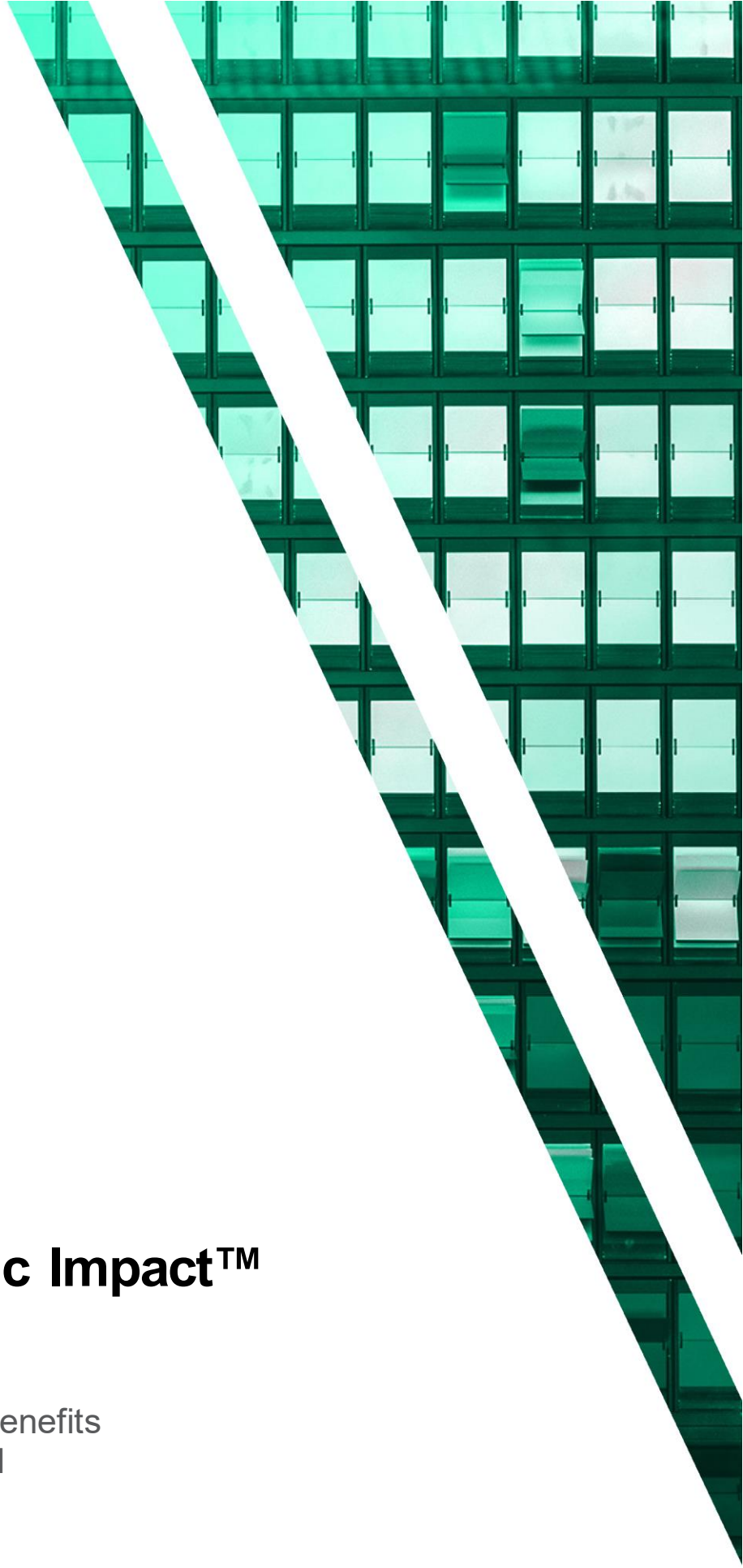

The Total Economic Impact™ Of Cato Networks

Cost Savings And Business Benefits Enabled By Cato SASE Cloud

JANUARY 2022

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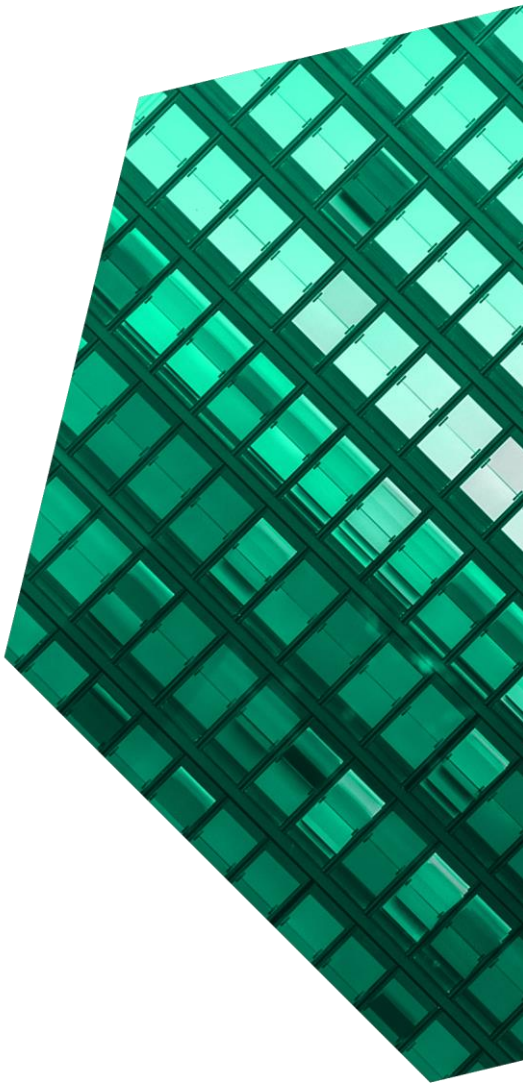
Project Lead: *Mary Barton*



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

Cato Networks converges networking functions and security capabilities, delivered from their private backbone and as a service, to secure and optimize cloud and mobile access. Cato's services replace an organization's legacy telco bundle and stack of on-prem point solutions with a global, cloud-native service.

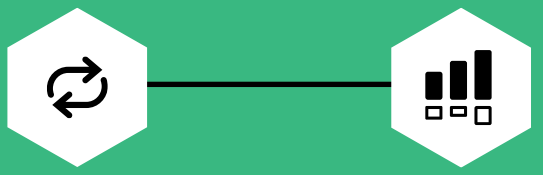
Cato Networks commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Cato Networks' Cato SASE Cloud.[1] The purpose of this study is to provide readers with a framework to evaluate the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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers with whose organizations are Cato customers. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization.

Prior to using Cato, the interviewees noted how their organizations struggled with managing security and network services, with dedicated teams for VPN, internet, WAN, etc. Managing those systems was time-consuming and costly, requiring individually managed updates at each site on the network.

After the investment in Cato, the interviewees managed the unified enterprisewide network and security oversight from a single dashboard. Key results from the investment include reduced costs associated with maintenance allowing resources to be redirected to more value-adding activities such as system optimization, faster deployment of new sites and onboarding of new acquisitions, and reduced costs from retiring legacy systems.

KEY STATISTICS



Return on investment (ROI)
246%

Net present value (NPV)
$4.33M

KEY FINDINGS

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

- **Reduced operation and maintenance.** This benefit saves the composite organization more than $3.8 million over three years.
- **Reduced time to configure.** The savings from reduced time to configure Cato on new sites amount to almost $44,000 over three years.
- **Retired systems.** Retiring all the systems replaced by Cato Networks saved the organization more than $2.2 million over three years.

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

- **Reduced time and transit costs.** Cato equipment moves through customs without delay or assessments of value-added tax (VAT).
- **Consistency of security rule sets across the organization.** Interviewees reported that implementing Cato revealed inconsistencies in how they had previously governed and secured network traffic across different sites in the organization. With Cato, one centralized set of rules governs all sites.
- **Better application performance.** Interviewees reported that they saw improved network performance after moving to Cato.
- **Employee morale.** Interviewees said that team members reported that the activities that they were able to move to with Cato were more rewarding.

Costs. Risk-adjusted PV costs include:

- **Cato fees.** Cato fees depend on several factors including the number of sites and the number of remote users at an organization, among other factors. The composite organization grows from 50 sites and 1,500 remote users in Year 1 to 70 sites and 2,100 remote users in Year 3. The cost to the composite organization is $1.76 million over three years.
- **Initial deployment.** The deployment of Cato to the initial 50 sites costs the organization approximately $2,200.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of $6.09 million over three years versus costs of $1.76 million, adding up to a net present value (NPV) of $4.33 million and an ROI of 246%.

“What I have heard from my team is, ‘I love that the problems I’m solving on a day-to-day basis are on a completely different order than what I used to have to deal with before.’ They think about complex traffic problems and application troubleshooting and performance.”

— Director, technology, advisory, tax, and assurance

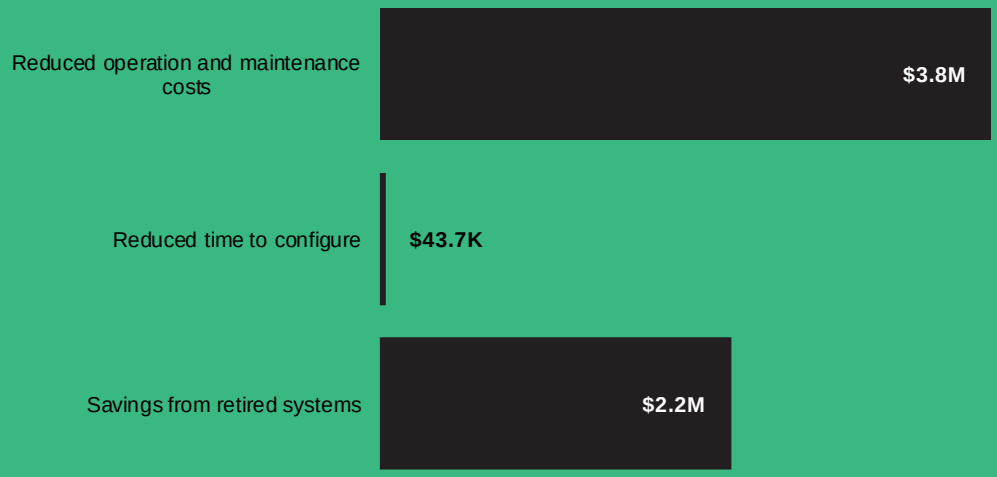
ROI
246%

BENEFITS PV
$6.09M

NPV
$4.33M

PAYBACK
<6 months

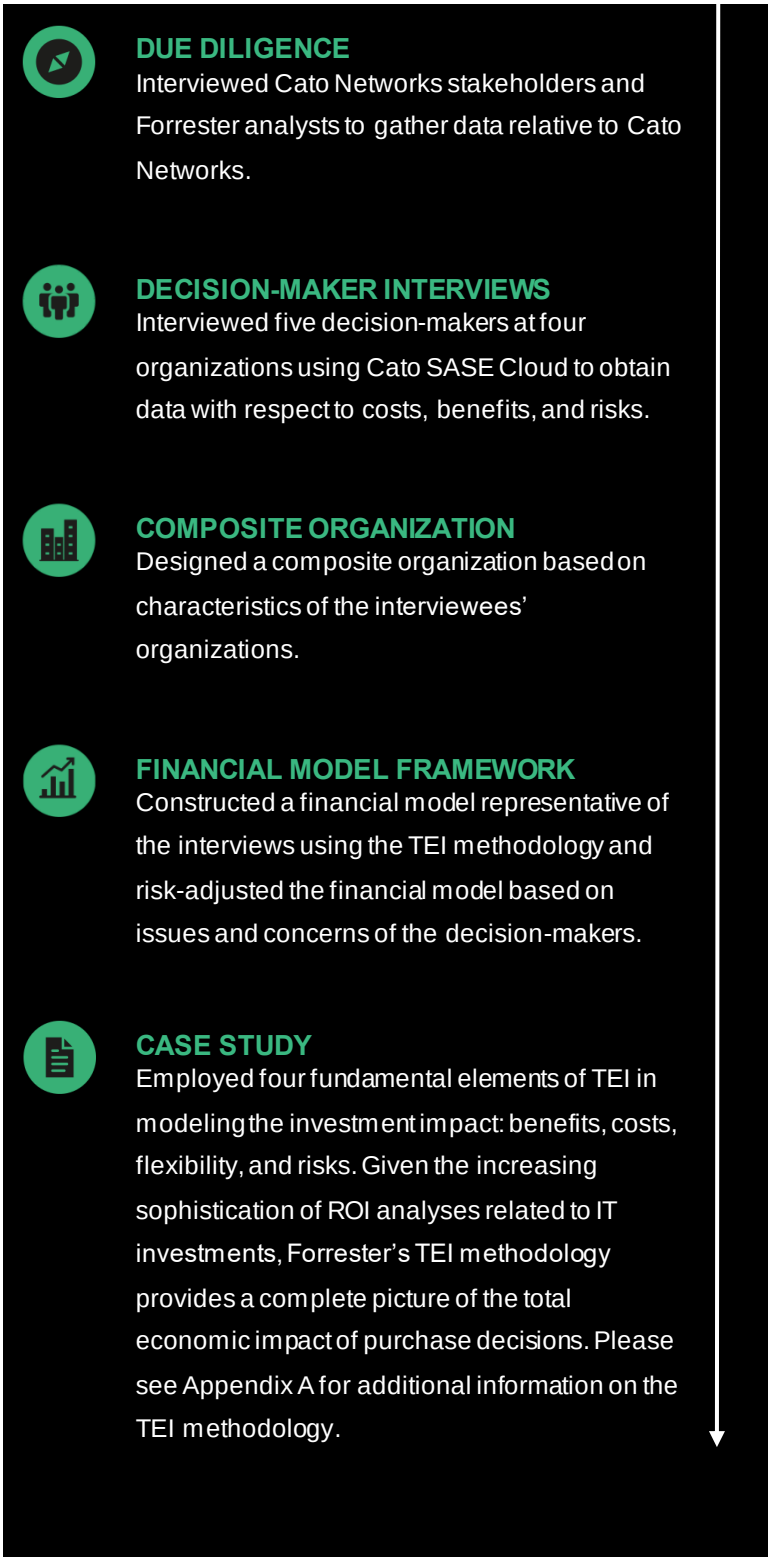
Benefits (Three-Year)



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 Cato Networks.

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 Cato Networks can have on an organization.



The Cato Networks Cato SASE Cloud Customer Journey

Drivers leading to the Cato SASE Cloud investment

Interviewed Decision-Makers

Interviewee	Industry	Region	Number Of Sites On Cato	Annual Revenue (USD)
Technology director	Advisory, tax, and assurance	Headquartered in US with a global network	72	$1 billion
Global IT infrastructure lead	Industrial machinery manufacturing	Headquartered in Switzerland with a global network	43	$500 million
IT team manager	Consulting and engineering	Headquartered in US with a global network	80	$214 million
IT manager, WAN manager	Motor vehicle parts manufacturing	Headquartered in Germany with a global network	70	$9 billion

KEY CHALLENGES

Interviewees described a variety of existing security and network systems within their own organizations.

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

- **Expensive systems that required teams of experts to maintain.** Interviewees described needing dedicated teams of engineers to maintain the different aspects of the security and network solutions they had in place. The IT manager for a motor vehicle parts manufacturer said, "There were dedicated teams: one for the internet access, another for the VPN access and another team working on the plain WAN."
- **Complicated and time-consuming processes for adding new sites.** Interviewees reported that prior to Cato, deployment of new sites (either through expansion or acquisition) was costly and time-consuming. All of the interviewees sought a solution that would allow them to expand their services with a minimum amount of work and expense.
- **Barriers to respond to management demand for digital transformation.** With on-premises network and security solutions, interviewees were unable to execute the corporate strategy to move enterprise systems such as capacity requirements planning (CRP) or CRM to the cloud. With Cato and cloud-based data centers, organizations can execute on their digital transformation strategies.

> **"One of the most beneficial things with Cato is that with a small amount of people, we can basically manage everything from one place, and we have merged all the different aspects like VPN, internet access, and WAN. All this now is one service."**
>
> *IT manager, motor vehicle parts manufacturer*

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.

Description of composite. The composite organization is headquartered in the United States with global operations.

Deployment characteristics. The Cato Networks deployment covers the composite organization's headquarters, with 20 additional sites in the United States, 15 sites in Europe, and five in the Asia Pacific region. Additionally, the composite maintains four data centers (two on-premises and two cloud-based) in the United States; three data centers (one on-premises and two cloud-based) in Europe; and two cloud-based data centers in Asia Pacific. There are 1,500 remote users in Year 1. The composite grows to a total of 61 offices and 2,100 remote users by Year 3.

Key assumptions

- **Headquartered in US**
- **Global operations**
- **1,500 remote users in Year 1, growing to 2,100 remote users by Year 3**

"We did a proof of concept, and we were satisfied with the decision to go with Cato. That took us one month. Then afterwards with all the experience that we had from the time we started the project it took us four months to deploy the 34 physical sites and in total 40 network sites."

Global IT infrastructure lead, industrial machinery manufacturing

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	Reduced operation and maintenance costs	$1,410,750	$1,551,825	$1,692,900	$4,655,475	$3,836,901
Btr	Reduced time to configure	$0	$27,702	$27,702	$55,404	$43,707
Ctr	Savings from retired systems	$769,500	$894,900	$1,020,300	$2,684,700	$2,205,699
	Total benefits (risk-adjusted)	$2,180,250	$2,474,427	$2,740,902	$7,395,579	$6,086,307

REDUCED OPERATION AND MAINTENANCE COSTS

Evidence and data. One investment objective mentioned by all interviewees was to reduce the amount of time that network and security engineers spent managing systems and allow them to spend more time optimizing.

- The director of technology for an advisory, tax, and assurance organization explained the benefit further: "My goal was, I don't want my team worrying about how to get a packet from A to B. I'm interested in Layer 7 of the network stack. I want to know: Are applications behaving the way they should? Are people getting the performance they should? Are we secure? You don't have time to answer that if you're worried about getting it from A to B."
- The WAN manager for a motor vehicle parts manufacturer said: "As part of the deal, we had an agreement that Cato would come in and train us. But in the end, we concluded that training is not really required. If you have a couple of remote sessions with someone who knows how to work with this, then you will instantly get to understand the system."

"Honestly, I was shocked to see how easy it was to set up and maintain an SD-WAN solution based on the whole Cato dashboard. Now there's a saying that with [the previous solution], you need 10 engineers to set it up and 20 engineers to keep it running. With Cato, this all went away. It's in the dashboard. Within the hour, you understand the idea behind it and then you can just do it."

IT manager, motor vehicle parts manufacturer

- The IT team manager, consulting and engineering, said: "With our previous system, every time they released a firmware update, we had to go one by one to all the routers around the company and push the update to it. Afterwards, [we'd] make sure it's back up and running

because sometimes it causes issues. There was a lot of work involved for each device, and it was quarterly at a minimum. With Cato, because it's a hosted solution, it's all in one place. Our time to maintain and update the system and everything was reduced to almost nothing."

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The organization is able to redirect 10 FTEs dedicated to operations and maintenance to more value-adding activities in Year 1. By Year 3, the organization avoids needing 12 more FTEs who would have had to manage the previous solution.
- The average fully loaded annual compensation for a full-time data engineer is $148,500.

Risks. The savings from reduced cost and maintenance may vary due to:

- The number of FTEs redirected.
- The average compensation for a data engineer.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.8 million.

Reduced Operation And Maintenance Costs

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Data engineer fully loaded annual compensation	$110,000*1.35	$148,500	$148,500	$148,500
A2	Number of data engineers required annually for operation and maintenance	Interviews	10	11	12
At	Reduced operation and maintenance costs	A1*A2	$1,485,000	$1,633,500	$1,782,000
	Risk adjustment	↓5%			
Atr	Reduced operation and maintenance costs (risk-adjusted)		$1,410,750	$1,551,825	$1,692,900
	Three-year total: $4,655,475		**Three-year present value: $3,836,901**		

REDUCED TIME TO CONFIGURE

Evidence and data. All of the interviewees continued to expand the number of sites deployed on Cato, and all reported that the reduced time to configure was an important benefit.

The director of technology for an advisory, tax, and assurance organization said: "Assuming we have the gear between my team, which owns traditionally the Edge and the LAN and the WAN, and the security team — which would obviously be Firewall, IPS, [and] IDS — you're looking at about a 20-hour investment each. All in from start to finish because you've got to get the code upgraded. That 20 hours now is probably less than an hour."

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The previous solution requires network engineers approximately 40 hours to complete the deployment.

- A deployment protocol is developed to allow a desktop technician to complete the work in less than 1 hour.
- The composite deploys 10 new sites per year.
- The average fully loaded compensation for a data engineer is $74 per hour.
- The average fully loaded compensation for a desktop technician is $44 per hour.

Risks. Savings from reduced time to configure may vary due to:

- The number of new sites deployed.
- The cost of a data engineer.
- The cost of a desktop technician.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of just over $43,000.

"The other thing that we were driving towards was, because we do mergers, because we do a lot of office moves, [because] we go into different geographies, I wanted an 'office in a box,' fire-and-forget sort of management plane separation approach where my team could do a lot with just shipping a box out [and] having a reasonably intelligent individual follow a diagram, plug it in, have it light up in a management portal, and we're in business."

Director of technology, advisory, tax and assurance

Reduced Time To Configure

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	New deployments per year	Composite	0	10	10
B2	Network engineer time required to configure previous solution (hours)	Interviews	40	40	40
B3	Network engineer fully loaded hourly compensation	$110,000*1.35/2000	$74	$74	$74
B4	Desktop technician time to configure Cato (hours)	Interviews	1	1	1
B5	Desktop technician fully loaded hourly compensation	$65,000*1.35/2000	$44	$44	$44
Bt	Reduced time to configure	(B1*B2*B3) - (B1*B4*B5)	$0	$29,160	$29,160
	Risk adjustment	↓5%			
Btr	Reduced time to configure (risk-adjusted)		$0	$27,702	$27,702
	Three-year total: $55,404			**Three-year present value: $43,707**	

SAVINGS FROM RETIRED SYSTEMS

Evidence and data. All interviewees discussed being able to retire expensive hardware.

- The director of technology for an advisory, tax, and assurance organization, shared, "We don't need to go invest in those other solutions because the Cato transport with the intelligence and the security layer does everything we need it to do."
- The IT team manager, consulting and engineering, said: "I think the biggest cost saving was the internet lines, the T1 voice lines. We disconnected all of those because we don't need [them] anymore. It's about $1,100 per site times 80 a month."

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Retires systems including traditional Edge router, perimeter next-generation firewall (NGFW) appliances, intrusion detection system (IDS), intrusion protection system (IPS), and software-defined wide-area network (SD-WAN).
- Retires traditional multiprotocol label switching (MPLS) system at a cost of $1,100 per site per month.

Risks. The savings from retired legacy systems may vary based on the cost of previous solutions.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $2.2 million.

Savings From Retired Systems

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Annual cost of retired Edge, LAN, WAN, firewall, IPS, and IDS	Interviews	$150,000	$150,000	$150,000
C2	Number of sites	Composite	50	60	70
C2	Annual cost of retired private lines like MPLS, Metro E, T1, etc., per site	$1,100*12*C2	$660,000	$792,000	$924,000
Ct	Savings from retired systems	C1+C2	$810,000	$942,000	$1,074,000
	Risk adjustment	↓5%			
Ctr	Savings from retired systems (risk-adjusted)		$769,500	$894,900	$1,020,300

UNQUANTIFIED BENEFITS

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

- **Reduced time and transit costs.** Several interviewees reported that in addition to the simplicity of configuring a new site, they also saved time and money transporting the equipment to remote sites. Previously, when interviewees configured systems, they might experience delays both inbound and outbound. Cato sockets move through Customs without any delays or assessment of value-added tax.

  The director of technology for an advisory, tax, and assurance organization said, "My goal was to get away from the big, expensive router that often was subject to supply deliveries because of chips or coming through Customs."

The global IT infrastructure lead, industrial machinery manufacturing, said: "We were configuring the boxes in Switzerland, and we were asked to do this for a new site in Brazil, with all the Customs issues you have and the time you lose. Now we have these Cato boxes without intelligence locally. The individual configuration happens when the socket is first connected to the internet. That allows us to distribute the sockets that Cato has offered free of charge because they have no value."

- **Consistency of security rule sets across the organization.**
- The director of technology for an advisory, tax, and assurance organization said: "Cato Networks gave us really strong visibility into how inconsistent our rule sets were and what traffic we were allowing to move across the WAN. We realized how inconsistent our rule set was, and that was a huge benefit from a risk and compliance perspective because now they're all the same."

  The global IT infrastructure lead, industrial machinery manufacturing, said, "You have one dashboard, you can use the dashboard in a browser, and you can configure all the firewalls all over the world and all in one solution."
- **Better application performance.** The director of technology for an advisory, tax, and assurance organization said: "Because of the way Cato's WANs are architected, it will find the nearest node to connect to. The user doesn't have to know, 'Hey, I need to connect to the nearest node.' It intelligently does that, and we've actually seen application increases, which means it's faster for our practitioners to get their work done."
- **Employee morale.** The director of technology at an advisory, tax, and assurance organization said: "I know that if I tried to roll it back in my firm, [the employees] would revolt because of the speed it gets. My engineers love it because it's ship it, we'll configure it, it shows up, and we're off to the races."

  The IT team manager, consulting and engineering, said: "Because of the simplicity of the product, I was able to grab people other than network engineers to perform tasks like managing VPN use. We were able give the keys to other technicians to be able to assist with the daily tasks. And it definitely helps the entire team."

FLEXIBILITY

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

- **Adding new mobile users without the need to add infrastructure.** Interviewees reported that with Cato, when an acquisition brings on new users, they can be easily added to the by calling Cato Networks and adding users to the license. Previously, there were several layers of permissions, and additional hardware was often required. This was particularly important to one interviewee when the COVID-19 pandemic meant an influx of new remote workers.

  The IT team manager, consulting and engineering, said: "Another thing it actually saved us is when COVID hit, they were able to add the entire company to the VPN and provide them the ability to work from home in a matter of days. That was amazing. That was like, we just turn it on and [it's] done. I don't think the old system was capable enough of doing that without purchasing additional VPN and new equipment."
- **Deploying new sites more quickly.** The reduced time to configure benefit reflected time savings for data engineers, but it did not fully capture the flexibility benefits associated with

quickly adding new remote employees to the network.

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**
Dtr	Cost of Cato	$5,000	$650,000	$675,000	$800,000	$2,130,000	$1,754,812
Etr	Cato rollout and maintenance	$2,200	$0	$0	$0	$2,200	$2,200
	Total costs (risk-adjusted)	$7,200	$650,000	$675,000	$800,000	$2,132,200	$1,757,012

COST OF CATO

Evidence and data. Cato Networks' pricing depends on, among other factors:

- The number of sites deployed on Cato and their total internet access bandwidth.
- The number of data centers deployed on Cato and their total internet access bandwidth.
- Whether data centers are maintained on-premises or as cloud-based.
- Site or data center location, e.g., North America, Europe, or Asia.
- The number of remote users.
- The selection of advanced security add-ons beyond the NGFW and secure web gateway (SWG), which are included in the basic price

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- Has headquarters and branch sites deployed in North America, Europe, and Asia.
- Has data centers in North America, Europe, and Asia.
- Grows from 50 total sites in Year 1 to 70 in Year 3.
- Increases remote users from 1,500 in Year 1 to 2,100 in Year 3.
- The composite organization includes next-generation anti-malware services and an intrusion protection system.

Results. Because Cato's costs are contracted, Forrester does not apply a risk factor to this cost, yielding a three-year total PV (discounted at 10%) of $1.7 million.

Cost Of Cato						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Number of sites	C2		50	60	70
D2	Number of remote users	Composite		1,500	1,800	2,100
D3	Initial setup fee	Composite	$5,000			
D4	Annual fees	Composite		$650,000	$675,000	$800,000
Dt	Cost of Cato	D3+D4	$5,000	$650,000	$675,000	$800,000
	Risk adjustment	0%				
Dtr	Cost of Cato (risk-adjusted)		$5,000	$650,000	$675,000	$800,000
	Three-year total: $2,130,000			**Three-year present value: $1,754,812**		

CATO ROLLOUT AND MAINTENANCE

Evidence and data. The composite organization conducted a pilot of Cato on a few select sites, during which time they established the protocol for rollout to additional sites that allowed a desktop technician to configure the site in approximately 1 hour.

"It didn't take us that long to get the value. For three months we had four sites that were running dual networks. We had a live pilot or a proof of concept, and that's where we absorbed the learning curve. We did a very extensive search, and my team actually installed the appliances and tested every one of them. So, there were upfront costs. Not to deploy Cato, but to get to the point to decide to deploy Cato."

Modeling and assumptions. Based on customer interviews, Forrester estimates the following for the composite organization:

- The composite organization deploys Cato Networks on 50 initial sites.
- The average fully loaded hourly compensation for a desktop technician is $44.
- The average time to configure Cato is approximately 1 hour per site.

> **"We did a very extensive search, and my team actually installed the appliances and tested every one of them. So there were upfront costs — not to deploy Cato, but to get to the point to decide to deploy Cato."**
>
> *Director of technology, advisory, tax, and assurance*

Risks. The cost of initial deployment and maintenance may vary due to:

- The number of sites deployed.
- The cost of a desktop technician.

Results. These costs are well understood, so Forrester does not apply a risk factor, yielding a three-year total PV of $2,200.

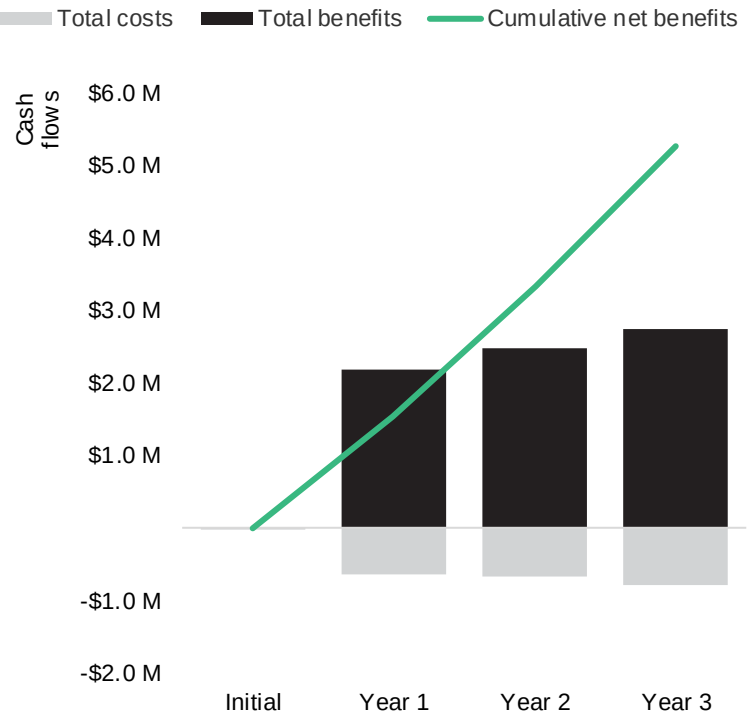
Cato Rollout And Maintenance

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Number of sites deployed on Cato Networks	Composite	50			
E2	Desktop technician fully loaded hourly compensation	$65,000*1.35/2,000	$44			
E3	Desktop technician time to configure Cato per site (hours)	Interviews	1			
Et	Cato rollout and maintenance	E1*E2*E3	$2,200	$0	$0	$0
	Risk adjustment	0%				
Etr	Cato rollout and maintenance (risk-adjusted)		$2,200	$0	$0	$0
	Three-year total: $2,200			**Three-year present value: $2,200**		

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	($7,200)	($650,000)	($675,000)	($800,000)	($2,132,200)	($1,757,012)
Total benefits	$0	$2,180,250	$2,474,427	$2,740,902	$7,395,579	$6,086,307
Net benefits	($7,200)	$1,530,250	$1,799,427	$1,940,902	$5,263,379	$4,329,295
ROI						246%
Payback (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 Cato Networks.

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: Supplemental Material

Related Forrester Research
"Introducing The Zero Trust Edge Model For Security And Network Services," Forrester Research, Inc., August 2, 2021.

Appendix C: 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.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