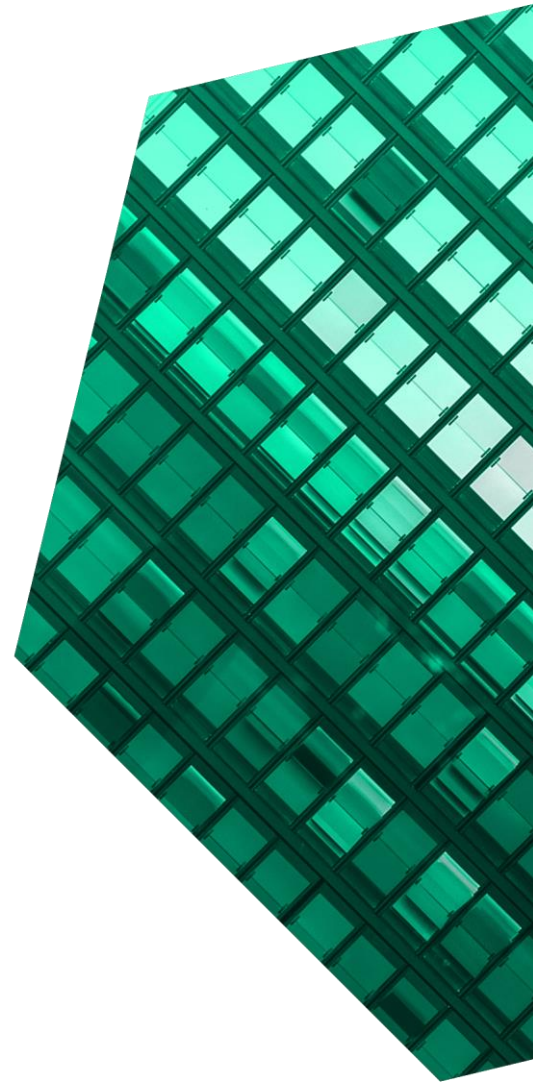# The Total Economic Impact™ Of BigCommerce

Cost Savings And Business Benefits Enabled By BigCommerce

AUGUST 2023

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ABOUT FORRESTER CONSULTING

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

Executive Summary

In today's world of commerce, online commerce is increasingly becoming the norm. As a result, businesses are competing to deliver stellar customer experiences related to their e-commerce websites. Forrester's research shows that more companies are focusing on transforming customer experience (CX), having an easily modified architecture to connect end-to-end across both internal and external systems, and prioritizing integration of disparate solutions environments.[1]

BigCommerce provides a flexible, composable e-commerce platform for B2C and B2B businesses to create engaging digital experiences and attract shoppers across leading search, social, advertising, and marketplace channels. Merchants can achieve success through enhanced checkout conversion and global brand expansion and operate with a lower total cost of ownership, improved performance and security, and continuous innovation.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives with experience using BigCommerce. For the purposes of this study, Forrester aggregated the interviewees' experiences

KEY STATISTICS

Return on investment (ROI)
211%
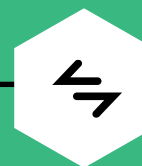
Payback period
8 months

and combined the results into a single composite organization that is a retail organization that uses BigCommerce to power its e-commerce business and is moving from a different e-commerce platform that did not meet its scalability and functionality needs.

Prior to using BigCommerce, these interviewees noted how their organizations used a different e-commerce platform on their website for their online sales. However, their legacy platforms often lacked the capability, scalability, and flexibility that they needed to grow their business. As a result, they often faced operational inefficiencies in their work, website performance issues, and poor customer experience on their e-commerce sites.

After the investment in BigCommerce, the interviewees shared that they were able to realize time savings in various activities related to their e-commerce website. Key results from the investment include improved operational efficiency and time to value in making changes to their e-commerce

Improvement in site traffic conversion rate by Year 3

30%

website, which led to revenue growth and better customer satisfaction.

KEY FINDINGS

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

- **Time savings of 50% to 90% for developers involved in third-party application integration work.** By using BigCommerce, developers at the composite organization are able to integrate features and capabilities from third-party applications faster and easier compared to before. This is a result of BigCommerce's open API features that enables an ecosystem of prebuilt third-party integrations. Over three years, the time savings realized by developers is worth around $188,000 to the composite organization.

- **Time savings of 30% to 40% related to updating e-commerce site content and catalog.** Additionally, employees that are responsible for adding content and updating the site catalog find it easier to do that work with BigCommerce. This is a result of different people being able to access the platform at the same time, automating certain file upload activities, and an overall easier user interface to work on. Over three years, time savings related to content management is worth around $244,000 to the composite organization.

- **Over $774,000 in cost savings from retiring legacy solution over three years.** Prior to using BigCommerce, the composite organization was using a different solution to support its e-commerce website. Unfortunately, this legacy solution lacked key features and capabilities and could not scale alongside the business. By using BigCommerce, the composite organization retires spend for the legacy licensing cost. Over three years, this cost saving totals over $774,000 to the composite organization.

Developer time savings by Year 3 with BigCommerce

90%

- **Business growth from a 10% to 30% improvement in site traffic conversion rate and 5% improvement in average order value.** With all the additional capabilities, features, and work that can be put into the e-commerce website, the composite organization sees business growth. Specifically, the composite organization sees improvements in the number of site visitors that actually purchase from its website, as well as an increase in the average amount that each individual buyer purchases. Over three years, this results in an incremental profit of close to $6.5 million to the composite organization.

- **Over $300,000 in revenue retention from better site performance and availability.** The composite organization also sees better website performance and availability after using BigCommerce compared to its legacy e-commerce platform. The lack of downtime means less disruption to its business activity and results in the retention of a percentage of revenue that previously was lost. Over three years, the revenue retention totals to more than $319,000 to the composite organization.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Better CX related to the e-commerce website.** By using BigCommerce, the composite organization is able to introduce a whole suite of capabilities that previously were either not

possible to be integrated with the website or would take too much of an effort to do so. Assuming part, if not all, of the new features introduced are done to make the customer user experience better, the composite organization now has a tool to continuously improve that experience.

- **Additional capabilities that support efforts to expand business offerings in new market segments.** The BigCommerce partnership with Feedonomics allows the composite organization to tap into potential buyers that shop on third-party marketplace channels. Previously, attempting to tap into that market opportunity would require additional effort. Now, this is an easily accessible new market segment that the composite organization can sell to.

- **Strong customer and account support from the BigCommerce team to fully take advantage of the platform.** The composite organization also benefits from the strong customer support work from BigCommerce. Interviewees noted that the support from BigCommerce allows them to truly understand how best to take advantage of the platform.

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

- **BigCommerce annual licensing cost.** The composite organization pays $370,000 for its BigCommerce licenses per year. The composite also pays $10,000 during implementation for architectural consulting. The exact pricing for annual licensing cost can vary depending on several factors. Over three years, the composite organization pays a present value of around $977,000 in annual licensing cost.

- **Internal effort to set up and implement BigCommerce.** Setting up BigCommerce involves initial planning to map out the functionalities required. There is some front-end

work for the composite, which is often supported by an external implementation partner. Then, there is data migration from the legacy platform to BigCommerce. For the composite organization, the entire initial effort for setup and implementation costs about $554,000.

- **Internal effort related to ongoing maintenance of BigCommerce.** Ongoing maintenance typically includes updating product listing, working on templates for the website, managing storefronts, creating content, and other work related to UX. An external agency is also on retainer to support some ongoing development work. Over three years, the overall effort in maintaining BigCommerce totals around $1.0 million.

The representative interviews and financial analysis found that a composite organization experiences benefits of $7.99 million over three years versus costs of $2.57 million, adding up to a net present value (NPV) of $5.42 million and an ROI of 211%.

ROI
211%

BENEFITS PV
$7.99M

NPV
$5.42M
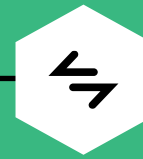
PAYBACK
8 months

Benefits (Three-Year)

Developer time savings related to third-party application integration — $188.1K

Time savings related to site catalog and content management — $244.1K

Cost savings from retiring legacy solution — $774.1K

Incremental profit from better CX on e-commerce website — $6.5M

Incremental revenue retention from better site performance and availability — $318.9K
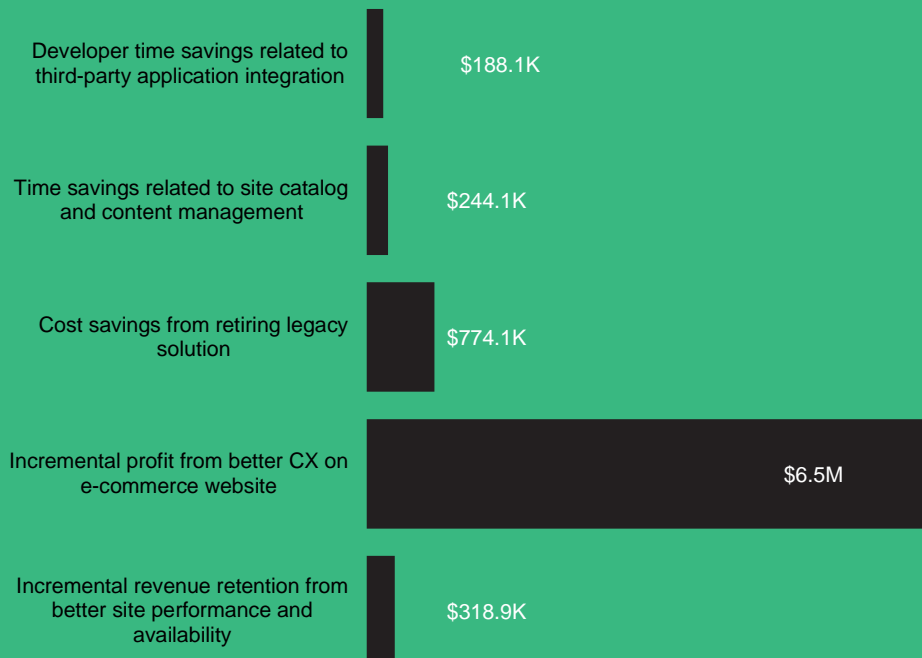
"We've doubled our sales from last year. I'd say that's due in large part to the scalability that BigCommerce offers you. There's nothing BigCommerce hasn't been able to handle for us."

— Web developer, fashion

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 BigCommerce.

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 BigCommerce can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by BigCommerce 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 BigCommerce.

BigCommerce 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.

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

DUE DILIGENCE
Interviewed BigCommerce stakeholders and Forrester analysts to gather data relative to BigCommerce.

INTERVIEWS
Interviewed six representatives at organizations using BigCommerce 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 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 BigCommerce Customer Journey

■ Drivers leading to the BigCommerce investment

Interviews			
Role	**Industry**	**Region**	**Size**
Marketing director	Business supplies	USA	• $10 to $50 million in annual revenue • <100 total employees
Director of IT	Business supplies	USA	• $10 to $50 million in annual revenue • <100 total employees
Web developer	Fashion	USA	• $10 to $50 million in annual revenue • <100 total employees
Business manager	Publishing	Global	• $250 to $300 million in annual revenue • 500 to 600 total employees
Director of retail and digital	Food distributor	USA	• $50 to $100 million in annual revenue • 100 to 200 total employees
Web developer	Furniture manufacturer	USA	• $50 to $100 million in annual revenue • 100 to 200 total employees

KEY CHALLENGES

Prior to using BigCommerce, interviewees shared that they either used a different e-commerce platform to support their website or, in some cases, built their own homegrown tool to support its website.

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

- **Operational inefficiency in integrating with third-party applications.** Interviewees shared that trying to add third-party applications to their legacy environments was a very frustrating process. Either it took a huge amount of developer time, taking away resources that otherwise could have been used for other higher-value work, or it was simply impossible to do. The web developer at a fashion company told Forrester, "[Our legacy solution] was a closed system, so whatever they had available you could use, but you couldn't add in or integrate with too much else."

> **"[With our legacy tool], we were handcuffed in terms of how many variants of product lines we could do. We wanted to better leverage our data, create a better look and feel, have a better UX, etc."**
>
> *Director of IT, business supplies*

- **Frustration with system performance and availability.** Interviewees also noted that their legacy environments were prone to downtime, especially when site traffic or orders spiked. This was a challenge to them because downtime could easily translate to lost orders and revenues. The business manager at a publishing firm noted: "We had a fragile system with a lot of

outages. If our system went down, we couldn't take orders."

- **Concerns about scalability.** As a result of the previous two challenges, interviewees shared that their legacy solutions were unable to keep up with their business growth. By having challenges in trying to add new capabilities to their e-commerce websites or seeing an increase in the number of downtimes experienced when trying to accommodate additional traffic, they highlighted that not having the right e-commerce platform started to become a hindrance to the potential growth of their companies. The marketing director at a business supplies company said: "We had outgrown our tool. We knew that for growth, we needed a better platform that had more agility, more ability to add as we grew and changed."

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- **Easily scale with the business and is flexible.** Understanding the concern that their legacy environment was not well-positioned to scale along with the business, interviewees noted scalability and flexibility of their e-commerce platform as a key criterion in their search. The director of IT in business supplies noted, "The open API and ability to bring whatever application we wanted was crucial."

- **Ease the burden of their IT, digital, and e-commerce teams in terms of maintaining the e-commerce platform.** Interviewees noted that they were looking for a platform that would not burden their developers. In fact, where possible, they looked for capabilities that could automate certain activities and ensured a faster time to value for their work. The director of retail and digital at a food distributor company explained: "How do we scale without having to fire up a server, increase database capacity, [or] worry

about bandwidth availability? There is a simplicity in being able to focus more on the commercial and functional and less on the operational."

- **Provide visibility into e-commerce site performance.** Interviewees also highlighted not knowing how their e-commerce websites were performing in their legacy environments. As a result, they were unsure on what capabilities to add or how to improve the experience of their users. The web developer at a furniture manufacturer said: "It was very hard to tell what part of the web pages successful or which ones were needed to be improved on. It was just a guess-timation of what's working or not. There wasn't any real way to do A/B testing at any real level."

- **Provide a range of capabilities, including B2B sales capabilities, breadth of API connections, and overall modern UX.** Interviewees shared that, compared to other SaaS provides they evaluated, BigCommerce had features that they believed would support their business growth, either as a native capability or could easily be integrated via API connectors.

> **"With BigCommerce, you had a lot more options. Even down to things like payment options. We really wanted as much flexibility as possible [and] BigCommerce offered that to us."**
>
> *Web developer, fashion*

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 six interviewees, 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 organization is a global retail company with 150 employees. Its e-commerce website averages 10 million in annual site traffic visits and has $500 in average order value (AOV).

Deployment characteristics. Prior to using BigCommerce, the composite organization used a different e-commerce platform to support its online business. Its digital team consists of five people. Two are technical developers and the remaining three are e-commerce content managers who are responsible for uploading and updating the e-commerce site product listing and catalog. The composite organization contracts an external implementation partner to support its development work both during the initial setup of BigCommerce and for ongoing management.

Key Assumptions
- **150 employees**
- **10 million in annual site traffic**
- **$500 AOV**

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	Developer time savings related to third-party application integration	$52,488	$83,981	$94,478	$230,947	$188,105
Btr	Time savings related to site catalog and content management	$74,791	$99,721	$124,652	$299,164	$244,059
Ctr	Cost savings from retiring legacy solution	$256,952	$342,602	$342,602	$942,156	$774,137
Dtr	Incremental profit from better CX on e-commerce website	$1,260,000	$2,644,800	$4,168,800	$8,073,600	$6,463,321
Etr	Incremental revenue retention from better site performance and availability	$128,250	$128,250	$128,250	$384,750	$318,939
	Total benefits (risk-adjusted)	$1,772,481	$3,299,354	$4,858,782	$9,930,618	$7,988,561

DEVELOPER TIME SAVINGS RELATED TO THIRD-PARTY APPLICATION INTEGRATION

Evidence and data. Interviewees shared that adding capabilities to their websites with BigCommerce was quick and easy, especially when it involved third-party application integration. Prior to BigCommerce, integrating third-party applications was a laborious activity, as it involved contacting their e-commerce platform vendor and requesting custom development work that likely involved additional costs. With BigCommerce, interviewees noted that this process was a simple plug-and-play:

- The director of retail and digital at a food distributor firm shared with Forrester: "[Previously], we had to extract customer data out of our database, which would then be imported to an email tool to send broadcast-level emails. It was very crude, semimanual, and not tightly integrated.

  "Now, we have a prebuilt connector with BigCommerce. We literally install the app through the BigCommerce marketplace, register an

> **"With an install of an app, all of my customer data, purchase history, behavioral things, predictive analytics is available. We would never achieve this level of integration on [our previous tool] because it would have been way too much effort for us to do."**
>
> *Director of retail and digital, food distributor*

account with the third party, and it pulls in historical data. The level of customer intelligence here would be hard to get elsewhere."

- The director of IT at a business supplies organization noted: "With the prior solution, it would have taken us three to six months. It was

not an open-API platform, so we would have to contact the actual vendor and we would have to pay them to do it."

- The web developer at a fashion company said: "[With BigCommerce,] most integrations take us 12 days depending on the data manipulation we may need. Most integrations from BigCommerce app store are plug-and-play."

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

- There are four major integrations per year to add new capabilities from third-party applications.

- There are two internal developers involved in each integration.

- In the legacy environment, each process takes an average of three months to complete.

- Integrating third-party applications takes up 32% of developer time in a year.

- The fully burdened annual salary of a developer is $182,250.[3]

- With BigCommerce, developers do this work 50% faster in Year 1. As the developers get more familiar with the BigCommerce platform, this time savings benefit gradually increases to 80% in Year 2, and 90% in Year 3.

Risks. The exact benefit that an organization realizes may differ depending on the following factors:

- The frequency of integrations for third-party applications in a year.

- The complexity of each integration, which can impact the number of developers involved and the amount of time spent.

- The industry and geography where the organization is operating in, which can impact the assumed 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 of $188,000.

Forrester Perspective: Build Unified Platform Experiences With API-First Architecture

Digital business can curate a custom suite from selected solutions, rather than building from scratch or relying on a single vendor to provide a somehow-perfect, prebuilt suite. Practitioners are jaded from navigating through complex suites that promise an end-to-end solution but deliver a patchwork of unrelated interfaces. New architectural approaches to software products give new hope for a unified experience that is composable, iterative, and unified.

Source: "Executive Guide 2022: Commerce," Forrester Research, Inc., March 22, 2022.

Developer Time Savings Related To Third-Party Application Integration

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of third-party applications integrated each year	Composite	4	4	4
A2	Number of developers involved in each integration effort using legacy environment	Interviews	2	2	2
A3	Average number of months needed to complete integration	Interviews	3	3	3
A4	Percentage of developer time spent on this activity relative to their entire work	Assumption	32%	32%	32%
A5	Subtotal: Total developer time spent in legacy environment (years)	(A1*A2*A3*A4)/12	0.64	0.64	0.64
A6	Fully burdened annual salary of a developer	Forrester standard	$182,250	$182,250	$182,250
A7	Percentage of time and effort reduction with BigCommerce	Interviews	50%	80%	90%
At	Developer time savings related to third-party application integration	A5*A6*A7	$58,320	$93,312	$104,976
	Risk adjustment	↓10%			
Atr	Developer time savings related to third-party application integration (risk-adjusted)		$52,488	$83,981	$94,478
	Three-year total: $230,947		**Three-year present value: $188,105**		

TIME SAVINGS RELATED TO SITE CATALOG AND CONTENT MANAGEMENT

Evidence and data. Interviewees also shared that making changes to their e-commerce websites' content was easier with BigCommerce compared to their legacy tool. With an easier user interface and templates that were readily available to introduce, employees involved in content management work saw time savings that could be used for other things.

- The marketing director at a business supplies organization said, "Creating product listings, adding content, updating our blog, improving our technical SEO, all those things can be done faster."

- The web developer at a fashion company told Forrester, "[With our legacy tool], we had to triplicate the effort that we do now on BigCommerce."

- The web developer at a furniture manufacturer said: "Adding a product listing on our previous platform took two weeks. A lot of that was waiting because people could not access it together. They had to wait for one person to finish their work before moving to the next one. Now, with BigCommerce, the different users can access the platform at the same time and work together. If we're comparing apples to apples, we can now do our product listing work in half the time with BigCommerce."

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

- There are three internal employees involved in site catalog and content management work.

- This work is their full-time job, requiring 100% of their time.

- With BigCommerce, the internal employees do this work 30% faster in Year 1. As they get increasingly familiar with the platform, this time savings increases to 40% in Year 2 and 50% in Year 3.

- The fully burdened annual salary of the employees involved in this work is $92,335.[4]

Risks. The exact benefit that an organization realizes may differ depending on the following factors:

- The complexity of content management work that needs to be done at an organization.

- The industry and geography where the organization is operating in, which can impact the assumed 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 of $244,000.

> **"[With BigCommerce], time is no longer an issue for our marketing team if they want to scale and launch new products. It's just a matter of having the right information in place."**
>
> *Marketing director, business supplies*

Time Savings Related To Site Catalog And Content Management

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of people doing site catalog and content management work	Composite	3	3	3
B2	Percentage of work dedicated to site catalog and content management in legacy environment	Interviews	100%	100%	100%
B3	Percentage of time and effort reduction with BigCommerce	Interviews	30%	40%	50%
B4	Fully burdened annual salary of employees involved in content management	Forrester standard	$92,335	$92,335	$92,335
Bt	Time savings related to site catalog and content management	B1*B2*B3*B4	$83,101	$110,802	$138,502
	Risk adjustment	↓10%			
Btr	Time savings related to site catalog and content management (risk-adjusted)		$74,791	$99,721	$124,652
	Three-year total: $299,164		**Three-year present value: $244,059**		

COST SAVINGS FROM RETIRING LEGACY SOLUTION

Evidence and data. By moving to BigCommerce, interviewees noted that, since they moved from a different e-commerce platform, their organizations could retire legacy tools. This meant discontinuing their previous spend on licensing costs.

- The web developer in fashion said, "Even accommodating our new business that we have just reached, [we are paying] less monthly [on BigCommerce] than that we were paying for [our legacy platform]."

- The same interviewee added that, with BigCommerce's growth by acquisition, they realized vendor consolidation by discontinuing spend for capabilities that would now be native to BigCommerce.

- The director of retail and digital at a food distributor firm said: "The cost of ownership of [our legacy tool] was quite low for the platform. But, when you factor in database hosting, retaining a development agency to do the development work, and first-line support, your costs add up. With BigCommerce, other than the retainer for development, it's a package of one monthly fee."

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

- The annual cost of the legacy solution is $196,000. For simplicity purposes, the cost is assumed to include all costs, including database hosting.

- The number of employees required to manage the solution is two people, who dedicate 100% of their time to this work.

> **"We might be moving away from a vendor that we use to help us ship from multiple warehouses, because BigCommerce has a native solution that basically mirrors that function."**
>
> *Web developer, fashion*

- The fully burdened annual salary of the employees involved in this work is $92,335.[5]

- In Year 1, only 75% of the annual spend for the legacy platform is discontinued, keeping 25% to take into account BigCommerce being set up. Once BigCommerce is fully set up, the entire legacy platform can be discontinued in Years 2 and 3 (i.e., 100%).

Risks. The exact benefit that an organization realizes may differ depending on the following factors:

- The exact e-commerce platform used in the previous environment.

- The skills and capabilities of the internal employees managing the legacy platform.

- The industry and geography where the organization is operating in, which can impact the assumed 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 of $774,000.

Cost Savings From Retiring Legacy Solution

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Annual licensing cost of legacy solution	Composite	$196,000	$196,000	$196,000
C2	Number of staff managing	Composite	2	2	2
C3	Percentage of time dedicated to managing tool	Interviews	100%	100%	100%
C4	Fully burdened annual salary of e-commerce team	Forrester standard	$92,335	$92,335	$92,335
C5	Subtotal: Total annual cost of legacy solution	C1+C2*C3*C4	$380,669	$380,669	$380,669
C6	Percentage of legacy solution retired	Interviews	75%	100%	100%
Ct	Cost savings from retiring legacy solution	C5*C6	$285,502	$380,669	$380,669
	Risk adjustment	↓10%			
Ctr	Cost savings from retiring legacy solution (risk-adjusted)		$256,952	$342,602	$342,602
Three-year total: $942,156			**Three-year present value: $774,137**		

INCREMENTAL PROFIT FROM BETTER CX ON E-COMMERCE WEBSITE

Evidence and data. As a result of the new capabilities that BigCommerce could introduce to their e-commerce websites and the additional work that could be done from the time recaptured, the interviewees noted that customer experience on their e-commerce websites improved. This had a direct impact on their businesses as they noted that, since using BigCommerce, they saw metrics, such as site traffic conversion rates and average order value (AOV), improve.

- The marketing director at the business supplies company said: "As a result of the better CX on our site, our conversion rates went from 3% to 4% to 5% to 6%. Comparing the same quarter of the last two years, our e-commerce conversion rate is up 17% and our AOV increased by 23% in those two years. So now, we're really maximizing the traffic to the site."

- The director of retail and digital at a food distributor added: "Our conversion rate at the moment is running somewhere between 4% to 5%. The comparable on [our legacy platform] would have been 2% to 3%. So, we can say our conversion rate has doubled."

- The web developer at the furniture manufacturing firm said: "BigCommerce enabled us to become more complex. As the complexity of our back-end work increased, that directly correlates to improvements in our click-through rate, bounce rate, and conversion rate."

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

- The annual site traffic is 10 million.

- In the legacy environment, 2% of that traffic was converted into actual sales.

- With BigCommerce, the composite organization realizes a 10% improvement in its conversion

> **"BigCommerce is a big part in helping make it easier for customers to buy our product, have a better-looking website, find where things are, etc."**
>
> *Marketing director, business supplies*

rate in Year 1. As customer satisfaction with their e-commerce website experience continues to grow, this conversion rate improvement grows to 20% in Year 2 and 30% in Year 3.

- The AOV on the legacy environment is $500.

- With BigCommerce, the AOV grows by 5% every year.

- The net margin of the company is 15%.

Risks. The exact benefit that an organization realizes may differ depending on the following factors:

- The annual site traffic and the AOV of the organization's e-commerce website.

- The sales and marketing effort around the e-commerce website, which impacts the conversion rate and how much will improve with BigCommerce.

- The net margin that the organization is operating on.

- The industry, geography, and market landscape where the organization is operating in.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $6.5 million.

Incremental Profit From Better CX On E-Commerce Website

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Annual site traffic	Composite	10,000,000	10,000,000	10,000,000
D2	Conversion rate with legacy solution	Assumption	2%	2%	2%
D3	Percentage improvement in conversion rate with BigCommerce	Interviews	10%	20%	30%
D4	Subtotal: Additional sales made per year from conversion rate improvement	D1*D2*D3	20,000	40,000	60,000
D5	Average order value (AOV) at start of the year	Y1: Composite Y2 and Y3: $D7_{PY}$	$500	$525	$551
D6	Percentage improvement in AOV with BigCommerce	Interviews	5%	5%	5%
D7	Subtotal: AOV at end of year (rounded)	D5*(1+D6)	$525	$551	$579
D8	Net margin	Forrester standard	15%	15%	15%
Dt	Incremental profit from better CX on e-commerce website	D4*D7*D8	$1,575,000	$3,306,000	$5,211,000
	Risk adjustment	↓20%			
Dtr	Incremental profit from better CX on e-commerce website (risk-adjusted)		$1,260,000	$2,644,800	$4,168,800
Three-year total: $8,073,600			Three-year present value: $6,463,321		

INCREMENTAL REVENUE RETENTION FROM BETTER SITE PERFORMANCE AND AVAILABILITY

Evidence and data. Interviewees noted their e-commerce website performance improved with BigCommerce in terms of lack of downtime and outages compared to their legacy platform. They noted that experiencing downtime at peak traffic moments was especially damaging as it likely caused lost orders and revenue.

- The director of retail and digital at a food distributor company said: "During one of the holiday seasons using our legacy platform, we had several periods of site outages that were more than an hour at a time. Each instance, we are talking about losing $10,000 to $20,000 a day."

- Comparing the experience with BigCommerce, the same interviewee shared: "I haven't had an outage that's more than 40 minutes in the three years we've used BigCommerce. During peak, we're talking 5 to 10 minutes of outages, so probably nothing statistically significant to our business."

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

- The organization experiences five downtime events on average per year when using the legacy platform.

- The revenue loss for each downtime event is $30,000.

- With BigCommerce, the percentage of reduction in downtime events is 95%.

Risks. The exact benefit that an organization realizes may differ depending on the following factors:

- The nature of the business and the market in which an organization operates, which can determine the revenue impact of a downtime event.

> **"We're a very seasonal business with high peaks and valleys. During our peaks, we're talking 10,000 orders a day. So, having an outage in the middle of that day is super harmful. Our customers will look elsewhere, so that's a lost business."**
>
> *Business manager, publishing*

- The legacy platform used prior to BigCommerce, which can impact the number of downtime events experienced prior.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $319,000.

Incremental Revenue Retention From Better Site Performance And Availability

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of downtime events per year in legacy environment	Composite	5	5	5
E2	Revenue impact per downtime event	Interviews	$30,000	$30,000	$30,000
E3	Percentage of reduction in downtime events due to BigCommerce	Interviews	95%	95%	95%
Et	Incremental revenue retention from better site performance and availability	E1*E2*E3	$142,500	$142,500	$142,500
	Risk adjustment	↓10%			
Etr	Incremental revenue retention from better site performance and availability (risk-adjusted)		$128,250	$128,250	$128,250
	Three-year total: $384,750		**Three-year present value: $318,939**		

UNQUANTIFIED BENEFITS

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

- **Better customer website experience.** Interviewees shared that, due to BigCommerce, the improvements, features, and capabilities their teams could now introduce to their e-commerce websites allowed them to create better experiences for customers and users navigating their websites. The marketing director at a business supplies firm said: "One major benefit [of BigCommerce] was that it made our site much more streamlined. A lot of our customers got what they wanted immediately without having to bounce between seven to eight pages."

- **Business growth opportunities from new segments to target.** Interviewees also noted that certain capabilities that are now available to them through BigCommerce allowed their organizations to target new market segments that they previously could not capture. The marketing director at a business supplies firm noted: "Previously, we weren't doing much business on third-party marketplace websites because it was difficult to manually manage them. With the BigCommerce-Feedonomics partnership, there's definitely some inherent ROI just from the volume of listing we'll be able to execute."

  The web developer at a furniture manufacturing company added: "With BigCommerce, the types of customers we can target have increased as well. Historically, we were B2C, which we still do today, but we can now do B2B as well. With BigCommerce, we are able to do customer segmentation. We can add customers to groups so we can have a way of separating out the marketing effort between B2C and B2B."

- **Support around taking full advantage of the platform.** Interviewees also noted that the support they received from BigCommerce customer success and account management teams was a differentiator in ensuring they were using the platform to its full potential. The director of IT at a business supplies company said, "The product is so well supported by their team, the community boards, engagement from people using the platform, and the continuous development and improvements."

> **"There's some very, very complex logic that we can now implement [in our e-commerce site]. I don't have to worry about keeping code up to date for calculating tax, shipping, processing through the payment gateway. Those three things alone are worth the price that we pay for BigCommerce."**
>
> *Web developer, furniture manufacturer*

"[With BigCommerce], we can future-proof our business. They continue to develop and support us at a high level. So, I don't feel like there's a lot of risk from either shortcoming, in terms of falling behind our competition, or not having what we need."

Marketing director, business supplies

FLEXIBILITY

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

* **Ease in scalability to support future growth.** Interviewees shared that having BigCommerce put their organizations in a great position to capture future business growth. The time savings, cost savings, and revenue impact benefits realized all combined to allow their businesses to quickly scale where the opportunity arises. The director of retail and digital at a food distributor told Forrester: "Our ability to provide slightly more than just a white label solution for partners opens up opportunities for us to run yet more storefronts that are easily managed within one platform. This in turn allows us to take something to market and capture all opportunities."

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

Forrester Perspective: Optimize Digital Selling With B2B Commerce Solutions

Digital business executives must identify and deliver digital transformation initiatives for their firms. Executives and their teams incorporate B2B commerce solutions into their digital experience stacks because they:

Digitize buying and selling process. Thirty-five percent of B2B technology buyers globally made their initial purchases through first- and third-party digital channels.

Provide consumer-grade engagement for business buyers. Digital consumers' native behavior differs to traditional B2B buyers in four ways: brand experience, sales interactions, purchase influence, and post-sale engagement.

Dissolve the complexity of B2B into a personalized buying experience. B2B buying is fraught with complex processes. The B2B consumer demands a different kind of relationship with your organization: They expect to be treated as partners, through open, connected, intuitive, and immediate experiences, and they expect you to create a simplified experience.

Source: "Now Tech: B2B Commerce Solutions, Q1 2022," Forrester Research, Inc., January 11, 2022.

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
Ftr	Annual cost to BigCommerce	$10,500	$388,500	$388,500	$388,500	$1,176,000	$976,642
Gtr	Cost and time investment related to set up and implementation	$554,238	$0	$0	$0	$554,238	$554,238
Htr	Internal cost and time investment related to ongoing management	$0	$417,894	$417,894	$417,894	$1,253,683	$1,039,241
	Total costs (risk-adjusted)	$564,738	$806,394	$806,394	$806,394	$2,983,921	$2,570,121

ANNUAL COST TO BIGCOMMERCE

Evidence and data. Pricing for BigCommerce's annual license varied depending on the exact situation of the implementing organization.

Interviewees shared that during setup, there could be additional costs related to BigCommerce professional services to help with scoping and assisting the technical implementation, therefore affecting the annual license cost for the platform.

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

- The composite organization pays $10,000 to BigCommerce at the start for architectural support. Then, it pays $370,000 per year for their BigCommerce license.

- Pricing may vary. Contact BigCommerce for additional details.

Risks. The exact cost that an organization incurs may differ depending on the complexity of the e-commerce business of the implementing organization.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $977,000.

Annual Cost To BigCommerce

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Annual cost to BigCommerce	Composite	$10,000	$370,000	$370,000	$370,000
Ft	Annual cost to BigCommerce	F1	$10,000	$370,000	$370,000	$370,000
	Risk adjustment	↑5%				
Ftr	Annual cost to BigCommerce (risk-adjusted)		$10,500	$388,500	$388,500	$388,500
	Three-year total: $1,176,000			**Three-year present value: $976,642**		

COST AND TIME INVESTMENT RELATED TO SET UP AND IMPLEMENTATION

Evidence and data. Interviewees shared that setting up BigCommerce at their organizations was an extensive process, especially considering how crucial the platform was to their online businesses.

- Interviewees shared that the entire set up and implementation process took anywhere between several months to a full year. The director of retail and digital at a food distributor company shared: "There was a project plan, a discovery process around the requirements that was mapped to BigCommerce functionality. Then, it was a three-part implementation process. One was around the functional capability, effectively configuring BigCommerce with our products, customers, discounts, etc. Then, there was front-end implementation. The third aspect was data migration of our customer information."

- The business manager in publishing added: "There were a lot of hands involved. Designers, UX people, QA people. On the back end, our internal architect was 100% of the job for the year."

- The director of IT in business supplies said: "We had third-party support from an agency that specializes in BigCommerce integration. There was an initial contract around $60,000 to $100,000."

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

- The time to set up BigCommerce takes one year.

- The process involves two developers and three content managers. The developers dedicate 50% of their time to this process, while the content managers dedicate 80% of their time.

- The fully burdened annual salary of the developers involved is $182,250, while the fully

burdened annual salary of the content managers is $92,335.[6]

- The cost for support from an external implementation agency during setup is $100,000.

Risks. The exact cost that an organization incurs may differ depending on the following factors:

- The complexity of the e-commerce environment at the implementing organization.

- The expectation on what capabilities and functionalities to be set up immediately, as opposed to progressively over time.

- The industry and geography where the organization is operating in, which can impact the assumed 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 of $554,000.

Cost And Time Investment Related To Set Up And Implementation

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Time to set up (years)	Interviews	1	0	0	0
G2	Number of developers involved	Composite	2	0	0	0
G3	Percentage of time dedicated	Interviews	50%	0%	0%	0%
G4	Fully burdened annual salary of developer involved	Forrester standard	$182,250	$0	$0	$0
G5	Number of content managers involved	Composite	3	0	0	0
G6	Percentage of time dedicated	Interviews	80%	0%	0%	0%
G7	Fully burdened annual salary of content manager involved	Forrester standard	$92,335	$0	$0	$0
G8	Subtotal: Total cost for internal staff involvement	G1*((G2*G3*G4)+(G5*G6*G7))	$403,853	$0	$0	$0
G9	Cost for external agency involvement	Interviews	$100,000	$0	$0	$0
Gt	Cost and time investment related to set up and implementation	G8+G9	$503,853	$0	$0	$0
	Risk adjustment	↑10%				
Gtr	Cost and time investment related to set up and implementation (risk-adjusted)		$554,238	$0	$0	$0
	Three-year total: $554,238			**Three-year present value: $554,238**		

INTERNAL COST AND TIME INVESTMENT RELATED TO ONGOING MANAGEMENT

Evidence and data. In terms of ongoing management of BigCommerce, interviewees noted that their e-commerce/digital teams are the main people involved. For the technical development work, the interviewees also shared that they kept their external agency partners on retainer.

- The web developer at a fashion company said: "We have five people on our e-commerce team. We spend a couple hours per week loading products in. We work on templates a lot, and that's a bit more time. We also pay [our agency] a monthly fee to do our front-end development work."

- The web developer at a furniture manufacturing company shared: "Day to day, we have a team of seven that touch code. Then, we have a different team for UI and UX, as well as content-creating, marketing people."

- The director of IT at a business supplies company said, "Our ongoing cost related to using a third-party for development work is about $3,000 a month."

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

- There are two developers involved with ongoing management, dedicating 20% of their time. The remaining three members of the e-commerce team doing content management work dedicate 100% of their time.

- The fully burdened annual salary of the developers involved is $182,250, while the fully burdened annual salary of the content managers is $92,335.[7]

- The composite organization uses an external agency on retainer to support development work, paying them $30,000 a year.

Risks. The exact cost that an organization incurs may differ depending on the following factors:

- The complexity of the e-commerce environment at the implementing organization.

- The work that the e-commerce team has, which impacts how much time they can dedicate to managing Big Commerce relative to their other work.

- The industry and geography where the organization is operating, which can impact the assumed 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 of $1.0 million.

Internal Cost And Time Investment Related To Ongoing Management

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Number of developers involved	A2	0	2	2	2
H2	Percentage of time dedicated	Interviews	0%	20%	20%	20%
H3	Fully burdened annual salary of developer involved	A6	$0	$182,250	$182,250	$182,250
H4	Number of content managers involved	B1	0	3	3	3
H5	Percentage of time dedicated	Interviews	0%	100%	100%	100%
H6	Fully burdened annual salary of content manager involved	B4	$0	$92,335	$92,335	$92,335
H7	External agency on retainer	Interviews	$0	$30,000	$30,000	$30,000
Ht	Internal cost and time investment related to ongoing management	(H1*H2*H3)+ (H4*H5*H6)+H7	$0	$379,904	$379,904	$379,904
	Risk adjustment	↑10%				
Htr	Internal cost and time investment related to ongoing management (risk-adjusted)		$0	$417,894	$417,894	$417,894
	Three-year total: $1,253,683			**Three-year present value: $1,039,241**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

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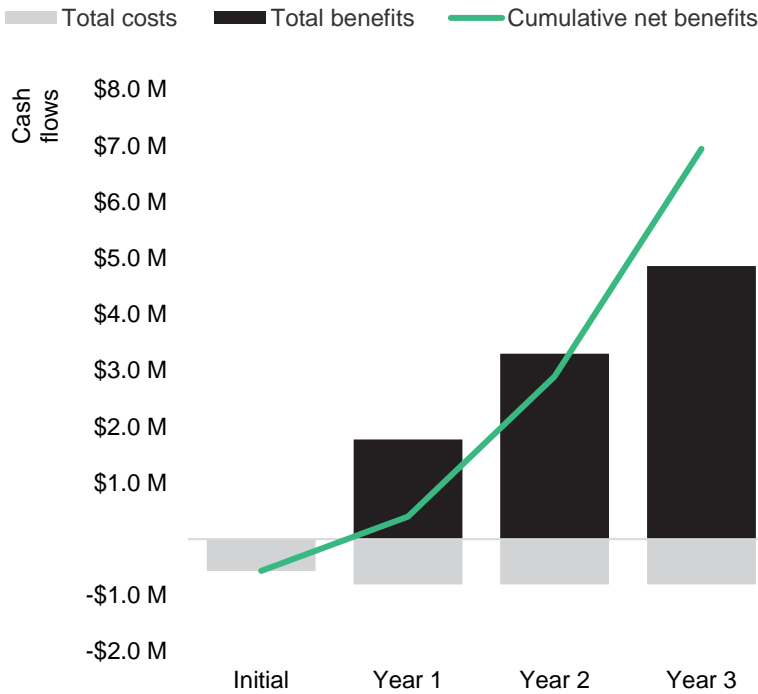
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($564,738)	($806,394)	($806,394)	($806,394)	($2,983,921)	($2,570,121)
Total benefits	$0	$1,772,481	$3,299,354	$4,858,782	$9,930,618	$7,988,561
Net benefits	($564,738)	$966,087	$2,492,960	$4,052,388	$6,946,697	$5,418,440
ROI						211%
Payback period						8

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Supplemental Forrester Research

"The Technology Vendor Research Guide For Digital Commerce," Forrester Research, Inc., September 15, 2022.

"Executive Guide 2022: Commerce," Forrester Research, Inc., March 22, 2022.

"Now Tech: B2B Commerce Solutions, Q1 2022," Forrester Research, Inc., January 11, 2022.

"Now Tech: Commerce Services, Q4 2020," Forrester Research, Inc., December 9, 2020.

Appendix C: Endnotes

[1] Forrester Analytics Global Business Technographics® Priorities And Journey Survey, 2019 and 2020.

[2] 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.

[3] Fully burdened salary includes both the direct wages and indirect costs of hiring and employment. Burden rate refers to indirect costs of employment beyond direct compensation, including — but not limited to — hiring costs, training costs, financial services, paid time off, sick leave, expenses, retirement contributions, payroll taxes, and incremental technology, and workplace costs for the employee.

[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] Ibid.

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