

A Custom Study Commissioned By Soldo | November 2018

The Total Economic Impact™ Of Soldo

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A Custom Study Commissioned By Soldo | November 2018

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2

Executive Summary

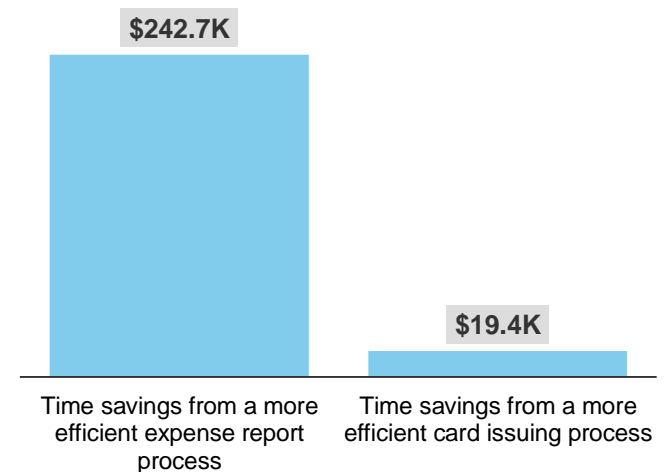
SOLDO DELIVERS EMPLOYEE PRODUCTIVITY AND SATISFACTION WITH AN EFFICIENT PAYMENT AND EXPENSE MANAGEMENT PROCESS

Soldo commissioned Forrester Consulting to conduct a Total Economic Impact (TEI) study and examine the potential ROI that organizations may realize by implementing Soldo. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Soldo on their organizations.

Soldo is a payment and expense management solution that offers organizations a way to delegate, control, and administer expenses. It leverages prepaid debit electronic payment cards that employees can use to pay for expenses, with unique spending policies applied to each card by department-level management. The Soldo solution allows for: 1) spending rules and budgets to be set prior to transactions 2) employees to add in a picture of the receipt or other relevant data to the transaction, saving them hours collecting, storing, and submitting receipts. They also gain confidence in their spending activity, while organizations retain control and save time managing expenses on the back end with expense management system integration.

Forrester quantified benefits, costs, risks, and flexibility based on an interview with a Soldo customer. The customer switched from bank-issued credit cards to Soldo and experienced time savings for end users and administrators. Using customer feedback, and a composite organization model, Forrester determined that this investment has the following three-year risk-adjusted financial impact.

Benefits (Three-Year)



Return On Investment:
630%



Payback Period:
<3 months

A Custom Study Commissioned By Soldo | November 2018

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2

Forrester's Total Economic Impact Methodology

The 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 solutions to clients.

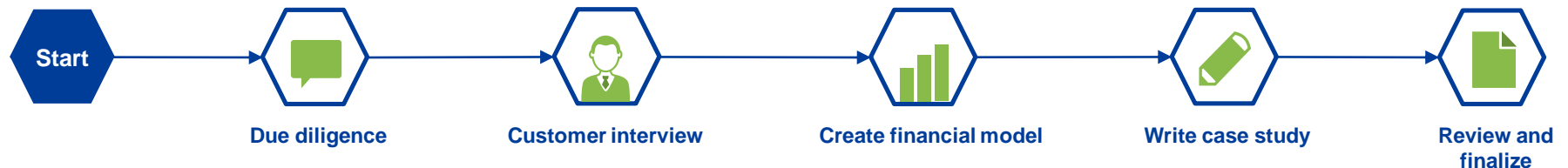
The TEI methodology consists of four components to evaluate investment value:

- **Benefits** represent the value delivered to the user organization by the project.
- **Costs** represent the investment necessary to capture the benefits of the project.
- **Flexibility** represents the value that can be obtained for some future additional investment, building on top of the initial investment already made.
- **Risks** represent the uncertainty of benefit and cost estimates contained within the investment.

See the Appendix for more details.

		TCO	ROI	TEI
IT impact	IT costs			
	IT cost savings			
Business impact	User efficiency			
	Business effectiveness			
Risk/uncertainty	Risk mitigation			
	Risk versus reward			
Strategic impact	Scalability			
	Flexibility			

Forrester took a multistep approach to evaluate the impact that Soldo can have on an organization. This approach is outlined below:



The Total Economic Impact™ Of Soldo

[OVERVIEW](#)[CUSTOMER JOURNEY](#)[BENEFITS](#)[COSTS](#)[SUMMARY](#)[APPENDIX](#)

About The Soldo Customer

Forrester interviewed an existing Soldo customer and constructed a TEI framework within the associated ROI analysis that illustrates the following use case:

- **Global manufacturing firm in the European Union** with 2,000 employees; many of whom travel frequently to visit customers. Forrester interviewed the travel management and expenses team.
- **Customer has been using Soldo for three months.** The organization started with 400 cards, and within three months had expanded its deployment to include 450 employees using Soldo. It has plans to grow to 600 cards within the next one to two years.
- **Customer has integrated Soldo with its existing expense management software system.** The organization integrated Soldo with its existing system and no longer has to manually download expenses every day.

Challenges

Prior to investing in Soldo, the organization wasted countless hours each month dealing with inefficient, bureaucratic processes with the bank that issued their credit cards. Plus, employees spent hours reconciling expenses, collecting and reviewing receipts, and submitting reports. The process frustrated employees and took them away from more strategic tasks.

Results

Soldo delivered efficiency into the payment and expense management process, improved employee satisfaction, and protected employee data.

“With Soldo, we have eliminated the hassle of bank-issued credit cards. Soldo cards are delivered to our office in just a few business days, our employees’ personal data is kept private, we can see the reporting data easily, and we get help quickly through the app.”

- *Travel manager*



“The Soldo team has been extremely professional and quick to respond.”

- *Travel manager*



The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2 3 4 5 6

Time Savings From A More Efficient Payment And Expense Management Process

With the bank-issued credit cards, employees spent hours sorting through receipts and entering each payment into an expense report. When they switched to Soldo, expenses were pre-emptively authorized and approved and captured at the point of sale, with the funds automatically deducted from the prepaid card. Employees no longer had to complete tedious, receipt-heavy expense report processes. Instead, they now categorize each expense right in an app. What previously took hours, now takes minutes. For the calculations, Forrester assumes:

- The organization has 450 employees using Soldo in Year 1, 550 in Year 2, and 600 in Year 3.
- Each employee submits an average of 1.33 expense reports each month.
- With each expense report, employees save 45 minutes.
- The average fully loaded salary for an employee using Soldo is €80,000.
- Employees are able to leverage 50% of the hours saved into time spent doing more productive tasks.
- The benefit will vary based on the complexity of an organization's previous expense management solution, the average salary for employees, and the frequency at which they submit expense reports. To account for the uncertainties, the calculation includes a 20% risk adjustment.
- **The efficiency provided by Soldo yields a three-year, risk-adjusted total PV of €242,659.**



With Soldo, employees used to spend *hours* on expense reports, now they spend *minutes*.

A Custom Study Commissioned By Soldo | November 2018

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2 3 4 5 6

Time Savings From A More Efficient Expense Management Process: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of cards in use		450	550	600
A2	Number of expense reports created each month	$A1 * 1.33$	600	733	800
A3	Hours saved for each expense report		0.75	0.75	0.75
A4	Average fully loaded salary		€ 80,000	€ 80,000	€ 80,000
A5	Productivity recapture		50%	50%	50%
At	Time savings from a more efficient expense report process	$A2 * A3 * A4 * 12 * A5 / 2,080$	€ 103,846	€ 126,917	€ 138,462
	Risk adjustment	↓20%			
Atr	Time savings from a more efficient expense report process (risk-adjusted)		€ 83,077	€ 101,534	€ 110,770

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

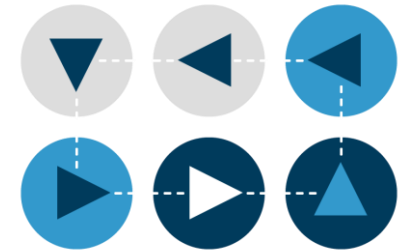
APPENDIX

1 2 3 4 5 6

Time Savings From A More Efficient Card Issuing Process

Whenever the organization had to issue a new card or replace a bank-issued credit card, they had to complete a set of complex, multistep processes, many of which required visiting the bank in person. Since Soldo is an FCA-regulated company and that has existing accounts, it can create subaccounts independently. This allows them to request a new card and have it delivered, without much overhead, in just a few business days. With Soldo, the process of replacing cards requires 80% less effort.

- The organization replaces 15% of its cards each year, due to lost cards and attrition.
- The previous replacement process required 8 hours, which is now reduced by 80%.
- The average fully loaded salary for an employee using Soldo is €80,000.
- Employees are able to leverage 50% of the hours saved into time spent doing more productive tasks.
- The benefit will vary based on the complexity of an organization's previous card replacement process, the average salary for employees, and the frequency at which they replace cards. To account for the uncertainties, this calculation includes a 20% risk adjustment.
- **The efficiency provided by Soldo yields a three-year, risk-adjusted total PV of €19,143.**



With Soldo, the organization reduced the time it takes to replace a card by 80%.

A Custom Study Commissioned By Soldo | November 2018

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2 3 4 5 6

Time Savings From A More Efficient Card Replacement Process: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of cards replaced each year	$A1*15\%$	68	83	90
B2	Cumulative hours required to replace a card		8	8	8
B3	Reduction in time required to replace a card		80%	80%	80%
B4	Productivity recapture		50%	50%	50%
B5	Average fully loaded salary		€ 80,000	€ 80,000	€ 80,000
Bt	Time savings from a more efficient card replacement process	$B1*B2*B3*B4 *B5 / 2,080$	€ 8,308	€ 10,154	€ 11,077
	Risk adjustment	↓20%			
Btr	Time savings from a more efficient card replacement process (risk-adjusted)		€ 6,646	€ 8,123	€ 8,862

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2 3 4 5 6

Unquantified Benefit: Improved Employee Satisfaction

Employees appreciate the new payment and expense management process with Soldo because:

- **It is more secure.** The Soldo cards require a pin to pay, so there is greater confidence that they won't be subjected to fraud. Plus, the card doesn't contain any personal details that could be stolen if the card was lost or misplaced. They can also quickly deactivate it from the Soldo app if it is lost/misplaced.
- **It is easier to use.** Soldo cards come with an app that can: 1) track what they are spending and 2) categorize payments as they are made. It is simple enough process that no training is required.
- **There is greater confidence in its effectiveness.** Traditional credit cards have limits, but the Soldo cards can accept transfers at any time. If employees are traveling and incur unexpected expenses, they know their Soldo card will work.
- **Employees have more time for strategic work.** They are no longer wasting time submitting lengthy expense reports, and instead, they are able use that saved time to achieve their strategic goals.

Administrators appreciate the new payment and expense management process with Soldo because:

- **It is easier to use.** The Soldo console allows organizations to active and deactivate cards, change spending policies, and approve ATM withdrawals, merchant categories, or new geographical areas.
- **It is transparent and adaptable for multiple geographies.** Users can see exchange rates and access multiple wallets for different currencies.

Future Flexibility: Strategic Business Initiatives

With all the employee-productivity time gained back, the organization has more time for employees to spend on strategic initiatives, such as building client relationships or developing new products.



Employee satisfaction with the payment and expense management process has improved with Soldo.

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2 3 4 5 6

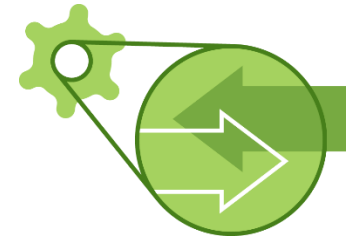
Additional Efficiencies To Be Gained When Switching To Soldo From Personal Credit Cards (Employee Reimbursements)

Organizations that currently require employees to use personal means — such as their own credit cards or cash — may experience additional efficiencies if they switch to Soldo. For example, employees are tasked with managing their own expenses and tracking transactions and receipts without any organized means to do so. The process can be onerous and error-prone. A lack of control or pre-authorization at the time of transaction can lead to more disputed charges and frustration for the employee. The complex processes for tracking and reconciliation can lead to longer reimbursement periods, leaving employees without funds, further driving frustration. Organizations stand to reduce these risks and drive efficiencies by switching to Soldo.

Organizations should determine the unique value of reduced employee frustration and risk. To quantify the value of the increased efficiencies, organizations should compare the time spent managing expenses and payments — for both employees and administrators — to the expected time required using Soldo.

Consider:

- The time required for employees to track and submit expense reports.
- The time required for administrators to transfer funds and reconcile expense reports.
- The number of expense reports submitted each month.
- The average fully loaded salary for employees and administrators.



Possible pain points to eliminate:

- Intentional or unintentional overspending
- Employees unable to make payments due to personal spending limits
- High fees from exchange rates and ATM fees
- Complex tracking for the employee
- Complex reconciliation for the finance team
- Higher risk of fraud
- Disputes between employees and the organization

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

1 2 3 4 5 6

Additional Efficiencies To Be Gained When Switching To Soldo From Personal Credit Cards (Employee Reimbursements): Calculation Table

REF.	METRIC	CALC.
C1	Number of employees submitting expense reports	input
C2	Average number of expense reports each employee submits per month	input
C3	Time required to track expenses, manage receipts, submit report, and reconcile expenses (minutes)	input
C4	Time required with Soldo	15 minutes
C5	Average fully loaded salary	input
C6	Productivity recapture	50%
Ct	Time savings from a more efficient expense report process	$C1 * C2 * (C3 - 15) / 60 * C5 / 2,080 * C6$
	Risk adjustment	↓20%
Ctr	Time savings from a more efficient expense report process (risk-adjusted)	$Ct * (1 - .2)$



Use this table to estimate time savings from a more efficient payment and expense management process.

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

Categories Of Investment

The organization incurred the following costs associated with their investment in Soldo:

- **Incremental licensing fees.** The organization pays Soldo an annual fee per card. It previously paid the bank an annual fee for each credit card, which was roughly half of what it now pays to Soldo. The organization had 450 active cards in Year 1, 550 active cards in Year 2, and 600 active cards in Year 3, resulting in an incremental fee of about €12,000 per year. Forrester risk-adjusted the cost to account for variations in the number of cards and previous fees. The incremental fees incurred for an expense management solution was a **three-year total PV cost of €30,363.**
- **Cost to implement and configure Soldo.** The organization incurred the following costs to set up and deploy Soldo.
 - Initially, it paid €2,000 to Soldo in card issuing fees. It also dedicated 16 resource hours to integrating Soldo with its expense management system and uploading existing policies into the new system.
 - Upfront and then ongoing, it spends 3 minutes to activate each card.
 - The organization did not spend any time on change management beyond sending an email announcing the change, nor did it conduct any training.

The costs sum was a **three-year total PV cost of €35,907.**



The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

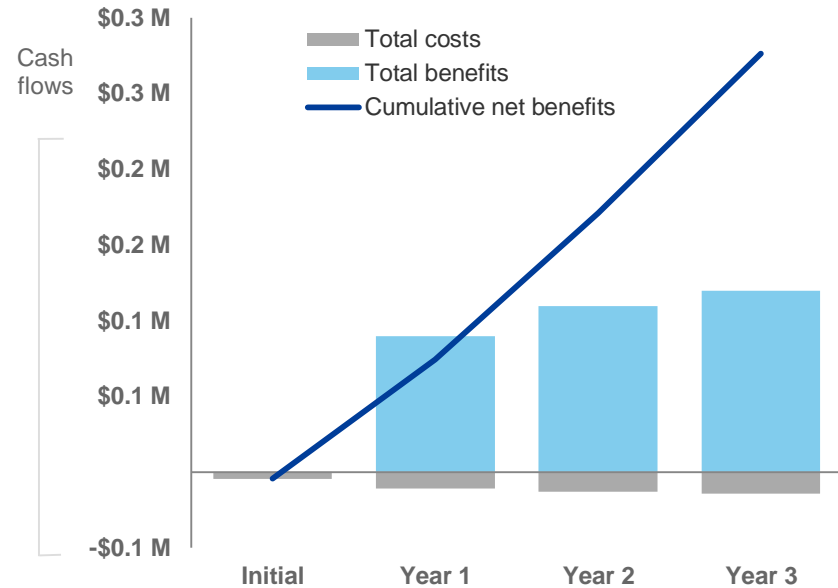
SUMMARY

APPENDIX

Results And Financial Summary

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 in Soldo. These values are determined by applying Forrester's risk-adjustment values to the unadjusted results in each relevant cost and benefit. The financial results exclude any contribution from unquantified benefits or future flexibility described on slides 10 and 11 of this study.

- The risk-adjusted ROI is **630%**.
- The risk-adjusted NPV is **€226,165**.
- The payback period is **<3 months**.



	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Costs	(€ 4,432)	(€ 10,902)	(€ 13,106)	(€ 14,284)	(€ 42,725)	(€ 35,907)
Benefits	€ 0	€ 89,723	€ 109,657	€ 119,631	€ 319,011	€ 262,072
Net benefits	(€ 4,432)	€ 78,821	€ 96,550	€ 105,347	€ 276,286	€ 226,165
ROI						630%
Payback period						<3 months

The Total Economic Impact™ Of Soldo

OVERVIEW

CUSTOMER JOURNEY

BENEFITS

COSTS

SUMMARY

APPENDIX

Appendix A: Total Economic Impact

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.
- › **Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product.
- › **Flexibility** represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made.
- › **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. 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.

Readers should be aware of the following key disclosures:

- The study is commissioned by Soldo and delivered by the Forrester Consulting group.
- Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers should use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Soldo.
- Soldo 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.
- The interviewed customer was provided by Soldo.
- Forrester does not endorse Soldo.



Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate).



Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate).



Return on investment (ROI)

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



Discount rate

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



Payback period

The breakeven point for an investment.