



FORRESTER®

The Total Economic Impact™ Of Similarweb Digital Research Intelligence And Digital Marketing Intelligence Solutions

Cost Savings And Business Benefits
Enabled By Similarweb

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Table Of Contents

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Executive Summary	1
The Similarweb Customer Journey	6
Interviewee's Organization	6
Key Challenges	6
Solution Requirements/Investment Objectives	7
Analysis Of Benefits	8
Recovered Cost Of Paid Search Spend.....	8
Recovered Cost Of PR And Programmatic Spend	11
Reduced Spend On Third-Party Data Sources	13
Unquantified Benefits	14
Flexibility	15
Analysis Of Costs	16
Fees Paid To Similarweb	16
Employee Costs For Similarweb Deployment.....	17
Financial Summary	18
Appendix A: Total Economic Impact	19
Appendix B: Quantifying The Value Of Product Innovation	20
Appendix C: Endnotes	22



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Executive Summary

An insights-driven business harnesses and applies data and analytics at every opportunity to differentiate its products and customer experiences. These businesses bring insights, not just data, into every decision, and they know exactly how to use them for the greatest advantage across the entire customer lifecycle. For these firms, digital insights and how they are leveraged are their secret weapon to disrupt markets and gain market share.¹

Similarweb's stated objective is "to deliver the most trusted, comprehensive, and detailed view of the digital world, so our customers can outperform their competition and win their markets." This study examines how Similarweb delivers on its mission by looking at how one customer utilized its [Digital Research Intelligence](#) (DRI) and [Digital Marketing Intelligence](#) (DMI) products.²

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed the decision-maker and two additional colleagues at an organization with experience using Similarweb. Forrester used this experience to project a three-year financial analysis.

Recovered cost of paid search spend

Before	After
\$0.20	\$1.00

KEY STATISTICS



Return on investment (ROI)
642%



Net present value (NPV)
\$14.65M

Prior to using Similarweb, the interviewees noted how their organization gathered digital intelligence by collecting data from disparate sources and performing time-consuming analysis or by asking their agency partners to analyze the data sources, which was costly and left the firm to rely on the agency data. The associate director of digital measurement said: "Before I did this analysis, we were blind. We only see our performance, but we don't know how our competitors pursued different categories. We didn't know why we should spend money in one category versus another."

After the investment in Similarweb, the decision-maker's organization was able to pursue an insights-driven strategy to optimize its digital marketing spend. Improvements in tactics such as keyword purchases and optimizing the ratios between offsite and onsite search helped the company achieve a more than \$0.80 improvement per dollar on its ad spend return.

KEY FINDINGS

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

- **Improved return on ad spend from \$0.20 to more than \$1.00.** The organization spent more than \$30 million on paid search for its consumer health and beauty brands. Together with Similarweb, the team created a diagnostic tool that helped them make strategic decisions. Those insights drove changes to their strategy, such as optimizing the split between onsite and offsite search. By optimizing ad word spend, the firm saw a 10% to 15% drop in cost per click.
- **Improved PR and programmatic return on ad spend by more than \$0.35 per dollar.** Similarweb helped the organization refine the allocation of its PR and programmatic budget dollars: The interviewee studied consumer traffic and keywords to glean where latent advertising opportunities existed. They created a win-win where they won the bids for ad space, resulting in a better return for the publisher. PR teams were more effective with brand placements in relevant articles or listicles. By repurposing low-ROI spend and placing it with demand-side platforms (DSPs), the organization improved its return on PR and programmatic advertising from \$0.80 to \$1.15.

contracts from third-party search optimization vendors. Due to the breadth of the Similarweb platform, three vendor contracts were reduced or canceled as their contracts came up for renewal over three years.

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

- **Created new products.** The customer used social trends and keyword interest as the primary indicator of consumer need. Similarweb data informed decisions to innovate or pull the products in their category, resulting in new all-natural products.
- **Improved return on agency relationships.** The organization partnered with its agency on a new strategy, leveraging insights from Similarweb's consulting group. This collaboration resulted in more effective campaigns.
- **Improved trend awareness.** Similarweb worked with the customer to build a tool that took global data search trends and codified them. The organization identified opportunities based on search volume impressions characterized by nascent, emerging, or mature trends.
- **Uncovered new affiliate opportunities.** Competitors were using affiliates to drive traffic back to their websites. The organization used Similarweb data to reach out to those affiliate networks to create new marketing relationships.
- **Discovered social data shifts that signaled changes in competitors' media mix.** The organization benchmarked its social traffic against its competitors. Shifts in marketing mix alerted the marketers that they needed to shift their strategy and invest more in social platforms.

Costs. Three-year risk-adjusted PV costs include:

- **Similarweb fees of \$2 million.** The interviewees told Forrester that they paid annual licensing, and professional services fees to Similarweb.

Drop in cost per click

Up to 15%



- **Saved \$500,000 on consolidated contracts over three years.** The health and beauty organization reduced and eventually eliminated

- **Deployment and maintenance costs of \$221,000.** Interviewees described their implementation and maintenance process, with most costs for deployment borne internally.

The interview and financial analysis found that the decision-maker's organization experiences benefits of \$16.93 million over three years versus costs of \$2.28 million, adding up to a net present value (NPV) of \$14.65 million and an ROI of 642%.

“Our best use case was informing our search strategy — honestly, our whole digital investment strategy. Similarweb collaborated with us to build a model that gave us an agile approach to how we optimize at search and digital investments.”

— Senior director, insights and analytics, health and beauty



ROI
642%



BENEFITS PV
\$16.93M

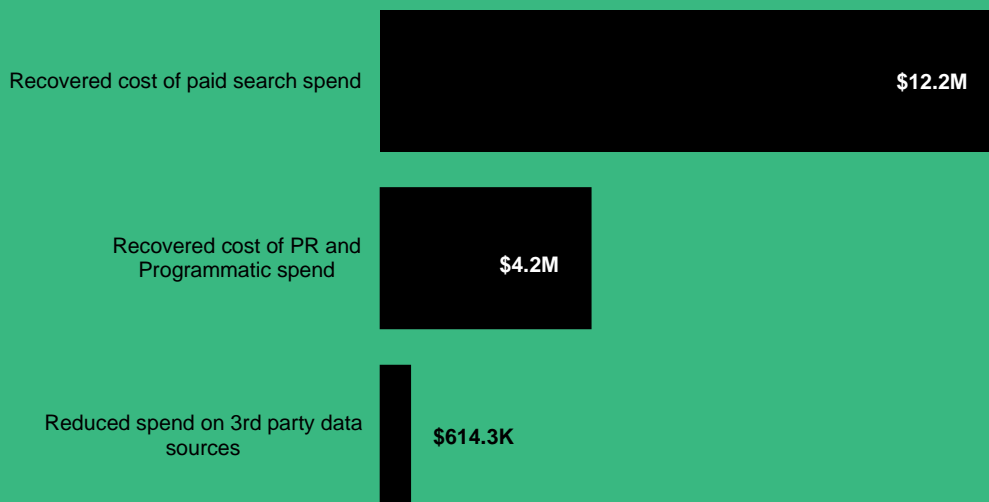


NPV
\$14.65M



PAYBACK
0 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 Similarweb.

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 Similarweb can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Similarweb 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 Similarweb.

Similarweb 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.

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



DUE DILIGENCE

Interviewed Similarweb stakeholders and Forrester analysts to gather data relative to the Similarweb platform.



DECISION-MAKER INTERVIEWS

Interviewed three decision-makers from an organization using the Similarweb platform to obtain data with respect to costs, benefits, and risks.



FINANCIAL MODEL FRAMEWORK

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



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 Similarweb Customer Journey

■ Drivers leading to the Similarweb investment

INTERVIEWEES' ORGANIZATION

Forrester interviewed three decision-makers from the same organization who use Similarweb's DMI and DRI solutions. The customer:

- Is a multinational consumer packaged goods (CPG) corporation with a focus on health and beauty.
- Earns more than \$80 billion in revenue per year.
- Employs more than 130,000 people globally.
- Began working with Similarweb in 2018.

The interviewees represented the customer's business-to-business-to-consumer brands.

KEY CHALLENGES

Interviewees described their desire to understand the drivers of sales and market share by tracking consumer shopper behavior. Specifically, the organization wanted to understand competitors in markets and what their marketing strategies were, how they were driving traffic to their websites, demographics of competitors' customers, emerging trends and innovation, and what retailers to target.

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

- **Failing to deliver return on search investment.** The customer expressed the dismal return their search spend was returning to the business: In some cases, it was only \$0.20 on the dollar. As a result, leadership indicated that they wanted to pull back that budget.
- **Making decisions without data** The associate director of digital measurement said: "[Before deploying Similarweb], we were blind. We didn't know our competitor's traffic. We wanted to know if we needed to spend more in one category

versus another, but we could only see our performance."

- **Completing tedious manual analysis.** The associate director used to track URLs in a separate set of tools and then perform a time-intensive, manual competitive analysis. With Similarweb, she said: "It only took about 1 hour initially to enter the competitors. Now when I want to look at competitors, it takes 1 minute — literally 1 minute."
- **Relying on costly agencies for insights.** Instead of using inconsistent digital tracking methods, the organization's agencies performed the analysis. However, due to the cost of each study, they were limited in the number of inquiries they could make.

"Before, we threw questions to our agency partners, web analytics partners, [and] media agencies to tell us what our competitors were doing. When you ask an agency to provide competitive analysis, it could be \$50K, just for a simple project that I did with Similarweb in 10 to 15 hours."

Associate director, digital measurement, health and beauty

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees' organization searched for a solution that could:

- Help it optimize its search strategy.
- Optimize keyword strategies on an ongoing basis.
- Monitor and understand its competitors' site traffic and corresponding customer journeys.

- Help it understand what content to place where.
- Gain insights into emerging trends and innovations.
- Refine its retail strategy.

The organization chose Similarweb based on its strength in understanding digital shopper behavior.

“We started with search but grew to inform our total digital investments and to understand our spend across all the tools that we had. We diversified some search spend to other avenues more in line with the consumer and shopper journey. We also used it to inform trends and innovation.”

— Senior director, insights and analytics, health and beauty

Analysis Of Benefits

■ Quantified benefit data

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Recovered cost of paid search spend	\$1,440,000	\$4,400,000	\$9,600,000	\$15,440,000	\$12,158,077
Btr	Recovered cost of PR and programmatic spend	\$800,000	\$1,600,000	\$2,800,000	\$5,200,000	\$4,153,268
Ctr	Reduced spend on third-party data sources	\$160,000	\$240,000	\$360,000	\$760,000	\$614,275
	Total benefits (risk-adjusted)	\$2,400,000	\$6,240,000	\$12,760,000	\$21,400,000	\$16,925,620

RECOVERED COST OF PAID SEARCH SPEND

Evidence and data. The health and beauty organization measured its return on paid search investment by looking at ad spend versus the dollars generated through marketing mix models or multitouch attribution models. The senior director of insights and analytics said: “We want to be profitable. If we’re spending a dollar, we want to get back a dollar or more return on the investment. Otherwise, you’re throwing that money away.”

“An example of the actionable insights that we discovered from Similarweb was: ‘We found some new categories that weren’t strong competition from anybody but also strategically aligned with our [category] business. We thought about our paid search and content strategy in those areas.’”

Associate director, digital measurement, health and beauty

The organization reported spending more than \$30 million on paid search for its consumer health and beauty brands. The team realized that some of the firm’s brands were seeing a return as low as a \$0.20 on the dollar. After working with Similarweb to create a diagnostic tool that automated against all of their search words, they were able to make strategic alterations to their search strategy. Ultimately, the organization was able to improve its ROI to more than a dollar.

Interviewees shared examples of how Similarweb contributed to the improved return on paid search spend:

- The senior director of insights and analytics described how she developed a strategy for and refined her budgets for onsite and offsite search. She said: “Previously, we had separate budgets for each, optimizing them separately. We realized they are directly complementary because many searches start on Google and then end up on a retailer site. Also, retailers are driving people to their sites through external search. You can’t look at them separately. We needed to determine if we had the right split between onsite and offsite search. We found that we were way overinvested in offsite search versus where most were happening. The spend was 70:30 [offsite vs.

onsite], or 80:20 in some brands. We shifted the budget to be accurate for where the searches occurred. We shifted to the reverse, like 40:60, 50:50 at least, 70:30. It was extreme.”

- The digital analytics manager explained how they were able to optimize their ad word spend. Each ad word gets assigned a quality score that impacts the discounts applied to each word.³ The better the quality score, the lower the cost per click (CPC). He said, “We are seeing a 10% to 15% drop in our CPC, on average.”
- The marketing analytics team improved productivity by performing less manual research. For example, the associate director of digital measurement said: “When I got questions from leadership about our website traffic or who’s beating us, using Similarweb, we can very quickly find that information. Previously, I used another tool to track competitor URLs; then, I had to look up months of traffic and create the comparison manually. Now it takes a minute, literally.” The interviewee then allocated more time to proactive research, which drove actionable recommendations for brand teams.

Modeling and assumptions. Forrester modeled the benefit of recovered cost of paid search spend based on the interviews and made the following assumptions about the composite organization:

- The organization spends more than \$20 million dollars on paid search.
- Prior to Similarweb, the composite organization returns as little as a \$0.20 on the dollar for its paid search spend.
- After working with Similarweb to optimize strategies and tactics, the return improves to more than \$1 on the firm’s paid search investment.
- Forrester assigns credit to Similarweb for 50% of the value returned to the organization.

Risks. Forrester recognizes that these savings can vary from organization to organization based on factors such as:

- The size of the paid search budget.
- The ability of the marketing analytics team to analyze and create actionable recommendations.
- The level of execution based on the recommendations generated by the marketing analytics team.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$12.2 million.

“We saw our ROI improve in all cases 100% across the board where we followed the recommendations our model suggested. We had brands that were \$0.20 and lower that went to over a dollar after that. So we knew there was real business value there. We linked it back to the dollars that we were able to reinvest and work harder for us.”

Senior director, insights and analytics, health and beauty

Recovered Cost Of Paid Search Spend					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total paid search spend	Interviews	\$20,000,000	\$25,000,000	\$30,000,000
A2	Return on spend before Similarweb	Interviews	\$0.20	\$0.20	\$0.20
A3	Return on spend after Similarweb	Interviews	\$0.50	\$0.75	\$1.00
A4	Percentage attributable to Similarweb	Interviews	30%	40%	50%
At	Recovered cost of paid search spend	$((A1*A3)-(A1*A2))*A4$	\$1,800,000	\$5,500,000	\$12,000,000
	Risk adjustment	↓20%			
Atr	Recovered cost of paid search spend (risk-adjusted)		\$1,440,000	\$4,400,000	\$9,600,000
Three-year total: \$15,440,000			Three-year present value: \$12,158,077		

RECOVERED COST OF PR AND PROGRAMMATIC SPEND

Evidence and data. Modern marketing organizations rely on data to help them create effective strategies for programmatic advertising.⁴ Marketers study consumer behavior data collected by advertisers and third parties to help the brand structure its programmatic approach.⁵

The senior director of insights and analytics shared how Similarweb helped the organization more effectively spend its PR and programmatic budget dollars. She said: “The display ads showing up on publisher sites were not category-specific, resulting in a poor payoff for the publisher. We showed publishers that their ad space was ineffective, then we bid on that space. Or our PR team would get us placed in an article or listicle as a featured brand. We used Similarweb data to compete more effectively by repurposing low-ROI spend and placed it in [demand-side platforms (DSPs)], which was a better use of those dollars.”

By reallocating spending into more relevant content and display, the senior director helped improve the organization’s return on PR and programmatic advertising by as much as \$0.35 on the dollar.

- Before working with Similarweb, the return on advertising dollars is \$0.80.
- After using Similarweb data to optimize PR and programmatic campaigns, the return on advertising dollars improves to \$0.90 in Year 1, \$1.00 in Year 2, and \$1.15 in Year 3.
- Based on the interviews, Forrester assigns credit to Similarweb for 10% of the value returned to the organization.

“We could see the keywords going to publishers [of publications in our space]. We were all bidding on the keywords but lost the traffic to publishers because they showed up organically with content related to the keyword. We're a brand, not a content publisher, so we followed the consumer click path through Similarweb. When they landed at publisher sites, what did they do there? Were they reading top 10 lists [related to the brand category]? Were we showing up on that list? If not, were there display opportunities?”

Senior director, insights and analytics, health and beauty

Return on PR and programmatic ad spend

Before	After
\$0.80	\$1.15

Modeling and assumptions. Forrester modeled the benefit of recovered cost of PR and programmatic spend based on the following assumptions:

- The total PR and programmatic advertising budget is \$100 million.

Risks. The recovered cost of PR and programmatic spend will vary by:

- The size of the PR and programmatic advertising budgets.
- The ability of the marketing analytics team to analyze and create actionable recommendations.
- The level of execution based on the recommendations generated by the marketing analytics team.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$4.2 million.

“I think [Similarweb has] the widest and most holistic view of the digital ecosystem. Their platform is probably the most user-friendly and sophisticated in terms of self-service analytics. They certainly have the broadest coverage.”

Senior director, insights and analytics, health and beauty

Recovered Cost Of PR And Programmatic Spend					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total paid programmatic and PR spend	Interviews	\$100,000,000	\$100,000,000	\$100,000,000
B2	Return on spend before Similarweb	Interviews	\$0.80	\$0.80	\$0.80
B3	Return on spend after Similarweb	Interviews	\$0.90	\$1.00	\$1.15
B4	Percentage attributable to Similarweb	Interviews	10%	10%	10%
Bt	Recovered cost of PR and programmatic spend	$((B1*B3)-(B1*B2))*B4$	\$1,000,000	\$2,000,000	\$3,500,000
	Risk adjustment	↓20%			
Btr	Recovered cost of PR and programmatic spend (risk-adjusted)		\$800,000	\$1,600,000	\$2,800,000
Three-year total: \$5,200,000			Three-year present value: \$4,153,268		

REDUCED SPEND ON THIRD-PARTY DATA SOURCES

Evidence and data. The interviewees described the following experiences:

- Due to the breadth of the Similarweb platform, the digital analytics manager was able to reduce the scope of their contracts with three different vendors that had overlapping capabilities.
- Because of the depth of information available, they chose to keep their contract with an e-commerce data provider but was able to reduce the overall spend.
- They reported saving more than half a million dollars.

Modeling and assumptions. Forrester modeled the benefit of reduced spend on third-party data sources based on the following assumptions:

- The organization is able to completely cut one \$200,000 contract upon renewal in Year 1.
- In the second and third years, the organization is able to further reduce its spend with companies whose capabilities overlap with those of Similarweb.

Risks. The impact of this benefit may vary depending on:

- Whether an organization has previously invested in search optimization tools.
- The number of tools an organization previously invested in.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$614,000.

Reduced Spend On Third-Party Data Sources					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Reduced contract spend with third-party providers	Interviews	\$200,000	\$300,000	\$450,000
Ct	Reduced spend on third-party data sources	Interviews	\$200,000	\$300,000	\$450,000
	Risk adjustment	↓20%			
Ctr	Reduced spend on third-party data sources (risk-adjusted)		\$160,000	\$240,000	\$360,000
Three-year total: \$760,000			Three-year present value: \$614,275		

UNQUANTIFIED BENEFITS

Additional benefits that the customer experienced but was not able to quantify include:

- **Improved search, resulting in long-term brand impact.** Business leaders at the interviewees' organization considered significantly decreasing the paid search budget because of its initial low ROI. But they realized that ROI has a short horizon because the measure is a payback in sales results. The digital analytics manager explained: "Many of our categories are lower-indexing in terms of e-commerce sales. You might search online to inform your decision, but the ultimate sale happens in the store. Our ROI models don't capture that longer-term investment. Meaning it doesn't just result in a sale immediately after you search, but it does influence and maybe put that brand into your consideration for future purchase."
- **Enhanced new product creation.** The senior director of insights and analytics described how her team used Similarweb to optimize existing products or create new ones. She said: "Social trends and keyword interest are the first indicators of consumers' need. We worked with Similarweb to create an early indicator tool that helped us decide what the opportunity was and how quickly we needed to innovate or pull the products in that space." The organization created new all-natural products based on the information gathered from emerging trends and keyword searches. It also tweaked the scents of its existing formulations based on insights gathered from consumers' behavior in search engines and retail sites. Finally, the firm learned that consumers prefer transparency regarding ingredients, so it enhanced its current product information. [See Appendix B](#) for more information about how to quantify the value of product innovation.
- **Improved return on agency relationships.** The senior director described how the company improved its working relationship with its agency partner. She said: "We worked with the agency to look at ROI differently and changed their incentive model. They partnered with us to execute our new strategy by taking some of the work Similarweb's consulting group created and leveraged the tools and processes we developed. The agency took on more scope, but because we lowered investment in one area, it didn't impact our overall spend."
- **Increased trend awareness.** Similarweb worked with the organization to build a tool to understand which trends it should act on for content creation or product innovation. The senior director said: "The tool we made took global data [and] search trends and codified them. It categorized the trends based on what we saw in the market. It identified nascent, emerging, or mature trends based on search volume impressions."
- **Uncovered new affiliate opportunities.** The senior director of insights and analytics said: "We saw many of our competitors using affiliates to drive traffic back to their website. We weren't as strong there, so we used the data to reach out to those affiliate networks or to double down where it would benefit us."
- **Discovered social data shifts that signaled changes in competitors' media mix.** The senior director described how she used the social data in Similarweb to look at competitors and where they use social platforms. She said: "We would benchmark our social traffic [against our competitors]. If we saw a shift in their marketing mix and they were increasingly using Instagram, Twitter, or YouTube, it alerted us to a change and allowed us to get ahead of that. We did our own audit to understand the communication strategy and reacted to it appropriately."

FLEXIBILITY

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

- **Improved search has a long-term brand impact.** ROI as a business metric has a short horizon because the measure is a payback in sales results. However, many searches ultimately inform a decision where the brand recognition results in an offline sale.
- **The marketing analytics team conducts more analysis for more brands more frequently.** The associate director of digital measurement described how she would be expanding her team this year. She hopes to incorporate regular competitive analysis into the business process with additional team members. She said: "I could have one person every day doing this analysis, creating business value. I only did this analysis for one [product in a category]. We have six different categories within [the brand], and we should be doing this analysis at least quarterly to understand what the competitors are doing."
- **Website investment drives organic search results.** The same interviewee described how the organization has made investments in its own website. However, she recognized that those investments will pay off not only in the short term but also in the longer term as they enhance the content. She noted: "Based on the Similarweb data, I'm proposing to our team that we should be focusing more on organic search. SEO is part of our strategy, but seeing this data tells us we should be doing more because it's long-term. If you spend money on your site, you get a great foundation. Once you build it, your paid media efficiency will go up, too."

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

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Fees paid to Similarweb	\$0	\$828,000	\$828,000	\$828,000	\$2,484,000	\$2,059,113
Etr	Employee costs for Similarweb deployment	\$0	\$120,528	\$80,352	\$60,264	\$261,144	\$221,255
	Total costs (risk-adjusted)	\$0	\$948,528	\$908,352	\$888,264	\$2,745,144	\$2,280,368

FEES PAID TO SIMILARWEB

Evidence and data. Forrester's interviews with employees using Similarweb uncovered the following:

- The interviewees said that they paid annual licensing and professional services fees to Similarweb.
- Similarweb employees formed a virtual office that worked with multiple product categories. Interviewees utilized Similarweb's Advisory Services (professional services) to interpret data from an objective point of view and to augment their view as well as to augment the Similarweb customer staff.

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

- Annual license fees of \$300,000.
- Advisory services of \$390,000.

Risks. This cost can vary among organizations based on the following:

- The size and scope of the Similarweb deployment.
- Whether the organization chooses to contract with Similarweb for consulting services.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.1 million.

Fees Paid To Similarweb						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Fees paid to Similarweb	Composite		\$690,000	\$690,000	\$690,000
Dt	Fees paid to Similarweb	Composite	\$0	\$690,000	\$690,000	\$690,000
	Risk adjustment	↑20%				
Dtr	Fees paid to Similarweb (risk-adjusted)		\$0	\$828,000	\$828,000	\$828,000
Three-year total: \$2,484,000			Three-year present value: \$2,059,113			

EMPLOYEE COSTS FOR SIMILARWEB DEPLOYMENT

Evidence and data. Interviewed decision-makers described an implementation and maintenance process with few external costs; almost all costs for deployment were borne internally.

- Interviewees told Forrester that the digital marketing managers at their organization were responsible for work around deploying and managing Similarweb.
- Realization of the full value of Similarweb occurred gradually over the course of three years, with progressively less effort required each year.

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

- Similarweb rollout and uptake takes a total of three years to achieve peak value and is handled by a digital marketing manager. However, while the first year takes more effort on the part of the

key stakeholders, value is realized in Year 1 in addition.

- The digital marketing manager spends 60% of their time on deployment in Year 1, 40% in Year 2, and 30% in Year 3
- The digital marketing manager’s fully loaded annual salary is \$167,400

Risks. This cost can vary among organizations based on the following factors:

- Fully burdened salary for digital marketing managers.
- Number of digital marketing managers required to deploy.
- Overall speed of deployment and amount of time required to spend on deployment each year.

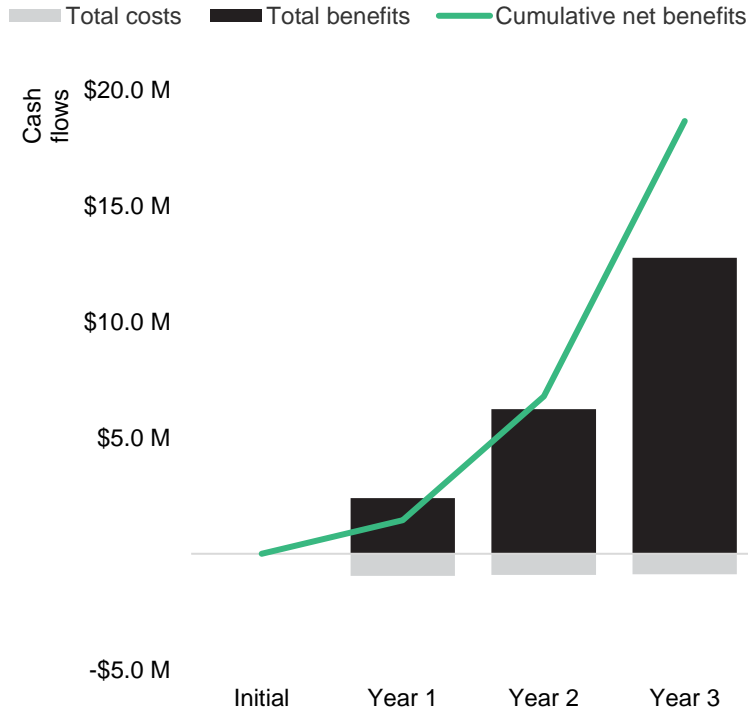
Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of \$221,000.

Employee Costs For Similarweb Deployment						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Digital marketing manager average fully burdened annual salary	TEI standard		\$167,400	\$167,400	\$167,400
E2	Percentage of time dedicated to Similarweb	Composite		60%	40%	30%
Et	Employee costs for Similarweb deployment	Composite	\$0	\$100,440	\$66,960	\$50,220
	Risk adjustment	↑20%				
Etr	Employee costs for Similarweb deployment (risk-adjusted)		\$0	\$120,528	\$80,352	\$60,264
Three-year total: \$261,144			Three-year present value: \$221,255			

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 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	\$0	(\$948,528)	(\$908,352)	(\$888,264)	(\$2,745,144)	(\$2,280,368)
Total benefits	\$0	\$2,400,000	\$6,240,000	\$12,760,000	\$21,400,000	\$16,925,620
Net benefits	\$0	\$1,451,472	\$5,331,648	\$11,871,736	\$18,654,856	\$14,645,252
ROI						642%
Payback (months)						0

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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



PRESENT VALUE (PV)

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



NET PRESENT VALUE (NPV)

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



RETURN ON INVESTMENT (ROI)

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



DISCOUNT RATE

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



PAYBACK PERIOD

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

Appendix B: Quantifying The Value Of Product Innovation

While not included in the ROI, NPV, or payback, the potential value associated with product innovation carries significant value. The interviewees discussed how they enhanced existing products and created new products based on insights gleaned from Similarweb data, but they did not have hard numbers to provide to Forrester. Figure 1 and Figure 2 are included for readers to estimate the impact of Similarweb on existing product innovation and new product creation.

Modeling and assumptions (for Figure 1). The following factors explain how Forrester would model the potential impact of Similarweb on revenue gained through innovation of existing products:

- How much revenue did the product generate during the previous year before new innovations?
- By what percentage did sales increase after the enhanced product hit the market?
- Out of 100%, what percentage of the credit would you give to Similarweb data as an influence on the outcome of the new product?
- What is the company's operating margin? Use a credible benchmark like the one provided by the NYU Stern School of Business: https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html

Risks. The increase in revenue will vary with:

- The amount of revenue generated by the enhanced product.
- The industry and the operating margins associated with bringing products to market.
- The ability for the organization to execute a successful go-to-market strategy.

Figure 1: Calculating The Impact Of Similarweb On Existing Product Innovation

Ref.	Metric	Source	Values
X1	Annual revenue for product	How much revenue did the product generate the previous year?	
X2	Increase in revenue year over year	What percentage increase in sales did the product experience after innovations hit the market?	
X3	Attribution to Similarweb	Out of 100%, how much do you think the Similarweb data influenced the creation of the product?	
X4	Operating margin	What is the operating margin for the company? You may use industry estimates found here: https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html	
Xt	Revenue impact of Similarweb on existing product innovation	$X1 * X2 * X3 * X4$	
	Risk adjustment	↓20%	
Xtr	Revenue impact of Similarweb on existing product innovation	$Xt - 20\%$	

Modeling and assumptions (for Figure 2). The following factors explain how Forrester would model the potential impact of Similarweb on revenue gained through innovation of new products:

- How much revenue did the product generate during the year?
- Out of 100%, what percentage of the credit would you give to Similarweb data as an influence on the outcome of the new product?
- Input the specific company operating margins or for industry estimates, use a credible benchmark like the one provided by the NYU Stern School of Business:
https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html

Risks. The increase in revenue will vary with:

- The amount of revenue generated by the new product.
- The market uptake of the new product.
- The industry and the operating margins associated with bringing products to market.
- The ability for the organization to execute a successful go-to-market strategy.

Figure 2: Calculating The Impact Of Similarweb On New Product Creation

Ref.	Metric	Source	Values
X1	Annual revenue for the new product	How much revenue did the product generate in its first year?	
X2	Attribution to Similarweb	Out of 100%, how much do you think the Similarweb data influenced the creation of the product?	
X3	Operating margin	What is the operating margin for the company? You may use industry estimates found here: https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html	
Xt	Revenue impact of Similarweb on new product creation	$X1 * X2 * X3 * X4$	
	Risk adjustment	↓20%	
Xtr	Revenue impact of Similarweb on new product creation	$Xt - 20\%$	

Appendix C: Endnotes

¹ Source: “Build An Insights-Driven Business,” Forrester Research, Inc., January 27, 2022.

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 Quality Score is a diagnostic tool meant to give a sense of how well your ad quality compares to other advertisers. This score is measured on a scale from 1 to 10 and is available at the keyword level. A higher Quality Score means that your ad and landing page are more relevant and useful to someone searching for your keyword compared to other advertisers. See complete detail at <https://support.google.com/google-ads/answer/6167118?hl=en>

⁴ Programmatic ad buying is the use of software to buy digital advertising. While the traditional method includes requests for proposals, tenders, quotes, and negotiation, programmatic buying uses algorithmic software to buy and sell online display space. For more information, see <https://digitalmarketinginstitute.com/blog/the-beginners-guide-to-programmatic-advertising>

⁵ Source: Charlotte Rogers, “What is programmatic advertising? A beginner’s guide,” MarketingWeek, March 27, 2017, <https://www.marketingweek.com/programmatic-advertising/>.

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