



FORRESTER®

The Total Economic Impact™ Of LawGeex

Cost Savings And Business Benefits
Enabled By LawGeex

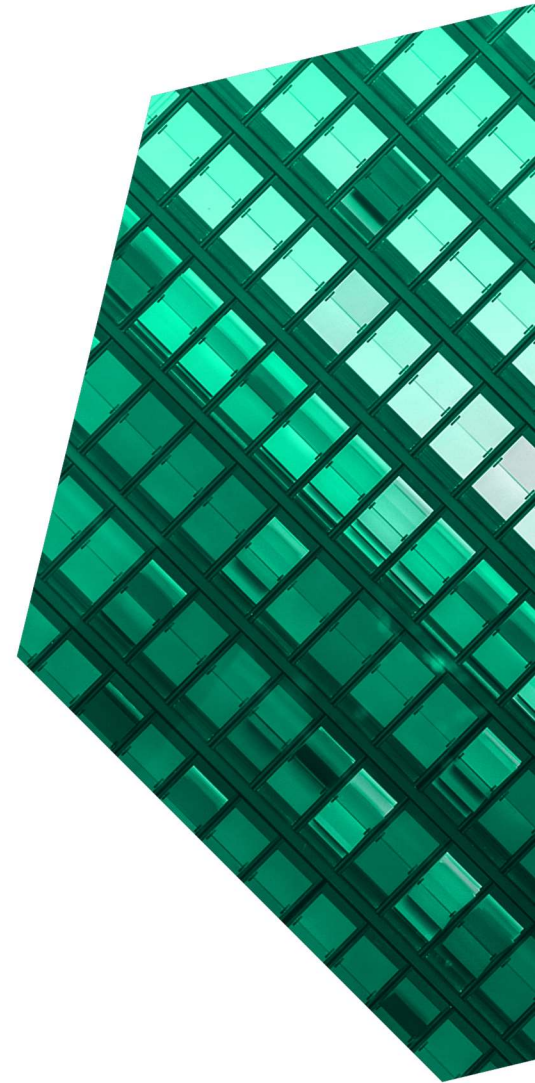
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ABOUT FORRESTER CONSULTING

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Executive Summary

Today's legal teams face a tremendous number of contracts to review and sign off on, and it requires a lot of time that could be used for more complex and strategic work. LawGeex helps these teams by providing a seamless solution that decreases contract-review and turnaround times while empowering them to work with greater efficiency, consistency, and accuracy. This can save an organization time and effort worth hundreds of thousands of dollars.

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

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed a decision-maker with an organization that has been using LawGeex for approximately one year. Forrester used this experience to project a three-year, risk-adjusted financial analysis of the impact of deploying LawGeex for an enterprise legal team of five users (within a legal team of 20) with a focus on low- and medium-complexity contracts.

Prior to using LawGeex, the interviewee's organization did not have a contract-review platform or solution in place. The legal team applied a very manual standard review process in which every contract needed to be reviewed from scratch, marked up, and then sent to the vendor or customer.

With LawGeex, the process changed. Contracts were automatically sent to the LawGeex platform where they were automatically reviewed and marked based on a legal playbook structure that LawGeex set up in alignment with the organization. With this process change, attorneys on the legal team were able to

KEY STATISTICS



Return on investment (ROI)

209%



Net present value (NPV)

\$423K

reduce the time they worked with a contract by just reviewing the redlines that LawGeex put in the documents, accepting the changes, and processing for signature.

Therefore, the organization saw several key benefits from the LawGeex deployment, including increased efficiency in contract-review time, decreased contract-turnaround time, savings on onboarding and training costs, increased consistency and accuracy, and better customer experience (CX) and employee experience (EX).

KEY FINDINGS

The interviewee's organization realized several benefits, but for this study, Forrester only considered the benefits and costs associated with one contract type that was already implemented and in use. However, the interviewee said the benefits will likely increase the types of contracts the organization will use LawGeex for in the future.

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

- **Recaptured lawyer productivity due to a 75% reduction in contract-review time.** By streamlining and automating the contract-review process with the AI-enabled solution provided via LawGeex, lawyers were able to reduce the time they spend reviewing and refining lower-complexity contracts by 75%. This gave them the opportunity to recapture productivity to handle more (and more complex) contracts and to shift time to higher-value and strategic tasks. Eliminating unnecessary time spent reviewing lower-complexity contracts saves the organization more than 6,500 hours over a three-year period and leads to a present value (PV) of \$449,859 over three years.
- **Increased capacity handling leading to cost avoidance of additional hiring.** The interviewee reported a yearly growth of about 20% in low-complexity contracts. LawGeex enables the organization to handle this increase while keeping the time lawyers spend on lower-complexity contracts around about 25%. Therefore, the organization is able to save on additional hiring and related onboarding/training cost that it otherwise would have needed in Year 2. This leads to a PV of \$142,750 over three years.
- **Savings of 30% in training and onboarding of new lawyers due to playbook structure.** Whether due to standard attrition or because of promotions or additional hiring, legal teams constantly change. In the case of the interviewee's organization, the legal team is mostly comprised of junior lawyers who handle lower-complexity contracts. Assuming an attrition of 10% for the team and yearly promotions, the organization previously saw onboarding and training-related costs that the LawGeex playbook

structure reduced by about 30%. This leads to a PV benefit of \$18,886 over three years.

- **Direct savings on designing and implementing own playbook.** The interviewee said the LawGeex playbook structure is one of the key enablers of the benefits their organization sees. It helps to create consistency in contracts and makes it possible for lawyers to negotiate on clauses in a consistent way. The interviewee also said LawGeex set up and integrated the playbook very easily and efficiently during implementation. The interviewee stated that this is a large benefit because manually building a playbook within the team would have been very time-intensive. Moreover, prior to using LawGeex, allocating internal resources was a painful process because the process often did not receive the internal priority it deserved. Saving the internal time and effort to build and maintain its own playbook structure leads to a PV of \$13,700 for the organization.

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

- **Improved CX and EX.** The interviewee said the LawGeex solution had several positive impacts on their organization's CX and EX. Legal teams appreciated the recaptured productivity that enabled them to spend more time on strategic and higher-value tasks, and this improved overall employee satisfaction. It's also assumed that decreasing the turnaround time to review a contract from three days to one day had a positive impact on the customer experience.
- **Increased accuracy and consistency.** The LawGeex solution increased the accuracy of reviewed contracts so that less contract revisions were needed, and this also saved time. Moreover, the legal team was able to generate insights on top-negotiated clauses or top-missing clauses. This enabled the team to better determine and adapt clauses and phrases

regarding certain contract types and enabled better decision-making overall. The playbook structure also increased the accuracy and consistency of outputs.

- **Shortened sales cycle.** The interviewee said that after implementing LawGeex, the organization's turnaround times for specific contract reviews decreased by up to two days. The sales staff especially considered this to be a benefit because it reduced the sales cycle in certain cases while taking less time from the sales teams when working on deals. Decision-makers assume sales representatives are able to close deals faster in some cases and move more quickly to a proof-of-concept phase. This helps them to reach quarterly revenue targets and foster client relationships.

Costs. Risk-adjusted PV costs include:

- **Total license fee.** The interviewee's organization rolled out LawGeex to a lower-complexity contract type. This comes with a yearly license fee of about \$75,000, and it includes implementation of the platform playbook and onboarding of legal team members involved. The interviewee did not report any other ongoing costs for platform maintenance, professional services, or related training. Forrester did not take into account a price increase due to the organization's handling of a higher volume of contracts. The PV cost is \$195,840 over three years.
- **Internal implementation cost.** The interviewee said their organization paid for additional internal costs related to the implementation and setup of the playbook involving a person from the legal operations team and an attorney. The PV cost is \$6,728.

The interview and financial analysis found that this organization experiences benefits of \$625,195 over three years versus costs of \$202,568, leading to a

net present value (NPV) of nearly \$423,000 and an ROI of 209%.



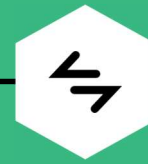
ROI
209%



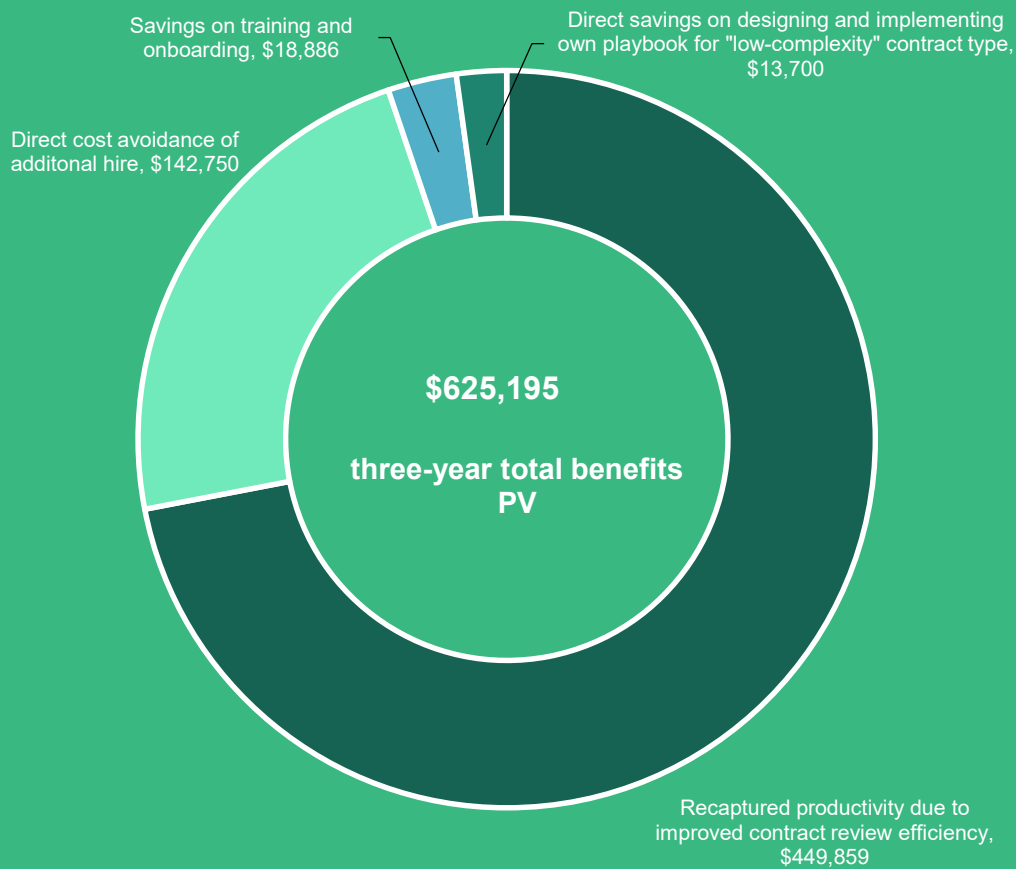
BENEFITS PV
\$625K



NPV
\$423K



PAYBACK
<6 months



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 LawGeex.

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 LawGeex can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by LawGeex 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 LawGeex.

LawGeex 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.

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



DUE DILIGENCE

Interviewed LawGeex stakeholders and Forrester analysts to gather data relative to the LawGeex solution.



CUSTOMER INTERVIEW

Interviewed a decision-maker at an organization using the LawGeex solution 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 interviewed organization.



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 B for additional information on the TEI methodology.

The LawGeex Customer Journey

■ Drivers leading to the LawGeex investment

Interviewed Organization

Industry	Region	Interviewee
Global IT security	Headquartered in the US	Legal operations manager

INTERVIEWED ORGANIZATION

Forrester interviewed a decision-maker from an organization using LawGeex. The organization has the following characteristics:

- Global, multibillion-dollar IT security organization based in the US.
- The organization has a strong brand, global operations, and a large customer base.
- It employs more than 9,000 employees, 60 of whom work in the legal department.
- Forrester assumes that 20 out of the 60 legal department employees are involved in reviewing contracts, and five of these 20 focus on lower-complexity contracts that are US-based.
- Forrester assumes the implementation of the LawGeex platform (including setting up the playbook and onboarding the legal team) takes four to six weeks for a low-complexity contract type.
- At the time of the interview, the organization had been using LawGeex for about one year.
- The organization is in the process of rolling out LawGeex to higher-complexity contract types.
- Decision-makers plan to integrate LawGeex into the organization's contract lifecycle management (CLM) application in the coming years.

KEY CHALLENGES

Prior to using LawGeex, the interviewee's organization did not have a contract-review platform or solution in place. The legal team applied a very manual standard review process in which every contract had to go directly to an attorney on the team. That attorney would then review the contract from scratch, mark it up, and send it to the vendor or customer — with several iterations in some cases.

The interviewee's organization struggled with challenges, including:

- **High volumes of low-complexity contracts.** The legal team faced capacity and workload issues while handling the increasing number of low-complexity contracts in a timely and cost-efficient way.
- **Difficulty gaining insight into overall negotiations.** The organization lacked a strategic approach to negotiations due to heavy manual processes and a lack of insights into best practices that could be generated for clauses and phrases in its contracts.
- **Increased stake of higher-value tasks.** One of the key challenges the interviewee mentioned was an inability to free up time for the attorneys to work on more-complex transactions and strategic tasks. This was mainly due to a capacity bound with low-complexity contracts, and it was a risk factor for employee satisfaction.

Analysis Of Benefits

■ Quantified benefit data

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Recaptured productivity due to improved contract-review efficiency	\$150,882	\$180,986	\$217,183	\$548,992	\$449,859
Btr	Direct cost avoidance of additional hire	\$0	\$47,500	\$137,750	\$185,250	\$142,750
Ctr	Savings on training and onboarding	\$5,700	\$11,400	\$5,700	\$22,800	\$18,886
Dtr	Direct savings on designing and implementing own Playbook for contract type	\$11,719	\$1,930	\$1,930	\$15,580	\$13,700
Total benefits (risk-adjusted)		\$168,241	\$241,816	\$362,563	\$772,622	\$625,195

RECAPTURED PRODUCTIVITY DUE TO IMPROVED CONTRACT-REVIEW EFFICIENCY

Evidence and data. The interviewee said the biggest benefit to using the LawGeex solution was making productivity gains due to improved efficiencies in the contract-review process. This benefit was mostly underpinned by the move from formerly manual processes to high levels of automation in key areas of the review process.

- Prior to investing in the solution, lawyers manually redlined contracts, which typically took two hours to review and refine. The AI capabilities in the LawGeex solution streamlined the redlining process and reduced the time and effort lawyers needed to review a contract by 75%.
- Lawyers were able to repurpose up to 90% of the time savings toward more value-added activities. These productivity gains also enabled lawyers to focus on more-complex contracts and other higher-value tasks.

Modeling and assumptions. To quantify the impact of this benefit, Forrester assumes the following:

- The average total gross compensation of a US-based lawyer involved in contract reviews is \$180,000.
- About 90% of the time saved can be directly recaptured for other productive tasks.
- There are an average of 230 working days per year.
- Growth in lower-complexity contracts is about 20% each year.

Risks. Forrester recognizes that the impact of this benefit will vary depending on the unique characteristics of each organization. Specific risk considerations include:

- Differences in salaries.
- The number of contracts handled per year.
- Yearly growth rate.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$449,859.

Recaptured Productivity Due To Improved Contract-Review Efficiency

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Average time spent on low-complexity contracts per year	Year 1: Interview Years 2 and 3: $A1_{PY} \times 20\%$ annual growth	2,400	2,880	3,456
A2	Reduction in average time reviewing contract with LawGeex (percentage)	Interview	75%	75%	75%
A3	Average total compensation of lawyer involved in contract review	Assumption	\$180,000	\$180,000	\$180,000
A4	Average working days per year	Assumption	230	230	230
A5	Average hourly rate per attorney involved in contract review (rounded)	$A3/A4/8$ hours per day	\$98	\$98	\$98
A6	Productivity recapture rate (percentage)	Assumption	90%	90%	90%
At	Recaptured productivity due to improved contract review efficiency	$A1 \times A2 \times A5 \times A6$	\$158,760	\$190,512	\$228,614
	Risk adjustment	↓5%			
Atr	Recaptured productivity due to improved contract review efficiency (risk-adjusted)		\$150,822	\$180,986	\$217,183
Three-year total: \$548,992			Three-year present value: \$449,859		

DIRECT COST AVOIDANCE OF ADDITIONAL HIRE

Evidence and data. LawGeex augmented the number of contracts the organization could review. As a result, it saw cost savings by avoiding the need to hire additional resources.

- Adopting the LawGeex solution enabled a 75% reduction in time to review lower-complexity contracts. This means that the typically manual review and refinement cycle that was done manually prior to implementing LawGeex was reduced to about 30 minutes. This enabled the legal team to work on more complex contracts in less time.
- With 20% average annual growth of low-complexity contracts, the interviewee's organization would most likely have needed to hire additional resources over the next three years without the improved efficiency provided by LawGeex.

- The interviewee said that the attorneys should ideally not spend more than 25% of their time on low-complexity contracts. Past experiences indicated that spending more than that on these types of contracts had a negative impact on employee satisfaction and attrition rates. With LawGeex, the organization was able to keep this capacity threshold while simultaneously avoiding additional hires. This saved the organization from paying for additional salaries and onboarding/training costs.

Modeling and assumptions. To quantify the impact of this benefit, Forrester assumes the following:

- The average total gross compensation of a US-based lawyer involved in contract reviews is \$180,000.
- The capacity of handling low-complex contract types per lawyer is 25% of their overall time.

- There are an average number of 230 working
- Differences in capacity thresholds for legal

Direct Cost Avoidance Of Additional Hire					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Number of FTE lawyers needed to handle contract type with existing capacity (rounded)	Interview	5.0	6.0	8.0
B2	Current number of lawyers handling low-complexity contract types	Interview	5	5	5
B3	Additional FTE needed to cover contract capacity	Year 1: Interview Years 2 and 3: $B1 - B1_{PY}$	0.0	1.00	2.00
B4	Time that a new hire will work on low-complexity contracts (percentage)	Interview	25%	25%	25%
B5	Average total compensation of lawyer involved in contract review	Assumption	\$180,000	\$180,000	\$180,000
B6	Salary cost avoidance for additional hire working on low-complexity contracts (cumulative)	Year 1: $B3 * B4 * B5$ Years 2 and 3: $(B3 + B3_{PY}) * B4 * B5$	\$0	\$45,000	\$135,000
B7	Average onboarding and training cost of additional hire	Interview	\$20,000	\$20,000	\$20,000
B8	Average onboarding and training cost avoidance of additional hire	$B3 * B4 * B7$	\$0	\$5,000	\$10,000
Bt	Total cost avoidance of additional hire	$B6 + B8$	\$0	\$50,000	\$145,000
	Risk adjustment	↓5%			
Btr	Total cost avoidance of additional hire (risk-adjusted)		\$0	\$47,500	\$137,750
Three-year total: \$185,250			Three-year present value: \$142,750		

days per year.

- Growth in lower-complexity contracts is about 20% each year.
- Nine hires spend 25% of their time on low-complexity contracts.
- The average cost of onboarding and training for an additional hire is about \$20,000.

Risks. Forrester recognizes that the impact of this benefit will vary depending on the unique characteristics of each organization. Specific risk considerations include:

- Differences in salaries.
- The number of contracts handled per year.
- Yearly growth rate.

teams.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$142,750.

DIRECT COST AVOIDANCE DUE TO SAVINGS ON TRAINING AND ONBOARDING

Evidence and data. The interviewee said the LawGeex playbook structure helped their organization to speed up training and onboarding of its team members.

- Assuming that it costs the organization an average internal cost of \$20,000 to onboard and train a new hire, using LawGeex saved the organization about \$6,000 per hiring case.
- Promotions played a critical role in the legal team's covering of contract reviews, especially for lower complexity contracts.
- The team members were often junior.

Modeling and assumptions. To quantify the impact of this benefit, Forrester assumes the following:

- The organization is likely to see savings of 30% in onboarding and training costs for the contract type covered by the LawGeex playbook.
- The organization's legal team sees attrition of 10% each year. This means the organization would have needed to backfill one position every two years.
- The organization makes one new hire during the three-year period new hire because of attrition.
- The organization trains one new resource per year as a result of yearly promotions.
- The average cost of onboarding and hiring a lawyer to work on contract reviews is \$20,000.
- Lawyers covering lower-complexity contracts stay on that specific team for an average of three years.

Risks. Forrester recognizes that the impact of this benefit will vary depending on the unique characteristics of each organization. Specific risk considerations include:

- Differences in onboarding and training costs.
- Differences in attrition rates and promotion cycles.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$18,886.

Direct Cost Avoidance Due To Savings On Training And Onboarding

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Regular attrition for lawyers handling low complex contract type (percentage)	Assumption	10%	10%	10%
C2	New hires from attrition to be onboarded and trained on contract type	Assumption	0	1	0
C3	New hires due to promotions to be onboarded and trained on low-complexity contract types	Assumption	1	1	1
C4	Average onboarding and training costs per additional hire	Interview	\$20,000	\$20,000	\$20,000
C5	Saving in training and onboarding regarding due to LawGeex playbook usage (percentage)	Interview	30%	30%	30%
Ct	Total savings on training and onboarding	$(C2+C3)*C4*C5$	\$6,000	\$12,000	\$6,000
	Risk adjustment	↓5%			
Ctr	Direct cost avoidance due to savings on training and onboarding (risk-adjusted)		\$5,700	\$11,400	\$5,700
Three-year total: \$22,800			Three-year present value: \$18,886		

DIRECT SAVINGS ON DESIGNING AND IMPLEMENTING OWN PLAYBOOK FOR LOW-COMPLEXITY CONTRACT TYPE

Evidence and data. The organization's deployment of the LawGeex solution included a playbook that facilitated the standardization and consistency of the legal contract-review process. Leveraging LawGeex to design and implement a playbook tailored to the organization's needs and workflows enabled cost savings and time savings.

- Without LawGeex, the organization would have needed months and many hours of internal labor to create and maintain a playbook on its own. The interviewee also said that if their organization developed its own playbook, it would not have the same quality and would likely lead to less benefits.
- The opportunity cost saving were mainly derived from the time and effort that legal operations staff and lawyers saved.

Modeling and assumptions. To quantify the impact of this benefit, Forrester assumes the following:

- The organization is able to avoid paying for internal opportunity costs in designing, implementing, and maintaining a playbook structure because there is only one type of contract in the low-complexity contract area.
- This benefit would increase when considering more types of contracts.
- One lawyer is assigned to setting up the playbook for a contract type, and they spend 1 hour per week over six months on the project.
- Two people from legal operations are involved in setting up the playbook. They spend four hours per week for six months on the project.
- Maintaining the playbook requires 2 hours from a lawyer and 6 hours from a legal operations member each quarter.

Risks. Forrester recognizes that the impact of this benefit will vary depending on the unique characteristics of each organization. Specific risk considerations include:

- Differences in salaries.
- Differences in the time and effort needed from lawyers and legal operations to define the playbook structure and to maintain it.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of \$13,700.

“If you don’t have a playbook, [LawGeex] have a lot of the right components to build the system out. That is a huge benefit if you’re coming from an organization that doesn’t have a proper playbook structure.”

Legal operations manager

Direct Savings On Designing And Implementing Own Playbook For Low-Complexity Contract Type

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Average number of attorneys involved in setting up playbook for one contract type	Interview	1	1	1
D2	Average time spent of attorney for setting up and maintaining Playbook (hours)	Interview	24	8	8
D3	Average hourly rate per attorney	A5	\$98	\$98	\$98
D4	Average number of legal ops employees involved in setting up playbook	Interview	2	1	1
D5	Average time legal ops employees spend setting up and maintaining own playbook (hours)	Interview	96	24	24
D6	Average total annual compensation of legal ops employee involved in contract review	Assumption	\$95,000	\$95,000	\$95,000
D7	Average hourly rate per legal ops employee (rounded)	D6/A4/8 hours per day	\$52	\$52	\$52
Dt	Direct savings on designing and implementing own playbook for low-complexity contract type	$D1 \times D2 \times D3 + D4 \times D5 \times D7$	\$12,336	\$2,032	\$2,032
	Risk adjustment	↓5%			
Dtr	Direct savings on designing and implementing own playbook for low-complexity contract type (risk-adjusted)		\$11,719	\$1,930	\$1,930
Three-year total: \$15,580			Three-year present value: \$13,700		

UNQUANTIFIED BENEFITS

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

- **Improved CX and EX.** The interviewee said that the LawGeex solution had several positive impacts on their organization's CX and EX. Legal teams appreciated the recaptured productivity that enabled them to spend more time on strategic and higher-value tasks, and this increased overall employee satisfaction. It's also assumed that it had a positive impact on future employee attrition rates. On the other hand, LawGeex decreased the turnaround time of reviewed contracts from three days to one day. It's assumed this had a positive impact on the customer experience.

"Being able to turn around contracts faster is a better experience for our customers."

Legal operations manager

- **Increased accuracy and consistency.** The interviewee said the LawGeex solution increased the accuracy of reviewed contracts so that less contract revisions were needed. Moreover, the organization saw the data output of negotiations on specific clauses added or redlined by LawGeex as a large benefit because it helped the legal team to generate insights on top-negotiated clauses or top-missing clauses. These insights made it possible to better determine and adapt clauses and phrases regarding certain contract

types and enabled better decision-making overall. Moreover, the playbook structure provided by LawGeex ensured the review of contracts abided by a standardized process, which was regularly maintained and optimized. For low-complexity contract types, this led to increased accuracy and more consistency in output.

- **Shortened sales cycle.** The interviewee said that after implementing LawGeex, the organization's turnaround times for specific contract reviews decreased by up to two days. The sales staff especially considered this to be a benefit because it reduced sales cycles in certain cases while at the same time taking less time from the sales teams when working on deals. Decision-makers assume sales representatives are able to close deals faster and move more quickly to a proof-of-concept phase. This helps them to reach quarterly revenue targets and foster client relationships.

FLEXIBILITY

The value of flexibility is unique to each organization. Decision-makers with the interviewee's organization expect to reap additional benefits by integrating with other systems and applications, including:

- **CLM applications.** This is seen as another key benefit to increase automation and also to further increase the efficiency of the legal operations team when handling contract reviews.

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Total license fees	\$0	\$78,750	\$78,750	\$78,750	\$236,250	\$195,840
Ftr	Implementation costs	\$6,728	\$0	\$0	\$0	\$6,728	\$6,728
	Total costs (risk-adjusted)	\$6,728	\$78,750	\$78,750	\$78,750	\$242,978	\$202,568

TOTAL LICENSE FEES

Evidence and data. The interviewee's organization rolled out LawGeex to a lower-complexity contract type. This comes with a yearly license fee of about \$75,000, and it included the upfront implementation of the platform playbook and onboarding of the legal team members involved.

- Prior to investing in LawGeex, the organization did not pay any costs for ongoing platform maintenance, professional services, or related training costs.
- The setup and implementation took place during a four- to six-week timeframe and decision-makers considered it to be a very smooth process with no major issues.

Modeling and assumptions. To quantify the impact of this cost, Forrester assumes the following:

- The yearly license fee is \$75,000 for the contract type in scope. Forrester did not account for any possible price increases of the yearly license fee based on volume or other factors.
- The license fee included in Year 1 includes the costs of implementing the solution, setting up the playbook structure, and onboarding five members of the legal team.

- Forrester did not consider any price increases of the yearly license fee due to a higher volume of contracts.

Risks. Forrester recognizes that the impact of this cost will vary depending on the unique characteristics of each organization. Specific risk considerations include:

- Differences in contract types.
- Specific cases of complexities regarding the implementation of the solution and playbook.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV cost of \$195,840.

"It was a really easy implementation, and it was really streamlined"

Legal operations manager

Total License Fees						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
E1	License fees for NDA playbook	Interview	\$0	75,000	75,000	75,000
Et	Total license fees	Interview	\$0	\$75,000	\$75,000	\$75,000
	Risk adjustment	↑5%				
Etr	Total license fees (risk-adjusted)		\$0	\$78,750	\$78,750	\$78,750
Three-year total: \$236,250			Three-year present value: \$195,840			

INTERNAL IMPLEMENTATION COSTS

Evidence and data. The interviewee reported some additional internal costs related to their organization's implementation and setup of the playbook involving a person from the legal operations team and an attorney.

- The overall internal effort was considered to be low, and the main internal effort was to support LawGeex in setting up the content of the playbook and its structure.
- The effort and time for the lawyer involved was limited, which was a large benefit.

Modeling and assumptions. To quantify the impact of this cost, Forrester assumes the following:

- One person from the legal operations team is involved for about 120 hours.
- One person from the legal team acts as the final decision-maker for contract templates, and their involvement is limited to only about 2 hours.

Risks. Forrester recognizes that the impact of this cost will vary depending on the unique characteristics of each organization. Specific risk considerations include:

- Differences in contract types.

- Differences in complexities between legal operations and lawyer teams that might impact the time and effort required.

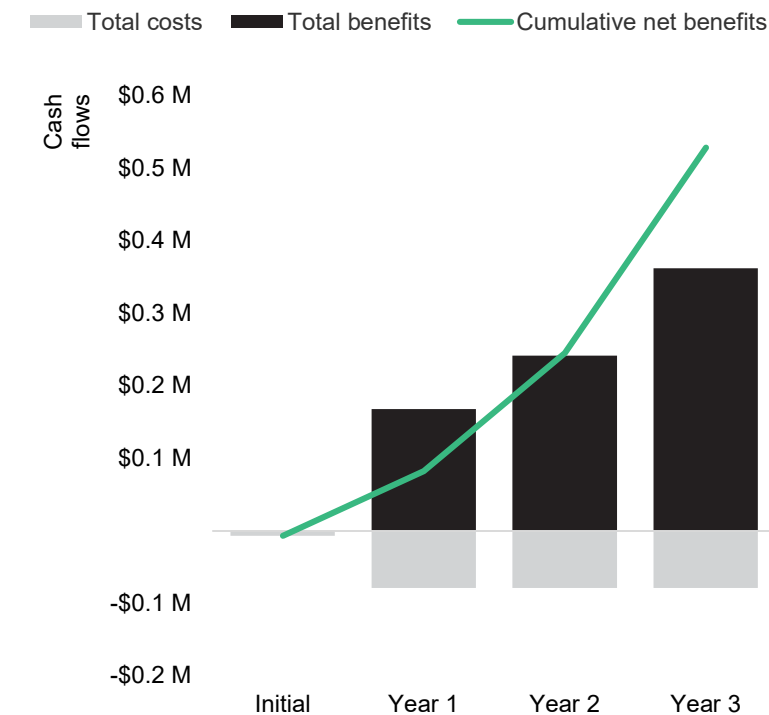
To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV cost of \$6,728.

Internal Implementation Costs						
Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Number of legal ops employees involved	Interview	1	0	0	0
F2	Time needed for implementation (hours)	Interview	120	0	0	0
F3	Average hourly rate per legal ops employee	Assumption	\$52	\$0	\$0	\$0
F4	Number of attorneys involved	Interview	1	0	0	0
F5	Time needed for attorney involvement (hours)	Interview	2	0	0	0
F6	Average hourly rate per attorney	Assumption	\$84	\$0	\$0	\$0
Ft	Internal implementation costs	$F1 \times F2 \times F3 + F4 \times F5 \times F6$	\$6,408	\$0	\$0	\$0
	Risk adjustment	↑5%				
Ftr	Internal Implementation costs (risk-adjusted)		\$6,728	\$0	\$0	\$0
Three-year total: \$6,728			Three-year present value: \$6,728			

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	(\$6,728)	(\$78,750)	(\$78,750)	(\$78,750)	(\$242,978)	(\$202,568)
Total benefits	\$0	\$168,241	\$241,816	\$362,563	\$772,622	\$625,195
Net benefits	(\$6,728)	\$89,491	\$163,066	\$283,813	\$529,644	\$422,627
ROI						209%
Payback period (months)						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists 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.

The background is a dark green color with a repeating pattern of a building's window grid. The pattern consists of a grid of squares, each representing a window. The grid is composed of thin, dark lines that form the window frames. The squares are arranged in a regular, repeating pattern across the entire image. The color of the background is a deep, dark green, and the pattern is a slightly lighter shade of green, creating a subtle contrast.

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